



# BLACKDUCK CITY COUNCIL WORK SESSION

MONDAY SEPTEMBER 17<sup>TH</sup>, 2018 @ 6:00PM

## WORK SESSION MEETING MINUTES

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**CALL TO ORDER:** The City Council of the City of Blackduck met in a scheduled work session at the City Hall at 6:00PM on September 17<sup>th</sup>, 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, Rae Burmeister & Chris Brown, Public Works Maintenance, Shawnda Lahr, Liquor Store Manager, Gabrielle Landowski, Deputy Clerk, and Jace Grangruth, Police Chief

**Others Present:** none

The meeting was called to order at 6:05pm 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 – Regas announce that Meyer would be present at the Special Council Meeting on September 24<sup>th</sup>, 2018 to recommend the Mayor call a Public Hearing on October 29<sup>th</sup>, 2018

#### 2. 2019 BUDGET PLANNING PROCESS – Regas supplied to council a budget highlight change to the general fund expenditures from the work session on August 27<sup>th</sup>, 2018 including an alternate health care premium option for 2019 and how those changes affect the proposed levy. Those changes were as follows:

- a. Revenues – nothing new added

- b. Expenditures –

1. Health Care Premiums – Regas reported an alternative health care premium for 2019 of \$649.50/month with a \$2,000 deductible. Regas supplied a study for council to review on the amount health care affects the general fund expenditures with the premium increase. Regas stated the savings to the City general fund was only an additional \$1,020. Mayor Patch asked if it was a savings to go to a higher premium and lower deductible. Regas stated where the \$3200 deductible plan increases the general fund another \$3000 the \$2000 deductible plan increases the general fund another \$2000.

- a. Questions – Mayor Patch asked why Derek Pickett continues to recommend the \$3,200 deductible. Regas stated the \$3,200 deductible was offered several years ago because that was what was agreed upon.

- b. Last Year's Changes – Lahr asked in 2017 all the departments absorbed the increase of the premiums in all the department budgets because that was what the full-time employees wanted to do to keep the health care. Lahr asked what will be the next item that will have to cut to afford the health care.

- c. Contribution to the golf course – Regas stated it will be difficult to continue funding the golf course and asking the other departments do give up something to keep the course open and funded. Mayor Patch stated that whether or not the course is open the City will have to pay the existing debt.



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Lahr asked if there could be more thinking outside the box to get the golf course more revenue. Mayor Patch stated that regardless of other expenditures 2019 is the year the City has to assist funding the golf course but hopefully in 3-5 years the City won't have to do this. Mayor Patch added that having the Golf Board has assisted in increasing awareness and use for the course. Mayor Patch stated if anyone has new ideas he would accept them. Klug stated it is very hard to have the other departments asked to make cuts to their budgets and then see no cuts at the golf course. Klug stated it is just frustrating when he is asked to make cuts to afford health care and the golf course. Councilor Kolb stated to the staff that each and everyone contributes to the whole part of the City. Councilor Kolb stated some of the staff is doing great but maybe some or some may be doing bad but everybody has a vital piece to the whole City to have it run and be functional. Councilor Kolb acknowledged it isn't great to have to cut budgets but sometimes it has to be done. Regas commented in her opinion there isn't any staff present that doesn't contribute to the whole picture of Blackduck.

