

***ANDOVER CITY COUNCIL WORKSHOP MEETING – APRIL 25, 2023
MINUTES***

The Workshop Meeting of the Andover City Council was called to order by Mayor Bukkila, April 25, 2023, 6:00 p.m., at the Andover City Hall, 1685 Crosstown Boulevard NW, Andover, Minnesota.

Councilmembers present: Jamie Barthel, Ted Butler, Rick Engelhardt, and Randy Nelson

Councilmembers absent: None

Also present: City Administrator, Jim Dickinson
Director of Public Works/City Engineer, David Berkowitz
Utilities Manager, Steve Weinhold
Human Resource Manager, Dana Makinen
Others

DISCUSS RESULTS OF BIOLOGICAL STUDY OF WATER TREATMENT PLANT

The City Council is requested to discuss the results of the biological study at the Water Treatment Plant and recommend next steps in the process. It was noted that WSB conducted the biological pilot plant study for the Water Treatment Plant. Mr. Berkowitz explained that staff is requesting direction from the City Council on how to proceed with biological treatment based on the results of the Biological Study.

Steve Nelson WSB, presented the findings of the biological pilot plant study for Andover's Water Treatment Plant. He explained details about biological filtration and shared it is being used in some cities, and is being recommended for use in Andover. He shared the more they let things be natural, the safer and more sustainable it is. Adding less chemicals to the water is better for cost and health. He explained that currently in the City, they don't chlorinate the water as it comes into the plant, just as it leaves to kill anything that was left behind.

Mr. Berkowitz shared the Water Treatment Plant is designed to pump out 9,000,000 gallons a day, and explained that biological filtration could increase the capacity.

Councilmember Nelson asked how long the filters last. Mr. Nelson shared he rarely sees filters that need to have media replaced. The sand in the filters could last hundreds of years.

Mr. Nelson shared if Council decides to move forward with biological filtration, the Department of Health still requires a full-scale study and daily monitoring of the water quality. A chemical

plant changing to biological will have good removals right away.

Councilmember Nelson asked about what “backwash” and “backflow” is when referring to the Water Treatment Plant. Mr. Nelson said any treatment plant with a filter has a system for cleaning the filter. Backwash refers to the process of water being forced out of the media through the bottom into a tank, not into the system. They are able to recover 90% of the water that is used. Backflow refers to bad water getting into the system and summarized by saying backwash is good, backflow is bad.

Mr. Nelson shared the recommended next steps which are to investigate the specific modifications needed at the Water Treatment Plant, conduct a filter evaluation, prepare cost estimates for any needed modifications, work with Minnesota Department of Health (MDH) on the transition, and tour some existing biological sites.

Mr. Nelson shared they still need to focus on radon, since biological filtration is not a solution for that. After the pilot study, they saw the same radon levels as before.

Mayor Bukkila stated that money saved on this by increasing capacity could be used to help solve the radon problem.

Mr. Berkowitz shared if they are switching to biological treatment, they want to make sure they are getting all the benefits. They want to plan and think for the future. They might not have to build a new treatment plant in the future if they switch to biological filtration now and achieve added capacity. They could just bring another well into the current plant which would involve costs, but a fraction of what it could be if another treatment plant was built.

Councilmember Nelson asked what the current filter media is made of. Mr. Nelson shared they are made of silica, sand, and anthracite. There are multiple layers because they filter out big to small particles.

Mr. Nelson emphasized the importance of knowing where the filter is at and how good the backwash process is at getting the solids out. He shared it’s critical to look at the health of the whole system.

Councilmember Nelson asked how many wells are connected to the current plant. Mr. Berkowitz shared there are 6 currently there.

Mr. Berkowitz stated staff is requesting \$19,000 for a filter evaluation and for permission to move forward with the next step in the biological study, which would be a true test on the water treatment plant as a follow-up to the pilot study.

Mayor Bukkila stated she can’t think of a reason to say no and that it’s a good idea.

