

**MINUTES OF A STUDY SESSION OF THE PRINCETON CITY COUNCIL
HELD ON OCTOBER 7, 2021, 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

1. Call To Order / Roll Call

2. Pledge of Allegiance

3. Information Regarding Jaycee's and Mystic Riders Snowmobile Club Donation Opportunity

4. General Budget Discussion

4.1. Discuss Potential Fee Increases

As part of the general budget discussion, staff would like Council direction on the possible increase of fees.

Airport Lease Rates

Lease rates were increased in 2020 effective 2021 to \$.18 per square foot after not being increased for many years. Is the Council interested in increasing lease rates this year or waiting for 2023 and do a regular increase to ensure consistency with the market every other year? Staff has started preliminary research with other municipal airports; calls will need to be made to determine a square foot price in many instances given that online costs are quoted either quarterly or annually. Work will continue in this regard if the Council is interested in considering this for 2022.

Walker said he wouldn't like to see an increase for this year. Hallin questioned the recent large increase in the lease rate. J Gerold added that the lease rate had not been increased in approximately 30 years. Walker suggests it be reviewed by the Council every 2 years.

Annexation Application Fee

Currently, the city does not charge a fee for annexation requests. There is nothing in statute preventing the city from charging a fee and many cities do have a fee, or at a minimum, collect a check from the petitioner to cover the filing fee at the state (per Star Holman of the MN Office of Administrative Hearings. The most expensive portion of the annexation request is the requirement to send notices by certified mail. In addition to having the petitioner pay the filing fee, it may be worthwhile to consider a fee to cover publication and certified mail costs.

Civic Center Rental Fee

In staff's review of the cleaning contract, there is a monthly cleaning fee of \$75.00. To cover this cost, staff is suggesting an increase of \$10 for general rentals and an increase of \$5.00 (to \$30.00) for civic organizations.

Library Community Room Rental Fee

Currently, there are two rental rates for the use of the Library Community Room: \$0.00 (non-profit) and \$15.00 per hour (for profit). Staff would like the Council to consider a non-profit rate equal to the Civic Center rate (proposed \$30.00) for civic organizations. Information from the Assistant Director of the Library revealed 44 non-profit reservations for January to March 2020, and in 2019, 132 reservations. Adding a nominal fee to rent the room would provide a small revenue stream to off-set some of the cleaning costs for the library.

Other Fees

Looking at the fee schedule, there are many fees that haven't been changed since the late 1990's and appear to be low, or may not cover publication and mailing cost or any staff time. For example, Mille Lacs County charges \$325 for a solid waste hauler's license while the city only charges \$125. Special event permits are \$25, yet they are reviewed by the Public Works Director, Police Chief, Fire Chief and City Clerk. Fence permits are \$25 for those under six feet and the fee hasn't changed since 1998. Staff is not suggesting that fees be increased to discourage development or residents from obtaining a permit, but fees should change based on benchmarking fees for similar services in other communities. A balance should be found between the cost of the service and the fee.

Staff is working on a fee comparison with several other cities and will provide that to the Council. The Council was in agreement regarding there being some type of fee for Annexations, as they include a lengthy process, and the City incurs a lot of fees processing them.

4.2. Consider Cemetery Fence Removal

In the CIP, there is \$35,000 identified for the replacement of the cemetery fence. In staff discussions, a question was raised as to whether a fence is really needed around the cemetery and if some form of living hedge would be more aesthetically pleasing and easier/less costly to maintain or replace.

At this time, staff would like to remove the north fence and are evaluating removal of the east fence on either side of the entrance. The south fence would remain as the Fair Board desires to have the grounds completely enclosed for security purposes.

Staff requests direction on this issue as it will modify the CIP for the cemetery.

The Council is in favor of removing the fence.

4.3. Personnel Costs & Requests

Staff would like to share information regarding budget costs related to personnel costs and requests and would like direction regarding liquor store staffing and the reporting structure.

Staff received the information regarding the increase in health insurance premiums. Premiums are increasing 8.96 percent in 2022. Both union contracts include an opener for insurance costs and negotiation meetings have been scheduled for October 8 (LELS) and October 14 (AF-SCME).

Removing the requested personnel changes (increase in on-call fire hourly rates, pay out of compensation/sick leave for staff that transitioned to a salaried position and the new/increase staff positions) plus the inflationary increases in the operating budget reduces the levy increase to five (5) percent. Staff is working together to identify where operating expenses can be reduced.

