

**MINUTES OF A STUDY SESSION OF THE PRINCETON CITY COUNCIL HELD ON  
NOVEMBER 20, 2012, 4:30 P.M. IN THE CITY HALL COUNCIL CHAMBERS**

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Mayor Jeremy Riddle called the meeting to order. Council members present were, Dick Dobson, Thom Walker, Paul Whitcomb and Victoria Hallin. Staff present was Administrator Mark Karnowski, Finance Director Steve Jackson, Community Development Director Carie Fuhrman, Public Works Director Bob Gerold, Police Chief Brian Payne, Fire Chief Jim Roxbury, Liquor Store Manager Nancy Campbell, Attorney Dick Schieffer and City Clerk Shawna Jenkins.

**Remove Mille Lacs County Historical Society Deferred assessment**

Jackson stated that the City Council had previously discussed the possibility that the City would pay a portion of the Mille Lacs County Historical Society's Assessment. It is requested to remove the deferral, and payments would begin in 2013, with the Historical Society and the City both paying a portion. If the Council is in favor of that, Attorney Schieffer will draft a Resolution to be approved at the next meeting. Fuhrman added that the Historical Society has motioned to approve the deferral be removed.

Hallin asked if the assessment is for 10 years. Jackson responded that was the agreement and that the City would pay for part of that.

Schieffer asked if the interest should be lowered or stay the same. He added that while the interest rates are lower now, it was originally assessed at this rate so it may be risky to lower it now.

Karnowski questioned if the City would be able to recover their expenses if the Historical Society ever decided to sell the property or give it to the County. Whitcomb questioned that as well. Dobson said he felt there should be some language in the resolution that the City would only help with the assessment as long as they retained ownership.

Hallin said she believes the Mille Lacs Historical Society is one of only a few in the state that are not County or City funded. Walker stated he could see some advantages if the building was turned over to the County as it could be restored, but agrees that they City should have to provide their blessing or the City funds would need to be repaid. Fuhrman responded that City could enter into that type of agreement with the Historical Society.

Karnowski stated he would also like to see the Resolution say that the funds the City donates towards the assessment must be used to pay for that assessment.

Riddle questioned if the donations could be recovered if the building was sold. Schieffer responded that while it can be done that way, it may be tough to enforce it.

Jackson suggested also having language in the Resolution that states the donation will not be made if there are any delinquent taxes due.

Fuhrman said she feels it is a conversion that would need to happen between the County and Historical Society.

Jackson added that the County would like the resolution by December 1<sup>st</sup>. It is just one parcel so we may be able to stretch it out to our Study Session on December 6<sup>th</sup>.

### **2013 Budget**

Jackson reported that there are 2 levy analyses, one utilizing the entire \$100,000 from the CIP fund as discussed into the general fund. One shows holding the levy at zero increase, however people will still see a 1.4% increase if their values had stayed the same. He said he thinks if we can get everyone's assistance, we can reduce the City's levy by 1.4% so it should be a neutral tax levy.

Dobson added if a person's value drops, that would decrease the taxes being paid. Jackson responded that the tax capacity numbers that he used are the numbers for next year.

Karnowski asked Mark asked if the County provided a breakdown of the numbers for residential and commercial. Jackson said he has not seen a breakdown, but overall values in Mille Lacs County went down a little, and went up a little in Sherburne County.

### **LIQUOR**

Campbell reported that she is projecting revenue of \$190,000 to \$200,000, she said there has been a lot of speculation that sales will increase once Walmart opens, but she didn't want to count on something that she is not sure about.

Jackson stated that the transfers out are mostly used for the Airport, and the City's portion of the projects done out there. With many of those funds planned to go to the proposed Public Works building in the future, the City will need to find a new source for the Airport.

Jackson agreed that the Budget has taken a conservative approach for 2013, but we should be able to get a good idea of possible increases once Walmart opens.

Dobson wanted to thank Campbell for coming in to the meeting tonight while she is on vacation.

### **POLICE**

Jackson stated that the proposed K9 unit is still under Capital Improvements in this draft budget.

Jackson said the there may be some minor changes, as negotiations are still ongoing with the unions in regard to step increases and Health Insurance.

Payne stated the new utility vehicle is getting better gas mileage than the Crown Victoria's, so he hopes to hang onto these 6 months or so longer than previous squads. He stated the Utility vehicle needed a different cage and light bar, but those costs were figured in the CIP and he hopes to recoup some of those costs in the future.

