

anything going on. Davis said it was his understanding from finance committee that we went over the historical part of this from last year and that you wanted to see those reductions made this year. He said he didn't know that there was anything specifically agreed upon that he was aware of. Davis said this proposal, and it is just two alternatives, there are others we can consider. Boyer said again, he is not going to be supporting this budget, so he feels his opinion is kind of irrelevant.

DeRoche said so what are our options. Davis said the two options we sent to you were number one, reduce building official salary by 20%, require him to comply with the original terms of his employment and obtain his septic certification and eliminate the administrative support position. He said the second option is to reduce the building office salary by 20%, reduce the building inspector salary by 20% and eliminate the administrative support position and require the building official to comply with the original terms of his employment and obtain his septic certification. Moegerle asked if we reduce this by 20% are we furloughing them so they are working four days a week or six hours a day or how is that plan going to be. Davis said his recommendation would be to have them work four days per week.

DeRoche asked Boyer if he recalled the stipulation with Martin that he had to get his sewer certification, did that ever come before Council. Boyer said yes and that was brought up in the last Council meeting discussions, whether it made it into the meeting minutes or not, he does not know. He said but Council was well aware of this and this was considered when eliminating the position. Moegerle said and he is earning \$85,000 and the nearest one she can find from the League of Minnesota Cities is \$79,000 so that plus not having the septic certification, doesn't sit well with her. She said that is a tough situation being at the top of the pay scale and not having the top of the qualifications. Lawrence asked Boyer's opinion on that. Boyer said when Council hired Martin it was everyone's expectation that he was going to, that it was just a matter of months to acquire. He said it is not an especially onerous thing to get. Moegerle said it is an open book test. Davis said according to Martin the reason he hasn't taken test is after he was hired the training budget was taken out and no monies were approved for him to take the classes that were required to sit for the test. Boyer said he doubts that was true, but he won't swear to it. He said often at the very end of the budget cycle Council would find another \$25,000 and leave it to staff to do so and he knows Davis has gone through those. Boyer said but usually you would come up with your share of it.

Davis said so Boyer your proposal would be to eliminate one of the positions, is that the position of building official or building inspector. Boyer said building inspector position. He said and then give the building official a set time to acquire the septic certification. Moegerle asked like six months. Boyer said yes. Lawrence said the issue with six months is there may not be classes available for that test. Davis said we would have to determine what he needed and make the schedule concur with that. Boyer said he would give two class offerings if there was one a month for the next two months.

Moegerle said just so we be sure we kick this around, as far as the building inspector's qualifications, on paper, does he have all the qualifications that our building official job description needs. Davis said he does, he has his building official certification. He said both the building official and building inspector are certified building officials. DeRoche asked total budget responsibilities are slightly over \$265,000, what is expected to come in. Davis said this year we projected \$105,000 but if we go with the funds we have received and project to the end of the year it will probably be more like \$77,000. Lawrence asked do we have any more new housing starts. Davis said we had issued one permit for a new housing

start and Martin did inform me we might have one more on the horizon, other than that we have no proposals at the time for any new residential or commercial construction.

Boyer asked Pierce know we are supposed to equal fees and costs, summer and spring, but can you carry costs over from year to year. Pierce said yes, she is not really up on this, but believe we are also restricted by the state rules on building permit fees. She said we can't charge what our costs are. Boyer said but you also can't charge more than what your costs are. Pierce said correct. She said we have to do an annual report to the state of our annual building permit revenue and our costs and there are years when times are good when all cities brought in abundant permit revenues but in the last few years of course permit revenues have not been covering costs.

