

**WORKSHOP MEETING
OF THE COUNCIL OF THE
CITY OF VADNAIS HEIGHTS
JULY 13, 2021**

The workshop meeting of the Council of the City of Vadnais Heights was held on the above date and called to order by Mayor Gunderson at 3:00 p.m.

The following members were present: Mayor Gunderson, and Council Members Greg Urban, Patricia Youker, Steve Rogers and Erik Goebel. The following member was absent: None.

Also present were: City Administrator, Kevin Watson; Planning/Community Development Director, Nolan Wall; Finance Director, Bob Sundberg; City Engineer/Public Works Director, Jesse Farrell; Fire Chief, Chris Hearden and Deputy Clerk, Peggy Aho.

1. 2022 Budget Process:

Finance Director Sundberg said based on limited information, each department head worked on their budget and summarized it.

There is only three different parking places for property taxes. All property tax receipts are deposited into one of three funds: General fund, North Service Center Debt Service, or the Capital Improvements fund. Sundberg talked about how money flows from fund to fund and how the various funds are used, and how funds are allocated out of a fund. Sundberg talked about how FTEs are allocated across the various funds and reviewed the staff commentary section of the memo.

Sundberg reviewed the list of proposed changes/initiatives which include health insurance expense allocations, an analysis of employee time spent in various functional areas, the proposed addition of a new public works position, fire occupancy inspections and how cutting back on that program would affect the revenues, South Oak Drive street improvements, City trails, emerald ash borer remediation, and how to leverage the City's access to State contract pricing on certain pieces of equipment.

Sundberg reviewed a chart showing various levy amounts and how the different levy amounts would impact the medium priced home in the City. He noted that the debt service fund is fixed and is based on refinance rate.

Council Member Urban asked if any on-road parking be added on the backside of the park by the Commons to go with the parking shortage in that area. Public Works Director/City Engineer Farrell noted that the City has a lot of parking, but it isn't necessarily as convenient as on-street parking and this could be considered but creating on-street parking on the roads is expensive.

Sundberg reviewed a summary by department from 2016 to proposed 2022. The proposed increases would fund new software maintenance, legal advertising and a .5FTE from the surface

water fund in the Community Development Fund, new software in the Finance Fund, new joint powers agreement in the Technology Support Fund, added 1.0 FTE in the Fire Protection/Code Enforcement Fund, and added 1.0 FTE and added concrete repairs in the Street Maintenance Fund.

Sundberg reviewed the General Fund revenue.

Planning/Community Development Director Wall reviewed the Development Fund and the changes that have been made due to staffing changes in the Department.

Council Member Urban asked about contracting out street sweeping. Farrell replied that we do spring and fall and anytime we do patching. He said that the City contracts out road striping through the County. Urban asked if it makes sense to contract that out like other communities do. He said that the City needs one sweeper but it's not a versatile thing, would it make sense to explore what quotes would look like to contract street sweeping out which would free up public works for other activities. Farrell said that it's a matter of level of service and philosophy and that residents appreciate street sweeping and that he thinks two sweepers are the right number for the City to have. One sweeper is more of a flicker variety and the other one is a vacuum. Council Member Youker asked if Farrell had explored sharing one of the vehicles with another city. Farrell said he has thought about it but it is difficult to share equipment.

Urban asked about looking to see how contracting out the street sweeping works for the city of Plymouth. Mayor Gunderson said it would be a good idea to do an analysis of how much it costs to do this twice a year. Farrell said that he will reach out to Plymouth to discuss hiring out the sweeping.

City Administrator Watson reviewed the City Council and Administration budgets. He talked about enhancing communications through hiring contractors. Watson also reviewed the Funding for Outside Agencies, membership dues, some of which are asking for an increase. Gunderson asked if New Trax will be coming to the City with an update on service numbers. He said he will ask New Trax for an update/presentation on their shuttle service at an upcoming meeting.

Sundberg reviewed the Finance Department budget. He noted that there is an increase in salaries due to hiring a full-time accounting tech, a projected increase in professional service fees, and new financial software.

Watson noted that the budget for contracted legal services is projected to have no change. He said whenever there is litigation, the City will cover it separately.

Assistant City Administrator Sandvik reviewed City Hall operations budget including salaries, HVAC, elections, etc. He noted that they are projecting an increase in building and grounds maintenance, HVAC system.

Watson reviewed the Technology Support budget where they are projecting a \$10,000 increase over 2021 budget amount.

Watson reviewed the Sheriff, Dispatch, CAD and control misc. account budget. They are projecting an increase of \$75,865 over 2021 budget amount and these increases are for Ramsey County patrol services, Dispatch, and CAD.

Fire Chief Hearden reviewed the Fire Department budget and said that a majority of the increase is for salaries and benefits.

Urban said that over the last 5 years there has been a tremendous shift in the Department moving from a strictly volunteer staffing to full time staffing and that all calls are being dispatched out of the South Fire Station. He asked as things are being consolidated into one will there be a point when we will not need multiple pieces of equipment. Hearden said that is correct and the North Station could be utilized by other departments and we could eventually drop down one or two pieces of large apparatus.

