

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

JULY 12, 2010

Jean Soine called the meeting to order at 5:33 p.m. Other members present were Dennis Zimmerman, Renee Eckerly, Kirk Johnson, Belinda Ludwig, Jeff Thompson, Jeff Bertram, and Gene Beavers. Also present was Stephanie Hormann, Cable Coordinator; Jennifer Welling, Administrative Assistant; Kent Kortlever, Chief of Police; Ron Mergen, Public Works Director; Bill Ludwig, Liquor Store Manager; Mike Jacobson, Press; and Paul Bugbee.

Motion was made by Johnson to approve the June 7, 2010 Budget & Finance Committee Meeting minutes. Seconded by Zimmerman and unanimously carried.

PAYNESVILLE AREA SCHOOLS – CORPORATE PARTNERSHIP PROGRAM

This new program opportunity is not in the City's proposed 2011 budget. This item will be addressed with the budget discussions. No action was taken.

VERIZON – CELL PHONE PLANS

Eckerly explained that some of the 2-way radios have not been working for over a year. There is no communication when employees who are at the beach, irrigators, or with part-time staff. This is a safety concern. Mergen wanted phones to eliminate the 2-way radios that would cost over \$900.00 to upgrade and still not cover the area. Eckerly explained that the phones have the push to talk feature that provides 24/7 communication within the state at a cost of \$5.00 more a month. This is cheaper than 2-way radios and allows the Police, herself, and Public Works to communicate at the same time. Mergen is aware of the additional costs and it will not come from the general fund. Kortlever will absorb the police department's additional costs in his budget. The other departments had decreases to the budget. Some of the phones will be suspended in the off season. It was asked if the phones had already been purchased. Eckerly said yes. It was further stated that these phones are more effective, but an increase in the budget. Perhaps it would have been better to look at this more closely before purchasing them; as the increase is more than the decrease, plus the \$5.00 more per phone a month. Nine phones were upgraded, 4 new phones were purchased, and 2 new broad band cards for the public works with a total of 13 phones purchased. Eckerly explained that there is more to do with less bodies and this is more efficient without coming into the office. The part-time public works staff has a phone with only the push to talk feature and 911ability as there is no other way of communication; they can make calls, for an additional charge. It was stated that this may be a great option, but not the best timing.

INITIATIVE FOUNDATION – 2011 REQUEST FOR SUPPORT

Eckerly stated that the Initiative Foundation was notified in 2010 that they were not included in the budget. This is something the City has supported in that past, but doesn't have to continue. It was consented to not fund the request at this time.

RECREATION PROGRAMS

Eckerly asked the Committee if the rest of the 2010 budgeted recreational programs funds could be distributed. The After Prom and Community Education monies have already been paid. It was consented to give the monies budgeted in 2010, but will have to be looked at carefully in 2011.

LIQUOR STORE UPDATE

Eckerly reported that she has not heard anything further on the Armory property, but hope to hear more by the end of July before getting legislators involved.

The Liquor Store Market Study Results will be presented to Council on July 14, 2010.

TRAVEL POLICY

Eckerly presented the documents found regarding the past and present in and out of state travel policies. Eckerly would like to combine the documents to make one policy.

OUTDOOR RINK FACILITY

This will be addressed during the 2011 budget discussions.

Thompson facilitated the rest of the meeting.

2011 BUDGET

Eckerly explained that she and Belinda Ludwig have discussed a few of the budget items including:

- LMC dues need to be increased to \$2,204.00
- Assessor contractual services need to be increased to \$15,150.00

Mergen discussed the Tree/Compost budget including:

- Eliminating Tree City USA
- Decreasing the motor fuels and lubricants – this will just push the costs to another department

Mergen will review this department's figures again.

There was some discussion on decreasing the number of funds the City has. Brian Koehn, LarsonAllen was very supportive in decreasing the number of funds; however, Koehn is no longer with LarsonAllen. Belinda Ludwig will try and work with LarsonAllen to reduce the funds from 50 to 35.

There was further discussion on the compost site and it being moved. Maybe the City could work out a deal with MnDOT (KGM) with the berm and compost site.

