

**BUDGET & FINANCE COMMITTEE
PAYNESVILLE CITY HALL
JANUARY 11, 2010
5:15 P.M.**

AGENDA

- I. CALL TO ORDER
- II. CONSENT AGENDA
 - A. Minutes (page 1)
- III. NEW BUSINESS
 - A. Election of Officers (page 8)
 - B. Meeting Schedule (page 9)
 - C. 2011 Budget
- IV. OLD BUSINESS
 - A. City Hall Furnace - Update
 - B. Liquor Store
 - 1. Pat Flanders will be in attendance to discuss the Liquor Store Property and vacant lot behind the store.
 - 2. Bob Lindvall issue with the tax on the vacant lot.
 - C. Discuss New Committee Member Appointment
- V. INFORMATIONAL
- VI. ADJOURN

*****Please contact Renee Eckerly if you can't attend the meeting.*****

Voting Members: Jean Soine, Belinda Ludwig, Dennis Zimmerman, and Renee Eckerly.

This agenda has been prepared to provide information regarding an upcoming meeting of the Paynesville Budget & Finance Committee. This document does not claim to be complete and is subject to change.

BARRIER FREE: All Paynesville Budget & Finance Committee meetings are accessible to the handicapped. Attempts will be made to accommodate any other individual need for special services. Please contact City Hall (320) 243-3714 early, so necessary arrangements can be made.

REQUEST FOR COMMITTEE/COUNCIL ACTION

COMMITTEE/COUNCIL NAME: Budget & Finance Committee

Committee/Council Meeting Date: January 11, 2010

Agenda Section: Consent Agenda

Originating Department: Administration

Item Number: III - A

ITEM DESCRIPTION: Minutes

Prepared by: Staff

COMMENTS:

Please review the attached minutes from the December 2, 2009 Special Joint Budget & Finance Committee and City Council meeting.

ADMINISTRATOR COMMENTS:

COMMITTEE/COUNCIL ACTION:

Motion to approve the minutes from the December 2, 2010 Special Joint Budget & Finance Committee and City Council meeting.

**MINUTES
JOINT SPECIAL CITY COUNCIL AND BUDGET & FINANCE COMMITTEE
MEETING**

DECEMBER 2, 2009

Mayor, Jeff Thompson called the meeting to order at 6:20 p.m. Council members present were Jeff Bertram (5:23 p.m.), Dennis Zimmerman, Gene Beavers (5:55 p.m.), and Jean Soine. Others present were Renee Eckerly, City Administrator; Ron Mergen, Public Works Director; Jennifer Welling, Administrative Assistant; Stephanie Hormann, Cable Coordinator; Mike Jacobson, Press; Kent Kortlever, Chief of Police; and Belinda Ludwig, Accounting Specialist Sr.

Thompson turned the meeting over to the Budget & Finance Committee Chairperson, Soine to conduct Committee business.

Motion was made by Zimmerman to approve the minutes from the November 10, 2009 Joint Special Budget & Finance Committee and City Council meeting. Seconded by Ludwig and unanimously carried.

CITY HALL FURNACE

Eckerly reported on the webinar that she participated in regarding Federal Stimulus Money through MN Office of Energy and Security. This program is aimed at local government to enhance energy efficiency and create new jobs. The application is not available until December 22, 2009 and due in mid January. No matching funds are needed, but would receive points for having such. This grant is only for existing buildings and not to build new. There are numerous reporting requirements with this grant and no administrative costs are covered. The grant has a maximum of \$100,000.00.

ALLOWING WIRE/AUTOMATED BANK PAYMENTS

Eckerly explained that this document is an auditor requirement.

Ludwig asked how difficult would it be to add water and sewer payments. Maybe this could be added now so that when it is available the resolution does not have to be amended.

Motion was made by Zimmerman to approve Resolution 2009-45 Allowing Wire/Automated Bank Payments, with the addition of water and sewer payments and recommend such to the City Council. Seconded by Ludwig and unanimously carried.

OUT OF STATE TRAVEL POLICY

Eckerly reported that this is another policy recommended by the auditors. She researched samples from other communities. It was suggested to add under number 7

2

that any employee who resigns within 6 months from the travel time shall reimburse the City all costs for the trip.

Motion was made by Zimmerman to approve the Out Of State Travel Policy For Elected And Appointed Officials, with the additional language and recommend such to the City Council. Seconded by Eckerly and unanimously carried.

DISCUSS NEW COMMITTEE MEMBER APPOINTMENT

Thompson reported that Jeremy Willner is considering it. Soine suggested Kirk Johnson from the PAHCS.

Soine turned over the meeting to Thompson for the remainder of the meeting.