DeRoche asked what is pay difference between the building inspector and the building official. Davis said the total with wages and benefits is about \$31,000. Boyer said but you have to have a building official. Davis said yes, we are required by statute to have a building official. Boyer said so if you got rid of Martin you would have to give Sackey a raise to be the building official. DeRoche said this is just something he has been beating around in his head, and he did talk to Mike down at the state and how can we justify the amount of money going out in that department and not coming in. Lawrence said he thinks that is why this is on the table for discussion. DeRoche said no matter what we do someone is not going to like it. Boyer said he don't like it either, he doesn't like laying people off. Lawrence said but we don't make work for people.

DeRoche asked how does our building official salary compare to other cities. Davis said for cities in the 10,000-15,000 population range, ours is the highest paid. Moegerle said she has the statistics from the League of Minnesota Cities, for metro cities 10,000 to 15,000 population, Hugo is \$78,285; North St. Paul is \$78,873; Vadnais Heights is \$68,972; and East Bethel is \$84,468. She said there is a building official opening in Owatonna and the range is \$58,946 to \$65,494. DeRoche said so we are slightly higher. Moegerle said we are \$6,000 higher than the highest. She said they have for the un-aged average of \$77,650 and aged average, whatever the difference may be is \$79,864. Moegerle said so one way or other we are a minimum to \$5,000 to 6,000 higher than everyone else, than actual. Boyer said but remember to, we expect our building official to do code enforcement. Davis said and there are a few other duties that Martin handles in planning to, he does some review stuff, he does crossover a little bit out of building department duties. DeRoche asked what are Sackey's skills or certifications. Davis said Sackey has all the certifications that are required for building official and septic design certification; he has all the certifications that are required of a building official. Moegerle asked can he do all the duties that Martin currently does. Davis said that is a question that one can only answer after he performed the duties of the job for a while. Lawrence said he would think the answer would be there are job duties that Martin does that Sackey does not do yet. He said that is not to say that Sackey is not able to. Davis said currently there are things that Martin does that Sackey does not perform.

Moegerle said let's talk about the receptionist which is a little bit more of a change. Davis said personally he thinks a receptionist is one of the more important positions you can have as a City, which is always the first face that people see when they come to the City. He said personally he would like to have a full time receptionist it would eliminate a lot of scheduling problems that we have with staff personnel now. Davis said it is somewhat detrimental to their workload when they have to transition from their regular duties to the receptionist. He said also with the full time receptionist you have the continuity of a contact and the information that is given out to the public. Davis said as it stands now we may have

three different people performing the duties and they all have their own styles and maybe slightly different ways of delivering information. He said sometimes that can be misleading or confusing to the public. Davis said this person as he envisioned it would have certain other clerical duties, help with recycling program and perhaps do some clerical work as it relates to permit issuance for building department. Boyer said he has something to ask, because he hates losing institutional knowledge. He said he assumes there is a pay difference between the receptionist and administrative support for building department. Moegerle said yes, \$15,000.

Boyer said the next question is probably the \$64,000 question, what is the minimal amount of labor that the building department can function with. He asked can they function if suddenly we just have a building official and no clerical staff. Davis said if we just had a building official he thinks whoever does the receptionist duties would have to assist with some clerical duties. He said eh has discussed this with the building department and Martin's opinion was we could function without the administrative support position. Davis said Martin indicated to me that his recommendation initially that the administrative support position wasn't needed. He said this was with the thought that there would be a building inspector. Davis said if it is just one person then there would have to be someone to lend a hand with some of the clerical duties there.