The Council consensus was reached to direct staff to go forward with the full biological study, in

hopes that they will eventually be able to switch to biological filtration.

Mr. Nelson shared they need to make sure their water plant will be able to handle a biological filtration system and make changes if needed. There will be added load to the filters, so they need to make sure the process is optimized to handle the new system. He shared that if anything ever went wrong with the plant, they would still have wells pumping water into the system and it wouldn't be filtered, but chlorine would be added to kill any harmful bacteria, which is how the system worked for years.

Mr. Nelson explained some things they have done to try to fix the radon problem. They are still working on it.

Mr. Berkowitz stated on the next Council Agenda staff will add an item with a request to approve the expenditure of \$19,000 to move forward with the filtration study. They will continue to work on the radon issue, and he was hearing that the Council supported the switch to biological filtration and that staff should continue to the next step which would be working with the Department of Health.

Mayor Bukkila confirmed the Council's support.

Mr. Nelson shared they probably wouldn't get final approval from the MDH until fall. They will plan to transition slowly.

Mayor Bukkila declared a recess at 6:55 p.m. The Council reconvened at 7:05 p.m.

2024 BUDGET DEVELOPMENT DISCUSSION

The City Council was requested to receive a presentation and provide direction on development of the 2024 Annual Operating Budget process. Mr. Dickinson presented the staff report and reviewed the 2024 Budget Development guidelines adopted at the April 4, 2023 City Council meeting. He shared details related to Staffing, Personnel Related Implications, Contractual Departments, Council Memberships and Donations/Contributions, and the Debt Service Levy.

The Council discussed the possible impact to electronic pull tabs, which could impact many community organizations.

Mayor Bukkila asked what the reason is behind funding the Senior Center. Mr. Dickinson shared they used to lease and rent out the facility. It is not tied to charitable gambling but is tied to the general fund. He clarified that senior services don't qualify for the charitable gambling fund dollars.

The Council discussed the importance of planning ahead and keeping their Debt Service Levy and Fund Balance, which includes emergency funds, at a healthy level to be used toward overall City operations. The City reserves roughly 9% of the general fund toward use for emergencies or

big unknowns.

a. Compensation/Benefits Survey Discussion

Ms. Makinen presented the compensation/benefits survey, she shared that she used State job match points to review the salaries of City employees, and that they have not gone through all salaries at this level of detail since the year 2000. She shared a history of staffing levels since then, and stated there are currently 63.5 full-time equivalents.

Mr. Dickinson explained every time they have had staffing changes at management levels, they have attempted to consolidate departments, like Public Works and Engineering. They have made many efficiency changes and it has changed the way they work.

Ms. Makinen added they have tried to build in cross-training so that staffing transitions go more smoothly.

Mr. Dickinson shared that overall they have a great culture of working together, helping each other, and establishing a place of work where people want to stay.

Ms. Makinen shared they are in a unique situation where they have open positions but limited applicants, like maintenance and seasonal positions. Andover can't compete with larger local cities' salaries and hourly rates. She explained when she makes a salary adjustment, she has to look at internal pay equity as well. She explained the importance of keeping maintenance staff and secretarial staff similar in salaries.

Councilmember Nelson asked about the point system that was referred to. Ms. Makinen explained there is a State Job Match which was created by the State and gives job titles in the State and point ranges based on education and experience. It is the easiest way to comply with the pay equity system.

Ms. Makinen shared that they are consistent with other nearby cities in terms of benefits. She noted Governor Waltz declared into law that Juneteenth will be an official holiday beginning in 2024. Andover and surrounding cities have not yet officially adopted the additional holiday.

The Council discussed sick time versus annual leave, and whether or not they should raise the maximum number of hours of annual leave that are allowed to be rolled over on anniversary dates.

Ms. Makinen shared that Andover's life insurance policy amount is the lowest in comparison to nearby cities, which is something the Council could consider raising.

The Council discussed long and short-term disability. The City does not offer short-term disability, just long. Employees have the option to purchase short-term leave voluntarily through an outside provider.