Karnowski said that if the Council approves this budget, they would also be approving the proposed K9 unit, as it is built into the budget. Walker questioned if the increase from 2012 to 2013 was all due to the proposed K9 unit. Jackson responded that there was also about \$85,000 for the radios and radio upgrades; however a lot of this is hoped to be covered by grants. Payne added that the radio upgrade is a Federal mandated change over. They were guaranteed better coverage and better availability, but they are finding service problems in some of the buildings. He said they are looking into the most cost effective way to do solve those coverage problems.

Jackson reported that budgeted amount of \$3250 for Animal control, is to cover what we pay the vet for impound fees.

Jackson said the Property Confiscation fund is a self sustaining fund and is mostly confiscated vehicles. Those funds assist in paying for some new equipment and training.

Hallin asked how we pay for Animal Control. Jackson said some of that is offset by owners paying the \$100 impound fee to reclaim their animal and some funds are collected from the pet licenses that are sold.

Karnowski said the City collects approximately \$300 in revenues for pet licenses and they are up for renewal in 2013. Dobson asked if we could put something in the paper to remind the residents that pet license fees are renewed in January, and it could save people on impound fees.

Karnowski added that in Chisago City, they have a police reserve officer go door to door to remind residents that their pets need to be licensed. Since a dog usually barks when the doorbell rings, this provided the officer with an idea that there was dog that lived there and they had another 150 or so dogs licensed the next year.

Jackson said the Public Safety fund is a self sustaining fund and has not been active recently.

Jackson reported that the Info Buy Fund is sometimes replenished, as it is designed to provide police access to funds they can use to buy information. Payne added that both Mille Lacs and Sherburne Counties have drug task forces, so the department usually refers the cases to them and assists the county so they do not need to use this fund.

Jackson stated that the Felony Investigation Fund is similar to information buy fund and is not used much now with the County Drug Task Forces.

Payne added that if the Council has any questions on the CIP, to let him or Jackson know.

## FIRE

Jackson said in terms of the Fire Protection Fund, there are several revenue sources. The Townships that contract with the city for fire services fund a large majority of the costs. Roxbury said he does try to keep any increases to about 3% yearly. We work off the Fire Boards recommendation of 3% increase, and which allows the townships to plan ahead.

Jackson stated that with the Relocation Fund, a lot of expenditures were covered that we would have to fund otherwise. Roxbury has done a very good job with distributing the emergency relocation fund.

Jackson reported that \$50,000 per year is supplemented by the relocation program and roughly 54% is paid for by the Townships. Karnowski added that Princeton's Relocation program is recognized is the model program for the state. The State is looking for another location and they are recommending people come to Princeton to see how the program is done here.

Roxbury was happy to report the City just received \$2000 donations each for the police and fire departments from the Eddy Family Foundation.

Roxbury stated the Emergency Management and Civil Defense funds are mostly a wash account, and are there for siren replacements, etc. The Council recommended in the past that they start setting aside funds for those purchases, and that is what they have continued to do.

Dobson questioned if it would be a good idea to set up a program for annual building inspections of the industrial and commercial buildings. Doing so would accomplish two things, 1, the Fire Department would have a look at the interior set up, and it would give the building owners an idea of any changes or upgrades that are needed. Roxbury responded that they do try to get into most buildings frequently to gain knowledge of each site. A benefit of being a Volunteer Department is that a lot of the City's Firefighters work in these buildings. Roxbury felt it would be nice to have such a program, but it comes down to funds. He added that they only have so many training nights, so they try to familiarize themselves with any buildings that have been remodeled or updated recently. Karnowski stated that Chris Wilke has been reviewing each of the plans on new buildings and attends the preconstruction meetings where he will recommend any changes. Walker suggested a check list that includes a fire department walk thru before the Certificate of Occupancy was released.

Jackson reported that the Fire Department Reserve fund will see transfers in and some interest. The Charges for services are for accidents and fire runs and requires yearly approval with the Fire Board.

Roxbury reported that he does have a grant application out for next year and he has informed the vendors he is supposed to get prices shortly.

Roxbury stated they received additional funds in the Disaster Relocation Fund in 2012, as they did a full training class and a drill situation. He added budgeting with this fund is more difficult, as their fiscal year is different than ours. Karnowski asked if the trailer for Public Works was used from the Relocation fund, as the state has also supplied equipment as well as funds. Roxbury replied that it does not come out of our dollar figures.

