

CITY OF GILBERT
MINUTES OF BUDGET WORK SESSION MEETING
WEDNESDAY, OCTOBER 7, 2015
COUNCIL CHAMBERS

Mayor Kutsi called the meeting to order at 6:00 p.m.

Present: Mayor Kutsi, Councilors Pontinen, Skalko, Bol and Liimatta.

Absent: None.

Staff Present: Police Chief Techar, Public Works Operations Director Lautigar, Library Director Miller & City Clerk Sakrison.

Mayor Kutsi led the audience in the Pledge of Allegiance to the Flag.

The purpose of this continued budget work session is to work on the 2015 preliminary tax levy. This is a Budget WORK SESSION. No action can be taken at this meeting.

The PRELIMINARY LEVY, and that is what it was, PRELIMINARY was set at 10%.

The Council is meeting to discuss the budget. They will work with staff to get to the final budget numbers. The Council will need to prioritize needs. The things that need attention are not going to go away, nor are they going to get less expensive.

Some factors as to why the budget needs to increase include:

- The health insurance for departments supported by the levy increased \$43,937.
- Wages & retirement costs for personnel supported by the levy increased \$33,565.
- An additional \$5,800 will be due on the fire department vehicle loan.
- Debt service for the 2012 bond for 2016 will be \$117,000.
- There are long overdue capital needs that should be addressed, such as the electrical panel in the public works garage that is leaking water, the A/C units and furnaces in City Hall, the back stop at the Community Center, the auditorium floor at the Community Center, potentially upgrading the street lights on Broadway to LED's.
- This budget does not even begin to address some of the very critical deficiencies with the public works equipment & vehicles due to the age of the equipment nor does it have anything for upgrades to park and playground equipment in the parks.
- The IRRRB has also changed its grant process, so if communities apply for grants, the communities have to have MATCHING funds that can be contributed to the project, so money has to be budgeted to continue making improvements to the city's aging infrastructure.

Library Director Miller reported the following:

- Has been cutting back on books.
- The circulation computer & notebook computer need replacing, they are wearing out.
- Salaries & health insurance are increasing.
- Currently the Library is requesting \$132,980 and the City currently has \$103,500 budgeted to keep them in the Arrowhead Library System.

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Kevin Fahey stated that he has lived in Gilbert most of his life, and that the Library is one of the few jewels left in the city. The Library provides services to the community that no other entity provides. Cultural additions are unappreciated. The Library needs to be funded. The Library has funded capital improvements to the building, no other department has done that. He urged the Council to look somewhere to fully fund the library and not take away the one thing this community has that brings culture, education and services.

Councilor Bol agrees with Kevin Fahey that the Library is an asset. He doesn't believe the current RE tax system is fair. He believes a flat tax would be more fair. We have to figure out a way to promote Gilbert as a place to build homes and bring in businesses. He is not necessarily against the levy, but believes a more creative way needs to be found to fund everything.

Councilor Pontinen stated that last year's levy averaged to be a 12.2% across the board. Tax increases are killing this community. Unacceptable tax increases. He would like to put on the agenda for the next meeting a resolution to form a Tax Budget Committee to assist the City Council.

Mayor Kutsi asked about salaries at the Library. Miller stated that it is a 2% increase for staff. Councilor Pontinen then stated that maybe the Library should ask for donations from the patrons that use the Library. Miller stated that Libraries are tax supported and tax funded.

Councilor Liimata asked about new DVDs, should we be the free version of Blockbuster. This is something that libraries have been doing for years. Have also cut back on Blu-Ray purchases.

Mayor Kutsi would like to add to the utility bills that if people would like to round up their utility bills to fund programs that could be an option.

Chief Techar recapped the history of the police department's transactions.

- Has decreased due to merger with City of Biwabik. 12 hrs/day of patrol car in Biwabik.
- Patrol cars. Currently run 3 marked Dodge Chargers as squads of they are the cheapest model car that can be purchased, one unmarked car and an 85 Blazer. They put approx. 60,000 miles/year on primary car. With merger, additional coverage area went from 5 miles wide to 20 miles wide, cars are shot at 125,000 of 135,000 miles.
- Techar described vehicle rotation.
- Technology costs have increased dramatically, \$20,000 to outfit a new squad.
- There are 19 bars in the jurisdiction. The call volume between 2:00 a.m. of 8:00 a.m. of 464 calls during 1/1 to 9/20, 2015.
- Average 2 traffic stops/day, not enough staff to cover calls & traffic.
- May be able to trim animal control with new contract. Cannot transport animals in squad cars.
- Discussed cliffs and what does Council want to do?
- Prostitution increases during winter once ore boats are docked.
- Drugs are still a problem in our communities.