DeRoche said out of curiosity, with the way things are right now what is the time spent on. He said he is not a building official, not a building inspector, he has no clue. DeRoche asked are buildings being inspected, well we are not building, are remodeled's being inspected. He said he hates to get back on this, but one of the minimum qualifications was a MPCA certification as an ISTS designer I or ability to obtain certification within one year of employment, thorough knowledge of applicable building, mechanical and on-site sewer systems codes, as well as relevant codes such as ADA, CDC, etc. Ability to interpret and apply these codes and laws. He asked is that what we have right now. Davis said it is, he doesn't think there is any question about Martin's ability to interpret codes or knowledge of codes. He said the issue that we have discussed is the issue that he hasn't obtained his septic certification. Davis said to give you an idea of what they are doing in the building department there have been 187 permits issued this year. He said only one is for a new single family construction, these range anywhere from roofing projects to deck additions to remodeling to septic system changes. Davis said we are averaging about 20-25 a month. He said the receptionist takes in about 314 calls in 15 days and we average about 20 permits a month. Davis said that is what the walk up business is, in addition to inspections and code enforcement. Boyer said he had a building inspector license at one time, never worked in that job. He said the ISTS certificate is fairly recent for doing sewer and septic, maybe seven or eight years ago. Davis said he thinks that is accurate he is not sure of the date. He said one of the reasons it is place now, is we have to submit an annual report to the PCA on what we are doing with our septic issues. Davis said and the PCA has mandated that this report be done by a licensed ISTS designer. Boyer said there were a lot of people in the building trades that were pretty upset about this. He said because now you created this whole industry where homeowner had to pay \$200 to get a design for septic systems that you could get off the internet for nothing and suddenly you were paying \$200 for someone to put their stamp on it. DeRoche said he doesn't think we should be coming up with ways to make money off of people to fulfill the budget; he has a real issue with that. He said he has been going to a lot of cities and the first person you talk to is the one at the desk; it kind of says what your City is all about.

Moegerle said where she would like to go to is we keep talking about the building

department and that is not correct. She said we have a community development department with a building inspections division and a planning and zoning division. Moegerle said we are forgetting that we also have an administrative support person in planning (Steffen-Baker), well paid support position within the community development department. Moegerle said she sees here where we can get more work for this administrative support person and have her cover this, is this what staff is anticipating. Davis said he hadn't anticipated that, he thinks the administrative support in community development can help out when needed. He said we would anticipate this position to have a lot more responsibilities in keeping up with the economic development projects, but she would be available to pitch in with work as needed, if the situation arose. DeRoche said again until things start rolling, and at which time we do and we get swamped we can always look at bringing someone else in. He said but until that happens, we are still paying people. DeRoche asked what does this administrative support position do, is it planning and zoning, he has no idea. Davis said she is the administrative assistant to the planning and zoning division. He said she assists the planning with zoning activities, planning activities, she does the clerical work and she is the part time receptionist right now. Moegerle asked when the building department administrative support position was created. Davis said the current person replaced someone that was previously in the position, so it was not created recently. Was abolished June 30th. Davis said patty's position has been around for quite a while.

Boyer said he wants to propose that we take \$10,000 of the building official's salary until he gets his septic certification. Moegerle asked and when he gets his certification would he get all of it back, or does he just get \$4,000. Boyer said all of it back. He said and then he would eliminate the building inspector and the administrative support position assumes the duties of the receptionist along with the current duties. Boyer said he knows then you are overpaying the receptionist, but then you maintain the institutional knowledge and what we have invested in training this person. Moegerle asked doesn't Sackey have more institutional knowledge is the first point; he has been here longer than the administrative support person is her point. She said and second supposing that Martin can't pass his test or doesn't choose to take the test for whatever reason. Boyer said then that becomes a discipline issue. Moegerle said but then we have a built in building official that has all the qualifications. She asked what does Martin say about the idea of eliminating the building inspector. Davis said in his discussion with Martin, he said he felt they need the building inspector and felt they could run at a reduction of 20% and that is how we came up with those numbers, cutting 20% and without the clerical support. Moegerle asked we just unitarily cut his salary but \$10,000 or is that an issue with the union. Davis said Martin's position is not a union position, so that is not an issue, Sackey's position is union. Lawrence said Sackey could take a reduction in time of 20% and we wouldn't have an issue with the union with that. Davis said he has already addressed this situation with the union. He said the reduction in times is purely budgetary.