2010 BUDGET

Eckerly explained that at the last meeting the Council set this meeting to discuss police officer furloughs. She added that the Trail Guards have also sent a request for funding. She further explained that she has been working with staff on options and suggestions and a revised copy was distributed.

Eckerly reviewed the following options noting that the employees have not committed the unions to these options nor has she committed the City Council. These are just ideas. There is no option favored better than another. The Council can mix and match options.

Option 1

\$35,044.00	Current surplus in proposed budget dated after 9-23-09 adjustments
4,000.00	Add in lifeguard revenue from Township & Lake Association
500.00	Add in cost of employee recognition luncheon 2010
4,395.00	Add in savings to General Fund from switching auditing firms
\$43,939.00	Subtotal – Surplus in budget
-27,289.00	Minus wage freeze
-11,734.00	Minus 4 days of furlough (furlough would be 8 days instead of 12)
\$4,916.00	Surplus remaining in budget

Option 2

\$35,044.00	Current surplus in proposed budget dated after 9-23-09 adjustments
4,000.00	Add in lifeguard revenue from Township & Lake Association
500.00	Add in cost of employee recognition luncheon 2010
4,395.00	Add in savings to General Fund from switching auditing firms
750.00	Add \$5.00 for 150 Fire Pit Permit fee (185 permits issued last year)
12,912.00	Add in cost of Part time officer which would be eliminated
5,175.00	Add in cost of Part time Public Work vacant position (4 th)
\$62,776.00	Subtotal – Surplus in budget
-27,289.00	Minus wage freeze
\$35,487.00	Surplus remaining in budget

Option 3

\$35,044.00	Current surplus in proposed budget dated after 9-23-09 adjustments
4,000.00	Add in lifeguard revenue from Township & Lake Association
1,000.00	Add in additional revenue from Animal license increase
2,106.00	Add in Township Police revenue from less furloughs
750.00	Add \$5.00 for 150 Fire Pit Permit fee (185 permits issued last year)
6,456.00	Add in half the cost of Part time officer (hours reduced to 364)
5,175.00	Add in cost of Part time Public Work vacant position (4 th)
\$54,531.00	Subtotal – Surplus in budget
-11,734.00	Minus 4 days of furlough (furlough would be 8 days instead of 12)
-27,289.00	Minus wage freeze
\$15,508.00	Surplus remaining in budget

Option 4

\$35,044.00	Current surplus in proposed budget dated after 9-23-09 adjustments
4,000.00	Add in lifeguard revenue from Township & Lake Association
500.00	Add in additional revenue from Animal license increase
2,106.00	Add in Township Police revenue from less furloughs
750.00	Add \$5.00 for 150 Fire Pit Permit fee (185 permits issued last year)
500.00	Add in cost of employee recognition luncheon 2010
4,395.00	Add in savings to General Fund from switching auditing firms
6,456.00	Add in half the cost of Part time officer (hours reduced to 364)
5,175.00	Add in cost of Part time Public Work vacant position (4 th)
500.00	Add in to produce Newsletter twice a year instead of four times
10,000.00	Add in reduce Municipal Park Capital Improv. to 30,000
10,000.00	Add in increase to Interest Income with investment of Hwy 23 money
1,000.00	Add in increase to Misc Income to 2,000
760.00	
1,500.00	
1,000.00	
\$83,686.00	Subtotal – Surplus in budget
-400.00	
-9,500.00	
\$73,786.00	Surplus remaining in budget

Note: the shaded items are adjustments that she would strongly recommend be done after reviewing the current expenditures.

Under Option 2 – 12 furlough days would remain.

Under Option 4 – The \$2,106.00 increase would only be available if the 12 furlough days were reduced to 8.

Other adjustments from original:

1. The current surplus amount of \$34,469.00 was incorrect. It should be \$35,044.00
2. The \$480.00 additional revenue for Placement Permits had already been added to the budget.

This is an additional idea of which I haven't had time to figure out the costs for but will have at the meeting:

- 3 furlough days for all employees with wage freeze except the MAPE unit
- 5 furlough days for the MAPE unit with no wage freeze
- Increase in township revenue would be \$4740 due to less furlough days

The idea above would be to reduce the number of furloughs for all with MAPE taking 2 extra to make up the difference with the 3% increase on a signed contract. The savings from the additional idea for wages would be \$27,671.48.

Zimmerman appreciated the willingness and flexibility, but found it very frustrating for this to come this late in the process. The Committee has been meeting since August and to get this the night before is frustrating. Some items can or have to be done; other items are subject to negotiations.

Eckerly explained that the City just recently received the Lifeguard contracts. The cancellation of the luncheon was brought up by the employees.

It was stated that it would be good to get feedback from all Council members and this meeting was largely called to hear from Kortlever.

