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*Our Mission is to Provide Quality Public
Services in a Fiscally Responsible Manner
While Preserving the City's Open Space
Character*



NOTICE OF MEETING

**City Council Workshop
3800 Laverne Avenue North
Tuesday, November 22, 2016
6:30 PM**

- | | | |
|------|---------------------------------------|---------|
| I. | Call to Order | 6:30 pm |
| II. | Staffing- Sheriff's Deputy/Sergeant | 6:30pm |
| III. | Discussion of 2017 Enterprise Budgets | 6:50pm |
| IV. | Staffing-Public Works | 7:10 pm |
| V. | Adjourn | 7:30 pm |

Special City Council Meeting

**3800 Laverne Ave N
Tuesday, November 22, 2016
7:30 PM OR immediately following the work
session, whichever is later**

- I. Call to Order
- II. Closed Session pursuant to MN Stat. 13D.03, to consider strategies for labor negotiations, including negotiation strategies or development or discussion of labor-negotiation proposals
- III. Adjourn



STAFF REPORT

DATE: November 22, 2016

CONSENT

ITEM #:

AGENDA ITEM: Staffing-Sheriff's Deputy/Sergeant

SUBMITTED BY: Kristina Handt, City Administrator

BACKGROUND:

As discussed in the development of the 2017 general fund budget, the Sheriff's department has asked the city to consider adding another deputy in Lake Elmo due to the changing nature of calls and the increase in call volume.

Council asked for more information related to the need. Chief Deputy Dan Starry shared the following information with me. After three years of Part I and Part II crimes declining, which was a consistent trend in other areas around the state and country, we experienced an increase in 2015 for both of these areas. Part I crimes include arson, aggravated assault, burglary, larceny/theft, rape, robbery and theft of motor vehicles. Part II crimes include DUI, disorderly conduct, narcotics, other assaults, sex offenses, liquor law violations, forgery, fraud/embezzlement, gambling, prostitution, runaway, sex offenses, stolen property vandalism and weapons violations.

Part I crimes in Lake Elmo were:

2015	169
2014	147
2013	173
2012	186

Part II crimes in Lake Elmo were:

2015	464
2014	391
2013	443
2012	481

Service Related Totals were:

2015	5,237
2014	4,717
2013	4,778
2012	5,372

The sheriff's department, anticipates the trend of more Part I and Part II crimes to continue. In addition, they expect to see the quality of life concerns that are often reported by residents (noise complaints, animal complaints, parking issues and curfew violations) to increase as well as the population increases.

PROPOSAL DETAILS/ANALYSIS:

The Council should discuss if the number of contracted deputies should be increased in Lake Elmo in 2017. If so, further discussion may be had as to what level of expertise that new position has. One option would

be to just hire another patrol deputy similar to what Lake Elmo utilizes now. Another option would be to add a sergeant. A sergeant would perform more supervisory duties (similar to a department head type position), be a resource for the city on public safety issues/concerns, and help build community relationships. While it wouldn't be expected that the sergeant would attend all Council meetings, s/he may when there is a topic of public safety being discussed.

If the Council would like to add personnel, the City's contract with the Sheriff's Department would need to be amended via resolution at a future meeting. Staff is looking for direction at this meeting so we can prepare the resolution for a meeting in December, if needed.

FISCAL IMPACT:

The police budget for 2017 was increase in the preliminary levy to allow for additional personnel. Since estimates were between \$120,000-140,000, staff asked for an increase of \$130,000.



**CITY OF LAKE ELMO, MN
COST OF SERVICE STUDY FOR
WATER, SANITARY SEWER, AND
STORM WATER FUNDS**

2016 REPORT

JUNE 10, 2016

PREPARED BY:

444 Cedar Street, Suite 1500
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June 10, 2016

Kristina Handt
City Administrator

Cathy Bendel
Finance Director

Lake Elmo City Hall
3800 Laverne Ave N.
Lake Elmo, MN 55042

Re: Cost of Service Study for City Utility Funds
TKDA Project No. 16102.000

Dear Kristina and Cathy:

TKDA is pleased to present the City of Lake Elmo with a cost of service study for the City's Utility Funds to be part of an overall Financial Management Plan for said funds. TKDA was hired to analyze and present a 10 year cost of service projection for the three utility funds. The analysis and report includes a cost analysis of past costs and a projection for each, added staffing, and some capital investments for the existing system. Also included were a recommendation for a work order system, a change in some depreciation schedules, and a recommendation to use a higher projected rate of inflation for the utilities rather than 2%.

