



BLACKDUCK CITY COUNCIL WORK SESSION

MONDAY AUGUST 27TH, 2018 5:30PM

WORK SESSION MEETING MINUTES

CALL TO ORDER: The City Council of the City of Blackduck met in a scheduled work session at the City Hall at 5:30 p.m. on August 27th, 2018.

Roll Call

Councilors present: Mayor Patch, Councilors Sellon, Kolb, Moore

Councilors Absent: none

Staff Present: City Administrator, Christina Regas, and Bob Klug, Public Works Supervisor

Others Present: none

The meeting was called to order at 5:40pm the Pledge of Allegiance was not recited.

Topics covered in the work session were as follows:

OLD BUSINESS –

1. **SUMMIT & MAIN ROAD PROJECTS** – Curt Meyer
 - a. Construction and Assessment Hearing Updates – nothing discussed
2. **2019 BUDGET PLANNING PROCESS** – Regas supplied to council requested changes to the general fund expenditures from the work session on August 20th, 2018 and the new health care premiums for 2019 and how those changes affect the proposed levy. Those changes were as follows:
 - a. Revenues –
 1. Small Cities Assistance – Regas reported the SCA funding for streets has not been funded for 2019 and could not be added to the general fund revenues as Regas earlier believed.
 2. 2019 Fire Protection Contract Revenue – Regas reported the revenue for the fire protection contract area was not reported correctly at the earlier work session and is now up to date.
 - b. Expenditures –
 1. Health Care Premiums – Regas reported the health care premium for 2019 was increasing \$74.50/month. Regas supplied a study for council to review on the amount health care affects the general fund expenditures with the premium increase.
 - a. Options – Regas supplied for council consideration 4 options and the costs incurred:
 - i. Fund the health care premium and ‘HSA’ 100%
 - ii. Fund the health care premium 80% and the ‘HSA’ 100%
 - iii. Fund the premium 100% and ‘HSA’ 80%
 - iv. Fund the premium and ‘HSA’ @ 80%.Overall the increase to the premium only increases the general fund expenditures \$3,030.66. Councilor Kolb asked if the premium and ‘HAS’ is funded 80% by the City will the City still cover the ‘HSA’ 100%. Regas stated no, the employee would pay 20% of both the premium and ‘HSA’. Klug asked the Regas if the council understands why ‘HSA’ was started. Regas reminded the council that the full-time employees did not see a raise two years in a row to offset funding the ‘HSA’. Klug noted the full-time employees went from a \$300 deductible to a \$3200 deductible. Councilor Kolb



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suggested the council make the full-time employees pay the “HSA” and the City fully fund the monthly premiums. Klug reminded the council that the full-time employees gave up to get that HSA. Mayor Patch suggested fully funding the premium and offering a 50/50 match on the HSA. Councilor Kolb asked Regas if the City has on the line of the contract ‘this is subject to change’. Regas clarified Kolb’s question meaning the job description. Kolb stated when an employee applies for a position with the City is there a place for them to sign stating they understand what is expected of them is ‘subject to change’. Regas clarified to Kolb that the City employees are ‘at-will’ and are not contractual. Klug asked Regas to check with the League if all public employees have the right to negotiate. Regas agreed. Klug stated the employees have not been able to negotiate in over 10 years and that public employees are treated different then the private sector whether at-will or not. Councilor Moore asked if any of the staff is union. Regas stated no. Councilor Kolb suggested asking the supervisors if their budgets could absorb the increase of the premium by lowering their budgets in other areas. Regas stated the departments already did that for the 2018 budget and that could not continue to happen. Mayor Patch asked what percentage the health care affects the general fund. Regas calculated 68%. Regas reminded the council the increase is only \$3,030.66. Councilor Moore asked if it is typical for employers to fund HSA accounts. Regas stated not always. Regas stated it depends on what the City can afford and what the employees want. Mayor Patch requested our health care representative to attend a budget meeting.

2. Part time Police Officer payroll line – Regas included in the updated budget a reduced funding for the part time police officer from originally reported. Regas further reminded the council the original reason the department agreed to add a part time officer was to supply the department with coverage when the full-time officers take vacation or sick time. Regas reported that any changes to the police expenditures still needed to be discussed with the department head.
 3. Police Officer wages – Mayor Patch asked how much more the proposed wages in the police budget has increased the budget. Regas reported approximately \$10,000.
- c. Levy Changes – After providing the reported revenue and expenditure changes Regas provided for council review two (2) levy considerations. Councilor Sellon asked if the golf course bonds had to stay in the levy. Regas stated yes as even if the golf course were to close the City would still need to pay for the bonds. Councilor Sellon asked if the new construction property taxes will help the levy. Regas stated for those sold in 2018, those property taxes won’t be received until 2019. Mayor Patch stated that regardless of what is funded in the health care and the golf course the council will need to approve a levy increase. Klug stated it is not wise for the council to begin asking for the employees to make the budget cuts to health care and wages when the City has good employees. Regas stated turnover costs the City more. Councilor Kolb stated the City could stop giving raises and COLA raises. Klug suggested negotiating would be wise because once the City starts taking away from the employees that’s when you start to lose staff. Councilor Kolb stated his opinion that the staff is getting paid way too high for our City for how small the City is. Councilor Kolb asked over the past 5



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years has the general budget been under budget each year. Regas stated in some departments yes but on a whole for the general fund all the departments play a role into staying under budget.

- d. Negotiations – Regas stated there will need to be more meetings with the supervisors to discuss what the departments would like to see if there were to be any personnel changes before the council meets again. Mayor Patch wanted to be commented on the record that it is not his wish to take health care away from the employees.

3. **RESOLUTION 2018-02** - Revisions to Committee Assignments – the council agreed to adjust committee assignments held by former councilor Molnar.
4. **LMC REGIONAL MEETINGS** – Regas recommended available councilors to attend the upcoming regional meeting held October 17th in Bemidji. Regas stated this is the first time the LMC is holding the meetings later in the day to accommodate councilmembers that cannot make the meetings due to work and encouraged the board to attend. Mayor Patch, Councilors Kolb and Moore committed to attending.

NEW BUSINESS –

1. **Resolution 2018-20** – Resolution opposing the concept of allowing strong beer sales off premise sales in other retail businesses. Regas recommended the council approve the resolution at the next regular meeting. Council agreed to support the resolution. Nothing further.

ADJOURN – Council adjourned their work session at 7:21pm.

Christina Regas, City Administrator

Rudy Patch, Mayor