

M I N U T E S
COMMITTEE-OF-THE-WHOLE WORK SESSION
March 30, 2009
City Hall Council Chambers
7:00 p.m.

PRESENT: Mayor Stiehm, Council Member-at-Large Anderson, Council Members McAlister, King, Austin, Martin, Clennon, and Pacholl.

ABSENT: None.

STAFF PRESENT: Paul Philipp, Trish Wiechmann, Tom Dankert and Jim Hurm.

ALSO PRESENT: City Employees, Public, Austin Post Bulletin and Austin Daily Herald. Public.

Mayor Stiehm opened the meeting at 7:01 pm.

Item #1. - Discussion on response to LGA budget cuts: Mr. Dankert noted that tonight we are proposing to review the public safety departments. Police Chief Paul Philipp discussed items #32-41 regarding some of the operational items of the Police Department. On items #32-#41, Chief Philipp briefly discussed the different line items proposed to be reduced/eliminated as follows:

- #32 – Eliminate overtime budget – Police Administration, \$500
- #33 - Reduce joint LEC budget (new County estimates) – \$8,113 (2009 only)
- #34 – Reduce travel budget – Police, \$5,000
- #35 - Reduce interpreter line item – Police, \$500
- #36 – Raise auto-pawn fees to cover the cost – Police, \$500
- #37 – Estimated savings from Police Captain vacancy – Police, \$50,000 (2009 only)
- #38 – Reduce professional services – Investigations, \$2,000
- #39 – Require Holidays to be taken off, not paid if not used – \$25,000 (2010)
- #40 – Eliminate school crossing guards effective 06/09, \$5,300 (2009) and \$10,961 (2010)

Mr. Dankert discussed items #41-46 as follows:

- #41 – Eliminate Police Explorer program – \$3,000 for 2010
- #42 – Use Fire PERA funds short term to balance budget – \$50,000 (2010)
- #43 – Adopt ordinance to charge for fire services – \$53,813
- #44 – Eliminate overtime budget - Inspections – \$3,000
- #45 – Reduce office supplies - Inspections – \$1,000
- #46 – Reduce travel – Emergency Management – \$1,500

Council Member Austin questioned how many youth were involved in the Police Explorers program. Chief Philipp stated the number changes each year, but on average there are ten to fifteen kids involved. Council Member Pacholl stated the youth that are now involved in the program are willing to fundraise in order to help keep the program going. Council Member Pacholl stated he would hate to see the program go away.

Council Member King questioned adopting an ordinance to charge for fire service calls. Mr. Dankert noted that a state statute from approximately 2005 allows for municipalities to charge for this service. Our insurance agent for the City of Austin stated this is standard coverage in their homeowner policies and the citizens are already paying for the coverage, but the City of Austin is not collecting on it. Council Member King stated this seems like a core service that citizens are already paying property taxes for, and we should be responsible for this.

Council Member McAlister questioned if businesses would also pay the fee if the ordinance were adopted. Mr. Dankert noted he believed they would, but we should check with the insurance companies to see what coverage is standard there.

Mayor Stiehm stated many cities already charge for this. Council Member Austin agreed, especially in rural Minnesota.

Council Member Martin stated he has received many calls on this proposal for an ordinance on fire service fees.

After further discussion. Motion by Council Member Austin, seconded by Council Member King to recommend to council the approval of items #32-46, but reducing the Police Explorers (#41) cut from \$3,000 to \$1,500 for 2010, and *excluding* #43 (adopt ordinance for fire service fee) for reductions/revenue enhancements in 2009 and 2010.

Council Member McAlister noted that for all these things we do not reduce expenditures on or for those items we do not raise revenues on, will result in having to make deeper cuts elsewhere.

Council Member Austin stated this would have to be discussed with the unions.

Mike Pratt of the Street Department noted his lack of support for the ordinance for fire calls and also stated the crossing guards would be hard to eliminate. Council Member King stated he is involved with a lot of volunteering, and parents may need to step up to help with this situation.

The original motion was then voted on. Carried 7-0. Item will be added to the next council agenda.

Mr. Dankert noted this is a good transition into the next items:

- #99 - Employee furlough (5 days in 2010)
- #100 - Property tax surcharge in addition to COLA increase

Mr. Dankert noted the 3% raises that have been negotiated plus the other benefit increases such as the scheduled increase in the employer PERA contribution will require close to 10% (\$350,000) of additional revenue for 2010. There will not be additional LGA coming into our budget like there has been in prior years to reduce the additional need for revenue. In addition, for every \$370,000 of expenditure reductions or revenue enhancements that are not made will require another 10% tax increase to fund. This all pertains to item #100, property tax surcharge.