- d. Police budget – Chief Grangruth pointed out how he knew there would be increases to the budget and made concessions on the other parts of the budgets to compensate. Grangruth further pointed out that although moving to a lower deductible would save the City money it is taking \$1200 a year out of the employees' pockets because it can roll over. Mayor Patch asked Grangruth if he is willing to do an 80/20 split on the Health care savings to save costs. Grangruth stated because the lower deductible is a benefit that would be a cut to every employee.
  - e. Changes to benefits - Lahr confirmed it is part of the benefits the employees are receiving now and is one of the reasons they enjoy working for the City so that they have that spending account when they retire. Mayor Patch confirmed and added that it was set up to pay for health costs. Lahr confirmed it is a benefit still with a lower deductible but it isn't as good. Klug addressed Mayor Patch by stating that he does not disagree with Patch however, the Council just needs to look at it as the employees will be getting less every year. Klug further stated he does not believe most full-time employees have an issue going to the lower deductible for the health care spending account but the departments are still giving back \$1200 each year. Mayor Patch agreed viewing the health care that was is another version as he views it that the City is paying your health care not a wage. Regas offered another way to view the health care when considering the cost is a benefit package and a hiring incentive which is a strong reason why people apply for our positions.
2. Part time Police Officer payroll line – Regas stated Police Chief Grangruth and Regas reviewed the part time wages and cut the budget down to \$5300 for the 2019 year. Regas stated it is very difficult to lower the Police budget as the state is mandating a PERA contribution increase to 16.95% which increases the expenditures \$5,000. Regas stated the council can continue to adjust other expenditures down but each year there will be additional costs and PERA will be increasing again in 2020. (Regas



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stated council was supplied with a 10-year overview of the police budget in a separate packet attachment).

- c. Levy Changes – Regas supplied Council with two Levy options with the two different health care options. Regas stated council was supplied with a 10-year levy history for the City of Blackduck. Regas stated the City has had a large amount of debt service the City has acquired in the last 10 years which makes a difference to the amount of funds go into the general fund for property taxes. Regas pointed out how the City has had several years where the levy was never increased and on average a City should increase the levy 2-3% just to absorb cost of living. Regas stated given the City hasn't increased the levy for so many years now catch up is a factor. Regas further stated if the City wishes to retain well-trained skilled full-time employees then more changes may need to happen to wage-scales in the next 3-5 years.
- d. Questions –
  1. Per Household Increase – Mayor Patch asked if Regas could supply council with the per household increase on the taxes. Regas stated the NTC has not been updated since the last work session so it is difficult to tell at this point. Regas stated the proposed levy increase is 11% and last year was 8% but that does not mean the property tax payers will pay 11% more. Mayor Patch stated now the City is funding a portion of the golf course too. Regas stated the Liquor Store budget was reviewed and Lahr can support the additional transfer of revenue to the golf course debt of \$10,000. Mayor Patch asked if that means the City would be transferring more from the Liquor Store. Regas confirmed it would be an additional \$10,000 transferred but to the golf course fund.
  2. Raising the Sales Tax – Brown asked if the council has considered raising the sales tax. Mayor Patch stated it was on the ballot for the voters to consider. Brown asked if approved would it contribute to the golf course. Klug stated no that the funds would go toward infrastructure changes and streets.
  3. Funding the health care savings @ 80% - Mayor Patch asked for the opinions of the full-time employees if the City decided to fund the premiums 100% and the spending account at 80%.
  4. What happens if the City doesn't help the golf course – Councilor Moore asked what would happen if the City did not agree to assist the golf course. Regas stated the state and local auditor will ask why and expect another City fund to assist in the absorbed debt the golf course has created. Regas stated the funds have to come from somewhere.
- e. Suggestions – Mayor Patch suggests the City fund the health care premium 100% and the deductible 80%. Brown stated he would just need to stay healthy a year and 3 months. Lahr stated if the City agreed to this then the employees could still put in additional on top of the full deductible. Klug stated that if the council is thinking about taking the full health care away from the full-time employees then perhaps the council could consider giving something up in return like another holiday. Landowski stated to the council that the benefits the City offers to full-time employees was one of the main reasons she applied and accepted the position. Mayor Patch confirmed the spending account can continue to accumulate and use for health care after retirement and does not have a cap on them. Klug stated only an annual cap. Councilor Sellon stated he is in favor of the 80/20 option. Burmeister asked if the council was set on lowering the health care and not leaving it alone. Mayor Patch stated that is why they are discussing it tonight.