DeRoche asked how much of a difference would that 20% in time really make. Boyer said he thinks what he suggested would save roughly \$93,000 a year. He said and a 20% reduction of the two salaries together is about \$40,000 and then the \$10,000. Lawrence said the other option would be to eliminate all their positions and subcontract this out. Davis said that is another option, but what we lose there is we do have a lot of walk up business. Boyer said the people that subcontract don't get really good service. Davis said what would happen then is the residents would have to make appointments to come get their building stuff; we get 20 calls a day and issue about one permit a day. Boyer said and we would still have the code enforcement issues. Davis said he would not recommend totally gutting the building department, think we need to retain at least some of those services. Lawrence said

this is something that is out there and he knows people are doing and he wanted to toss it out there.

Moegerle said she likes the idea of like the idea of cutting \$10,000 and then making the decision later of what to put back, as the short term with regard to Martin. She said the 20% furlough for Martin and Sackey she can get behind, she still needs more information on the administrative support position and is that something we can just eliminate then, they feel comfortable with not having that support dedicated to them. Davis said that is correct. Boyer said but then you are still hiring a receptionist and not saving that much. Davis said it is a small savings, but he thinks you are getting a dedicated person. Boyer said he is not opposed to that idea, what he is opposed to is investing time into people and then having them go. Moegerle said she appreciates that but she has heard the receptionist talked about as being the face of the City or the face of the business and that this is the contact person and sells the City. She said and certainly the administrative support person can apply for the receptionist position. Boyer said he was coming from the position that sooner or later we will need an administrative support back in the building department and it would be a lot easier and cheaper to slip them back in there.

Moegerle asked with our current situation, does the administrative support do some of the receptionist duties currently, is that shared at this point. Davis said the receptionist position is shared between the building department administrative support and planning department administrative support, they alternate, four hours a day at the position. He said if both of them are off then it is shared among the accounting technician, or deputy clerk, finance director, or even he would sit out there. Davis said there are occasions when they are both off, not a lot, but some. He said and if only one is here then we have to give them breaks during the day and fill that with other people. Davis said the thing about it is a lot of people have a problem transitioning between both jobs. He said there are certain things you can probably do both there, but it probably leads to less productivity. Davis said he understands Boyer's point, one of these things where there is no easy or good answer. Moegerle asked if the current administrative support person had experience in a building department before coming here. Davis said not to his knowledge, she had experience in asphalt company and a little experience in City environment.

Moegerle asked has the building official considered the effect the 20% for both him and the building inspector and is he completely satisfied that if we did that and the administrative support position was eliminated that the building office division would continue. Davis said that is correct, he feels like it will continue with the same level of service and they can still operate efficiently. He said that is from his discussions with Martin, Martin is aware that Council is considering reductions in his department. Davis said the 20% is not edged in stone, it was just something that was discussed and he is aware that it could be different than that. Boyer said why he struggles with doing it that way, is you are paying the building official to do the administrative duties, because the administrative duties aren't going away, someone still has to do them, and at the very least you are paying the building official to do them who is way more expensive than the administrative assistant.

DeRoche said if we were really booming, and development was happening and these guys were running their tails off how the heck would we even survive. He said it sounds to me like now their plates pretty much full, what would happen if things really picked up. Davis said it is like everything else, if things really picked up we would have to look at putting an additional person on. He said hopefully we will be faced with that situation sometime in the future. Moegerle said and hopefully we will need another support person in economic

development and then community development will have another full time employee. Davis said an answer to your question about having the highly paid building official do clerical work, he would probably be doing some, but we would look at these slow times that the receptionist could help out.

