

## **MINUTES BUDGET & FINANCE COMMITTEE**

**MARCH 19, 2012**

Jean Soine called the meeting to order at 6:00 p.m. Other members present were Dennis Zimmerman, Elliott LaBeau, Belinda Ludwig, Renee Eckerly and Ron Mergen, Public Works Director/Airport Manager.

No minutes were approved.

### **AUDIT UPDATE**

Eckerly reported on the three items of deficiencies the City was written up in the audit which were:

1. Segregation of duties
2. Fiscal statement creation
3. Journal entries

The Committee requested an email be sent to the Auditors stating how disappointing it was on the number of errors found in the preliminary draft of the audit. The Committee suggested scheduling the audit to be presented at the April 11, 2012 at the City Council meeting and inviting the Budget & Finance Committee. LeBeau stated he may not be able to attend the April 11, 2012 meeting.

### **RESCHEDULE APRIL & MAY MEETING DATES**

The Committee recommended no April meeting and the May meeting may be held depending on what is on the agenda. Eckerly is to send out a preliminary budget for review.

### **DISCUSS POLICE CHIEF POSITION**

Eckerly reviewed the Township's proposed options, Sergeant position data from the League of Minnesota Cities, approximate cost from Stearns County Sheriffs department for 8 hours per week, and current officer's wages. The Committee discussed that the Police Department will not be disbanded. Service coverage was discussed. It was suggested to have a possible contract with Stearns County for one year to see how that works. The Committee reviewed the costs of promoting an officer from within. The officer would start at Grade 15, Step 4 \$50,255.23 of the MAPE contract. The Committee discussed supervisory concerns.

Paynesville Township is requesting an extension of the current Joint Powers Law Agreement from April 10, 2012 to April 23, 2012 at midnight. They would like to make a decision at their April 23, 2012 meeting.

**Motion was made by LaBeau to extend the Joint Powers Law Agreement with Paynesville Township from April 10, 2012 to April 23, 2012 at midnight and recommend such to the City Council. Seconded by Zimmerman and unanimously carried.**

## **2006 GO IMPROVEMENT BONDS**

Eckerly reported on refinancing the 2006 GO Improvement bond. The average interest rate is 4.17% and the proposed refunding issue rate is estimated to be at 1.56%. This would be an estimated overall reduction of \$56,487.00 for interest expenses. Each bond has a debt service fund setup and surplus money that could be applied to buy down the bond principle in a refinance. The City could apply \$100,000 to \$300,000 to the bond.

**Motion was made by Zimmerman to refinance the GO Improvement Bonds of 2006 and recommend such to the City Council. Seconded by LaBeau and unanimously carried.**

## **INSURANCE AGENT CONTRACT**

Eckerly reported that she met with Gary Rothstein, Central Minnesota Insurance Agency and discussed a flat fee of \$3,000.00. Rothstein said that he feels the 5% that he received the last 2 years is a fair value for his work; even though there is a lot of work behind the scenes that he does with the City's policy and he is getting 10% from his other cities he works with.

2010 insurance was \$78,588.00, Agent \$3,929.40

2011 insurance was \$76,899.00, Agent \$3,844.95

**Motion was made by Zimmerman to contract with Central Minnesota Insurance Agency, Gary Rothstein, Agent at compensation service of an annual fee equal to 5% of the annual insurance premium with the appointment effective until June 30, 2014 and recommend such to the City Council. Seconded by LaBeau and unanimously carried.**

**Motion was made by Ludwig to approve Resolution appointing A City Agent and recommend such to the City Council. Seconded by LaBeau and unanimously carried.**

## **2013 BUDGET**

**Hiring 3<sup>rd</sup> Part-time Seasonal Employee** – Mergen would like to hire a third part-time seasonal employee that was in the 2012 budget. The other option is to sub-contract out the sewer jetting for an estimated cost of \$9,000.00. The sewer jetting cost staff time about \$4,500.00 because they have to manually bucket up the sludge. The part-time seasonal staff can't help with sewer jetting. It is more efficient to contract the jetting out. Other duties such as park mowing would be more efficient to hire. Mergen explained the history and time frame of sewer jetting.

**Motion was made by Eckerly to contract service of sewer line jetting out and recommend such to the City Council. Seconded by Ludwig and unanimously carried.**

**Public Works Vehicle (Pickup)** – Mergen would like to replace the 1999 F250 Ford in the 2013 Budget with funds from Capital Improvement. The vehicles used to be on a replacement schedule, but with budget constraints that has been changed.

**Water Plant** – Mergen reported that Bolton & Menk, Inc. have estimated the Water Plant project to cost \$2.5 million. Bids would be let in 2013. A portion of the project costs, approximately \$1 million, would be funded out of reserves of the water fund, water equipment replacement fund, and water capital improvement fund. There are no grants for water projects, so the balance of the funding would be a PFA loan at 2%.

**Wastewater Treatment Facility Upgrades** – Mergen reported that the project is now a rescoping of the facility. The funding for this project would be \$650,000 which would come from the sewer fund plus the \$2.4 million grant. Rates would have to increase from \$2.47 per 1,000 gallons for bulk water to \$3.08. The rescoping project would cover maintenance of the infrastructure for the next 20 years.

**Tractor Mower** – Mergen reported that the mowers used to be on a 5 year replacement rotation, but we have now had it for 7 years. He was disappointed in the quotes for the cost to replace being over \$20,000.00. An option was to keep the tractor and utilize it for the downtown snow removal because the City needs to have a 48” deck and then purchase a regular mower with a 72” deck for \$12,000 - \$13,000 from the Park Capital Improvement fund for mowing. Mergen will go out for bids and check with Lake Henry Implement for a comparison.

**Council Salaries 2013/2014** – The Committee discussed that the City Council has frozen their salaries for the last 3 years from 2010 through 2012. The Committee discussed an increase of 10% in 2013 and zero in 2014 or 5% for the next 2 years 2013 and 2014.

2013	Mayor	\$4,266.08 + \$213.30 (5%) = \$4,479.38
	Council	\$3,199.55 + \$159.98 (5%) = \$3,359.53
2014	Mayor	\$4,479.38 + \$223.97 (5%) = \$4,703.35
	Council	\$3,359.53 + \$167.98 (5%) = \$3,527.51

**Motion was made by Zimmerman to increase the Council salaries 5% for the next 2 years (2013 and 2014) and recommend such to the City Council. Seconded by LaBeau and unanimously carried.**

## **IQM2 INTELLIGENT MEETING MANAGEMENT SOFTWARE**

Eckerly reported that a decision should be made on this as she still believes this software would save time and money, but she would wait and invest into electronic storage instead; such as laser fiche because the City is running out of storage area and it would save time to have all the documents scanned and archived. The Committee recommended continuing to monitor the product.

There being no further business, the meeting was adjourned at 7:35 p.m.