We appreciate the opportunity to provide service to the City of Lake Elmo.

Sincerely,

Bernie Bullert
Senior Water/Wastewater Engineer

Lake Elmo Cost of Service Study

TKDA was tasked with doing a cost of service study for the water, sanitary sewer, and storm sewer utilities. The projected 10 year costs of operations will be used to project utility rates going forward for the next 10 year period with adjustments annually based on actual costs over time. A three year actual cost history was used, although the sanitary and storm system are small and changing in size rapidly, therefore the cost history was not as relevant.

This report highlights all the assumptions put into the model in order to bring the cost of operations forward over the next 10 year period. The assumptions are as follows:

1. a) Expenses are coded in two different ways. Supplies and other charges are directly coded to the appropriate utility fund. Labor charges are prorated by staff as the percentage of their time spent working on each utility and are subject to change.
b) Some of the citywide overhead is not charged to the utilities but is paid through general tax revenue. These include city clerk time, city council costs, attorney costs, building costs, and equipment cost. This may be noticeable to the customers who have well and septic systems as they are funding some utility costs through the general tax revenue.
c) In order to charge costs accurately, a work order system should be implemented and an overhead rate could be determined and charged as a percentage of the budget to each utility in order to reimburse the general tax revenue.
d) Depreciation schedules looked appropriate except for water distribution pipe which was scheduled at 30 to 33 years. The normal industry practices depreciate water distribution pipe over 75 years.
2. a) The inflation rate generally used by Lake Elmo is 2%. It was not revised for this study. However, utilities usually experience inflation in the range of 3 to 3.5%. We would recommend the City use a higher inflation rate for this utility rate study.
b) The water system growth in system miles over the next 10 years is projected at 5% per year.
c) The sanitary system growth in system miles over the next 10 years is projected at 50% per year.
d) The storm system growth in system miles over the next 10 years is projected at 7% per year.
e) Maintenance costs are generally related to pipe length and volume but greater emphases is placed on the length of pipe. Therefore costs for a new system are expected to increase as the length of the new system expands.
f) For purposes of future expenses, we used 5% for water plus inflation, 30% for sanitary plus inflation, and 7% for storm plus inflation. The sanitary number was reduced from 50% to 30% to maintain a more proper balance in the budget numbers for water and sanitary operational costs.
3. a) Staff does not code labor time or equipment time to jobs however, materials are charged directly to the correct utility. A work order system will help correctly track all costs to the correct utility.
b) Not all preventative maintenance on the utility systems is currently being done. For example, the hydrant flushing program is incomplete and there is no valve operating program on the water system.

c) The utility staffing level of three staff members for 2016 is low when compared to other utilities and we have increased it to 3.5 for 2017. This should allow for additional preventative maintenance.

d) Staffing added over the next 10 years is as follows:

1. ½ laborer added in 2017, .2FTE water, .2FTE sanitary, .1FTE storm

2. ½ laborer added in 2019, .2FTE water, .2FTE sanitary, .1FTE storm

3. ½ laborer added in 2022, .2FTE water, .2FTE sanitary, .1FTE storm

4. ½ laborer added in 2025, .2 FTE water, .2 FTE sanitary, .1FTE storm

5. ½ billing clerk added in 2018; 40% water, 25% sanitary, 35% storm

6. ½ billing clerk added in 2022; 40% water, 25% sanitary, 35% storm

7. ½ billing clerk added in 2025; 40% water, 25% sanitary, 35% storm

e) Another ½ FTE laborer should to be added to streets based on increased street miles. That is a suggestion but was not part of this study. A new billing system is needed and the efficiencies gained with a new system will affect the hiring of clerical staff. The billing clerk was re-proportioned for 2017 and going forward to the three utilities based on staff recommendations. Postage and software support were also re-proportioned to the three utilities based on staff experience. Based on a previous staffing study of east metro suburbs completed for White Bear Township by TKDA, the average staffing level for four similar cities was 13 staff in Public Works based on your 2025 projected population. The additions recommended here bring utility staffing to 12. It should be able to be slightly smaller as Lake Elmo's systems will be new relative to other suburbs.