#### COMMUNITY DEVELOPMENT

Jackson said the Building Inspections Fund is always just a guess. While there was one large permit pulled; there were not a lot in 2012 as construction itself has been down slightly. Fuhrman added that Metro West Billing is also very slow, as they do not bill until after the entire project is completed.

Fuhrman said she has put in for a possible Intern in the Planning and Zoning Fund. There is also been a slight increase for training and schooling, as they are looking for some training for Planning Commission members and some GIS training for Fuhrman and Dewitt. Jackson added that the Intern was his suggestion. They have tried it a few times before, but feel that Fuhrman could probably keep one busy with many more things now.

Fuhrman reported that the Revenues for the Economic Development Fund do not change much. Jackson added that there is an ongoing tax levy and an additional transfer in from the Planning and Zoning Fund. The It Starts Here and downtown reconnaissance Study is in there. Fuhrman added that dues and subscriptions went up a bit. That includes participation in Grow MN, and joining GPS 49453, which gives them exposure to a lot of different groups for discounted rate.

Jackson reported that Surface Water Management is intended to be funded in part by fees on each parcel in town. There has been a lot of ground work done on it, and Karnowski said the engineer is finalizing some numbers. Jackson said at this point, they believe Residential properties would be charged a flat rate, and commercial would be based on size for lot, impervious surface, etc. They have hopes to get this put in place, and fund some of the needed projects.

Jackson stated that most of the project for Neighborhood Stabilization is done, but Fuhrman is working on the two last ones, which is the Bergstrom home and the former gas station. Fuhrman stated they hope to set a closing date after December 11<sup>th</sup>. It was recommended to skip phase 2 on the gas station site. She said she is waiting to hear from the County on the Gas Station site, as it's a tax forfeiture property.

Jackson said the Small Cities Development fund is an in and out fund. It is a good benefit for the community, but the involvement on a city level is not very large. Lakes and Pines do most of the administration on it. Fuhrman added that Lakes and Pines is applying for another grant, but only including Princeton on this one.

Jackson commented that they are still waiting on the Development Loan Fund. Fuhrman added that their clinic has opened, but she is working with Fairview on details.

#### PUBLIC WORKS

Jackson reported that the Library Fund is mostly for Maintenance so it falls under Public Works. The Custodial is contracted out. The CIP improvement is for carpeting in main area, a new door closer and a window replacement.

Jackson said the biggest change in the City Hall is the \$62,500 for a new roof for the entire facility.

Riddle asked why the custodial is so much higher for the library than it is for City Hall. Jackson and Gerold replied that the custodian spends much more time at the Library than they do at City Hall and the Police Station.

Gerold reported that the Public Works Administration fund is similar to past years, except for the \$50,000 for Improvements, which will be put off with the new proposed facility. Under streets, it is similar to 2012, except a higher amount under Seal Coating. There was a mistake on the 2011 Bid documents, so there was more material than what was required, so more roads were seal coated in 2011. Therefore, the Seal Coating was decreased slightly this year.

Gerold stated that the Traffic Signs and Signals fund is also similar to that in the past. The electric is for the round-about lights and the light at First and Rum River Drive. A small amount is included for maintenance and supplies as well. Dobson asked if the City is responsible for both traffic lights in the City. Gerold responded that they are responsible for the one at First and Rum River Drive, but Sherburne usually handles the one on the south side

Gerold said the FSS Fund is for basic maintenance and upkeep.

Gerold reported that the Compost site has a Fund, but it has not been used since 2009. Walker questioned if it should be opened back up if Sylva does not keep their site open for a while on Saturdays. Gerold said he will talk to Sylva and find out if they can agree to keep it open on one weekend day.

Gerold said the Street Cleaning Fund is to cover maintenance, repairs and fuel for the street sweeper.

Gerold stated that Mosquito and Weed Control Fund saw a slight increase. Instead of chemical sprays they tried mosquito control pucks in the ponds. They are a higher cost up front, but disrupt the mosquito larvae and last for 90 days. He said they are trying to see if using them can reduce the overall cost.

Gerold reported on the Recreational Program Fund. He said while they no longer have a skating rink attendant, they do flood the area and open up the warming house for any groups that bring supervision. He said it still seems to be used quite a bit from neighbors and Jackson added that we do not get many complaints that the warming house is not open. Whitcomb believed there was a fire ring out there, and asked if people could use that. Gerold was not sure there was one there, but was going to check.