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- f. What needs to change – Mayor Patch stated that when there are changes and increasing cuts either have to happen or the levy goes up. Patch further stated that the deciding factor is not an easy one but something must change to accommodate the increases. Lahr asked that when the increases are reviewed is the first item the City reviews is the staff and how the staff can accommodate it by cutting wages, healthcare, or hours. Klug stated that each time a significant change happened the staff is always asked by the City to make the cuts. Grangruth stated again that each department worked to cut their budgets as they new the increases would happen. Grangruth stated he is working to have a department that is fully functional and right now he is working with a Taser that isn't 100% functional. Grangruth further stated that the Taser isn't a non-significant piece of equipment for the department and needs to be in good working order to do the job. Klug stated that if the City starts cutting employees the City still has the same number of parks, water & sewer services, cemetery, etc. to man and take care of.
- g. The Future of the Golf Course – Klug asked the council that although the City supports the golf course debt now, what will the City do in the future. Mayor Patch stated that was why the City is working toward keeping the golf course open and funded so it can continue to grow and support itself. Klug stated that there are other things at the golf course like the golf carts that will soon need to be replaced and then what will the City do to fund that replacement. Lahr asked if there was anything more that could be done to the course to make money or something else. Klug stated the City is asking the tax payers to fund the golf course and he questions how many residents really even use the course. Brown asked for feedback on the green fees and if they are set at the correct price point. Regas stated they are attractive for the area and the distance people have to travel to use it.
- h. Mill Rate or Net Tax Capacity – Klug asked if the mill rate or NTC has increased or stays the same. Regas stated she did not have the updated number yet to determine how much more the levy can increase without the taxes going up too much for the residents. Regas and Klug both commented the amount of construction in the City in 2017 should make a difference.
- i. Setting the Proposed Levy – Klug asked if the City can set the maximum in September and then lower it in December. Patch stated he believes the City has good, well-trained staff and suggests the City fully fund the health care with the \$3200 deductible raising the levy to \$254,471. Councilor Sellon agreed with Mayor Patch as he stated the premiums could go up again in 2020 but believes the City should get rid of the golf course. Mayor Patch stated the changes the City has had to make in the past couple of years to get the City where it is now will hopefully keep the levy at the right amount moving forward. Klug agreed as in the past the City never depreciated anything and now it is. Councilor Moore stated how she understands that raising the levy 11% is a large amount but so is keeping good staff and if raising the levy 11% is what the City needs to do to bring it to where it needs to be then it should. Moore further stated that having unhappy employees will give the City with substandard performance from staff. Moore further commented on how difficult it would be to perform when staff believes they are getting 'gipped'.

### NEW BUSINESS –

- a. Revolving Loan Fund Recommendations – Regas provided a purchase agreement for the Duck In & Eat. Regas stated the RLF committee recommended the City accept the purchase agreement. Regas stated if the City agrees with the PA, it will be voted on at the September 24<sup>th</sup>, 2018 Special Council Meeting. Nothing further.
- b. Ordinance 2018-01 – Regas provided for council and staff a draft of an ordinance to adopt a new chapter establishing an ordinance for the council requested E-911 address numbering. Councilor Sellon asked if the



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City has the blue numbers supplied by the county. Regas stated only Beltrami County structures receive the blue numbers. Regas asked for feedback on the drafted ordinance. Councilor Kolb asked if the penalty in the ordinance will have a set fine to it. Regas stated the City could attach a dollar fine to it. Kolb asked if the City will fine the residents every month or annually or some other timeframe. Regas stated it was up to the City. Regas stated only Public Works, Police, and Administration has the authority to send administration fees. Chief Grangruth stated he would give the resident a reasonable amount of time such as he does for dogs so that the residents abide by the ordinance then the citations would be given out. Klug stated he could assist when he reads meters monthly. Kolb asked if the residents could send in photos of residents that don't abide by the ordinance. Regas stated yes. Klug stated the City could take one day a year and go around and find the structures that are not conforming. Councilor Moore believes it is a good ordinance to have as her address is very similar to another home in town. Patch suggested having a uniform requested type of numbering or to assist the residents have them purchase the numbers from the City. Regas stated there are some Cities that in the ordinance the residents have to purchase the posts, numbers, etc. from the City. Regas would like to just have the owners conform and be numbered. Klug agreed the ordinance was well written and should be adopted. Nothing further.

**ADJOURN** – Council adjourned their work session at 7:30pm.

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Christina Regas, City Administrator

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Rudy Patch, Mayor