4. Other operational expense adjustments were made as follows:

a) \$25,000 in meters was added for 2017 and 2018 to replace old water meters that should be replaced. The balance of water meter costs is for meters for new buildings and other maintenance replacements.

b) Water purchased from Oakdale is discontinued from the projections as Lake Elmo will end the purchase in 2017.

c) Software support was increased across the three utilities to implement a new billing system shown in the capital projects.

d) Insurance costs were increased for the three utilities as they expand. This insurance would be purchased from the League of Cities.

e) The Metropolitan Council Wastewater Treatment expenses are based on projected flows. The numbers were shifted two years because MCES uses actual flows from the last complete year to project their next year's bill. Therefore the 2017 charges are based on the 2015 flows.

The new operating cost projections for the next 10 year period should be a reasonable estimate of costs. Each year after the annual accounting is complete, the costs should be compared to the projection and the next budget cycle adjusted accordingly to align with actual costs.

Account Number	Description	2013 Actual	2014 Actual	2015 Budget	2015 Actual
WATER					
Operating Revenues					
601-000-0000-36100	Special Assessments	\$34,403	\$107,647	\$158,547	\$163,405
601-000-0000-36205	Refunds and Reimbursements	\$0	\$0	\$0	\$0
601-000-0000-37100	Water Sales	\$536,438	\$663,994	\$783,744	\$440,322
601-000-0000-37120	Bulk Water	\$2,843	\$2,834	\$2,000	\$1,241
601-000-0000-37170	Meter Sales	\$10,634	\$10,150	\$15,000	\$55,435
Total Operating Revenues		\$584,317	\$784,625	\$959,291	\$660,403
Operating Expenses					
Personnel Services					
601-494-9400-41010	Full-time Salaries	\$78,073	\$78,893	\$140,000	\$92,578
601-494-9400-41210	PERA Contributions	\$5,609	\$5,686	\$10,000	\$8,615
601-494-9400-41220	FICA Contributions	\$4,619	\$4,757	\$8,000	\$5,498
601-494-9400-41230	Medicare Contributions	\$1,080	\$1,114	\$1,600	\$1,286
601-494-9400-41300	Health/Dental Insurance	\$15,241	\$17,836	\$14,400	\$18,199
601-494-9400-41420	Unemployment Benefits	\$0	\$0	\$0	\$0
601-494-9400-41510	Workers Compensation	\$1,067	\$3,155	\$4,000	\$2,471
Total Personnel Services		\$105,689	\$111,440	\$178,000	\$128,647
Supplies					
601-494-9400-42000	Office Supplies	\$691	\$360	\$500	\$1,933
601-494-9400-42030	Printed Forms	\$0	\$375	\$1,000	\$239
601-494-9400-42160	Chemicals	\$13,932	\$10,713	\$13,000	\$1,473
601-494-9400-42270	Utility System Maintenance	\$1,088	\$5,282	\$3,500	\$25,257
601-494-9400-42300	Water Meters & Supplies	\$18,716	\$21,242	\$50,000	\$82,344
601-494-9400-42400	Small Tools & Minor Equipment	\$5,893	\$714	\$5,500	\$5,016
Total Supplies		\$40,320	\$38,686	\$73,500	\$116,262
Other Services and Charges					
601-494-9400-43030	Engineering Services	\$108,430	\$3,162	\$100,000	\$14,725
601-494-9400-43030	Eng Svcs-Water Syst Master Plan	\$0	\$0	\$30,000	\$0
601-494-9400-43040	Legal Services	\$4,662	\$179	\$5,000	\$388
601-494-9400-43150	Contract Services	\$884	\$9,674	\$10,000	\$16,305
601-494-9400-43180	Software Support	\$855	\$17,541	\$3,200	\$4,774
601-494-9400-43210	Telephone	\$550	\$523	\$600	\$775
601-494-9400-43220	Postage	\$2,500	\$1,506	\$3,000	\$2,500
601-494-9400-43320	Depreciation Expense	\$317,759	\$416,864	\$375,000	\$557,627
601-494-9400-43610	Insurance	\$6,408	\$5,432	\$9,000	\$6,799
601-494-9400-43810	Electric Utility	\$27,063	\$21,008	\$27,000	\$33,410
601-494-9400-43820	Water Utility	\$94,457	\$81,096	\$100,000	\$107,029
	Repairs\Maint Imp Bldgs	\$0	\$0	\$12,000	\$0
601-494-9400-44030	Repairs\Maint Imp Not Bldgs	\$13,376	\$29,791	\$32,000	\$7,116
601-494-9400-44300	Miscellaneous	\$1,623	\$1,245	\$4,000	\$1,835
601-494-9400-44370	Conferences & Training	\$3,264	\$1,468	\$1,500	\$460
601-494-9400-46200	Fiscal Agent Fees	\$1,921	\$445	\$425	\$1,189
Total Other Services and Charges		\$583,752	\$589,935	\$712,725	\$754,932
Total Operating Expenses		\$729,761	\$740,062	\$964,225	\$999,841
Operating Income (Loss)		(\$145,444)	\$44,563	(\$4,934)	(\$339,438)
Nonoperating Revenues					
601-000-0000-36210	Interest on Investments	\$2,586	\$16,645	\$7,000	\$26,925
601-000-0000-37xxx	Water Availability Charges	\$0	\$788,900	\$1,029,000	\$1,237,500
601-000-0000-37150	Water Connections - Municipal	\$106,900	\$50,500	\$205,000	\$66,000
601-000-0000-37180	Tower Rent	\$46,506	\$46,935	\$46,000	\$49,742
601-000-0000-39210	Transfer In	\$0	\$0	\$0	\$0
Total Nonoperating Revenues		\$155,992	\$902,980	\$1,287,000	\$1,380,167
	New OP Homes		24	25	12
	New Development Homes		17	180	128
Nonoperating Expenses					
601-494-9400-46110	Bond Interest	\$189,130	\$306,888	\$270,481	\$356,613
601-494-9400-46xxx	Bond Issuance Costs				\$11,460
601-494-9400-46300	Deferred Charges Amort.	\$0	\$0	\$0	\$0
Total Nonoperating Expenses		\$189,130	\$306,888	\$270,481	\$368,073
Change in Net Assets		(\$178,582)	\$640,655	\$1,011,585	\$672,656
USE OF NET ASSETS TO BALANCE BUDGET		\$178,582	\$0	\$0	\$0

