

**CITY COUNCIL WORK SESSION
CITY OF RAMSEY
ANOKA COUNTY
STATE OF MINNESOTA**

The Ramsey City Council conducted a City Council Work Session on Tuesday, February 28, 2012, at the Ramsey Municipal Center, 7550 Sunwood Drive NW, Ramsey, Minnesota.

Members Present: Mayor Bob Ramsey
Councilmember Randy Backous
Councilmember David Elvig
Councilmember Colin McGlone
Councilmember Sarah Strommen
Councilmember Jason Tossey
Councilmember Jeffrey Wise

Also Present: City Administrator Kurtis Ulrich
Deputy City Administrator Heidi A. Nelson
Public Works Director Brian Olson
City Engineer Tim Himmer
Fire Chief Dean Kapler
Police Chief James Way
Finance Officer Diana Lund
City Clerk Jo Thieling
Human Resources Representative Colleen Lasher
Senior Planner Tim Gladhill
Planning Intern Patrick Brama
Development Manager Darren Lazan
Landform Project Principal and Planner Kendra Lindahl

CALL TO ORDER

Mayor Ramsey called the City Council Work Session to order at 6:08 p.m.

TOPICS FOR DISCUSSION

1) Continue Discussion of 2013 Budget

Councilmember Strommen noted Deputy City Administrator Nelson will be leaving for another position so she does not want to discuss budget reductions too far until the Council has a better understanding of that impact.

City Administrator Ulrich agreed that Deputy City Administrator Nelson's resignation will create staffing issues that need to be addressed and staff intends to provide that recommendation at a future meeting. He noted the Council will also need to address levels of service and provide direction on the potential of police/fire combination.

Councilmember Wise stated some budget considerations have nothing to do with staffing but asked if the Council would be free to realign the Deputy City Administrator's duties, possibly spreading some duties amongst current staff.

Human Resources Representative Laser reported that she spoke with each of the 15 employees eligible for the early retirement program based on the criteria discussed at the last Work Session. Two eligible employees are interested in participating; however, one wanted separation by May 1 and the other not until November 30, 2012. Human Resources Representative Lasher indicated if these two positions were not replaced there would be annual savings of about \$105,000. The time to recoup would be three to four months.

Mayor Ramsey asked whether these two positions were expected to retire and will need to be filled.

City Administrator Ulrich stated one is a police officer and the other is not on the list of positions to be reduced so it may have to be backfilled. He noted if the early retirement package is not attractive enough it will only attract employees who would retire anyway and the feedback may show the package is not enough incentive for employees to take that step. It was noted the County's program was more attractive because of a health insurance contribution. City Administrator Ulrich described options to accelerate retirements by a few months or enrich the program to encourage accelerated retirements. He reviewed the staff report, detailing the budget objectives, possible reductions/revenues totaling \$1,853,738.

Councilmember Backous asked about reduction in the EDA levy.

Finance Officer Lund stated the EDA levy is \$169,000.

Councilmember Backous noted there is currently over \$1 million in the EDA's reserve balance.

City Administrator Ulrich stated that is correct but it is not a good practice to use reserve balances for operations. Staff will be recommending to use EDA funds, in part, for the Sunwood Drive relocation.

Councilmember Tossey asked how many staff are paid by the EDA and indicated support to reduce the EDA levy until it only covers staff costs.

City Administrator Ulrich stated the base amount was \$110,000 so that would leave about \$50,000 to \$60,000 for other projects and operations, not personnel.

Councilmember Wise noted the recommendation to use park funds for maintenance; however, that is one-time money and set aside for park dedication. He did not support fixing the budget issues with the use of one-time money.

City Administrator Ulrich clarified these are not park dedication funds, but funds resulting from excess revenues over expenditures.

Councilmember Elvig agreed those funds were set up for park maintenance.

Councilmember Strommen stated Councilmember Wise brings up a good point as the Council goes forward in making decisions, and looking at gaps and one-time money. She agreed that a longer-term revenue source is needed to fund on-going issues. However, the flip side is where the Council anticipates growth or expansion to make sure it is not cutting back long-term and then having to find funding. She felt the goal was to keep it more even.

Councilmember Wise stated the receptionist provides the “face of the City” and people coming into City Hall may be upset already and need direction. He also did not support an automated telephone system for the same reason.

Councilmember Tossey agreed with the importance of having a receptionist.

Councilmember Backous stated he was not ready to address personnel items on a line by line basis and would like to pursue voluntary retirements with the two interested employees. He noted that decision will affect further budget decisions.

Councilmember Strommen stated she is also not ready to address the personnel line by line but completely agrees with the importance of the receptionist, noting the cost for that position has a minimal impact on the property tax bill. She questioned the timing for looking at consolidation of the police and fire departments given the shared discussion underway, which may or may not have a budget impact but she felt major budget decisions should not be made until those discussions are completed.

Councilmember Backous agreed the front kiosk should be staffed because this is a large facility. He stated he thinks things will turn around and would advocate to cut interns prior to permanent staff.

Councilmember McGlone stated he does not want to make decisions while waiting for the fire contract because no matter what the Council does, if that issue moves forward, there is change in that realm irrespective of what the Council does. He agreed that with Deputy City Administrator Nelson leaving, everything is in flux including the economy but he is not willing to gamble on that.

Councilmember Tossey stated he serves as an alternate on the Joint Fire Board, and agrees it would be wise to delay decisions to see where that discussion leads. He indicated there is a lot of interest to consolidate those services and he expects Ramsey will be the lead since it is the largest community.