Farrell reviewed the Central Garage Facility budget with a projected budget decrease.

Farrell then reviewed the Street Maintenance budget where they are proposing a 20.77% increase most of which would go for salaries (shifting positions around and hiring additional staff) and an increase in contractual services specifically for concrete replacement. Council Member Goebel asked why there was a huge increase in this line item in year 2017 which has been ongoing. Sundberg said that he will look into why there was that increase, and said that he believes it was a shift of crack sealing from CIP to the General Fund. He said that they will be proposing a \$200,000 increase a year for parking lot and trail maintenance/bituminous work. This could allow the City to do a large parking lot. Staff will be proposing that there be ongoing funding for this purpose.

Sandvik reviewed the Parks and Recreation budget where they are projecting a \$16,400 decrease. The decrease is a result of transferring one FTE to the Surface Water Fund and adding additional funds for Emerald Ash Borer mitigation and replacing two mowers.

Sandvik noted that the Commons Committee has met a few times but the budget is a hard thing to guess, and the appetite for use has changed a lot over the years. He noted that overall, they have been able to keep it pretty stagnant. Sundberg noted that they have put in \$260,000 in revenue and that that may have to be tweaked.

Sundberg reviewed the Community Services fund budget and noted that this fund is basically a flow through collecting the PEG fees. This fund is also used for donations to the City. It is a flow through account and is self-sustaining.

Sandvik reviewed the Heritage Days budget which is funded by fundraising, fees and reimbursements and the fund is used for Heritage Days.

Sandvik reviewed the Solid Waste budget which is a fund that is funded by a SCORE Grant dollars. The City uses it to off-set cost of waste service. The Council discussed the idea of holding a second garbage pick-up event.

Watson reviewed the Gambling Fees budget. Revenues are generated by a 10% of the net fee on gambling revenues generated. These funds are statutorily limited and are currently used for a Community Food Program, scholarships, general assistance, emergency assistance, recreational special events, Heritage Days, and dead animal removal.

Farrell reviewed the Water Utility Fund budget and noted that this fund is funded by the quarterly utility bills. The Council discussed the expenses incurred under this account for utilities, administration, and miscellaneous expenses.

Farrell reviewed the Sewer Utility Fund budget which is budgeted for a negative increase. He said that the biggest increase in expenditures is due to increasing the administrative expense which is basically from adding value of staff from a different fund and capital spending.

Farrell reviewed the Surface Water Utility Fund budget which is project to increase by \$329,100. A majority of the increase is planned for capital spending. Sundberg noted that the biggest change to this fund is the admin expense because it is projected to be 5% higher. He said that the City may need to look at the rate schedule to make some adjustments to cover future expenditures.

2. 2022 Capital Improvement Budget

The Council reviewed the proposed CIP purchases in 2022 including: Sewer Jetting Easement Machine, South Oak Drive and Oakcrest Drive, Parking Lots and Trails, Replacement of Unit #118, replacement of Unit #112 and Unit #125.

Farrell reviewed the request to purchase a sewer jetting easement machine, a valuable tool for maintenance of storm and sanitary sewer in in accessible areas. This machine extends the limits of the Jetvac.

Farrell reviewed the request that the Council increase the annual CIP contribution by \$300,000 to fund difficult street projects in 2022, specifically for the South Oak Drive and Oakcrest Drive street improvements. He said that these roads are in need of full reconstruction.

Farrell reviewed the CIP request to consider increasing the annual CIP contribution by \$200,000 to provide dedicated funding for immediate parking lot replacements and future trail improvements.

Farrell reviewed the request for the Council to consider replacement of Unit #118 per CIP planned expense in 2022. Unit #118 is an Elgin Street Sweeper purchased in 1995. Staff are proposing to pull some of the funds from Enterprise Funds and the other ½ from increased CIP funds. Farrell said this is his number one priority this year.

Farrell said his number two priority is a 2009 ¾ ton pickup truck with a plow that the City uses for daily maintenance activities and winter plowing operations. They don't have quotes at this time but they are asking for \$50,000.

Farrell said that they are also asking the Council to consider replacement of Unit #125 per CIP

planned expense in 2022. Unit #125 is an Ingersoll Rand Air Compressor. Estimated expense is \$30,000. This is staff's third priority.

Farrell also noted that the Conversion of lights to LEC amount of \$35,000 is ongoing until all the lighting has been updated.

Gunderson thanked everyone for their time on this. She said that we can debate the items that have been presented. She said that she would wish to smooth out the bottom number. She would like to have some conversations on moving items around through the CIP to make the amount more consistent. She said the items on the list are necessary to maintain our investments.

Urban if we look at the general fund as proposed and the CIP, do we know what the net effect on the levy would be. Watson it would be about 11.82%, or a \$6.00 per month increase to the medium household.

Gunderson, if Council has questions, please contact staff. The Budget items will be discussed again at the August 4th meeting.

Council Member Youker made a motion that the meeting be adjourned. The meeting adjourned.

Respectfully submitted,

Kevin Watson, City Administrator