It was stated that a lot of time has been spent on the working budget and include staff reductions. It is hard to determine what staff is eligible to cut when their time is divided into numerous areas. It was stated that Council members don't know where to cut without cutting staff or projects. Eckerly suggested eliminating services to determine what employees need to be cut. It was suggested to keep departments that make money like Liquor Store and Motor Vehicle. It was asked to provide a spreadsheet of staff at 75% so it could be determined where to cut and whom.

There was some discussion on getting direction from the Council on providing two budgets (a plan with LGA and plan without LGA). It was stated to not play any games and the Council will do what it needs to do:

- Increase taxes up to 8%
- Dip into the City's reserves
- Cut staff

It was stated that it is not in the best interest of the City to over tax and then try to explain it. It is easier to ramp up and then cut; plan for less and if the City gets more, great.

The budget worksheets were reviewed:

- Keep lifeguards and any activity that the City is collaboratively working with one or more entities on
- There is more of a liability to have the lifeguards than to not have them. Need to keep "nice" things for the community
- Split the costs for Veterans Park 50:50 with the Township and then contribute to outdoor rink facility
- \$27,500.00 Liquor Store transfer to general fund is fine
- Increase Mayor & Council Travel and School from \$2,500.00 to \$5,000.00
- Put all Recreational Program contributions back in the budget, \$34,151.00
- Human Rights Commission is being suspended
- Administration – eliminate all over time and one staff person
- Increase subscription and membership an additional \$126.00 (LMC)
- Reduce Transfer to Capital Improvement by \$800.00
- Increase County Assessor to \$15,150.00
- Increase \$7,000.00 into General Planning
- Municipal Building – the reduction of \$2,500.00 for Transfer to Capital Improvement was fine

- Motor Vehicle Department decreases were fine
- Public Safety – Police Protection decreases were fine
- Public Safety – Fire Protection decreases were fine
- Tree Inspection – Compost Site – these numbers will be reviewed by Mergen again
- Emergency Services – the elimination of the Emergency Services Director position was discussed
- Streets & Alleys decreases were fine – street sweeping has been reduced
- Street Lighting – Christmas light reduction was fine
- Members want the banners up
- There was some discussion on the new outdoor rink and the Township's proposal; the City will not commit to a 10 year agreement. The City may commit to a 3 year agreement with the Township cutting the grass at Veterans Park
- Increase Koronis Civic Arena by \$7,750.00
- Beaches/Veterans Park – keep monies in the budget and split total costs 3 ways (City, Township, Koronis Lake Association)
- Municipal Parks – if participate with school want a big picture plan and collaborate with other entities; reductions will be left out for now
- \$15,000.00 Transfer from Capital Improvement is fine
- Eliminate Airport Fly In for now
- Budgeted transfer to EDAP is fine
- Restructure of Bonds Principal & Interest is fine

It was stated that the Council needs to find big figure items to cut, not minimal amounts. No one will notice if there is one less employee. The money is in staffing. The Council must:

- Increase taxes
- Dip into the reserves
- Cut staff

It was stated to maximize the dollars; keep programs where the City is collaborating with other entities. It was suggested to not enter into any new agreements. Members consented to put back all recreational programming dollars and lifeguard monies.

There was some discussion on creating a large community committee (representatives from PAHCS, School, Township, City) to discuss taxing.

Eckerly explained that in the past there has been about a 3.5% tax levy; the residents did not feel this increase due to annexation; however a 6-8% increase will be felt by the residents as there is less annexation. It was stated that the City is not doing itself a favor by not keeping up with inflation through taxes.

It was suggested to revise the spread sheets.

There was some discussion on reducing or eliminating the part-time police officer and data entry clerk position. There was some discussion on general police protection; including the decrease in hours of coverage and more on call hours.

The fire department was discussed and the consolidation of services and departments; such as 9 fire districts.

It was stated that the Council is open to any ideas or suggestions that the staff or unions may have. Other ideas included:

- Reduced work week
- Open Saturday mornings
- Scheduling the time Dealerships come in
- Out sourcing – possibly water bills

There being no further business, the meeting was adjourned at 8:37 p.m.

Renee Eckerly, City Administrator