



MINUTES
CITY COUNCIL WORK SESSION
June 3, 2008

CALL TO ORDER

The meeting was called to order by Mayor Gilbert at 8:07 pm.

Present: Mayor: Randy Gilbert; Council: Sharon Henderson, Ben Goodwin, and Jim Benson

Staff Present: City Administrator: Steve Stahmer; Finance Officer: Terry Post

Absent: Sam Rettinger (with prior notice)

APPROVE AGENDA

A motion was made by Rettinger, seconded by Goodwin, to approve the Agenda as presented:

Ayes: all.

DISCUSSION ITEMS

2009 Budget Discussion

Stahmer stated that this work session was scheduled as a result of a recent budget reduction discussion held by the Council, and that tonight's work session was the first official 2009 budget work session. He stated that staff was directed to produce a baseline budget to begin the discussion, recognizing an increase to the budget due to debt service requirements of the 2008 Street project. He stated that Post had prepared a baseline budget and would now walk through the attached memo.

Post discussed the baseline budget memo and spreadsheets and noted that the baseline was based upon a "status quo" budget. Post stated that, in order to achieve a 0% operating levy increase, the City would need to find a way to save, or raise, approximately \$32,000. Revenue items, such as leasing the excess public works office space could also be pursued. Post noted that Fund 406 (the Highway 12 Capital Fund) that was originally used to fund the public works remodel, could also be used to fund any improvements needed in order to lease out the space.

Goodwin asked, given the economic downturn and difficult housing market, whether the City could simply use reserve funds in order to bridge the potential gap in the 2009 budget.

Gilbert stated that using reserve funds could help in 2009, but would only postpone the budget issue/levy increase.

Henderson stated that the City's infrastructure is very important, and that she is comfortable with a larger than average levy increase if it is to pay for needed infrastructure projects such as the 2008 Street Project.

Gilbert stated that, in his view, the levy should be held below a 3.9% levy increase similar to larger Cities that are subject to the newly imposed levy limits. He stated that he has spoken to many residents concerned about a high property taxes.

Stahmer noted that the 3.9% levy limits for larger Cities only applies to the operating/general fund portion of the levy, and not to the debt service portion of the levy.

Henderson stated that she believes the debt and operating portions of the levy should be considered separately and that Long Lake is an aging City with older infrastructure in need of replacement.

Goodwin stated that he would like to see the total levy increase be held to 5% for debt and operating combined. He would be willing to use cash on hand or look to other reductions.

Gilbert stated that he would recommend a maximum increase of 4%, debt and operating combined.

Henderson stated that she would be comfortable with an increase of 8%, debt and operating combined.

Benson agreed with Henderson that an 8% total levy increase would be acceptable, but that the increase should be clearly explained to residents in terms of the rationale behind investing in infrastructure.

Stahmer stated that, given the disparity between Council members and the lack of a consensus, staff can prepare a range of scenarios/options between 4% and 8%. He stated that recommendations can be made, and that the Council would have to weight the costs and benefits of any budget reductions or additions to determine if a proposed cut would result in an acceptable level of service, etc.

Staff will schedule the next budget work session for July 8, 2008 at 6:00 pm.

Schedule City Administrator Annual Performance Evaluation

Gilbert stated that Stahmer's annual performance evaluation is past due and needed to be scheduled. He recommended holding the review on June 17, 2008. Gilbert distributed the evaluation forms to the other Council members, to be returned to him by June 11. Gilbert stated that he would be out of town for the June 17 meeting, but he will compile the results and provide his comments in writing.

Gilbert noted that the evaluation was originally meant to be a 2007 evaluation, but that the Council would have to decide whether to make it a current review (2007 and 6 months of 2008), or just refer to 2007.

The Council agreed that, given this timing, it should be handled as a current review covering the entire time period since the last review.

Gilbert also noted that, given the lateness of the evaluation, the Council would have to determine whether or not any salary step increase, if given, would be retroactive.

Stahmer stated that City policy and practice in such situations has always been for salary actions to be retroactive to the anniversary hire date, which is when the evaluation is to occur, but policy. He noted examples where this has been approved by the Council in the past. Stahmer stated it was ultimately the Council's decision, but he would present the item consistent with this policy/practice.

ADJOURN

Hearing no objection, Mayor Gilbert adjourned the June 3, 2008 City Council Work Session at 9:02 pm.

Respectfully submitted,

Steve Stahmer
City Administrator