2016 Projected Actual	2017 Budget	2016 to 2017 Change	
\$163,405	\$16,950	-89.6%	Majority of Section 34 SA's have been paid off
\$0	\$0	0.0%	
\$475,487	\$543,689	14.3%	2013, 2014 very dry; residential water rate decrease eff 1/1/16
\$2,000	\$2,000	0.0%	
\$150,000	\$68,000	-54.7%	Meter sales spike due to new developments and IRR meters
<u>\$790,892</u>	<u>\$630,639</u>	<u>-20.3%</u>	
\$120,000	\$144,184	20.2%	Staff not added until 2016 due to lack of connections
\$9,000	\$10,814	20.2%	
\$7,500	\$9,012	20.2%	
\$1,740	\$2,091	20.2%	
\$24,000	\$28,837	20.2%	
\$0	\$0	0.0%	
\$3,500	\$5,767	64.8%	
<u>\$165,740</u>	<u>\$200,704</u>	<u>21.1%</u>	
\$500	\$700	40.0%	
\$750	\$750	0.0%	
\$11,000	\$13,000	18.2%	
\$15,000	\$25,000	66.7%	Includes \$5,500 for annual SCADA maintenance
\$175,000	\$85,000	-51.4%	
\$3,500	\$5,000	42.9%	
<u>\$205,750</u>	<u>\$129,450</u>	<u>-37.1%</u>	
\$50,000	\$20,000	-60.0%	
\$0	\$0	100.0%	Water system master planning budgeted; cannot be done by FOCUS Eng.
\$1,000	\$5,000	400.0%	
\$13,500	\$14,000	3.7%	Includes SCADA (\$3.5k), Pump Motor (\$800) and lift station (\$3k) inspections annually
\$2,500	\$9,600	284.0%	
\$550	\$800	45.5%	
\$2,000	\$1,880	-6.0%	
\$570,966	\$598,971	4.9%	Capitalization of Phase I DT SW project
\$8,975	\$10,000	11.4%	
\$30,000	\$30,000	0.0%	
\$175,000	\$0	-100.0%	Able to switch off Oakdale water supply at the end of 2016
\$12,000	\$0	100.0%	Repairs needed to Wellhouse #2 Roof budgeted in 2015; completed in 2016
\$10,000	\$10,000	0.0%	For pump R&M
\$2,000	\$2,000	0.0%	
\$500	\$1,500	200.0%	
\$425	\$800	88.2%	
<u>\$879,416</u>	<u>\$704,551</u>	<u>-19.9%</u>	
<u>\$1,250,906</u>	<u>\$1,034,705</u>	<u>-17.3%</u>	
<u>(\$460,014)</u>	<u>(\$404,066)</u>	<u>-12.2%</u>	
\$19,788	\$20,000	1.1%	
\$963,000	\$1,509,000	56.7%	\$3k per + PPD WAC Includes PPD WAC fees on I-94 and Developer Phased Build outs
\$231,000	\$369,000	59.7%	\$1k per less Oakdale; will no longer pay in 2017 since switching off water system
\$46,000	\$0	-100.0%	Effective 2017 Tower Antenna rental fees to be recognized in General Fund
\$0	\$0	0.0%	
<u>\$1,259,788</u>	<u>\$1,898,000</u>	<u>50.7%</u>	
7	0		
237	244		
\$209,330	\$273,321	30.6%	
\$46,457	\$53,811	15.8%	
\$0	\$0	0.0%	
<u>\$255,787</u>	<u>\$327,132</u>	<u>27.9%</u>	
<u>\$543,987</u>	<u>\$1,166,802</u>	<u>114.5%</u>	
<u>\$0</u>	<u>\$0</u>	<u>0.0%</u>	



