

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

**OCTOBER 18, 2010**

Jeff Thompson called the meeting to order at 5:30 p.m. Other members present were Dennis Zimmerman, Renee Eckerly, Belinda Ludwig, Jeff Bertram, Jean Soine, and Gene Beavers. Kirk Johnson was absent. Also present were Stephanie Hormann, Cable Coordinator; Jennifer Welling, Administrative Assistant; Kent Kortlever, Chief of Police; Ron Mergen, Public Works Director; Bill Ludwig, Liquor Store Manager; and Mike Jacobson, Press.

**Motion was made by Zimmerman to approve the August 9, 2010 Budget & Finance Committee Meeting minutes. Seconded by Beavers and unanimously carried.**

**SQUAD CAR**

Kortlever explained that two quotes were obtained for a new squad car:

Yarmon Ford	=	\$22,428.64
Elk River Ford	=	\$22,087.64

The department did not purchase a car last year and the current car is 2 years and 8 months old with 110,000.00 miles. As of January 1, 2011 the squad cars will switch from a Crown Victoria to a Ford Taurus, which would mean switching all the equipment as well. Kortlever would like to buy local even though the bid is a bit higher. It was confirmed that the City is not obligated to take the lowest bid. The Elk River price is better due to the number of cars they purchase. There is \$88,000.00 in the Capital Improvement Fund for the car. Kortlever did not have a estimated value of the current car for resale purposes. Last time a car was surplusd the City received about \$1,600.00. It was questioned why the City always goes with Ford. Kortlever stated that it has always been this way due to switching out of the equipment. It was suggested to check into different make and models in the future.

**Motion was made by Soine to purchase a new squad car from Yarmon Ford, Paynesville in the amount of \$22,428.64, plus tax, title, and transfer fees. Seconded by Zimmerman and unanimously carried.**

**UNION BUDGET CUT IDEAS**

It was noted that both AFSCME and MAPE responded with budget cutting ideas, but listed things already discussed. There was some discussion on the fire permit. Kortlever suggested that if there is no fee for the permit to eliminate the permit. It was consented to eliminate the recreational fire permit; however, to continue to educate the public by posting the ordinance on the web and handing out the ordinance to persons if complaints are being made. An updated ordinance will be presented to Council for approval. Taking back the compost site was mentioned, but the City does not have the staff to man it.

## **COMMUNITY EDUCATION**

It was noted that it is the same amount as last year and this amount is in the budget.

## **BASEBALL GRANDSTAND PROPOSAL**

There was some general discussion on the fundraising efforts. Jacobson stated that the Committee has over \$100,000.00 in pledges and about \$100,000.00 in in-kind donations. They want \$300,000.00 committed to the project before starting it. It was commented that it is a wonderful project, but the City's participation does not fit right now. It was noted on how the soccer field has developed through group efforts and more projects may need to be done this way.

## **FINANCIAL SOFTWARE**

Eckerly explained a demo that was presented to herself and Belinda Ludwig. The program is currently being used by one county and three cities. The Company is aware that entities are purchasing it, but not using it. The program is very large, cumbersome, and requires a lot of time to set it up. It was mentioned that the biggest hurdle was consolidating funds and lack of freedom in the program. The program could be customized for an additional \$25,000.00.

## **LIFEGUARDS**

Eckerly explained that the Township wants to split the fees three ways; however, the Lake Association feels it is a big increase from \$2,000.00 to \$4,000.00. It was suggested that if the Lake Association says no the City should go back to the Township and renegotiate the fees.

## **PAYNESVILLE AREA SCHOOLS**

Eckerly has verbally talked to Todd Burlingame and indicated that the \$9,000.00 is not in the budget. The school has not given any feedback yet. There are no other partners in this and the fees continue to increase. What the \$9,000.00 is used for was questioned. Eckerly stated maintenance of the fields instead of the City having their own fields.

## **2011 BUDGET**

Eckerly distributed a handout and explained that the budget is at a 8% levy with a \$79,000.00 cushion. It was noted that if LGA is cut \$150,000.00 the City will need to find an additional \$75,000.00. The City needs to plan for 25% reduction in LGA. Eckerly had met with the Department Heads and came up with the following ideas:

1. Repair of Vehicles Analysis - how much is each vehicle costing the City
2. Job Sharing – share staff with other cities
3. Adjust Schedules – to eliminate overtime
4. Volunteer Tasks – create a list of work that volunteers could do
5. Emergency Services Director Position – eliminate or not
6. Finger Printing – charge for or eliminate

Kortlever stated that St. Cloud charges \$20.00. He is not currently charging for City or Township residents, but due to the time it takes, a charge could be imposed. It was suggested to charge \$25.00. This is a service being provided and a fee could be