Regarding employee furloughs (#99) Mr. Hurm and Mr. Dankert noted in meeting with the department heads in crafting a budget solution, we looked at several things. For example, we could try to re-open contracts to reduce the COLA but this would be difficult. On an average week, we spend \$150,000 on payroll, but some of that is from funds that are not dependent upon

LGA or property taxes (such as the Wastewater Treatment plant). A rough estimate is that \$110,000 is tax supported. The furlough program would still have to be worked out with the bargaining units, but the theory is that it would require all employees to take five unpaid days in 2010. Some employees have called and offered suggestions on the furlough, such as allowing some employees that are farmers to take the spring and fall off. Additionally, maybe the employee would want to not affect their salaries (and high five salaries for retirement), so they may be willing to eliminate the need to pay out a portion of their sick leave at retirement instead. These are just a few examples, and Mr. Dankert noted if we can meet with the different bargaining groups maybe there are similar thoughts that can be reviewed.

Council Member Austin hoped a voluntary program could be created for 2009. Council Member Dick Pacholl stated a furlough program would be a great idea, however there may be some single parents that it would really be rough on. Mayor Stiehm stated he would be against a furlough if only certain groups/employees took it. Mayor Stiehm stated it should be for all employees.

Council Member McAlister stated the easy thing is to do nothing, and then we lay off or fire people in 2010. But he prefers not to go the lay off or firing route.

Council Member Martin stated we need to make the hard choices now, as the \$1.2 million the Governor wants can easily turn into \$2 million.

Ron Ripley, Building Department, stated his opinion is that asking the employees to take a furlough when you still fund the Mill Pond boat or flowers is not appropriate. Mr. Ripley stated he would do his part, but lets get down to bare bones before you go after the employees.

Jeanne Howatt, Administration, noted she feels like she is the representative for the employees. Ms Howatt stated more employees would be here but the city did not let the employees know about the meeting. Ms. Howattt stated just because other communities are using furloughs does not make them creative. The savings of \$110,000 is not that much in comparison, noted Ms. Howatt. Ms. Howatt noted "In my opinion, employees are your core service". Ms. Howatt noted with all of the time off required in her department that somebody would be off every 3.5 days under the furlough program, and that is really going to affect her office. Additionally, Ms. Howatt stated "we are the backbone, we are the City of Austin". Ms. Howatt noted employee morale is at its lowest and the employees do not need to be hurt one more time as the COLA increases and the benefits have not been that great in the eleven years Ms. Howatt has worked here. Ms. Howatt finished by noting a furlough will affect each employee differently, but she noted most employees are not happy.

Mayor Stiehm stated nothing will be "shoved down your throats", and the city will be looking for input from the employees.

Mr. Pratt noted every time we negotiate with the city (and he has done it for 20 years) it seems like the City is taking back. It is not negotiations anymore, he said, as the City is dictating what they will do. Every year there is something. Now the City wants a furlough and you still may have to lay off employees, he said. Mr. Pratt also noted the low employee morale.

Council Member Austin stated we are taking the hit ourselves from the State of Minnesota, so we must try to make changes in our spending. We are looking for creative solutions and hopefully meetings with the employees will create some other good ideas.

Mayor Stiehm agreed, noting if the employees have better ideas this may eliminate the need for furloughs. Mayor Stiehm stated city employees make a decent living in this community, and the municipal employees have done very well.

Council Member King stated this would not be until 2010, so we have time to discuss. Hopefully a voluntary program can be implemented in 2009 to see how it works. Council Member-at-Large Anderson stated let this be the call for citizens and employees to give us their ideas. As far as the Spamtown Belle, Council Member-at-Large Anderson stated she is not recommending we move forward with this as we need to talk about it more. Mayor Stiehm stated we can't have the Spamtown Belle and have employees take furloughs.

Council Member Martin stated the elderly in this town could grow the flowers for the baskets. Additionally, Council Member Martin stated citizens need to write their legislators and the Governor as they also need to hear this from you. Write to all of them about the need to keep LGA as Governor Pawlenty and his people are trying to get rid of LGA. Mayor Stiehm noted we need to be prepared for this.

Council Member Pacholl stated a furlough program needs to be fair for everybody.

After further discussion, motion by Council Member McAlister, seconded by Council Member-at-Large Anderson, to recommend to council that we officially start meeting with employees and bargaining groups to hear their ideas. Carried 7-0. Item will be added to the next council agenda.

Motion by Council Member King, seconded by Council Member-at-Large Anderson, to adjourn the meeting. Motion passed unanimously. Meeting was adjourned at 8:18 pm.

Respectfully submitted,

Tom Dankert