Personnel Requests

Liquor

There are no additional staff being requested for Liquor, but staff would like to discuss the following with the Council:

- Changing the organizational structure to have the Liquor Store Manager report to the Finance Director. Staff is of the opinion that this will provide more direct support to the liquor operations and provide increased oversight thereby identifying areas where costs can be reduced or streamlined thereby increasing profits.
- Changing the percentage of staff time of the Finance Director and Accountant charged back to the Liquor Fund per the above change to the organizational structure. Remove that portion of the Administrator's salary attributed to liquor operations.
- Eliminate the Assistant Liquor Store Manager position and consider a change in lead clerk position descriptions and responsibilities.

Interns

Only one of the requested interns is a new position, the one for Finance. In 2020, the Community Development budget included an intern for marketing activities, this position was included in the proposed 2022 budget. The second intern position will take the place of the Splash Park Manager and include expanded recreation program-related responsibilities in addition to assisting with the Splash Park. These two intern positions have no impact on the 2022 budget.

The Finance intern is proposed to have a \$6,000 impact to the budget. They will be responsible for data entry during the audit, scanning and filing of documents, and scanning of requested audit documents. In 2021, the City Administrator did a significant amount of data entry for the audit.

Increase in Fire Chief's Hours to $\frac{3}{4}$ Time; Increase Paid On-call Hourly Rate

The request to increase the Chief's hours to $\frac{3}{4}$ time has been withdrawn. Staff will take the time during the next year to research, track and benchmark the requested information from Council. The paid on-call hourly rate has been requested to increase by \$1.00 per hour. Staff's best estimation of the increased budget cost is \$36,500 and is dependent on the number of calls and staff responding to each call.

Technology Services Position

The city is in need of increased support in the area of technology services given the continual cyber-attacks and rapidly changing improvements in systems and software. Areas covered by technology services include, but are not limited to:

- Website management
- Email management
- Security cameras
- Computer infrastructure replacement planning & budgeting
- Malware attack prevention

- Security cameras, city wide
- Voice over IP phone system, city wide
- Copiers
- Police department infrastructure maintenance and upgrades
- Software selection and implementation (finance)
- Staff training
- Monitoring of technology trends
- Procurement of technology cost-effectively (cameras, computers, laptops)

In order to accomplish this, staff has identified two options:

1. Full-time staff position, included in the proposed 2022 budget at \$90,000 (salary, benefits, PERA) which after further evaluation would likely be closer to \$70,000, or
2. Expand the service contract of the Police Department's technology service provider to include City Hall and the Liquor Store in lieu of the current service provider.

The Police Department currently budgets \$10,000 per year at \$50.00 for technology services. Staff would propose, if option 2 is desired, to budget \$20,000 for City Hall. As part of the expanded service contract, staff would identify priority projects and what problems get first priority. Specifically, the Finance Director will need a technology consultant as potential finance software packages are identified to determine the hardware and server needs and to identify the tasks for implementation of the same. The proposed \$20,000 would be a \$15,000 increase over the current budgeted amount.

Walker asked what the current contract costs per year. Peters responded that it is \$5000 per year. J Gerold added that all of the other contracted IT services could be removed with a Full-Time IT person on staff. Peters added that some of that would also come out of the Liquor Fund.

Payout of Comp Time and Sick Leave

As discussed, this affects those employees who transitioned from a non-exempt to an exempt position. The total amount to be paid is approximately \$38,000.

Peters stated that she is not in favor of using cash reserves on recurring charges, but this would be a suitable use. The affected employees could have an option to take them this year, or next.

4.4. Budget Review Schedule

Staff proposes the following budget review schedule:

October 7 – review and discussion of general budget items

October 14 – review of Capital Improvement Plan requests and the Liquor Enterprise Fund budget

October 24 – review of General Government budgets

November 4 – review of Fire and Police budgets

November 9 – review of Public Works and Wastewater Enterprise Fund budgets

Adjournment

ZIMMER MOVED TO ADJOURN THE STUDY SESSION AT 6:11. HALLIN SECONDED THE MOTION. MEETING ADJOURNED

Respectfully Submitted,

Shawna Jenkins Tadych
City Clerk

ATTEST:

Thom Walker, Mayor