

**BIG LAKE CITY COUNCIL  
WORKSHOP MEETING MINUTES**

**OCTOBER 20, 2010**

**1. CALL TO ORDER**

Mayor Kampa called the meeting to order at 6:00 p.m.

**2. ROLL CALL**

Council Members present: Dick Backlund, Raeanne Danielowski, Chuck Heitz, Lori Kampa, and Duane Langsdorf. Also present: City Administrator Scott Johnson, Finance Director Corey Boyer, City Clerk Gina Wolbeck, Community Economic Development Director Jim Thares, Senior Planner Katie Larsen, Public Works Director Mike Goebel, Police Chief Sean Rifenberick, Liquor Store Manager Jan Kostrzewski, and City Engineer Brad DeWolf of Bolton & Menk, Inc.

**3. PROPOSED AGENDA**

Council Member Heitz motioned to adopt the proposed Agenda. Seconded by Council Member Langsdorf, unanimous ayes, agenda adopted.

**4. BUSINESS**

**4A. 2011 General Fund Budget Update**

Corey Boyer presented an update on the 2011 General Fund Budget and indicated that tax capacity numbers from the County are projected to be approximately \$25,000 higher than what was presented at the August Workshop. Boyer noted that staff has met with the Personnel Committee and the following recommendations were considered: 1) restructuring of the Assistant Liquor Store Manager position to a 30 hour per week part-time lead position; 2) the loss of our Police Investigator would result in budget savings through a police officer hire at a lower pay scale; and 3) the reduction of hours of both planning positions and the finance assistant at City Hall. Corey explained that these changes will set the 2011 City tax rate approximately 2.5 percent higher than in 2010. This assumes no local government aid or market value homestead credit aid is received from the State. Boyer clarified that as the City moves ahead to finalize its 2011 budget, the 2.5 percent increase would be to the tax rate. With the budget being proposed and the debt restructuring that will be considered by Council, the overall property tax levy being proposed would be approximately 5 percent lower in 2011 versus 2010.

Council Member Danielowski asked how this budget will set the City up for upcoming years and if we will have to continue to dig into reserves to balance future budgets. Council Member Heitz replied that the Council is required to balance the budget each year and expressed the difficulty the City faces in trying to forecast future years. Mayor Kampa explained the role of the Personnel Committee, identifying that their discussions only focus on the personnel side of budgeting, and that the Council as a whole needs to determine an

appropriate tax rate. Council Member Backlund questioned why the Personnel Committee didn't consider seniority when determining whose hours would be cut, specifically in the finance department. Staff reviewed that the finance assistant's duties could be passed on to the accounting clerk, but that a majority of the duties of the accounting clerk would probably not be able to be handed down to the finance assistant. Council Members discussed unemployment benefits and stated their preference to balance the budget through staff hour cuts instead of through position cuts. Mayor Kampa asked for Council feedback on the maximum rate increase they would be comfortable with. Council Member Danielowski stated that she is o.k. with the proposed 2.5% increase as long as staff has looked at every possible angle to decrease costs.

Katie Larsen discussed the cuts being proposed to the Community Development Department and noted that as the workforce has decreased at City Hall, all remaining departments need to keep a united front in order to continue offering the service levels that residents expect. Larsen discussed hour cuts that would allow for closing City Hall early on Friday's and the staggering of hours to allow residents and developers an opportunity to meet with staff. Council Member Heitz explained that the City is in direct competition with surrounding communities and that closing City Hall early on Fridays could be detrimental to economic development efforts. Larsen expressed the need to educate the public on whatever decision is made by Council especially if hours are changed at City Hall. Larsen also explained that Big Lake is on the cusp of good things happening, and that the Community Development Department plays an important role in those efforts. Council discussed setting up a sub-committee with residents to discuss services that are vital to the community in preparation for the Council to determine budgeting for 2012.

Mayor Kampa asked for feedback from Council on where they feel the tax rate should be, and if they feel additional cuts should be made. Council Member Backlund stated that he feels there is room to cut and that there is still waste. He stated that wages could be cut, that he would be o.k. with reduced hours on Fridays, and that a further reduction in hours would be appropriate in the Planning and EDA Departments. Council asked Larsen to review the job duties within the Planning and EDA Departments. Larsen also noted that six of the nine Council Goals for 2010 directly involve the Community Development Department. Council Member Danielowski asked for information on how pay cuts across the board would affect the budget. Boyer explained that for each 1% tax rate reduction, there would be a \$30,000 savings to the budget. Boyer also noted that the pay cut would only affect non-union employees and that pay cuts would most likely put the City out of compliance in regards to Pay Equity requirements. Staff also discussed the affect of reducing all City Hall employee hours to 36 hours. Boyer explained that that reduction would equal to approximately \$35,000 to \$40,000 in savings which would bring the tax rate increase to approximately 1.5%. Scott Johnson explained that salaried employee who have had a reduction in hours, cannot work over those predetermined hours without receiving overtime benefits under FSLA rules.

Council Member Backlund discussed engineering services and stated that he feels there have been unnecessary invoices and work completed by the consultant engineer's office.

Brad DeWolf reviewed engineering invoices that have been billed to the City and indicated that there have been very few dollars invoiced to the general fund this year. Most costs have come from the Waste Water Treatment Plant and various unfinished street projects and developments. DeWolf discussed the valves that his office was asked to schedule to fix which included approximately 25 valves that were covered under warranty. The company that was hired to do the repairs incorrectly fixed a valve that was on Council Member Backlund's commercial property. If the error was the mistake of the company hired to complete the work, they will not be allowed to bill for that specific work. If the error was the mistake of Bolton and Menk, the City will not be billed for that portion of the job.

