

**WORKSHOP MEETING  
OF THE COUNCIL OF THE  
CITY OF VADNAIS HEIGHTS  
SEPTEMBER 4, 2018**

The workshop meeting of the Council of the City of Vadnais Heights was held on the above date and called to order by Mayor Fletcher at 6:01 p.m.

The following members were present: Mayor Bob Fletcher and Councilmembers: Terry Nyblom, Craig Johnson, Greg Urban and Heidi Gunderson.

The following members were absent: None.

Also present: City Administrator Kevin Watson, Planning/Community Development Director Nolan Wall, Fire Chief Ed Leier; City Attorney Caroline Bell Beckman; Consulting City Engineer Scott Haupt, SEH, and Deputy Clerk Peggy Aho.

Others present: Ling Becker, VHEDC, and Rob Weier and Mike Bigelbach with the Fire Relief Association.

**1. Fire Relief Association Pension Increase Request**

City Administrator Watson noted that the Fire Relief Association has done an analysis of the Fire Relief Association Pension Fund. They are making a request for a \$300 per year increase to a new yearly total of \$4,400.

Mike Bigelbach, President and Rob Weier, Vice President, of the Fire Relief Association gave the Council an update on the funds balance. They noted that PERA did the cost analysis and that it doesn't include all of the new members, and does include recent retirees. The fund is currently funded at 142% so no contribution is needed from the City this year. An increase of \$300 to the pension amount would put the fund at 136% funded.

Watson said that he recommends that the Council consider approving the Fire Relief Association's request for a pension increase. He said that there is a little wiggle room but at 136% funded they are well above the 110% limit the City set last year. Leier said that if the fund was to go below 110% funded, it is the City who would be responsible for any shortage. Watson noted that a \$300 increase would make sense. The pension would then be \$4,400 per year.

Fire Chief Leier said that he would like to see them get a \$1,000 increase at this time. A higher rate would be better for recruitment and would keep people around. The increase would not affect anyone for another five years and this would give the City some flexibility. He also noted that if the fund was to go below 110% funded, it would be the City who would be responsible for any shortage.

Council Member Urban asked how often the Association plans on coming to the City requesting an increase. Bigelbach said that that cost analysis gets done every year and if it is in good condition, they would come back for another increase.

Urban said that this request would be a 7 to 8 % increase, which is a large increase, and he doesn't think that level the fund is funded is a good reason to get a raise. Bigelbach and Weier said that the work load in the Department has grown significantly over the years. Bigelbach noted that prior to last year's raise the Association hadn't had a raise in 9 years and that raise amortized over nine years makes it a very small raise. Urban asked what the amount would be that would make the City competitive with other fire departments, because he wants the City to be competitive and fair. He said that he believes there needs to be a basis for an increase and doesn't think the fund level should be that basis.

Weier said that they have talked about a short-term and long-term plan for this, and clearly the idea of it being a long-term plan is something he hoped to talk about tonight as well. The assessment of the condition of the fund is one piece to look at but we also need to look at the competitiveness of how our Department ranks with its peers and then the raises over the years. Over the past 10 years, the raises have been less than 1%. He said that next time they come back for a raise, they will do a comparable against peer fire departments.

Urban said we can't do a 7% raise or yearly increases, and there needs to be a basis beyond the status of the fund. Mayor Fletcher said that the reality is the Association can come back as often as they want with a request, and if the Council thinks it doesn't make sense to look at it every year, then the Council needs to say so.

Fletcher said that he is comfortable voting in favor of the requested raise. Council Member Gunderson said that she will support it this year, but not sure she would next year. She said she would also like to look long-term when making decisions such as this. She suggested that perhaps an actuary could do a stress test, which would be helpful. Council Member Johnson said that he would support the raise this year and that he does not want to see a request from the Association every year. Council Member Nyblom said that he will support this year's increase. Council Member Johnson asked that the next time they come before the Council they bring in a comparison of other fire departments pension levels.

Weier asked if the Council has any interest in talking next May, before the City begins drafting its 2020 budget, and that perhaps in the future having a line item in the budget for a contribution to the pension fund each year would be a good idea. This would mean less risk that the Fund would experience a short fall that the City would have to fund. Fire Chief Leier said that there are some cities that do that. Watson noted that there are other ways to compensate firefighters and stay competitive with our peer cities, such as hourly wages, 457 accounts, etc. He said that the request for the raise will be put on the September 18th Council meeting agenda.

Leier said the issue to be careful about is, if the fund becomes underfunded, the City is responsible for any unfunded liability. Leier reminded the Council that up until 5 years ago the City was paying \$60,000 a year because of the shortages in the fund and it has only been the last 5 years where the fund had made positive returns on its investments.

Mayor Fletcher asked that audios of the Workshops be available on the City's website.

