

**CITY OF BAYPORT  
CITY COUNCIL WORKSHOP MINUTES  
COUNCIL CHAMBERS  
November 19, 2012  
4:30 P.M.**

**CALL TO ORDER**

Pursuant to due call and notice, Mayor St. Ores called the City Council workshop meeting of November 19, 2012 to order at 4:33 p.m.

**ROLL CALL**

Members Present: Mayor St. Ores, Councilmembers Connie Carlson, Dan Goldston, Michele Hanson, and Mark Ostertag

Members Absent: None

Others Present: Administrator Mitch Berg, Assistant City Administrator Sara Taylor, Finance Officer Wanda Madsen, Fire Chief Mark Swenson, Public Works Supervisor Mel Horak, Public Works Maintenance Worker Tim Gardner, Police Chief Laura Eastman, Police Officer Jay Jackson, and City Attorney Andy Pratt (Attorney Pratt left the meeting at 6:30 p.m.)

Administrator Berg stated that property tax statements were distributed to city residents within the past week and noted that a majority of residential properties (495) saw a decrease in their city taxes, while 92 saw an increase. He continued on to highlight recent adjustments made to revenues and expenditures within the budget, noting decreases in health care insurance premiums and fuel costs. Per direction from the City Council, additional expenditures discussed at the November City Council meeting were reflected in the revised budget, which include an additional \$400.00 for a winter satellite toilet at Lakeside Park and \$6,000.00 to repair the city's boat launch ramp. Administrator Berg noted that the budget has decreased \$12,770.00 from the original figures presented in September, which could be used to decrease the levy, fund other projects/priorities, or a combination of both.

Initial discussion and questions followed on park maintenance and a cost estimate for utilizing an outside contractor to perform snowplowing and grounds maintenance activities for the city. Administrator Berg noted that he was able to obtain an annual cost estimate from Oak Park Heights and Afton of \$100,000.00 - \$145,000.00 to perform these activities by a contractor, which would be similar to anticipated costs for Bayport. He explained that it is difficult to identify the city's current costs for these activities because labor and equipment expenses are allocated within several areas of the budget, but he could work with Public Works Supervisor Horak to calculate an approximate cost for city staff to perform these tasks per event. Supervisor Horak added that with the current fleet of vehicles and experienced staff, it is probably most cost effective for the city to continue to perform these activities. However, this may not be the case over time, as equipment ages. The consensus of the City Council was to table further discussion on the matter at this time.

Discussion and questions ensued on expenditures that exceeded the 2012 budget and whether these warranted increases in the 2013 budget. Attorney Pratt noted that high legal fees were a result of code enforcement issues, personnel matters, and labor negotiations, which should not be a factor in 2013. Mayor St. Ores stated that wages currently accounted for 65-70% of the city's budget and that the proposed 2.99% cost of living increase for staff was unsustainable for the city long-term. The cost

impacts of funding certain city departments were discussed, as well as opportunities and possible cost benefits of contracting with other entities to provide city services. Public Works Supervisor Horak explained that because department expenditures and other areas of the budget have been significantly reduced within the past 10 years, wages now account for a high percentage of the budget, which previously had not been the case. He suspected that a community survey would be helpful for the City Council to gauge the priorities and desires of residents, as well as their satisfaction with city services and departments. Councilmember Hanson estimated a cost of \$5,000 - \$10,000.00 to complete this type of survey. Discussion followed on the benefits of union versus non-union employee groups, and whether staff's recommendation to keep similar health insurance contributions and cost of living increases (COLA) for both groups was necessary and/or warranted, and whether there may be some cost savings in approving less of a COLA for non-union employees, instead of 2.99%, as proposed by one of the union groups. Administrator Berg noted that it has been past practice of the city to treat these employee groups similar, to avoid animosity and low moral, conform with pay equity standards, and prevent non-union employees from unionizing. He also noted that non-union employees were required to take budget furloughs (unpaid leave) in 2009 and 2010 to help reduce wage costs, and a 2% COLA in 2011, of which union employees were exempted. Several City Councilmembers expressed frustration with the city's "automatic" salary step schedule and that increases were not performance-based, similar to private sector employment. Administrator Berg noted that the proposed increase in health insurance premiums, in combination with the 2.99% COLA, actually averages out to a 2% increase, which is consistent with adjacent communities, and several other public sector employers. In the interest of time, it was decided to continue with other agenda items and resume discussion on the budget later in the meeting.

Administrator Berg moved on to discuss the details of the capital expenditures and/or projects planned for 2013, noting the CIP expenditures are a component of the General Fund, which has an approximate balance of \$7.9 million. He answered questions related to specific expenditures and fund allocations, before noting that certain expenditures may not be warranted or necessary in 2013, but have been included in this CIP so they can be earmarked for implementation in the near future. The consensus of the City Council was to adopt the proposed CIP, as recommended. Administrator Berg recommended that the City Council look at establishing CIP expenditures for 2014-2017 as part of a strategic planning process in the upcoming year.

Administrator Berg stated that notations have been included on the proposed fee schedule to help indicate which fees are subject to change, at the discretion of the City Council. It was noted that the fee schedule is reviewed once per year, at minimum, with major updates implemented following a rate study, ordinance amendment, state statute requirement, and/or similar trigger, as necessary. Discussion focused primarily on park facility rental fees and animal impound and license fines. The consensus of the City Council was to increase the seasonal maximum rental fee for Barker's Alps ball fields from \$50.00 to \$100.00 and revise the animal impound/failure to license category to include one offense level only, with a suggested fine of \$125.00, pending a determination by Administrator Berg that this complies with state statute requirements. The fee schedule will be presented to the City Council for final adoption at the December 3, 2012 regular meeting.

Discussion resumed on the proposed budget, specifically related to reducing the proposed wages and COLA and reducing the overall proposed tax levy of 2.2%. Certain councilmembers expressed contentment with the proposed wage and COLA terms and/or overall tax levy, while others expressed discontentment with one or both. Public Works Maintenance Worker Gardner reiterated the value of retaining experienced and competent city staff and the importance of keeping benefits adequate and fair for both employee groups. He found it surprising that even though a vast majority of the city has seen taxes decrease or remain flat over the past few years, the City Council continues to decrease the levy,

which is not sustainable to fund the city long-term. The consensus of the City Council was to have Administrator Berg develop three scenarios for options to further reduce the budget, which would be disseminated to the City Council and discussed at 4:30 p.m. on December 3, 2012, prior to the regular meeting.

**ADJOURNMENT**

It was moved by Councilmember Hanson and seconded by Councilmember Goldston to adjourn the workshop at 8:08 p.m.