Gerold said the Splash Park Operation Fund has seen an increase in utilities and there were a couple substantial breakdowns and repairs that needed to be taken care of this year. Jackson added that the Splash Park gets a lot of interest and draws a lot of people to the City. He believes the revenue was somewhere around \$30,000 for this year.

Gerold commented that the Park Maintenance Fund is similar to the past and covers the maintenance to all the parks.

Gerold reported that the fence replacement and truck is included in the Cemetery Operations Fund.

Jackson stated that in the Solheim Field fund, there are 2 transfers shown, one from general fund and the other from the Park Improvement. Most of the park is run by the Legion and a couple individuals from there are managing it.

Gerold said the Civic Center is a work in progress, with the roof, soffits, windows and doors already replaced. Karnowski added that the City did receive the \$20,000 grant that Katie Hunter had applied for with the Otto Bremer foundation.

Jackson reported that the idea with the Cemetery Perpetual Care Fund, was that part of each grave sale would remain in this fund to provide maintenance for the cemetery

Karnowski stated that the City theoretically receives \$150,000 Federal Funds every year for Airport Capital Improvement Projects. They don't always fund, or sometimes fund at a lower percentage, but the City sort of maintains a bank account and can access those funds for projects.

Karnowski added that there has been an increase in fuel sale, due to the Flight School that is operating at the Airport.

Karnowski said the pilots have organized into a loosely structured group and they have pretty much taken an ownership approach. They have planted flowers around the AD building, fixed the fence and done a lot of little things that make it a nice place to hang out. A group of them have been attending the monthly meeting and have discussed possible improvements and projects. It's a very positive atmosphere this year. Dobson agreed and said it has been a pleasure being the liaison for the airport board the last year.

Gerold reported that there are a few things to note on the Sanitary Sewer Fund. The increase of \$35,000 in the Maintenance and Repair line is mostly because of the sewer collapse by the bus garage. The structure basically dropped several inches and there was a lot of expense to divert sewer for about a week.

Gerold added another slight increase from adopted to revised is under testing and monitoring because of permit requirements. They are now testing three times per week.

Jackson questioned whether we want any funds budgeted for contract hauling. Gerold responded that it should mostly stop, but he wants to keep some there in case something was to happen with the reed beds. He added that it was much higher this year because of the construction. As of today, almost all reed beds have passed. Jackson asked how much we should hold over just in case. Gerold replied \$8000- \$10,000, although he doesn't think we will use it.

Jackson questioned whether the increased testing will continue. Gerold said he will have to look at it a little closer. He added that there is not as much testing in the winter as there is in the summer.

Jackson stated that there is a change with the personnel section, as there is a need for a Full Time Employee at the Waste Water Treatment Plant. Gerold added it may be up to 1.5 when the Annual Jetting is done, as that does get coded to Waste Water.

Gerold is proposing that the 2 individuals that are on part time be moved to full time at the start of the year. With the shirting of one person to the Waste Water Plant Full time, he is now down to three 3 people in the shop. When the plant came online, Jackson did add some to the budget. With two full time people being added, we can probably drop some of the summer help. Walker asked how Public Works is doing labor wise. Karnowski replied that after the two part time employees being added full time, the Public Works is still down one from when he started working for the city.

Whitcomb wanted clarification that after the beginning of the year, it will be four full time employees and two part-time. Gerold confirmed that. One of the Public Works employees will be full time at the plant, where as it used to be part time. Jackson added that when Gerold proposed the plant, he figured at some point one employee would be committed to that full time. Gerold said he would like to hold the level of service they have been doing. He added that he has already lined up a few people from utilities to help on snow events.

Jackson added that moving those two part-time employees to full time is included in this budget. It is still a council decision to move them to full time, but he wanted the council to be aware that they are budgeted in for 2013. Dobson stated that Gerold's department does an excellent job and that every year they get more added to their jobs. Walker added that he has been concerned that they have been a bit understaffed perpetually. Gerold replied that he will probably come to the Council soon with the employment change request.

#### ADMINISTRATION

Jackson said he has adjusted the Mayor and City Council Fund to adjust for Hallin's stipend cancellation. Dobson asked if we need to approve that again for next year. Hallin and Jackson replied that they will.

