

## **MINUTES BUDGET & FINANCE COMMITTEE**

**OCTOBER 4, 2016**

Jean Soine called the meeting to order at 4:30 p.m. Other members present were Belinda Ludwig, Finance Specialist; Elliot LaBeau, and Renee Eckerly, City Administrator. Neil Herzberg was absent. Also in attendance were Ron Mergen, Public Works Director; Kevin Farnum, KLA; Karen Langmo, KLA; and Dick Johnson, KLA.

**Motion was made by Ludwig to approve the minutes from the July 7, 2016 Budget & Finance Committee meeting. Seconded by Eckerly and unanimously carried.**

### **AIS FUNDING**

Kevin Farnum reported on the current status of the AIS inspections and discussed the City's contribution to the cost of inspections including the following:

- The Lake Association paid the water guards which were not certified as Level 1 inspectors
- In 2014 costs increased due to more hours; not just utilizing the water guards
- In 2015 Starry Stonewart was found and inspections went longer into the fall; the City's access was the only one open
- The 2016 hours are very high @ \$16.00 per hour
- Looking for more money for inspections

The Committee discussed the difference between the amounts of money approved by Council in the amount of \$4,300.00 for X amount of inspection hours versus the Lake Association scheduling more inspections without Council approval; it's not the City's obligation to pay. The Township Lake Improvement District (LID) could would make the area a taxing district, but Stearns County doesn't want to do that. The DNR is not going to put any more money toward the inspections.

Farnum reported on the pilot program and the chemical treatment. Pulling it out, it comes back by itself and the chemical treatment just gives it a haircut. The test area was supposed to be 6.6 acres; however, they actually tested 4 acres of which \$50,000.00 was totally funded. The southeast bay is heavy with Starry Stonewart. There is an Initiative Foundation matching grant for \$400,000.00. So far Fischbach and Howe have \$200,000.00 appropriated to just Lake Koronis, but has to be spent within one year. 306 acres of the lake would be in the treatment area. Another association has committed \$13,500.00. The Lake Association wants \$25,000.00 over the next 3 years. This is an additional amount over the inspection fees. The pilot project has to go for 5 years. If the pilot project doesn't work then there is no need for the money. It was asked when the Association would know if the pilot project was successful. Next fall the area would be re-inspected to see if it worked. An auditor would test the 4 acres to see how much has come back. The rake test was conducted before the pull and first treatment. It will be tested again after the second test. The Starry Stonewart grows approximately an inch a week. The state funding expires July of 2017. Originally the DNR reported Starry Stonewart being in 250 acres, now is in over 300 acres. Starry Stonewart can go grow as far down as 30 feet; KLA found it at 20 feet. The DNR has found it at 12 feet. The

chemical treatments are copper based; algaecide. Starry Stonewart is so dense that it is taking out the native plants; it will have to be managed not eradicated.

The Committee discussed the importance of the lake; however the City is looking at a deficit in the 2017 budget.

### **KWIK TRIP**

**Motion was made by Soine to proceed with the Kwik Trip land sale and pay off the 2008A Bond and recommend such to the City Council. Seconded by LaBeau and unanimously carried.**

### **DRINKING FOUNTAIN**

Eckerly presented a quote from Voss Plumbing & Heating to replace the drinking fountain in the City Hall lobby. The Committee would like to see a second quote on the installation. It was suggested to breakdown the quote with material and labor and also to obtain a quote on a non-bottle filler unit and installation.

### **AMBULANCE GARAGE AGREEMENT**

The Committee reviewed the agreement to see if the rent could be increased from the \$8,700.00 (\$2.81 per square foot). Eckerly will forward this to Attorney Spooner for his opinion. There is a need to obtain comparable rents to see what the market rate is.

### **BOND PAYMENTS**

The 2016 street bond payment is \$100,000.00 with an additional \$100,000.00 for the 2017 street project. Ludwig reviewed the debt service report and adding in the 2016 street project, the bond payment is estimated at \$267,000.00. The Committee discussed paying off the 2008A bond at about \$315,000.00.

### **2017 BUDGET**

The following was discussed:

- Police State Aid - \$41,344.03 could increase \$10,000.00
- Streets and alleys – new shop – capital improvement transfer to decrease by \$5,000.00
- 2017 Street Project – City will need an additional \$100,000.00. Mergen has the numbers for the 2017 project that Eckerly can get to Doug Green to run estimates on a 10 year and 15 year bond to see the difference in payment amounts compared to the increase in interest payments.
- AIS – The Committee discussed the \$15,000.00 - \$20,000.00 for inspections plus the \$25,000.00 over the next 5 years. The Committee discussed in length whether to fund it or not. The City can't donate to the Lake Association directly; the City has to pay the North Fork Crow River Watershed District for inspection services.

## **WATER & SEWER BUDGETS**

Mergen reviewed the water and sewer budgets and the rate comparisons with the surrounding communities (Paynesville is the lowest). Mergen tries to stay with the schedule for the debt.

- Water base charge no rate change increases bulk rate \$.10
- Sewer base charge no rate change increases bulk rate \$.12
- WAC & SAC no increase
- Trunk charge no increase
- Water loss is very good
- Sewer loss may go up due to more rain causing infiltration
- Water increase in utilities due to the VOC Plant
- Sewer equipment replacement transfer decreased \$11,000.00

There being no further business, the meeting was adjourned at 7:00 p.m.