Ms. Makinen shared the City currently only offers one health insurance plan, whereas some other cities offer multiple plans.

Mr. Dickinson shared that the City contributes to employee's HSA accounts, and if not used that money continually rolls over each year.

Mayor Bukkila asked why the "opt out" number is so low. Ms. Makinen shared she doesn't want people opting out. The more employees who accept coverage, the better for negotiating the group. Some cities don't even offer an opt out, all employees are required to take health insurance.

Mayor Bukkila asked if they should consider removing the "opt out" option. Ms. Makinen shared some employees like the opt out option because their spouses have better insurance, so it's a way to keep employees happy. They only have a limited number of people who currently opt-out. She explained you can't have double coverage with an HSA, and employees who opt-out don't receive the HSA dollars.

Mr. Dickinson shared details about salaries. He mentioned Andover, the State, Blaine, Coon Rapids, Elk River, Ramsey, Champlin, and Maple Grove are who they see as their competition. He shared comparisons for each position and said they need to look at salaries that show a 10% variance or greater. If they want to bring everyone into market average it would cost an additional \$300,000+.

The Council discussed longevity pay, an added governmental compensation on top of your salary and a tool to use to keep people in their positions over time. This is unique to Andover, comparable cities don't offer this. Most offer a lump sum of money after a certain number of years of employment.

Mr. Dickinson shared he is most concerned about the front-line positions, which some positions don't compare well with nearby cities. He shared front-line salaries should be top priority, and mid-manager level positions, and management positions be prioritized next.

Mayor Bukkila thanked Ms. Makinen for her work in putting the information together. She requested to see a list paired down with staff recommendations in terms of priorities. The 20-26% differences should have top priority in her opinion. She suggested framing it out in a 5-year plan.

Ms. Makinen shared, and Council discussed, that an issue with raising certain salaries could cause compression and pay equity challenges.

The Council discussed that they shouldn't have to make themselves completely equal to other cities, since they are different, but they need to get certain salaries closer and more comparable. They also discussed salary steps and tuition reimbursement, which the City offers up to \$5,000 a

year.

Mayor Bukkila suggested increasing the percentage between steps plus adding extra steps. Currently it's 3% between steps and there are 5 steps, but you could raise it to 4% which would increase the job max on all of it and make it 7 steps.

Ms. Makinen shared she is concerned about hiring and retention. Once you've been a City employee for five and a half years, there is nowhere to go other than receiving a cost-of-living increase, so extending the steps seems like a good idea. She shared the percentage increase between steps might not be necessary.

Mr. Dickinson asked if the comparable cities are realistic. He shared his top priority is to retain current employees and stated some positions are more vulnerable than others. He also wants to think of the whole package that is offered to employees and suggested merit pay.

Mayor Bukkila shared there can be some issues with merit pay, like how to choose who gets it.

Councilmember Barthel shared what is sometimes more important for younger employees than salaries is flexibility and freedom. They want to be able to take time off when they need it, to bring their pet to work, etcetera. Keeping freedom and flexibility in the workplace is important for retention.

The Council discussed they are strong in the flexibility area and have a great work culture.

Ms. Makinen shared they will revisit all of this at a future meeting. Staff will share more information and top priorities next time, as directed by the Council.

MARCH 2023 COMMUNITY CENTER UPDATE

The City Council is asked to receive a presentation on the Andover Community Center (ACC) Budget Summary Report for Budget Year 2022 and Budget Year 2023. Mr. Dickinson stated not much has changed since his presentation last month. There will be a more detailed presentation again next month and if Councilmembers have any questions before then, he directed them to call him or send an email.

OTHER TOPICS

None.

ADJOURNMENT

Motion by Barthel, Seconded by Nelson, to adjourn. Motion carried unanimously. The workshop meeting adjourned at 8:22 p.m.

*Andover City Council Workshop Meeting
Minutes – April 25, 2023
Page 7*

Respectfully submitted,

Kristina Haas, Recording Secretary