Boyer said and from his memory Sackey does not have any inspection experience in commercial buildings. Davis said he is not sure about that. DeRoche said we are not in a situation that people are just doing things to justify their position. Davis said no. He said but in terms of what the department is doing, we could function with at least one person. DeRoche asked do any complaints come in on these guys. Davis said on both, just like any other employee. DeRoche said whoever is here has to be able to work with people and it can't be done selectively. Moegerle said she is looking at the job descriptions and none of them require commercial inspection experience. Boyer said we don't need them to do hospital's and school's all that stuff goes to the state, but basic Target or Wal-Mart, and there is a big difference in electrical and mechanical. Moegerle asked has Martin talked about any other ways to reduce his budget other than this. Davis said if you look at his budget, there really isn't anything else in there. He said this department is 90% wages.

DeRoche said he hates to ask anyone to take concessions, but we are kind of up against the wall. Boyer said the only other thing he wants to throw out there is if you cut peoples time by 20% that means they probably are going to try to get employment for that time. He said and that is not necessarily a good thing. Boyer said you could go to work on a sewer job for a municipality. He said and at the same time at your City job, you are suddenly expected to be inspecting it. Davis said it is part of the personnel policy that anyone that takes secondary employment seeks permission from the city administrator. Davis getting back to the proposals he presented, he was trying preserve the integrity of the department, to keep it running smoothly and efficiently and try to minimize the impact of layoffs as much as possible and still produce some savings that would hopefully reflect attitudes and desires of Council.

Lawrence asked have you gone over this information with Martin about the reduction. Davis said yes he has. Lawrence asked and he is okay with this. Davis said he understand the situation his department is in. He said understands Council has and is seriously considering this for this year, so he is well aware that there is more than likely going to be some changes. Moegerle asked how soon the reduction in force could occur. Davis said this is something that would have to be approved by Council, and you cannot approve anything tonight so it would have to be done at the September 7, 2011 meeting unless you want to call a special meeting. Boyer asked how long notice do we have to give. Davis said he doesn't think we have to give 30 day notice, sometimes if relieving an employees, it is best if you relieve them and just let them go that day, give them time to clean out their personal effects and would recommend if elimination is involved at least 2 weeks severance. Council was unanimous that two weeks severance should be considered. Boyer asked are we self insured for unemployment. Davis said yes. He said if there was a reduction in time, those employees would not qualify for unemployment. Davis said but if you eliminated the administrative support position, then the exposure to unemployment insurance would be a minimum of \$10,894 and probably a maximum of \$16,239. Boyer said what you are saying about the furlough might not be true; we just went through this with the state.

Lawrence said so the option before us is a 20% reduction to the building official and building inspector, eliminate the administrative support position and create a receptionist position. Boyer said basically the unemployment exposure is the same no matter what we

do; eliminate the administrative support position or the building inspector. Davis said that is correct. Lawrence said this is just a reduction because of lack of work. DeRoche said he has been in jobs where there were certain qualifications you had to meet and if you didn't meet them within a certain amount of time, you were gone. He said he is not sure about the government sector, but in the private sector if you needed the qualification you paid for it as part of your job unless it said otherwise, as part of your certification that you need to him you have to have it. Moegerle said and she understands the personnel file does not say the City would pay for it, understand there is a reimbursement policy. Davis said the City does have a reimbursement policy for classes, but generally the City has paid for classes that contribute to an employee's knowledge or acquirement of licensure. He said we did this with the sewer treatment plant operator.

Moegerle said she can understand paying for continuing education and maintaining certifications, but this is a requirement of his job and a qualification and reimbursement of it, she has a hard time seeing that as being an appropriate payment. DeRoche asked Boyer if you went to work for the state and there was a certification that you had to have and you didn't get it, what would the state do. Boyer said he doesn't think the state would have hired you to begin with. He said if that was a condition of employment that is one thing. Davis said it was made a condition of employment it stated within one year. Boyer said maybe it is true, but he would be hard pressed to believe the training funds were not available for the price this costs for that course, don't think it is very expensive. He said that is why he likes the idea of taking money away from salary until it is done, there is an incentive, either do it or the money is not coming back. Moegerle said he has been paid as a fully qualified building official for years and he hasn't been, that is ethically questionable to her.

