

CITY OF TONKA BAY ITEM NO. 4A

MINUTES TONKA BAY CITY COUNCIL REGULAR MEETING July 8, 2008

1. CALL TO ORDER

The regular semi-monthly meeting of the Tonka Bay City Council was called to order at 7:00 p.m.

2. ROLL CALL

Members present: Mayor LaBelle, Councilmembers Marceau, Tessness, Folley, and De La Vega. Also present were City Administrator Loftus, City Attorney Penberthy, and Public Works Superintendent Kluver.

3. APPROVAL OF AGENDA

Marceau moved to approve the agenda as amended: Add Item 7B, Swing Set. De La Vega seconded the motion. Ayes 5. Motion carried.

4. CONSENT AGENDA

De La Vega moved to approve the consent agenda as presented approving the Accounts Payable and the worksession minutes and regular meeting minutes of June 24, 2008 as written. Tessness seconded the motion. Ayes 5. Motion carried.

5. MATTERS FROM THE FLOOR

None

6. PUBLIC HEARING

None

7. OLD BUSINESS

A. Continue Drainage Issue at 355 Lakeview Avenue – Loftus stated the City Engineer and resident have been corresponding with the neighbor and all agree the meeting should be continued to the July 22, 2008 meeting. **Folley moved to continue this item to the July 22 meeting. Marceau seconded the motion. Ayes 5. Motion carried.**

B. Swing Set – Loftus stated Councilmember De La Vega suggested the Council look at making the swing set operational by replacing the end bracket to stabilize what is currently there until a decision is made on its replacement. The insurance proceeds could be used for this purpose. De La Vega stated as an interim measure, two of the swings could be replaced. It will cost \$500 to complete. Folley asked if there are any other options. Marceau asked if the installation labor would be done internally. It was noted Public Works would complete the work. De La Vega stated we still have the

issue of location. Tessness stated he hoped it would cost less than \$500. He stated we won't have to rush now with a decision on replacement, because there will be something operational in place. Kløver stated the work could be completed the following week. **Marceau moved to authorize \$500 for the completion of the swing set stabilization. Folley seconded the motion. Ayes 5. Motion carried.**

8. NEW BUSINESS

A. Capital Improvement Plan – Loftus stated there are a few items in the packet regarding this item. The Council had asked for a sample CIP, and one has been provided from the city of Delano. A sample of a rate study was also provided along with the background of how it was prepared. The action tonight is for Council to determine whether they want to proceed with this project and how we should proceed. **Mr. Martini, Bolton and Menk** stated the capital improvement plan results in a spreadsheet that shows the anticipated expenditures. The document from Delano focused on the streets in their city and proposed assessments. The rate study is provided when a city needs to determine how to proceed with a large expenditure such as a water treatment plant or a major road project. It takes into account operating and maintenance expenses. One of the things you will need to consider is the appreciation of the system and how to account for eventual replacement. You need to decide whether to anticipate the replacement and account for it on annual basis or wait until it needs replacement. LaBelle stated the Council sees the value in the process but are concerned about the cost. He cautioned the Council against replacing anything just because it is scheduled to do so. He stated there are questions about the rate study. He believed the cost is too high for the study. Martini stated the majority of the time is involved with reviewing the systems in place, the net worth of the systems, and determining the life span in order to generate the rate study. Martini stated this is the city's plan, and it is his intent is to work with the city to develop it into the vision the city has in mind. De La Vega hoped the report would generate new thinking and vision on what the city could do. He didn't want to get a document of information we already know. Martini stated, to clarify, there is likely a basic vision and character of the community the Council desires to maintain. He didn't intend to tell the Council what they want to hear. De La Vega stated he would like to spend some time digesting the rate study. He questioned the cost of the work to be done. Martini stated the cost would be carried over to the first of the year taking the City's budgeting into account. De La Vega stated he understood the rate study should be part of the process. Martini stated it is a logical conclusion of the capital improvement process. Whether or not it should be approved at this time is up to the City Council. The rate study involves only the water and sewer funds. LaBelle asked if there is any reason the rate study couldn't be completed by city staff. Loftus stated she believed it would take a lot of collaboration between the auditor, bookkeeper, and Public Works Superintendent. She stated she could talk to the auditor and see what it his input would cost. De La Vega stated the replacement cost is the unknown amount, and depreciation can be determined