Mayor Ramsey stated his frustration with the Council’s debate and asked where it is getting better when the Council is talking about taxing its residents another \$300 to \$400 each year in franchise fees. He believed that nothing is getting better and suggested the City Administrator be given the Council’s goals and asked to figure out how to solve this problem. Mayor Ramsey stated he would support cutting staffing levels, salary/benefits, to use no more than 50% of the

general fund budget; levy no more than 40% of the tax capacity levy rate; and to put 30% into a fund to pay for road projects, over time. Mayor Ramsey stated roads are important and nothing has been saved for road projects for 30 years. He stated he is not interested in a franchise fee and thinks roads should be paid from the general fund budget.

Councilmember Tossey stated that is not what the City has been doing. He asked why the Council allowed the City to get involved in the Joint Fire Board if it was not willing to hold off budget decisions until those discussions are held. He also asked why the HRA built a parking ramp without having an apartment attached to it, thinking the City often times gets the “cart before horses.” Councilmember Tossey stated he does not want to eliminate fire staff if the City will end up being the lead agency. He stated he also does not support a franchise fee or to tax residents more.

Councilmember Elvig stated the City has to be careful with road funding, noting it reduced the budget by \$500,000 with the municipal center refinancing. He urged the Council to keep its goal in mind, not keep moving the target, and to assure there is a clear vision for budget discussions.

Councilmember Strommen stated she has the same concern as Councilmember Elvig. If the Council sets a budget goal, it should be done so collectively by the Council and not a lone member. She noted the Council had directed the City Administrator to come back with recommendations to meet a set target. If the focus is on roads, she questioned why the Council just discussed using the majority of the TIF allocation for F&C instead of road projects.

Mayor Ramsey indicated he understands it needs to be based on consensus of the Council, not his direction alone. He stated he is frustrated because he is tired of hearing that things will get better in the future because the City still needs \$3 million a year to construct roads.

City Administrator Ulrich stated the Council’s direction was to first complete budget discussions so a target was identified and the Council could determine services it wants to provide, level of cuts from the general fund budget, and then determine the franchise fees to put into play. City Administrator Ulrich presented potential additional revenue enhancements. He noted the City does not have annual street maintenance funded (\$595,000), and it needs to be determined how to fund that on a yearly basis.

The consensus of the City Council was to retain the receptionist position, request staff for additional input, and to discuss the budget target at the next Work Session so it can be determined whether the City can backload positions.

Finance Officer Lund addressed cash flows. She indicated that the 2013 budget, with all the cuts proposed, would result in a \$1.4 million positive balance conditioned on the municipal center being refinanced. In the following years, the amount goes down because there would be no 2012 debt service savings and TIF districts would be coming back on line. She suggested the Council discuss whether to consider applying dollars in the positive amount towards road projects to reduce franchise fees.

Councilmember Backous stated he supported that suggestion

Councilmember Wise noted it has already been discussed that the City needs to build up a fund for road projects. He believed it made sense to use those positive funds to start up that fund so the City would not have to immediately bond.

Councilmember Elvig noted that several years ago, the Council approved a policy to take over sealcoats but did nothing to raise the budget or cut costs. He indicated the Council needed to be careful how far it cut the budget, if it wants to fit in roads, and maybe a small franchise fee will be needed.

Mayor Ramsey stated he would rather take the political hit of less service than having to pay extra each year. He stated he would not support a combination franchise fee or tax increase.

Councilmember McGlone stated he supported a franchise fee from a sense of frustration that this is a big issue, yet every prior Council did nothing to fix the problem, which only grows. He stated he is hoping to fix this problem before he leaves office so the decision is not put off for a future Council. Councilmember McGlone stated he is always asking how the City spends his tax dollars and if there is a way to fund roads from the tax base, he would firmly support that option. He explained that when he was running for office, staff was about 70% of the general fund budget and with all the cuts to date, staff is still 72% of the general fund budget. Councilmember McGlone stated the City needs to fix the roads and Mayor Ramsey's plan, in some form, makes sense to him and it should be considered.

City Administrator Ulrich stated staff will bring this item back to a future Work Session.

2) Discuss Federal Legislative Consultant Proposals

City Administrator Ulrich asked whether the City Council would like to engage or interview the two legislative consultant firms or preferred to tag onto the County's efforts.

Mayor Ramsey stated he does not support hiring a consultant.

Councilmember Tossey stated he is not sure these are the right consultants but it would be good to get federal funds for the overpass project and Highway 10. He stated the City needs representation but he did not know if tagging onto the County's efforts was sufficient.

Councilmember Backous stated it is probably worth the dollars to have a presence because you don't know what the opportunities are. He indicated it may be worth investing some money, but maybe not this much.

Following a brief discussion, Council consensus was reached to interview both firms.

FUTURE TOPICS FOR DISCUSSION

Noted.

MAYOR, COUNCIL AND STAFF INPUT

None.

ADJOURNMENT

Motion by Councilmember Backous, seconded by Councilmember Wise, to adjourn the Work Session meeting.

Motion carried.

The Work Session of the City Council was adjourned at 6:58 p.m.

Respectfully submitted,

Kurtis G. Ulrich
City Administrator

ATTEST:

Jo Ann M. Thieling
City Clerk

Drafted by Carla Wirth
TimeSaver Off Site Secretarial, Inc.