- charged for such. It was suggested to charge \$10.00 for City and Township residents and \$25.00 for non residents. Kortlever will research what other departments are doing.
7. Compost – To date the fees collected do not equal the \$6,000.00 that is to be paid to the Association. It was suggested to discontinue the free leaf pickups or reduce it to just the free West Central pick up. The Christmas tree pick up was also discussed. It was suggested to have trees dropped at a specific site for pick up instead of at each street corner. It was further suggested to have one day at the compost site where no permit is necessary.
  8. Liquor Store – Bill Ludwig expressed that the \$27,000.00 to \$30,000.00 in profits are conservative figures. \$9,000.00 was transferred in the CIP and this amount could be reduced to put more in the budget. There was some discussion on the labor figures due to wine club and beer camp. MMBA recently visited the store and the store received an A+ rating
  9. Reduce Committees – It was suggested to reduce, combine, or eliminate some committees. Essential Committees include: Public Works, EDAP, Airport, and Planning Commission. It was suggested to put the list of Committees on the next agenda.
  10. Building Inspection Services Contract – The proposed new contract could save about \$15,000.00 as long as the permits continue at the rate they are this year. It was noted that Wasmund is being extremely flexible with his fee schedule.
  11. Mowing at Veterans Park – There was some discussion on the Township mowing the park and splitting the cost with the same formula used for the maintenance of the Trail. It was suggested the City research sub-contracting the mowing out and obtain bids for such.
  12. Health Insurance - The City will be seeking health insurance quotes this year. It was commented that the City will most likely see an increase.

Other ideas included:

1. Pre-buying fuel – Pre buy motor vehicle fuels to get at a reduced price. Eckerly will also meet with staff regarding where fuel is being purchased so that all departments are purchasing at the same place each month; to reduce the number of checks needing to be cut. It was suggested to contact the local gas stations to see what kind of a deal the City could get.
2. Overtime Costs – It was suggested to adjust the work week schedule; including police officers (28 day work week).
3. Reduce Salaries – It was suggested to reduce salaries across the board by a set figure or percentage and a mandatory decrease in vacation.
4. Inventory City Services – Analyze the services and survey the public.

Eckerly reviewed the budget where changes could be made.

It was suggested to simplify the Shelter Rental Fees:

Veterans Park Shelter	= \$100.00
Gazebo	= \$25.00

In the Budget - payroll includes:

- No overtime for administration
- Wage increase for Liquor Store Clerks non-union positions
- Wage increase for City Administrator, Renee Eckerly
- Wage increase for Liquor Store Manager, Bill Ludwig

- No Emergency Services Director position
- One Layoff in Administration, City Hall

There was a lengthy discussion regarding the Emergency Services Director position. There are two issues:

1. Budget issue – cost of the position
2. Person not functioning in the position

There was further discussion regarding sharing the position between two persons or having Kortlever serve as the Emergency Services Director. The NIMS training regulations was discussed. It was suggested that the Council review “in case of an emergency” in January 2011. It was further stated that \$2,500.00 is a small price to pay; however, the position may need to be rearranged so that it functions better. A mock disaster was also discussed. It was stated that the most likely disasters to occur are:

- Tornado
- Train derailment
- Tank explosion

It was consented to put the \$2,500.00 back in the budget and leave Veldkamp in the position of Emergency Services Director.

It was suggested to make some cuts to the recreational programs.

Community Education – It was stated that this is the most beneficial program which will be kept as is.

Hockey Association – This is paid for by compost permits. To date, permits equal \$4,300.00 so it is about \$1,600.00 short.

After Prom – It was stated that this is a nice event, but questioned if it is a legal expense. It was consented to eliminate this program from the budget.

Historical Society - It was suggested to give “X” amount of dollars if they can raise “x” amount of dollars. It was stated that this is a legal expense. Jacobson explained that the money is used for staffing and the general budget. It was suggested to decrease the amount to \$8,500.00.

Paynesville Area Center – It was suggested to reduce the amount to \$9,000.00 as they have greater fundraising capabilities.

Fireworks – It was suggested and consented to contribute \$2,500.00

The EDAP and Liquor Store budgets were mentioned.

Mergen reviewed the Water, Sewer and Irrigation Budgets including:

- Depreciation costs have been included in the budget
- Transfers
- Proposed is a \$.10 in the bulk sewer rate and \$2.00 increase in the base rate for 2011
- In 2012 – 2015 there are projected increases for the Wastewater Plant and a 3% annual increase
- Proposed is a \$.17 increase in the bulk water rate and a \$2.00 increase in the base rate for 2011
- In 2012-2015 there are projected increases for the Wastewater Plant Rehab and a 3% annual increase

- Rate comparisons still show Paynesville to be on the low end for rates
- The water loss will decrease with the Sewer Interceptor Project
- AMPI is aware of the proposed increases
- AMPI is applying for a polisher; this would decrease the amount of water used
- If there is a shortfall in fees in 2011 it will be made up in 2012
- This will save the City money and push of the need for an additional pond for at least another 2 years.

The Council briefly discussed the annexation of land.

It was asked where the Council wanted to be at for a levy amount. It was suggested 3 to 3.5%.

The Union Negotiation Team will meet with the Department Heads on November 3 with a recommendation for the Joint Special Budget & Finance and City Council regarding layoffs.

There being no further business, the meeting was adjourned at 8:10 p.m.