

FINANCE AND PERSONNEL COMMITTEE MEETING MINUTES OCTOBER 28, 2010

The meeting was called to order by Mayor Dave Breunig at 7:00 PM. Present at roll call were: Mayor Breunig, Bev Anderson, Cindy Corley and Dave Gough. Absent: None. Also present were: Don Osterday, Steve Pickett, Rich Wiederholt, Bob Salmi, Jeremy Williams, Dennis McGuire, Chuck Keister, Jean Kruser, Dennis McPhail, Doug Lindstrom, Nita Burke, Jason King, Ken Harwood, Sue Torstenson and Phil Risseuw.

Motion by Anderson second by Gough that the meeting notice and agenda were properly posted. Motion carried. Motion by Anderson second by Gough to approve the minutes of the previous meeting. Motion carried.

Under new business, the following 2011 department budgets were presented for review and consideration. Copies of all 2011 department budgets were included in the agenda packet.

- Nita Burke then presented the Library budget for 2011. The proposed budget calls for income and expenses in the amount of \$203,893.47. The amount requested from the City budget is \$128,931.47, which is an increase of \$1,484.05 over the 2010 amount. This increase includes the 2.0% wage increase for all library employees authorized by Mayor Breunig. Nita explained several line item changes in her budget and answered questions from those present.
- Sue Torstenson then presented the Municipal Building budget for 2011. This proposed budget calls for total revenues of \$73,182.00 and total expenses of \$211,900.00; and an outlay account request of \$10,000.00. The total expenses are \$3,750.00 higher than the 2010 amount. Sue explained the changes from the previous year, including the 2.0% wage increase authorized by Mayor Breunig. She also answered questions from those present.
- Doug Lindstrom then presented the Park and Recreation budget for 2011. This proposed budget calls for total revenues of \$132,500.00 and total expenses of \$295,616.00; and the following outlay account requests: Swimming Pool Outlay - \$5,000.00, and Parks Outlay - \$20,000.00. The total operating expenses are \$4,760.00 higher than the 2010 amount. Doug then explained the changes from the previous year, including the 2.0% wage increase authorized by Mayor Breunig. He also explained what he plans on using the outlay requests for, and answered questions from those present.
- Jason King then presented the Police Department budget for 2011. This proposed budget calls for total revenues of \$21,600.00 and total expenses of \$447,745.29; and outlay requests of \$10,000.00 for Police Outlay and \$1,000.00 for DARE Outlay. The total expenses are \$16,760.76 higher than 2010 and include wage increases for police officers according to union contract and 2.0% wage increase authorized by Mayor Breunig. Jason then explained the budget request and answered questions from those present.
- Bob Salmi then presented the Department of Public Works budget for 2011. This proposed budget calls for total revenues of \$13,000.00 and total expenses of \$446,550.00; and the following outlay account requests: Street Construction Outlay - \$20,000.00; Street Machinery Outlay - \$20,000.00; Parking Lot Outlay - \$5,000.00; Tree & Brush Outlay - \$4,500.00; and Storm Sewer Outlay - \$5,000.00. The total expenses are the same as 2011, but it does include the 2.0% wage increase authorized by Mayor Breunig. Bob reported Gary Loken has decided to retire this year. Bob then stated he does not plan on hiring someone to replace Gary at this time. Bob also answered questions from those present.

- Phil Risseuw then presented the Clerk-Treasurer budget for 2011. This proposed budget calls for total expenses of \$130,500.00; and an outlay request of \$3,000.00. The total expenses are \$2,200.00 higher than 2010, and includes the 2.0% wage increase authorized by Mayor Breunig. Phil explained the changes from the previous year, and answered questions from those present.
- A copy of the City's 2010 Debt Repayment Schedule was also included in the agenda packet. The total interest and principal payments to be included in the overall City budget is \$158,968.03; which is \$28,493.03 higher than 2010.

Discussion was then held concerning the proposed 2011 overall City budget. A total budget worksheet was also included in the agenda packet for this meeting. All the department budget information was included in the overall City budget. The total 2011 City budget calls for total revenues of \$2,165,990.00 and total expenses of \$2,257,260.00, resulting in a net operating loss of \$91,260.00. Since we no longer have excess surplus funds to apply to the budget, changes have to be made to the proposed 2011 budget. Mayor Breunig was given the proposed budget for his review and to make changes to the proposed budget. He suggested \$52,000.00 in proposed reductions to department head outlay requests, and an \$8,000.00 reduction in the Police Department operating budget. These proposed changes reduced the projected deficit to \$31,260.00. Mayor Breunig then suggested changes in city employee benefits to make up the balance of the deficit.

After Mayor Breunig informed the city department heads of his plan to balance the budget, the department heads held a meeting and formulated an alternative plan to balance the budget. Their proposal was mailed to the Council members and given to Mayor Breunig prior to this meeting. In the department head plan, city employees offered to forgo the 2.0% wage increase previously authorized by Mayor Breunig; which amounted to a cost savings of \$11,580.00 for full time employees. In addition, Bob Salmi offered to reduce his operating budget by \$30,000.00, due to the retirement and non replacement of Gary Loken. These two recommendations total \$41,580.00; which is more than enough to cover the \$31,260.00 projected budget deficit, and add back \$8,000.00 to the Police Department operating budget. These recommendations also maintain the employee benefit package at their current levels.

The department heads also recommended 50% reductions in the following extracurricular budget outlay items: Main Street Program - \$15,000; Lafayette Development - \$12,000; and Canoe Festival - \$4,000. Fifty percent reductions in these requests would allow \$5,000 to be added back to the police outlay account to purchase a squad car; \$500 be added back to the DARE outlay; and \$10,000 to be added back to the contingency fund. Mayor Breunig disagreed with the department heads alternative plan. Ken Harwood representing Lafayette Development Corporation stated his case for continued support of his economic development work. And Mayor Breunig reiterated his stance that municipal employee benefits are better than private section employee benefits; and he feels municipal employees should pay more for their health insurance and retirement benefits. However, a copy of a survey of area municipalities showed that Darlington employee benefits are very similar to other area municipalities. A copy of this survey was included with the department head letter to Mayor Breunig and City Council.

Discussion was held concerning these proposals. Several committee members and Council members expressed their concerns and suggestions. Several city employees responded to Mayor Breunig's comments regarding their employee benefits. And other suggestions were made regarding alternative budget account reductions.

Alderson Pickett suggested the city consider a .5% sales tax on motel rooms in the city. That money could be used to pay for some of the expenses we currently pay from other budget accounts.

After discussion and consideration, it was the consensus of those present to amend the proposed 2011 budget proposal as follows:

- Reduce the Municipal Building operating budget by \$10,000.00.
- Reduce the Park and Recreation operating budget by \$2,000.00.
- Reduce the Library operating request by \$1,000.00.
- Fully fund the budget requests for Main Street Program at \$15,000; Lafayette Development Corporation at \$12,000; and Canoe Festival at \$4,000.00.
- Authorize a 1.0% raise for all city employees.
- Add back \$500 to DARE Outlay, for a total of \$1,000.
- And if there is any money remaining, increase the contingency fund.

A revised overall city budget worksheet and proposed budget advertisement will be prepared and presented for committee approval at the next meeting of this committee, now scheduled for Tuesday, November 9, 2010 at 6:30 PM.

There being no further business for this meeting, motion by Anderson second by Corley to adjourn the meeting at 9:05 PM. Motion carried.

CITY OF DARLINGTON

Philip A. Risseuw, Clerk-Treasurer