
MEMORANDUM



TO: Mayor Walker and Councilors
FROM: M McPherson, City Administrator
SUBJECT: **General Budget Discussion, Personnel Costs & Requests**
DATE: October 5, 2021

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 (AFSCME).

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.

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.