STAFF REPORT

DATE: November 22, 2016

CONSENT

ITEM #:

AGENDA ITEM: Staffing-Public Works

SUBMITTED BY: Kristina Handt, City Administrator

BACKGROUND:

As part of the TKDA utility services study completed earlier this year, the consultant laid out a staffing plan for utilities as the infrastructure grows. It is noted in his report that the other ½ FTE could be used for streets to account for the increase of street miles that will be maintained by the city.

The Finance Committee discussed this position as part of their review of the 2017 utility budgets at the November 9th meeting. Funding for the ½ FTE remained in the water, sewer and stormwater funds with the understanding that staff would look into the general fund budget for the other ½ FTE.

PROPOSAL DETAILS/ANALYSIS:

The Public Works Director was also at the Finance Committee meeting and noted the need for additional staff as the city takes on more infrastructure next year (water, sewer, stormwater, streets, parks, etc). The position would be cross trained in all areas as has been the cities past practice with public works operators.

FISCAL IMPACT:

Cost for an additional employee (base salary and full benefits) would be \$63,940. Half of this (\$31,970) would be charged to the general fund, .2FTE (\$12,788) to water, .2FTE (\$12,788) to sewer and .1FTE (\$6,394) to stormwater.

Washington County Sheriff's Office



William M. Hutton
Sheriff

Daniel Starry
Chief Deputy

Washington County Sheriff's Office

Mission & Vision

Mission

The mission of the Washington County Sheriff's Office is to work in partnership with the community to provide quality public safety services in a responsible manner through innovation, leadership and the cooperation of dedicated people.

Vision

The vision of the Washington County Sheriff's Office is to create the safest and most crime resistant community in the nation by providing superior public safety services.

