

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

JULY 26, 2010

Jeff Thompson called the meeting to order at 5:33 p.m. Other members present were Dennis Zimmerman, Renee Eckerly, Kirk Johnson, Belinda Ludwig, Jean Soine, Jeff Bertram, and Gene Beavers (6:15 p.m.). Also present were Jennifer Welling, Administrative Assistant; Kent Kortlever, Chief of Police (5:40 p.m.); Ron Mergen, Public Works Director; Bill Ludwig, Liquor Store Manager; and Mike Jacobson, Press.

Motion was made by Soine to approve the July 12, 2010 Budget & Finance Committee Meeting minutes. Seconded by Zimmerman and unanimously carried.

LIQUOR STORE UPDATE

Eckerly reported that Southwest State presented the study on July 14th to the City Council. There will be a closed session on July 28th to discuss a possible offer on the Liquor Store property from the Credit Union. There is a new contact for the Armory property. The Area Center received all the furniture from the Armory. The School has been working to also receive the property. There is no specific time frame at this time. The Armory's policy is to do the following:

1. give to federal agency first
2. if no federal agency, give to a homeless agency next
3. if no homeless agency, then give to any form of municipal government

OUTDOOR RINK FACILITY

Eckerly reported that the Township would be able to provide more assistance to the City at Veterans Park (including mowing and maintenance) if they were part owner. There was some discussion on the Township buying into the park (land) and at what level. Eckerly will visit with Pietsch to confirm if the Township means buying into the park (at \$500,000.00 dollars) or just mowing and maintenance.

PAYNESVILLE AREA SCHOOLS – CORPORATE PARTNERSHIP PROGRAM

There was nothing more to report at this time.

2011 BUDGET

Eckerly presented the EDAP budget as it was not in the budget at the last meeting. EDAP activities include:

- Incubator – grant from DEED
- Looking at purchasing some of the Voss property
- Ferche is proposing a mobile home park – the same property that Pay Del Co may want to purchase; EDAP did not consent to participate with Pay Del Co at this time
- EDAP Loan for Koronis Lanes

Eckerly explained the unemployment document:

- Lists the employee wages rounded up and the potential savings
- Unions are waiting with grievances
- Congress just approved a 99 week extension for unemployment

- Pamela Steckman suggests:
 - Create criteria with department heads and the City union negotiation team
 - Analyze positions – not people
 - Determine the amount needed to cut
 - Determine how the additional work can be absorbed

It was suggested to send an official letter to all three unions and ask for their input on the budget and to solicit that before meeting; so that we may come to some type of an agreement.

Last year the furlough days (6) equaled a savings of \$12,794.00. There are no furloughs in the 2011 budget.

Eckerly brought up the suggestion of 4 day/10 hour work week. There was some discussion on hours of service for Motor Vehicle. There was further discussion on furloughs and the management of such. Eckerly reported that the staff is working very well together with her on scheduling. Mergen also consented. Eckerly also commented the employees are trying diligently to reduce their vacation hours as well.

The negotiation team will meet with all the unions at the same time without Pamela Steckman in attendance.

The spreadsheet “Effects Of Varied Amounts Of Possible LGA Cuts in 2011” was reviewed:

- Discussed 6.5% and 8% levy amounts
- Amounts needed to increase revenue or decrease expenses
- Amount built in the budget for LGA cuts
- Time table:
 - Set preliminary budget by 9-8-10
 - Certify budget by 12-27-10
 - Primary Election is 8-10-10
- Should know unallotment amount for 2010, if any, in December

General budget discussions included:

- Need to work on 1, 2, and 3 year budget
- Won't see benefit from layoffs until the second year
- Unemployment pros and cons
- There is one layoff included in the 2011 budget, but could be off set with furloughs
- Loss in administrative fines
- Need rent income totals
- Need other revenue sources; total incomes
- Line items that say zero can't be eliminated
- Lifeguards are back in the budget; with the understanding that it is an equal 3-way split between the City, Township, and Lake Association for all expenses – Eckerly will visit with the entities on this
- Need total overtime savings in each department
- Looking at the recreational programming again and may be restoring them, but at a different level than previously discussed
- Creating a grant type program for recreational programs and in return the programs would give quarterly or semi-annual reports and the City would be notified of their meetings – to help justify the spending
- Some thought the grant process is bureaucratic
- 2011 Budget includes:

- No furloughs
- No steps
- No overtime; except for Public Works
- No wage increases
- \$16,000.00 for grievances
- Union contracts are:
 - AFSCME – 2 years – through 2011
 - MAPE is up for negotiations
- Furloughs versus layoffs; furloughs a better value short term and layoffs a better three year fix
- 6 furlough days equaled about \$12,000.00; therefore 12 furlough days would equal about \$24,000.00
- Loss of Market Value Credit
- What number to plan for in loss of LGA
- A financial planning computer program from Springsted - this was approved to purchase, but Eckerly has not found a City that has bought it and is utilizing it. She does not want to buy it and then not use it.
- It was suggested to contact the computer company and asked to be a pilot city for a cheaper price
- Eckerly will check with the LMC to see what they have for financial software
- Need to give staff some type of direction for the levy figures
- Need to use the three legged stool approach:
 - Increase taxes
 - Decrease expenses
 - Take from reserves
- Council members expressed their comfort level of tax increases
- It was questioned what the latest inflation figures are
- Stearns County Environmental Office is laying off three employees
- Property tax values
- Un-incorporation of the cities

Eckerly recommended laying off employees in 2010 as employees are getting disgruntled, frustrated, and concerned and these same employees have keys to City Hall. Layoff's should be done quickly and in a swift manner. It was stated that laying off an employee is not easy and the layoff would come from administration.

It was suggested to first ask the unions for ideas without layoffs. It was questioned when furloughs become unmanageable. Eckerly stated that furloughs affect employee's PERA.

It was suggested to figure what revenue dollars would be generated at a 3 – 8% tax levy increase. It was then suggested to run revenue dollars that would be generated at a 4 – 6% tax levy increase and the impact of such on a \$150,000.00 home.

The next meeting, August 9, 2010, will be a Special Joint Budget & Finance and City Council.

There being no further business, the meeting was adjourned at 7:05 p.m.

Renee Eckerly, City Administrator