Mayor Kampa again asked for Council feedback on determining the lowest increase that Council would be comfortable with so that staff can determine how to reach that specific goal. Council Member Langsdorf stated that he is comfortable with a 2.5% increase in order to keep the level of service that we are currently at and to prevent City Hall from being closed down early on Fridays. Council Member Heitz stated that he is comfortable with a 2.5% increase to keep the doors open for the full work week. Council Member Backlund stated he is in favor of closing early on Fridays. Mayor Kampa stated that she is not comfortable with closing City Hall early on Fridays and that services may need to be cut. Earlier in the meeting Council Member Danielowski stated that she is o.k. with the proposed 2.5% increase as long as staff has looked at every possible angle to decrease costs. After further discussion, the general consensus and direction of the Council was to limit a tax rate increase to 2% for the 2011 budget. Kampa also informed Council that she is planning to hold a meeting open to the public to take feedback from residents on the upcoming budget and services the City provides.

#### **4B. Enterprise Utility Fund Forecast Update**

Corey Boyer reviewed 5-year forecasts for the City's various Enterprise Utility Funds. Boyer explained that the unrestricted net assets of the utilities continue to decline due to the borrowing costs related to the various infrastructure/equipment put in place over the past several years. Boyer noted that growth is a key factor as a lack of growth will require the City to delay various projects in the future, whereas if the City sees more growth than anticipated it could require that some of the projects on the City's capital plan be moved up. Boyer also reviewed proposed monthly utility fees for 2011 and provided a year-to-date update on 2010 utility fund activities. Boyer also discussed upcoming tiered billings that will be required by the state in 2013. Boyer reviewed the current late fee structure and informed Council of some substantial late fees that have accrued since the 10% change to the fee schedule. Council directed staff to continue to work with residents on a case-by-case basis instead of changing the fee schedule language at this time.

#### **4C. Urban/Rural Taxing Districts Discussion**

Corey Boyer discussed the possible establishment of a rural taxing district in the City. Specific properties would be required to meet certain criteria to be divided into a rural taxing district. These criteria could include a minimum 40 acre contiguous area consisting of whole parcels, land to be zoned Agricultural, no sewer/water utilities can exist within the property boundary, land would be required to be platted, and once the land was platted for development, it would convert to the standard urban tax district. Katie Larsen reviewed specific parcels that would qualify under the identified guidelines. Staff also noted that the City must determine to what extent rural parcels benefit from City services as compared to urban, and establish a benefit ratio for the rural district commensurate with this determination. Boyer noted that debt levies are not subject to this benefit calculation.

Bob Gramsey reviewed the annexation and valuation history of his property. Council discussed the need to establish this type of district and directed staff to continue their efforts to bring this item to Council for official consideration.

#### **5. OTHER**

Mayor Kampa discussed the Editorial printed by the West Sherburne Tribune newspaper in their October 16<sup>th</sup> edition. Mayor Kampa stated her concern that Gary Meyer did not clarify the story facts prior to printing the editorial and that the City was not offered a chance to provide information for the report. Mayor Kampa stated that she feels the story was slanted, and that the information provided was not apples-to-apples. Mayor Kampa also stated that Gary Meyer should not be casting his opinion in the manner that he chose and that the editorial is a reflection of poor reporting on the City of Big Lake by Mr. Meyer. Mayor Kampa reviewed accurate wages of a Public Works Foreman position compared to a teacher at Big Lake High School with 10 years experience with a Masters Degree. Wages, benefits, years of service, hours required for each position, and pay equity were all reviewed.

Council also pointed out that job duties of all City employees reflect cuts that Council has been forced to make since the downturn in the market. All City staff has had to step up and help out in various areas due to a reduced workforce which has allowed service levels to remain the same through numerous budget cuts. Teamwork amongst Council and staff is what is saving services in this community.

Mike Goebel stated his frustration that the Editor did not include information on staff's efforts to obtain substantial grant dollars to bring on additional staff at no cost to the City, and the numerous years of service the public works staff have committed to the City. Council directed staff to offer to meet with the Editor of the West Sherburne Tribune to clarify incorrect statements made in Gary Meyer's Editorial.

Council Member Danielowski asked for staff feedback on how the outsourcing of utility billing is working. Boyer discussed the service provided by Opus and indicated that there

has been some issues with the meter reading company. Boyer and Goebel discussed the gap that exists between water use calculations compared to what is being invoiced for water service. Staff will continue to investigate where the discrepancy is coming from. Council Member Danielowski asked that staff provide comparables between in-house and outsourcing of the utility billing and meter read services.

Scott Johnson informed Council that the organization that offers the Strong Towns presentation has committed to attend the February 16<sup>th</sup> Council Workshop. The Planning Commission and EDA also will be invited to attend the presentation. Johnson also discussed grants and potential donations for the 2011 Goal/Visioning Setting Session. Possible funds could be available from the Eddy Foundation and the Initiative Foundation. Mayor Kampa indicated that she is in favor of an outside firm facilitating the visioning session, but that her preference is to not use budgeted dollars to pay for it. Johnson also informed Council that the October 27<sup>th</sup> Joint City/Township meeting has been cancelled.

**6. ADJOURN**

Council Member Heitz motioned to adjourn at 8:07 p.m. Seconded by Council Member Danielowski, unanimous ayes, motion carried.

Gina Wolbeck  
City Clerk

10/27/10  
Date Approved By Council