Davis said there is one other consideration, if the building inspector was eliminated and the building official kept as it is we would have to contract out for septic license work. Boyer asked how many permits have been involved with this, can't be many tends to only be new houses. Davis said what we have is issues with septic replacements that are associated with new construction, remediation stuff; anything that involves a septic system now the person with the license is required to handle that. Boyer said he agrees, but it is probably 5 or 10 out of all our permits. Davis said he would say it is probably 25% of all our permits.

DeRoche asked (for example) who has been working the sewer systems in the beach. Davis said Sackey has to anything that has to do with design work, remediation, work anything that has to do with the septic systems, Martin can go look at them, but he cannot sign off on them. DeRoche said so if we eliminated the building inspector, we would have to pay someone else to do this. Davis said correct, to sign off on and perform the work. Boyer said but we could probably pretty easily contract with another City to do this. DeRoche said but then you are going from the experience that Sackey has in the field, he has experience doing it, he knows what is going on, now Martin comes in and is a newbie. Davis said he is not sure what the level of experience in septic is, the big difference is Sackey has his certification.

DeRoche asked is code enforcement being used to answer complaints or going around to look for things to enforce. Davis said to answer complaints; we are not a Council or City that is picking on people. He said if they see something obvious they will investigate it. Davis said but until a complaint is called in, they are not going out and looking under rocks to find things and try to create an issue where one doesn't exist. Davis said he is sure there has been and hopefully there won't be too many, but there are probably people that complain about me. He said this is not an easy decision, this is a tough one and anytime you are

dealing with personnel, it is always compounded by the fact that people's lives are affected and it's a very difficult decision. Moegerle asked so what work we have would be too much for one person. Davis said he thinks at this time to eliminate two positions would be going a little too far. He said if we are at this point next year and in the same recessionary climate we are now, maybe it would be time to look at a further reduction.

Boyer said the question is fairly simple, either going to go with two building officials or a building official and an admin support person. Davis said that is correct. Lawrence asked so the receptionist is at a Grade 3, gross wage of \$33,000. Davis said what kind of skews that is the cafeteria contribution. Lawrence said his opinion is reduce the building official and building inspector 20%, reduce the building official \$10,000 until he gets his certification and eliminate the administrative support. DeRoche asked but what happens then, it goes right back up. Moegerle said not automatically. DeRoche said he is looking at this from an economic standpoint and going back to what Boyer said, get rid of the highest paid. Boyer said financially it would make the most sense. Moegerle said but think about what we have invested in Martin so far. Boyer said he is not saying it makes the most sense other ways. He said to him it doesn't make sense to have the two building officials and eliminate the admin support because then we are paying the building official to do admin work. Moegerle said but on the other hand the admin support can't do building official work. Boyer said but on the contrary you are saving the institutional knowledge of the building inspector. DeRoche said we are paying our building official over \$113,000 and he has a hard time doing that. Boyer said but that is benefits and everything.

Boyer said he doesn't want two building inspectors. DeRoche said he is not decided. Moegerle said she wants two, the argument about the sheriff, cut too much too fast, start with the admin and 20% that is 40% and if you cut too far too fast, that is irreversible. She said plus we keep talking about cutting positions, but the fact is these are human beings; we are playing with lives doing this. Moegerle said so her thought is to take a moderate approach. Lawrence said he would do this also, 20% reduction and eliminate the admin support, we are paying them very well, both of them and we can justify the 20% because of lack of work we have for them. DeRoche asked about the 20% are we talking money or hours. Lawrence said money. Boyer said it is irrelevant; he is not going to vote for the budget anyways. Moegerle said but you got elected to give your opinion, your not going to vote for it, they have divided out consent agendas so you can pull out things you disagree with, same here. Boyer said but the fact of the matter is you need three votes to pass a budget and he is not going to vote for it anyways, so that is why his vote here doesn't matter. Moegerle said no, you got elected to give your opinion on everything so it is not irrelevant.

