

**MINUTES OF A STUDY SESSION OF THE PRINCETON CITY COUNCIL
HELD ON SEPTEMBER 2, 2021 4:30 P.M.**

Mayor Thom Walker called the meeting to order. Council members present were Vicki Hallin, Jenny Gerold, Jules Zimmer and Jeff Reynolds. Staff present, Finance Director Tracy Peters, Public Works Director Bob Gerold, Community Development Manager Stephanie Hillesheim, Police Chief Todd Frederick, Wastewater Plant Manager Chris Klinghagen, Fire Chief Ron Lawrence, and Clerk Shawna Jenkins,

2022 Budget Overview

McPherson reported that staff is currently compiling information regarding the preliminary 2022 Budget. While not all of the numbers have been compiled, the Study Session is a good time to discuss the assumptions and policy changes proposed for the 2022 budget that were not included in past budgets.

Departments are also working on their Capital Improvement Plans.

Capital Improvement Plan vs Operating Budget

Peters advised that Department Budgets are being reviewed carefully to ensure that all operating expenditures are identified and included. In the past, many items that do not meet the standards of a capital investment were included in the Capital Improvement Plan when they should have been a part of the standard operating budget. Including them in the operating budget has the effects of:

1. Ensuring the operating budget is an accurate and transparent representation of the actual costs of doing business, and
2. It eliminates the need to do multiple journal entries at the end of the year.

Over time, some departments may have a fluctuating budget, due to the need to increase certain line items to accommodate replacement of items that do not meet the CIP criteria. An example of this is the standard police protective vest, which, individually cost \$1400, below the CIP threshold of \$2500 per individual item.

Insurance and Cost of Living

We will not have the health, dental, and life insurance rates prior to the requirement to set the levy, so the budget will assume a 10 percent increase in premiums. Other cities are experiencing seven to eight percent increases.

The approved union contracts have two percent COLA for 2022; this will be applied to all non-union positions as well. Scheduled step increases will also be accounted for. There may be adjustments to the pay scale once the classification and compensation study is complete.

The Fire Chief has requested an additional one dollar per hour for the firefighters for 2022, making the proposed hourly rate \$12.00 per hour.

Based on benchmarking from other communities, there will be a request to increase the election judge rates to \$12.00 per hour from the current \$10.00 per hour.

Personnel Requests

The following personnel requests will be included in the preliminary 2022 budget:

- Community Development Intern (2): Splash Park/other recreation programs and Economic Development/community promotions
- Finance Intern
- Fire Chief to ¾ time

- Technology Services Manager; an alternative to this would be a consolidation and expansion of current contracted services in this area
- Public Works seasonal staff, including an additional staff person to assist at the waste water treatment plant

In addition, Animal Control costs, while a contracted service, may increase due to the fact that the local veterinary office is no longer providing impound space and staff has had to find a new service provider (contract forthcoming for approval).

Upon approval of a change in policy, the budget would need to include a one-time increase to certain personnel costs. The Finance Director recommends a compensation payout for vacation, sick and comp-time balances to employees that moved from a union represented position to a non-union position. Past practice was to let those balances remain in the system and pay them out when the employee terminates employment with the city at their current rate at termination. Moving forward, the recommendation is to perform a one-time payout of the current employees impacted at their current rates and payout balances in the future as the transition in job classification occurs.

Budget Evaluations

Budgets are a financial guide and staff's best estimation of the future cost of doing business as a city. However, some costs can be difficult to pinpoint given market influences and inflation – fuel is a good example. Departments that are heavy users of fuel have a good handle on the number of gallons used, but there is a budget impact if the market drives prices from \$2.85 per gallon at the start of the year to \$3.25 or higher at the end of the year.

As a result, department budgets will be evaluated on the whole budget being under the approved budget amount, not each individual line item.

Programs Funded by Grants

There are programs that have historically received grant funding in order to offset some or all of the expenses. Examples include Public Safety Day, Night to Unite, Shop with a Cop, Canoe/Kayak, and Light Up Princeton. Grants are not guaranteed. In order to identify the true costs for these programs, the full expenditure will be included in the budget with the understanding that staff will continue to solicit grants and/or donations to offset some or all of the costs. If grants were not available or contributions did not cover the cost of the program, the Council can then decide if the program would become funded by the General Fund or from Wine and Spirits profits.

Other Costs

Maintenance costs for software programs purchased with CARES dollars in 2020 (OnBoard, permitting software, others) will be in the preliminary 2022 budget.