Kortlever explained that he wants to continue the same as before and continue with the furloughs. A response from Sherriff Sanders was distributed and the County will take calls and respond to them as they come in, but they won't have a car here. He would also like to suggest cutting the part-time officer to half part-time to fill vacations, and sick leave. Instead of working 7 days a month it would be 4 and to keep the money the City has invested in the officer.

It was asked if Kortlever had a concern with officers working for other police departments and if there was a policy on this. Kortlever stated that he is concerned, but the officer feels he needs to do this for financial reasons to make up for the potential loss in wages. He is also concerned if that officer would be injured or have to attending court when he is scheduled here.

There was further discussion on covering furlough days, on-call time, and overtime. Officers would not be covering if furloughed and if called out it would be overtime. There was further discussion on having officers available even during the furlough days. The concern is the public safety in the City of Paynesville.

There was some discussion on just covering the city limits and not serving the township with police protection.

It was suggested to cut back on the number of furlough days; as the City would still have a surplus.

The State's outlook is not rosy and the Council does not have control due to labor issues. It would be better to cancel the furloughs half way through the year rather than saying oh no half way through the year. The numbers may look good, but need to be cautious and make cuts.

It was stated that the budget is a frustrating process and one thing during the year could throw a wrench in the budget. If the City does not plan, the Council will have to lay off

5

people immediately. The options brought forward are great suggestions, but it is small stuff. The Council and Committee acknowledged Ron Mergen's email regarding furloughs and overtime cuts and what they would mean for his department.

Option number 4 was reviewed in depth.

Zero budgeting was suggested and discussed.

Eckerly stated that the goal was to give the Council more options and more surplus.

The Council wanted to see the numbers from the County; however, the person who handles that at the county is on vacation.

It was stated that the staff may be feeling uneasy; anticipating the worst. It is important that staff know that the Council is not penalizing the staff. The Council is faced with serious issues both short and long term. The Council is trying to work with the City services and labor contracts. The leaders must inform the employees of the costs. There are no assurances on furloughs to keep the officers. Tell employees that they are not going to be laid off, but the Council has to do what has to be done. The largest expense is labor. If the Council is faced with not being able to furlough, and freeze wages the surplus won't go far.

A member of the negotiation team noted that he is prepared to settle at the next union negotiation meeting to lessen the attorney fees.

It was stated that the budget has almost been a two year process and will continue to change.

It was suggested to add option 4 into the budget for the TNT public hearing.

It was commented that the \$73,000.00 surplus is going to be spent, but the City can't continue to spend the reserves.

It was suggested that the next 5 years budgets need to be figured without LGA amounts.

It was asked what is the cost of police on-call time for the furlough days.

It was again stated that these options are coming very late in the process.

It was suggested to work with civic organizations to help with holiday lights and banners.

Eckerly clarified the amount owed to the Hockey Association and Township regarding the compost site. Zimmerman commented that the new permitting process will not be a huge administrative burden. Users of the site will pay and if they haven't the first time they use the site; give them a reminder to pay the next time. Eckerly suggested drafting an agreement as the association is not bonded and are handling tax payer's money.

Zimmerman noted that he visited the hockey arena on Sunday during open skating and there were more than 70 people there.

It was commented that the Council has frozen their salaries and the Council needs something from all four employee contracts.

Eckerly confirmed to use option 4 for the TNT public hearing and take out \$2,160.00.

The Holiday Luncheon for 2009 and 2010 were cancelled.

There being no further business, the meeting was adjourned at 6:26 p.m.

7

REQUEST FOR COMMITTEE/COUNCIL ACTION

COMMITTEE/COUNCIL NAME: Budget & Finance Committee

Committee/Council Meeting Date: January 11, 2010

Agenda Section: New Business

Originating Department: Administration

Item Number: III - A

ITEM DESCRIPTION: Election of Officers

Prepared by: Staff

COMMENTS:

Nominations for Chairperson.

Nominations for Vice-Chairperson.

Nominations for Secretary.

ADMINISTRATOR COMMENTS:

COMMITTEE/COUNCIL ACTION:

Motion to elect _____ as Chairperson.

Motion to elect _____ as Vice Chairperson.

Motion to elect _____ as Secretary.

1

REQUEST FOR COMMITTEE/COUNCIL ACTION

COMMITTEE/COUNCIL NAME: Budget & Finance Committee

Committee/Council Meeting Date: January 11, 2010

Agenda Section: New Business

Originating Department: Administration

Item Number: III - B

ITEM DESCRIPTION: Meeting Schedule

Prepared by: Staff

COMMENTS:

The Budget & Finance Committee currently meets the second Monday of each month at 5:15 p.m.

ADMINISTRATOR COMMENTS:

COMMITTEE/COUNCIL ACTION:

Motion to set the Budget & Finance Committee meetings for _____.