Lawrence said so his opinion he is going to go with the 20%/20% reduction to the building official and building inspector and reduce by \$10,000 until the building official gets his certification, eliminate the administrative support and advertise for a receptionist. He said it is not as deep as we want to go, but he thinks it shows a little caution. DeRoche said but the certification is part the of job and he thinks it shows a precedent. Moegerle said and that is a very good point and she appreciates that. Lawrence said he read somewhere that we should give him a chance to get that cleaned up quickly. Davis said it is the recommendation to give Martin time to get the certification when those classes are available and that it not be related to any disciplinary action. He said he thinks the monetary action is a great incentive. Moegerle said we can consider the reinstatement of the salary when the certification is acquired. DeRoche said we will save \$60,000 with this recommendation. Davis said the worst case scenario is \$51,000. Moegerle asked who was hired first. Davis said Sackey.

Boyer excused himself at 7:55 p.m.

Lawrence asked on page 99 of the budget book, Trails Capital. He said under Booster East Trail Phase 2, \$80,000 of budget to put that through would like to reduce to \$5,000. Davis said if we are going to reduce those transfers he would ask that you don't eliminate that totally, these figures reflect the completion of the trail from Booster East Park to 229th Avenue, the project that was suspended in January and later terminated. He said the only portion that was considered for construction and later approved for construction was the connection from Booster East to 229th Avenue and if Council desires to make reduction in the fund with this project cancelled it would probably be the best thing to do, but he recommends that the funds not be completely cut out, at least for matching in case a grant should become available in the future. Davis said he would recommend somewhere in the \$5,000 to \$10,000 range. Lawrence said he would recommend \$10,000. DeRoche said he would recommend \$5,000. He said we decided the project is dead. Davis said he is not recommending the project, but just to have funds available in case there is a grant that became available so that we would have matching funds. DeRoche asked can we at least change the name from Booster East. Davis said it would just be a trails capital fund transfer; this was in the capital improvement plan. DeRoche said and so that everyone knows that painting a line on the road is not a trail, to him it is a safety hazard. Davis said that is just a widened shoulder for pedestrian access. He said it might be listed as a trail on a map. Davis said so we will reduce the transfer to trails capital fund for 2012 to \$5,000. He said and we will ask parks to do reflect this with their plan.

Davis said we met with DuCharme regarding the fire department budget. He said there was a question on the heavy machinery line item. Davis said we did direct DuCharme to get quotes for the self contained breathing apparatus and there is a unit that can be purchased for about \$13,500 and with freight and tax it totals about \$16,000. He said so we reduced that from \$20,000 to \$16,000 in the budget and also took out a category for software licensing which wasn't needed, so we cut another \$5,000 from the budget. Moegerle said she asked about him getting five outfits but we have three people retiring so the question was do we need to outfit five new firefighters or can they use hand me downs. Davis said we discussed this with him also, but not everyone is the same size and a lot of this has to be fitted, some gear is fairly old and needs to be retired. He said this is pretty standard; they could reduce it to three, but would like to keep it at five. Davis said and they have to meet OSHA requirements.

Davis asked these cuts we are generating he is assuming they will be directed towards a reduction of taxes. He said it was talked about at one time about escrowing some of it away, but his personal recommendation is they should be directed towards a reduction in taxes or levy reduction. Davis said we do know that perhaps in the year 2013 we will be faced with a deficit in the sewer account of \$115,000 which is a manageable number, not trying to minimize but there are ways to handle that and he thinks the taxpayers are due to seeing the savings in this. DeRoche said he has no problem with that, the only problem he has is the payment is coming and if you lower the taxes now and give people a break and it isn't so bad. He said and people are starting to understand that there is a real good chance that their taxes are going to go up.