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Al Olsen asked about consolidation of departments with Eveleth. Chief Techar stated that if merged with Eveleth, Biwabik would leave so that savings would disappear.

- Technology is getting out of the Chief's control.
- Offered ride alongs to anyone interested. Will update their Facebook, and the City's website more often.

Al Olsen stated that more information should be on the City's website. There are no contracts on the City's website, and no rate schedule on the website. He quoted a sentence out of a paragraph off of the Evanston, IL website "strive to promote transparency in all operations by providing as much data possible through their websites".

Mayor Kutsi agreed with Mr. Olsen that agendas, meeting minutes, etc. should be uploaded to the City's website for public viewing.

Al Olsen asked if the City of Gilbert's tax rate is the highest in St. Louis County. Councilor Pontinen insists that Gilbert is the highest tax rate in St. Louis County of cities with a population over 1,000. Al asked what the rights of the citizens are to stop any tax levy above 0.

Beth Milos spoke about the police department and stated that the police budget is reasonable, and that the police department is a necessity. Milos stated that if the city would quit spending the police department wouldn't have to cut budgets.

Mayor Kutsi stated that there is no money set aside to fix the aging infrastructure. This has been a problem for 30 years.

Councilor Pontinen has been working on budget cuts, and came up with \$387,000 in possible cuts without touching the police department or library.

Milton Lurfald spoke about increasing utility rates and that business owners can't afford utilities & increased costs.

Public Works Operations Director Lautigar

- Worked with City Clerk Sakrison and cut about \$45,000 out of their budget compared to last year.
- The Florida Avenue project is taking some of the public works money.
- Their equipment is older, runs good for now. Skidsteer is 16 years old.
- Buildings are the biggest issue. At the garage there is a leaky roof, would cost \$55,000 to repair. And at the Garage water is dripping in electrical panel, would cost \$26,000 to update.
- The Community Center back door doesn't open all the way in the winter, this would be \$10,000 - \$20,000 to update.
- The hockey boards need to be fixed, they are in bad shape. This is a busy place in the winter.

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- Needs about \$5,000 for pea rock at the playgrounds.
- Looking at LED street lights. Each light is \$170 + 2 hours of electrician's time for installation.

Mayor Kutsi spoke about a donation from the Centennial Committee of \$10,000 with a match of \$10,000 from the city, but got lost in personnel changes. Kutsi is trying to budget \$5,000/year for 2 years to recoup this loss for the playgrounds.

Beth Milos stated that she feels three people working in the City Hall office is enough. Asked about the cameras on Main Street.

Steve Peterson stated that the technology for the cameras needs to be updated.

Beth Milos wants staff to show what everyone's job title is and what they do to justify their position.

Public Works Operations Director continued:

- Lawnmower at the Cemetery has been down and needs to be replaced (it is a 1997 model). This is not in the budget. A new one would be \$17,000 (Toro), a Demo 1 year old model would be \$12,000. Has been borrowing the campground mower to mow the cemetery. Lawnmower has been in the shop for a month.
- 50 lots were added to the cemetery, 10 have been sold.
- Money is also being used from the cemetery for unforeseen problems on the Florida Avenue project. This project has already been held off for 2 years.
- Do we take the money out of the cemetery and hang a "no vacancy sign"?

Beth Milos asked where is our sense of community. Need volunteers, think outside of the box. The City needs to start telling the citizens what they can do to help by volunteering. Use summer work crews, get the teenagers to help and keep them out of trouble.

Councilor Skalko discussed using summer help, and the committees. An economic committee was started 3-4 months ago, and it has just gone away, no one is meeting. Milos stated that she met with Jason Metsa, and she has met with Mike Peterson and they have tried to get others to meet, but people are busy and don't have time. Committees are needed so that the Council can get input from them, to avoid where we are at now with people yelling, screaming & disgruntled.

