

WOODLAND CITY COUNCIL MINUTES
Monday, December 13, 2010
7:00 P.M.

Mayor Doak called the meeting to order at 7:00 PM.

ROLL CALL

Present: Mayor Jim Doak; Councilmembers, Michael Jilek, Tom Newberry, Sliv Carlson and Chris Rich.

Staff: Chief of Police Cory Johnson and City Clerk Shelley Souers.

Guests: John Massie, Brielle Wallace, Chuck & Jean Stark, and Mark Anderson

CONSENT AGENDA

A. Minutes of the Council Meeting, November 8, 2010.

Councilmember Jilek moved to approve the consent agenda, as submitted. Councilmember Carlson seconded the motion. Motion carried 4-0.

PUBLIC COMMENTS

No public comments.

PUBLIC HEARING

A) Truth and Taxation Hearing to Adopt the 2011 Tax Levy and Budget

Mayor Doak opened the public hearing at 7:04 PM to review and adopt the final budget and levy for 2011.

Mayor Doak presented an overview of the 2011 budget and levy. The loss of state and local government aid and greatly reduced interest earnings, coupled with declining building permit revenue has impacted the budget. The Council reduced overall expenditures for 2011 by 1%. A modest increase is expected in all contract services, which include snow plowing, tree removal, police and clerical services. Reductions were taken in road maintenance and election expenses declined. To balance the budget, the levy for 2011 will increase slightly by about 1% (\$707.00). Woodland's tax capacity decreased approximately 3% from 2010. The modest increase in the tax levy and the loss of tax capacity, results in a net increase in Woodland's tax rate from 8.46% in 2010 to 8.75% in 2011. This is one of the lowest tax rates in the metropolitan area.

Councilmember Newberry arrived to the meeting at 7:15PM

There being no public comments, Mayor Doak closed the hearing at 7:16PM

Councilmember Rich moved to approve Resolution No. 27-2010, adopting the 2011 budget.

Councilmember Jilek seconded the motion. Motion carried 5-0.

Councilmember Carlson moved and Councilmember Rich seconded approval of Resolution No. 28-2010, adopting the levy for 2011. Motion carried 5-0.

OLD BUSINESS

A. Rate Analysis & Water & Sewer Fund Budget

Councilmember Carlson provided a brief history of the water and sewer enterprise funds. The enterprise funds were established with the intent that the benefitted properties share the responsibility for the costs to maintain the system. The fund balances have decreased due to a number of factors, including repair and maintenance costs that have exceeded projections and interest income that has been less than expected. The Council is considering a utility rate increase to ensure adequate funds to satisfy the payment of the bonds.

The City Council has been working with Woodland's Audit firm, Abdo, Eick and Meyer, to explore several options for a rate increase to achieve adequate balances in the water and sewer funds.

Council is considering two options:

Option #1: A small increase in the quarterly user fee and maintenance fee. All users directly cover the costs of their own curbside repairs and fire hydrant maintenance costs would be paid from the General Fund.

Option #2: a greater increase in the quarterly use fee and maintenance fee to cover all necessary maintenance expenses for the entire water and sewer system.

Councilmember Jilek suggested that the funds be monitored and adjusted, as needed, on an annual basis.

Councilmember Carlson agreed that the funds must be monitored to ensure payment of the bonds.

Mayor Doak stated that the City will consider options for early retirement of the water bonds and to save interest expense.

The auditor suggested a reallocation of the bi-annual assessment payments, distributing 75% of the allocation into the water fund and the remaining 25% into the sewer fund.

Councilmember Carlson suggested that the Council consider an ordinance or resolution naming the 1997 Water and Sewer Improvement Project as "Enterprise Fund 1" and maintaining the projects as separate from all future improvement projects which would presumably be self funding, that is, supported by the users of the system and not the general funds of the City. Councilmember Carlson suggested that a written resolution would serve to clarify the Council's intent.

Councilmember Carlson's verbatim Comments:

"The Enterprise Fund in operation for the water and sewer services currently offered to the 47 Woodland residents shall be identified in the Woodland City budget and whenever it comes up for discussion as Enterprise Fund 1997.

This council encourages a future council, if water and sewer service becomes desirable or required, to accomplish funding for the system using a similar mechanism to Enterprise Fund 1997 to maintain a separate, also paid for service by those receiving such new services.”

Jean Stark, 2880 West Road, encouraged on going financial review of the enterprise funds and questioned if creating separate enterprise funds is an acceptable accounting practice. Mrs. Stark stated that the water and sewer fund balances and possible rate increases were discussed during the Groveland Homeowners Association’s annual meeting.