Washington County Sheriff's Office

2016 Lake Elmo Deputies

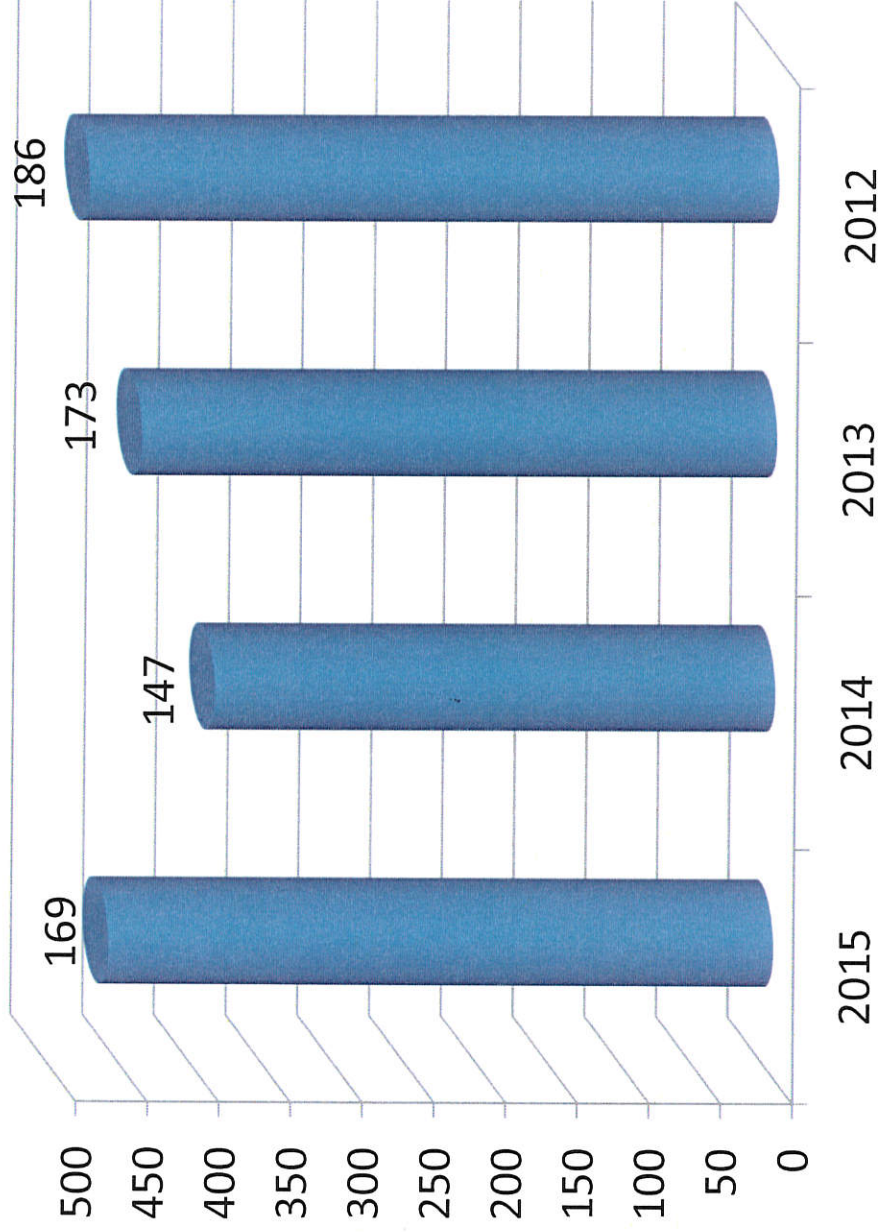
- ❖ Deputy John Stoffel
- ❖ Deputy Mike Lindholm (relief)
- ❖ Deputy Darin Ostertag
- ❖ Deputy Andy Loehr (relief)
- ❖ Deputy Nick Bradt
- ❖ Deputy Brian Krook

Washington County Sheriff's Office

- **Lake Elmo is a growing community**
 - Population over 8,400 (estimated 2015 census)
 - Part I and Part II crimes trending upward
 - Accidents continue to trend upward
 - Trending – financial scams (IRS, Senior Citizens), internet fraud and mail theft
 - Crimes are investigated by Lake Elmo deputies or Investigation Division
 - Narcotic cases and Prescription Pill and Opiate Abuse
- **Proposal to add one Sergeant for Lake Elmo**
 - To Supervise deputies assigned to Lake Elmo (specific to Lake Elmo)
 - City personnel have immediate access to a supervisor (daytime)
 - Available to attend Council Meetings and be a part of city meetings (staff)
 - “Working” Sergeant