Davis said and Pierce is going to briefly explain the Homestead Market Value Credit and the Homestead Exemption Value. He said even though we cut our budgets might be no decrease on tax because of this. Pierce said what the state did on a property owner taxes bill instead of getting a market value credit, which actually was a credit against your tax bill, was for pay

2012 instead of it being a credit against your taxes it is a part of your market value that is excluded from taxes. She said state was giving credit to homeowners and reducing the amount of the levy the City was receiving, but for 2012 what they are doing is the city will get its full levy, problem is additional money will be redistributed among property tax payers in the City. Pierce said so if we levied exactly the same amount pay 2011 to 2012 peoples tax bills would go up anyways. She said so if you are interested the League of Minnesota Cities (LMC) did a webinar. Pierce said she talked to the county and because the state came in so late with this change, they can't really tell us how it will affect East Bethel, just county-wide. She said the bottom line is the proposed budget gave you an opportunity to reduce taxes to begin with, but people should still see a decrease in their taxes how much she can't tell you at this point though.

Lawrence said it is his recommendation to use this as a tax cut measure for the City, to lower our taxes further. Davis asked about the sheriff's contract, \$93,000 mention to escrow half that amount in case we need to bump that up. Lawrence said yes.

Lawrence said the other maintenance thing we have to take care of is the paragraph that Sell added, the vacation. He said so we aren't paying for that. Moegerle said that extra paragraph that Vierling said was added after the contracts were approved and therefore should have never gone into effect. DeRoche said the employment agreements. Lawrence asked have we got that cleaned up yet. He said these are invalid contracts. Davis said we really haven't discussed that, think we mentioned it at one time and when his employment contract was approved and Vierling said it was customary for department heads to be given some leeway. He said but the phrase that is in the employment contract, if you wish that removed, then we can address that. Davis said we will have to make a proposal and have that voted on at Council. Moegerle said really, because Vierling said that was invalid. DeRoche said that paragraph was added after the Council voted and it was illegal. Davis asked for more information and then he will get the ruling from the attorney. He said we are probably talking about two separate issues here. DeRoche said that was when you offered Ayshford more vacation, but this paragraph dealt with all the previous contracts that staff had. Davis said there was some discussion on this; let the agreements die a natural death at the end of this year. Moegerle said and check this for anything to do with the furlough and Martin's agreement.

DeRoche said he has a problem with the fire department that when a calls goes out and all these people show up and they all stay there and get paid for the time called, until the time they get back. He said he thought DuCharme was going to come up with some kind of plan on because we do spend a lot of money on this. DeRoche said if a fire fighter is out there, great let's pay them. He said when he did EMS we didn't get paid, the training we did, we did on our own. Davis said the first step towards solving this problem was done before this Council took office where he segregated stations 1, 2 and 3. Davis said he would suggest that DeRoche, DuCharme and himself form a committee and sit down and come up with some kind of a plan on this. DeRoche said he asked him about this and he said maybe within a year and a half. Davis said he thinks if we give further direction he thinks we can expedite the process and get an answer quicker than that. DeRoche said he has a real issue with the rumors going around, such as the one going around that he is doing everything he can to stop the contribution of \$17,500 for the fire department. Davis said he heard that a couple weeks ago and he has made it a point to let it known that it not the truth, that to put it out there that it was going to be cut was an absolute falsehood. DeRoche said it is kind of crazy, as people know he is not afraid to say what is on his mind, he is direct and upfront, but he doesn't like rumors.

Davis said he made those proposals with intent trying to save as much as we could possibly could and to keep the building department functioning and to take into account that there are people behind those numbers. Lawrence asked if Martin has discussed this with Sackey. Davis said yes, Martin has discussed this with Sackey. DeRoche asked that when this comes down that Davis discuss it with Sackey.

Adjourn **Moegerle made a motion to adjourn at 8:27 PM. Lawrence seconded; all in favor, motion carries.**

Attest:

Wendy Warren
Deputy City Clerk