As noted previously, we will be reviewing the library cleaning contract in the hopes of reducing costs. The entire cleaning contract likely needs re-evaluation in regards to the additional services being provided as they relate to COVID-19.

Request

The Council is asked to review this information, discuss the merits of the personnel additions, and provide staff with guidance to the 2022 budget. The following is the proposed schedule as the preliminary levy needs to be certified by September 30:

September 2 – study session
September 9 – presentation of preliminary total estimated budget expenditures/revenues
September 23 – certification of preliminary levy
October 7 – study session, departmental budgets and CIP review and discussion
November 4 – study session, departmental budgets and CIP review and discussion
December 9 – Truth in Taxation meeting
December 23 – certification of final levy

Lawrence added that it could be very beneficial to do Fire Inspections with the various businesses in the city. Just a week ago they were called to the DAC for alarm going off. When they arrived, it was discovered the key in the Knox Box didn't work for the front door. Luckily it did work in another door and they were able to access the building. While they were in to check the alarm, it was discovered that the smoke detectors were over 10 years old, which is past the 10-year age limit.

J Gerold questioned the necessity of having the Fire Chief at 3/4 FT status. She asked what type of additional tasks would there be, and if the Captains and the Assistant Chief can help with some of those tasks. McPherson and Lawrence will put together a list of items and where the time is and would be spent.

J Gerold said she understands the city is growing, and we will likely need to add personnel but that should be after the growth and not prior.

Zimmer asked at what point the city would need to have a Full Time chief and on call firefighters. McPherson responded that is based on a lot of different things, such as how many calls per year, how many volunteer firefighters can respond, etc.

Commission and Board Appointment Process

There are terms across all Boards and Commissions that expire December 31, 2021. Staff would like to start the appointment process sooner rather than later. If the Council concurs, the following process would be followed:

1. Poll current members as to their desire to be reappointed (September).
2. Advertise for applicants regardless of vacancy if the Council desires to expand the quantity of applicants (October).
3. Schedule Council interviews with applicants (November/December).
4. Appoint members.

In regards to Step #4, going forward, does the Council want to appoint prior to the end of the year (there is no election in 2021, so no "new" Council in 2022) or consider changing the start and end of terms to June 1/May 31 so that appointments can occur after the start of the new year. As the terms currently expire at the end of the calendar year, waiting to appoint has the potential to leave a board or commission without a quorum.

Request

Staff requests that the Council discuss the above plan and provide additional direction as needed.

Walker would like to see them be appointed in December, as someone new coming onto the Council may not have knowledge and experience to make their decision.

Reynolds stated he would like to see them done in January if there are any new Council members coming on board after the first of the year. They would be more responsible to the voters.

Review and adjust November and December meeting dates

McPherson stated that the November regular meeting dates both fall on Federal holidays, Veteran's Day and Thanksgiving, respectively. Staff would like to confirm that Tuesday November 9 and 23 will be acceptable alternate meeting dates.

The last regular meeting in December is the 23rd. Is there any need or desire to reschedule this meeting given its proximity to Christmas Eve?

Request

The Council is asked to review the above information and personal schedules and provide direction to staff as to the appropriate meeting schedule for November and December. The revised dates will be placed on the September 9 meeting for formal approval, if consensus is obtained.

The Council discussed moving the second meeting in December to 4:30 on December 21st. Staff will bring this back for approval at an upcoming meeting.

County Tobacco Ordinance

McPherson advised that the County is conducting a public hearing September 7 regarding its tobacco ordinance. Primary changes include:

1. An increase in the legal age to purchase to 21 per Federal law – see attached LMC overview, and
2. A ban on the sale of flavored products.

Staff will be amending the ordinance to comply with the age requirement.

Staff has an inquiry into LMC to determine if the city needs to adopt the same Standard #2 or be subject to the County's ordinance in that regard. Staff does not believe so as we have adopted our own ordinance and perform our own compliance checks in regards to sales. Adopting Standard #2 has an adverse impact on sales of such products at Princeton Wine and Spirits. If proper identification checks are being conducted, these products should not be available to those under 21 from the City's operation.

McPherson provided a brief update on the bid opening for the 19th Ave Project that was done at 10am this morning. The Engineer's estimate was 1.6 million, and the low bid was 1.1 million. The Council will be asked to aware the contract at the September 9th, 2021 Council meeting.

Adjournment

J GEROLD MOVED TO ADJOURN THE STUDY SESSION AT 6:10. ZIMMER SECONDED THE MOTION. MEETING ADJOURNED

Respectfully Submitted,

Shawna Jenkins Tadych
City Clerk

ATTEST:

Thom Walker, Mayor