The City distributed materials to all individual water and sewer system users and Council Members offered informal meetings to answer questions and share the findings of the rate study.

Mayor Doak stated that the Council has made every effort to keep residents informed regarding the fund discussions and rate study. Questions can be directed to the Council Members.

NEW BUSINESS

A. Resolution No. 29-2010 – Allocation of Sewer and Water Improvement Assessment.

Councilmember Jilek moved to approve Resolution No. 29-2010; providing for a change in the allocation of the municipal water and sewer assessment payments. Councilmember Rich seconded the motion. Motion carried 5-0.

B. Resolution No. 30-2010 – Increase in Municipal Water and Sewer Charges

Council reviewed the rate study and considered options for increases to the quarterly utility rate.

Council Member Carlson stated that the water service can be shut off in several locations, including inside the house, individual curbsstop and the main gate valves throughout the project area. Carlson reported that she received comments from several residents in support of option 2 as denoted in the rate study.

Mayor Doak stated that Option 1 grew from a desire to make budgeted levels of enterprise maintenance expenditures more predictable and therefore lower by shifting risk to the homeowners served for their curbsstop repairs and to the City for fire hydrant maintenance. This option was considered before the fund study determined that the fee increases need to restore financial health to the enterprise funds were moderate in size. The self supporting Option 2 became both feasible and desirable once the fee increases were known to be manageable.

Mayor Doak stated that he supported Option 2.

Council Member Jilek stated that several residents expressed their support of Option #1, with the users paying for their individual curbsstop repairs and the General Fund paying for fire hydrant maintenance.

Mayor Doak stated that Option #1 (General Fund supporting the fire hydrant maintenance) could set a precedent for maintenance of curbstops and fire hydrant in future projects

Council Member Carlson moved to approve Resolution No. 30-2010; approving the utility rate increase as outlined in the rate study (page 9) Option #2, approving the rate increase effective for the January 2011 billing. (Minnetonka use rates are pending adoption for 2011). Council Member Rich seconded the motion. Motion carried 4-1, with Council Member Jilek dissenting.

C. Ordinance No. 12-4; Amending Chapter 12, Section 1210 regarding maintenance fees.

Council reviewed an ordinance amendment to Chapter 12 clarifying maintenance fees for the 1997 Sewer and Water Improvements are set forth in Section 305.

Council Member Jilek moved to adopt Ordinance No. 12-4. Council Member Carlson seconded the motion. Motion carried 5-0.

D. Ordinance No. 3-15; Amending Chapter 3, Section 305 Establishing Certain Fees.

Council Member Carlson moved and Council Member Jilek seconded the motion to adopt Ordinance No. 3-15. Motion carried 5-0.

Council agreed that the funds be monitored annually and fees be adjusted as necessary annually.

OTHER BUSINESS

A. No Fault Sanitary Sewer Insurance

Council considered augmenting the current insurance coverage to include no-fault sanitary sewer coverage for 2011. This could result in a considerable reduction in potential litigation expenses associated with future claims. The sewer system has been well maintained and the Council believes that qualification for the selective coverage will be achieved. The Council agreed to apply for no-fault sanitary sewer insurance effective 2011.

MAYOR'S REPORT

Mayor Doak expressed his appreciation to the Council and City staff for their thoughtfulness following his recent injury.

Mayor Doak reported that Woodland will be working with the Minnetonka School District leaders and the surrounding communities to consider shared service options.

COUNCIL REPORTS

Public Safety

No report.

Finance & Intergovernmental Relations

Councilmember Carlson reported that the Minnehaha Creek Watershed District has proposed an amendment to the 2007 Water Resource Plan to establish a district wide aquatic species program.

Councilmember Carlson reported that the League of Minnesota Cities is working on language to address the new judicial interpretation of criteria justifying variances.

Roads& Trees

Councilmember Rich reported that due to the recent volume of snow, Cornerstone has spent additional time to clear the snow banks from intersections to improve sight-lines.

Mayor Doak reported that Woodland's tree contractor has asked the City to consider a monthly retainer as part of the 2011 tree service agreement. Council will consider this option in 2011.

Ordinance

No report.

ACCOUNTS PAYABLE

Councilmember Newberry moved approval of the Accounts Payable as submitted.

Councilmember Rich seconded the motion. Motion carried 5-0.

TREASURER'S REPORT

Councilmember Jilek moved approval of the Treasurer's Report as submitted. Councilmember

Carlson seconded the motion. Motion carried 5-0.

ADJOURNMENT

Council adjourned by consent at 8:38PM

ATTEST:

Shelley J. Souers, City Clerk

James S. Doak, Mayor