## 2. 2019 Levy, Budget and CIP Discussion

City Administrator Watson reviewed the process for redrafting the budget with a levy limit of 2.88 percent for the proposed levy. He noted the following changes: \$40,000 for the outside planter was added, \$60,000 from the reserve fund was eliminated, and \$25,000 for the lobbyist was removed.

Watson noted that the City is purchasing a used generator which will be paid for with 2019 funds. Council Member Urban asked what the City needs a generator for. Watson replied that the City uses it weekly, and has also needed it a few times over the last few years when there has been high electrical usage needs in the area. He said that there is a savings in electrical costs when the City uses the generator during high peak times.

Watson said the CIP amount for 2019 was increased to include funding of a pavement roller trailer, and that revenues were tweaked a little by increasing the revenue amounts estimated to be received from the Commons and the Building Department.

Council Member Nyblom asked if the Council sets a 2.88 percent increase would there be a 57% balance in the reserve fund. Watson replied no, we will be below 50% next year because we are using it this year. Council Member Gunderson said she is concerned that the City continues to spend out of the reserve fund and doesn't replenish it, and that long term that is a very bad plan. Fletcher said that this is the first year the City will have had the franchise fee in place, and if we were to equate that into terms of taxes, the levy would probably be an additional 6%.

Council Member Nyblom said that he would like Finance Director Sundberg to bring the Council options on how it can plan for putting aside funds for future infrastructure needs. Watson said that the City is using reserves now and we are not putting any money aside for future uses. Council Member Johnson asked if Sundberg could create buckets and then create rules on how the Council could use those buckets. Watson, replied yes, this can be done as part of a budget exercise.

Nyblom asked for more information on the proposed replacement of the dump truck, Truck #313. He said that the City has two of those types of trucks and then a third truck that was purchased four years ago that has a removable bed and dump box. He said, basically the City has three trucks that do the same thing. Nyblom asked if it is accurate to say that the City has three trucks to service its Parks and Rec Department, and does it need three trucks to do the summer work. Watson said that he will ask Parks and Rec and Public Works to do an exercise on how they use the equipment and will circle back to the Council with the information received.

Fletcher reiterated that the current draft 2019 budget has the City at a 2.88 percent levy, and asked what percentage the City should set as its max levy rate. Fletcher asked if it would be the Council's preference to ask for a little more in case the budget changes and it needs more than the 2.88% levy. He further agreed that the Council should shoot for a final number of 2.88% but set it now at 3.88% in case we find that we need more money. He reminded the Council that the final levy will be set at the first Council meeting in December. Fletcher recommended that the levy be set under 4%. Johnson said that he would be okay with that

number. Urban said he would like to set it at no more than 3%, especially if we are on track to have a surplus at the end of the year. Watson said that there will be a surplus this year but that is because we have not used some of reserve funds that we had planned on using.

Nyblom said, for the record, that his election or re-election has nothing to do with what he would like the levy set at, but that his decision is based on the needs of the City and nothing else. He said he wants it to be no more than 2.88%. We've had too much growth in the budget over the last five years, \$1.6 million or 32% growth in five years. We need to figure out a way to slow the growth. Gunderson said that it is important to her that the Council comes to a consensus on this. She asked if setting the levy at 2.88% meets the cost of living in the City, probably not. She asked what would happen if it were to set it at the same rate as last year, 3.4%, and then if the final number can be less it can. Fletcher and Johnson said that they are comfortable with 3.4% as the maximum and that we can work to get it under 3.4%. Watson said that by the December meeting the facility assessment report should be ready. Urban said he could support a 3.4% maximum.

### **3. Other**

#### **Rush Line Parking**

The Council discussed the proposed Rush Line parking ramp near the Gentry Academy. Planner/Community Development Director Wall said that staff and/or Council Members are on various Rush Line Committees. Committees are working on station area planning up and down the Corridor line. There have been a series of meetings around proposed County Road E and Buerkle Road station sites. He noted that the Rush Line Commission has been struggling to get area business participation and this quadrant of the City has been under represented. Wall and Ling Becker have organized a meeting with people in this area and staff from the County and the Council. Wall also noted that as a result of conversations that have been had, the Commission is thinking of adding a station on Buerkle Road.

#### **Banking**

Fletcher said he would like to get information on financial deposits and where the City banks. He said the City should consider keeping its money in the City. City Administrator Watson said that most of the City's money is invested and the City uses US Bank for transactions. This issue will be placed on a future workshop agenda.

#### **Houston Engineering Survey**

Council Member Nyblom asked how we can plan on handling the Houston Engineering survey. City Administrator Watson noted that SEH will be doing a report on the Storm Water Management Plan as well as the SWPP plan and then he thinks SEH could also give a report on the Survey. Watson will see if Houston Engineering can come out to a Council meeting and then we can tape the presentation.

#### **New City Code**

Council Member Urban has asked that the Council not take action on the new City Code at the Council meeting. He asked that it be removed from the agenda and put on the September 18<sup>th</sup> agenda. The Council agreed.

The meeting adjourned at 7:05 p.m.

APPROVED