through basic accounting procedures. Folley stated in his conversation with the Delano City Administrator, he found they are very happy with the CIP process. LaBelle stated we all see the advantages to this process. Marceau stated he would like to look over all the material received this evening. De La Vega suggested initiating the effort tonight by taking out the rate study as a separate item and go forward. Tessness stated he would be in favor of a separate rate study prepared by staff. **De La Vega moved to authorize the Mayor and City Administrator to enter into an agreement with Bolton and Menk to prepare a capital improvement plan. The cost will not exceed the price of \$24,200 with \$10,000 to be paid in 2008 with the balance due by January 5, 2009. Tessness seconded the motion.** Penberthy asked that the contract be provided, reviewed, and approved at the next City Council meeting. Martini stated he would get a contract to the City Administrator for review. **Ayes 5. Motion carried.**

B. Excelsior Fire District Budget – De La Vega stated the amended EFD budget has been provided for tonight's review and approval. The overall operation budget was increased 6%, and the CIP budget has no increase, resulting in an overall combined increase of .68%. In that number is \$33,473 of bond savings achieved through refinancing. The total increase after the savings was \$9,961. He stated there were some important budget cuts, one of which was a contribution from the cities to the retirement and pension fund for firefighters. He noted the pension is currently funded at 110%. He stated the firefighters' benefits were raised last year, and their hourly wages and some salaries were increased this year. He believed the contribution was more symbolic than anything else. The fund is so large that \$10,000 is a very small amount. It was proposed that we take a different tact on the pension fund contribution and base it on benefits. In addition, some of the CIP items were moved to the operating budget which amounted to \$17,000. The other main item not in the budget is a building fund contribution. That created some discussion at the Board level, and there are a couple proposals on the table on how it should be approached. It has not been finalized yet. In the current budget, the decision was made to not contribute to a building fund. He believed the budget presented should be supported. **Marceau moved to adopt Resolution 08-15 approving the 2009 Excelsior Fire District budget and capital improvements plan of \$1,481,832 with Tonka Bay's share of \$205,616. Folley seconded the motion. Ayes – De La Vega, LaBelle, Marceau, Folley and Tessness. Motion carried.**

C. Lake Minnetonka Conservation District Budget – Loftus stated the final levy has been decreased to a 3.9% increase overall. The reduction was achieved by reducing the reserve fund by \$10,000, eliminating \$30,000 herbicide treatment, and reducing the contingency fund. De La Vega stated he is very happy with this budget. **Tessness moved to adopt Resolution 08-16 approving the 2009 LMCD budget with Tonka Bay's share of \$11,040. De La Vega seconded the motion. Ayes – De La Vega, LaBelle, Marceau, Folley, and Tessness. Motion carried.**

9. **MATTERS FROM THE FLOOR**

None

10. **REPORTS**

A. **Loftus** – The Excelsior Fire District will hold their annual firefighters fundraising dance beginning at 5 p.m. on Friday, July 18.

B. **Marceau – Finance, Marinas,** - no report

C. **Tessness – Buildings, Building Inspection, LMCD, Fire Lanes and Municipal Docks** – no report

D. **Folley - Animal Control, LMCC, Technology** – no report

E. **De La Vega - EFD, Parks, Sanitation, and Southshore Senior/Community Center** – no report

F. **Attorney's Report** – no report

G. **LaBelle - Public Works and SLMPD** – The 2009 budget will be reviewed at the next meeting. He stated staff could provide it earlier if needed.

11. **ADJOURNMENT**

There being no further business, it was moved by Marceau to adjourn the meeting at 8:00 p.m. Folley seconded the motion. Ayes 5. Motion carried.

Attest:

Clerk