Councilor Skalko also stated that projects will be stopping themselves. To get funds we need to match funds, dollar for dollar. There is money available out there, but only as a low interest loan. People need to step up to the plate and get involved. Everyone says they want to, but no one does.

Councilor Pontinen's budget cut ideas: (\$387,000)

- No secretary for office - 68,500
- No summer help - 20,800

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- No pay for council ó \$9,600
- 10% from various expenses
- Move Public Works Operations Director Lautigar's wages to electrical ó and pay through electrical dept. - \$100,000
- Substation ó \$50,000

Public Works Operations Director Lautigar stated that to replace the main substation is would be about \$750,000.

Ryan Salo asked about the city sewer and Differding Point/Fayal Sewer and they gave Gilbert money to upgrade our system. Public Works Operations Director Lautigar stated that \$1.4 million was put into the sewer plant. Sewer plants are not cheap.

Councilor Bol asked about a benefit of a diesel lawnmower. Public Works Operations Director Lautigar stated that it lasts longer, and uses less gas, it just has a higher upfront cost.

Councilor Pontinen asked about contracting out lawn mowing and if it would be cheaper? Needs to be looked into.

Mayor Kutsi feels that they should be able to set the levy at 4%.

Councilor Bol thanked everyone for coming and hopes that people continue to come to meetings.

Mayor Kutsi stated that citizens should contact state representatives and ask about tax rates, and why people that have newer houses/cars get charged high taxes.

Councilor Pontinen contacted Duluth regarding their fees. They have 41 pages of fees.

A meeting is going to be set up with the state/county to understand what fees/options can be assessed.

Beth Milos asked if they are currently looking for an office assistant. City Clerk Sakrison stated that they are not advertising for one yet, as they are working with the Police Department for a job description so that they could split this position. Milos does not understand how other cities of similar size can work with 2 office staff, but we can't. Milos stated that maybe instead of getting summer help they could get volunteers. Milos also stated that fees should be assessed if our taxes stay the same. Milos also stated that maybe a neighborhood watch should be put together. Money should be set aside for replacements. And start utilizing people in the community to get things done.

Councilor Bol stated that he agrees that the Library is an asset and that it is hard for new businesses to come to town because of taxes. Community involvement is a great idea for the city, sweeping, mowing, weed whacking, picking up garbage. Cliffs could be a money making business, maybe have a uniformed person at the cliffs or a volunteer to help out, could knock-out

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underage drinking and theft, and prostitution. Put up coin operated lockers to help pay for this, or \$5 parking fee, free-passes for community members. Gilbert could be a destination with a hotel, and enjoy the OHV park & cliffs.

Councilor Pontinen stated that the cliffs are a huge liability to the city. Should be temporarily closed down to make it a safe area.

Mayor Kutsi met with city of Eveleth & town of Fayal about consolidating governments to pool all of the resources and become one. Could consolidate sewer districts. State even wants to know why the three communities don't consolidate. They will be putting in for a grant for a feasibility study. Would it cost more to be consolidated then what we pay now? Need study to find out information. Also urged all to contact your legislators, we are competing against paid lobbyists for the big cities.

City Clerk Sakrison pointed out a worksheet that all had a copy of about the Tax Capacity Composition, and that 60% of Gilbert's property taxes are paid by Homestead tax payers, vs. non-homestead, farm, commercial/industrial, and other.

A citizen spoke that had moved here from Arizona four years ago, and said what a shame the town of Gilbert has become. That property taxes and utility rates are more here than where she came from, and that their family is moving out of Gilbert regardless of what they decide to do because she isn't going to put up with it anymore. Feels that electric meters are estimated.

Another citizen also spoke about utility rates and that since her husband passed away her bill did not go down much and she shut everything off. She can't afford to stay where she is, but she feels like she is not a wanted person in Gilbert.

Councilor Liimatta stated that a 4% increase for a levy with an increase in fiscal disparities would result in an overall decrease.

Mayor Kutsi stated that retirements and health insurance went up last year, and this is nationwide for health insurance. Some retirees have lifetime health insurance, maybe we could sign them up for Medicare and that would help reduce some costs. City Employees did go under a VEBA plan. Contracts are up next year.

Motion by Bol, second by Skalko to adjourn the meeting at 8:16 p.m.

Debra Sakrison, City Clerk

ATTEST:

Robert Kutsi, Mayor