Jackson reported that the Administration Fund is primarily salaries and everything is pretty much the same as it has been.

Jackson stated the Election fund is down from 2012 as it is an off year, but they do budget some in case there is a referendum or special election, as it has happened a couple times. There are also some maintenance and repair charges annually as well.

Jackson said the Assessing Fund is the amount that the County charges the City.

Jackson stated there was some added in 2012 in the Legal Fund, as someone filed an appeal on a criminal charge which was not included in the retainer.

Jackson reported that the Finance Fund is also primarily salaries, but there is a slight increase in the audit costs for 2013.

Jackson said the Technology Fund is for handling city hall computer and phone systems and has no major changes for 2013. There is not \$3000 anticipated for Equipment as it shows, but he would like to have some funds available in case something was to happen.

Jackson stated most in the Unallocated Fund is the same as in the past. The large amount in the Building Permit Reserve was increased for 2012 as the Walmart building will not likely be paid for this year.

Hallin asked about the decrease in the Service and Supplies Inflation line. Jackson responded that it is a reserve amount.

Jackson reported that there is \$20,000 set aside as a reserve in the Insurance Reserve Fund.

Jackson said the Community Beautification Fund and the Community Projects Fund includes money that is donated.

Jackson stated that the 21<sup>st</sup> Avenue South project is under the Development Expenses Fund.

Jackson reported that the only change to the CIP from what the Council reviewed previously, as Gerold would like to split the \$5000 for barricades, as he would like to use half this year and half next year. They have a trailer they will be modifying the decking on to use for storage and barricade storage.

Jackson stated there is another change to the Public Infrastructure CIP, as the 21<sup>st</sup> Avenue extension has been moved from 2014 to 2015. The City cannot move on that project until something is resolved with the cross wind runway and it does not pay to submit the grant applications as they want to know you are ready to move forward right away. Karnowski added that it is fair to say that even if the council made the decision to pull the cross wind off; it would probably take 2 years to get change through the system. With the cross wind off the CIP, we would have a better chance of getting 21<sup>st</sup> Avenue Extension approved.

Jackson added that the 2013 budget will be presented at the December 13<sup>th</sup> meeting, but we have the opportunity to discuss it again on the December 6<sup>th</sup> Study Session. Walker asked if we can still lower the levy with the changes that came up tonight. Jackson responded that yes, we can still meet the lower levy.

Karnowski said the K9 unit is in the budget, so it is up to the Council whether they want to leave it there. Dobson added that he likes the idea of having it in there. Riddle stated he would like to see if they can get donations and maybe only budget for half of the costs.

Karnowski stated he was a little disappointed, because the \$100,000 that is being taken out of reserves and put into the CIP could reduce general fund obligation. Originally the plan was to do

something about property taxes, but we are basically holding our own due to some of the projects that were added.

Jackson added that the funding for the proposed K9 unit basically will not affect the levy as proposed. Payne confirmed that the funds would be coming from other sources, not from the tax payers. Walker said the only concern he has, is having to add another police officer to cover for the handler being busy training or if he was assisting other departments a lot. Payne said he agrees that the initial training of 8 weeks and 6 week narcotic training may be tough. Walker said he knows we do what we need to do, but he would not be happy to have to add another officer. Payne responded that if felt that a need to add another officer because of the proposed K9 unit, he would not be pushing for it. Jackson added that he feels it would be good to have a policy up front in terms of assisting other departments. Walker stated it does help that the training opportunities are closer now. Dobson said he has heard nothing but positive comments about the guy we would be getting the dog from and doing the training with.

Walker asked if the Council needs to take action tonight, or can they hold off. Walker, Dobson and Hallin said they are happy with what has been presented tonight. Riddle said he is in favor of the flat levy, and Walker agreed it would be nice to have a zero increase. Riddle added that the average person with the average drop in value should see a drop in their taxes as well. He added that he would like to see a breakdown of commercial verses residential. Jackson responded that he will contact the County and see what they can provide.

Jackson stated that what has been discussed should not impact option B either. It will be back for Council review at the December 6<sup>th</sup>, Study Session.

## **ADJOURN**

WHITCOMB MOTIONED TO ADJOURN THE MEETING AT 6:55PM. RIDDLE SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY

Respectfully Submitted,

Shawna Jenkins

ATTEST:

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Jeremy Riddle, Mayor