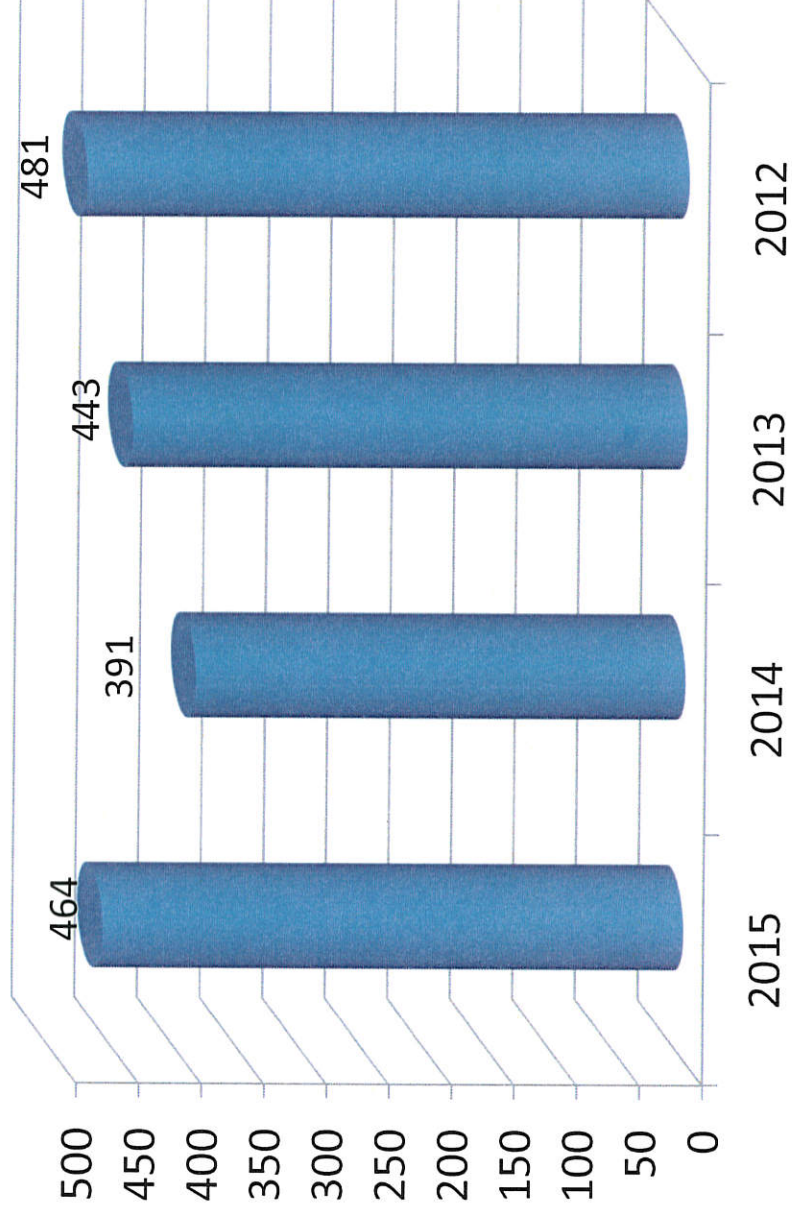
City of Lake Elmo

Part I Crimes



City of Lake Elmo

Part II Crimes



Washington County Sheriff's Office

- **Crisis Intervention Training**
 - 40 hour Training for all employees
 - De-escalation skills to safely and compassionately handle a person in crisis
 - Goal to have all deputies/correctional officers trained by end of 2017
- **Sesame Street Project**
 - Collaborative project with the University of MN and Sesame Street
 - Kids with incarcerated parents
- **Naloxone Hydrochloride (Narcan)**
 - Nasal Spray
 - Deputies are trained and carry Naloxone

Washington County Sheriff's Office

Lake Elmo Contract

2016	\$527,060 (estimated) *62.75 per capita
2017	\$648,356 *77.19 per capita



(* 2015 population estimate 8,400)

Washington County Sheriff's Office

Lake Elmo 2017 Proposed

\$77.19

(8,400 population)

Washington County Cities Police Costs per Capita			
City	Population (2014 Census Estimate)	2015 Budget	Police Cost per Capita
Bayport	3,692	\$ 788,668	\$ 213.62
Cottage Grove	35,630	\$ 5,912,230	\$ 165.93
Forest Lake	19,399	\$ 4,032,533	\$ 207.87
Oak Park Heights	4,795	\$ 1,322,576	\$ 275.82
Oakdale*	28,033	\$ 4,330,331	\$ 154.47
St. Paul Park	5,366	\$ 1,256,935	\$ 234.24
Stillwater	18,800	\$ 3,209,555	\$ 170.72
Woodbury	66,807	\$ 10,130,395	\$ 151.64

Sources: US Census Bureau, City websites

*Oakdale: 2014 actual; 2015 budget figure not available online

Questions?

Sheriff William M. Hutton
Washington County Sheriff's Office
William.Hutton@co.washington.mn.us
651-430-7601

