

COUNCIL PROCEEDINGS
Special Meeting
Monday, June 1, 2020

CALL TO ORDER: By Mayor Ridge on Monday, June 1, 2020 at 7:00 p.m.

PRESENT VIA TELECONFERENCE: Councilmembers Baker, McRae, Weissenborn, Hoogstra, Mayor Pro-Tem Armitage, Mayor Ridge, City Clerk Terpstra and City Manager Guetschow.

Council member Dyer was not present on the call.

PUBLIC COMMENT: Don Sovey, 106 Kensington Ct., spoke of the structural shortfall in the past three years. He stated that he feels that adopting this budget is a prescription for problems. He reminded council of the uncertainty of revenue sharing in the coming year. He encouraged looking at the strategic plan and what could be implemented and would like to see excellent communications going forward.

Council member Dyer joined the call at 7:06 p.m.

ITEMS OF BUSINESS:

A. DISCUSSION ON PENSION FUNDING:

Council member Weissenborn stated that she feels that the council needs to have a deeper discussion on pension funding before voting on the budget. She would like to look for a way to offset this cost in the budget if possible.

City Manager Guetschow gave an overview of the current pension structure. Prior to 2012 all city employees were on a Defined Benefit plan. Some changes were made in FY 2006/2007 and the police department employees were changed from a 2.5% to 3% multiplier. This caused the city funding to drop from around 80% funded down

to 56% funding. In 2012 a two-tier system was implemented with all new hires being hired into a Hybrid plan. This is a combination of a defined benefit and defined contribution plan. The retirement system has become very concerned about cities liabilities and are requiring them to be 100% funded over the next twenty years. Our pension is \$10 million unfunded as of 2018. The city is still awaiting the 2019 actuarial for complete numbers. This is expected by the end of June. In order to get where the funding needs to be in that amount of time would be to cut \$60,000 each year over the next twenty years. The only way to get this kind of money is to cut staff.

Discussion was held on a special assessment and what millage would need to be assessed.

Mayor Ridge suggested taking time to assess each pension plan and the possibility of bridging pensions before using a special assessment or millage to help with these costs. Also, to look at employees contributing more into the plans than they currently are. She stated that the hybrid plans have a cap on the amount that the City contributes and that the employees do not contribute to those plans. She suggested that with contracts being negotiated in 2021 she feels that each and every pension plan should be looked at and assessed at that time. She feels the plans need to be changed before finding a funding mechanism.

City Manager Guetschow stated that the current proposed budget contemplates additional revenues from special assessments in the amount of \$330,000, therefore without that an equal amount would need to be cut out of the general fund budget.

Discussion was held about changing the special assessment amount after implemented and how that would work. The possibility of a general operating bond to pay for pension was also discussed. If a General Operating Bond was desired all employees would need to be moved to a Defined Compensation Plan.

Mayor Ridge suggested looking at bridging pensions going forward. Therefore, the employees current pension would be froze and they would have a new plan going forward from that point.

Discussion was held on how many mills would be needed to fund the pension through a special assessment.

Council member Baker stated that he feels that assessing 2.5 mills that would be specific to paying for pension costs would be the way to proceed.

Council member Dyer moved to move forward with a special assessment to address the pension liability. No Second.

A. CONSIDER FIRST READING OF RESOLUTION NO. 2020-70 TO ADOPT FY 20/21 BUDGET:

Council member Weissenborn stated that she feels that the City Manager and department heads need to go back to their budgets and look for areas to cut.

City Manager Guetschow stated that cuts would need to be in the range of 5% - 10% which will be cutting a lot of department budgets. He advised that council needs to prepare for cuts that they may not want to make and that will be unpopular.

Mayor Ridge stated that retiree health care benefits could be looked at to cut back, along with looking to increase employee contributions to their pensions.

Discussion was held on how the special assessments are administered.

City Manager Guetschow noted that many approaches can be taken for this such as utilizing a hiring freeze etc. He stated that he is taking a closer look and that the budget today looks much different than it did

a couple of months ago. He stated that we are drawing down on the fund balance.

Mayor Pro-Tem Armitage asked about what was needed for a referendum.

Discussion was held on the O-I money and what that money is to be used for.

City Manager Guetschow explained that the O-I money was earmarked by prior council for the purpose of use as a revolving fund to borrow against and then repay.

Council member McRae questioned the capital outlay items in the Police Department budget consisting of body cams, vests and equipment for vehicles. He suggested holding off on capital expenditures such as the fire truck and police vehicles.

Council member Weissenborn questioned the time line on adopting the budget resolution.

Council member Dyer moved, supported by Hoogstra to adopt the first reading of Resolution No. 2020-70 to adopt FY 20/21 Budget as presented.

Council member Weissenborn asked about the Community Development position and whether or not it was an overlap of CharlotteRising.

City Manager Guetschow explained that it was a good partnership, however the Community Development Director handles a lot more of the operations than CharlotteRising and also handles planning, zoning and industrial inquires.

Council member Dyer moved, supported by McRae to amend the motion to adopt first reading of Resolution No. 2020-70 to adopt the FY 20/21 Budget with the elimination of the detective car. Denied. 6 No. (Baker, Armitage, Weissenborn, Hoogstra, Dyer, Ridge) 1 Yes. (McRae)

Council member Dyer asked to explain what the detective car is used for other than to drive to the courthouse.

City Manager Guetschow explained that it is used to drive everywhere that the detective needs to go. It is not practical to expect the employee to drive their own personal vehicle to crime scenes, to gather evidence and the like. They also need to carry various equipment needed for crime scenes.

Council member Hoogstra reminded council that Chief Brentar had explained the need for the patrol vehicles and detective car when he presented his budget. She stated that the detective also needs to have the radio in the car for his safety and to do the job efficiently.

Mayor Ridge called for a roll call vote on the original motion.

Council member Dyer moved, supported by Hoogstra to adopt the first reading of Resolution No. 2020-70 to adopt FY 20/21 Budget as presented. Carried. 6 Yes. (Armitage, Dyer, Baker, Hoogstra, Weissenborn, Ridge) 1 No. (McRae)

Mayor Pro-Tem Armitage echoed that it would be better to use a detective car than utilize and put miles on a patrol car for this.

Council member Weissenborn, echoing what Council member McRae asked if it would be possible to put a hold on things like the detective car until there is a better idea of the economic impact on the budget.

City Manager Guetschow explained that they have many choices such as setting a spending cap and having the departments come back for approval on anything over a certain dollar amount.

Council member Weissenborn stated she would appreciate the City Manager coming back with a couple of plans. She likes the idea of coming back for approval.

Council member McRae appreciates techniques to cut out and bring back in two weeks.

Mayor Ridge thanked administration and Mr. Sovey for his comments.

PUBLIC COMMENT: Don Sovey, 106 Kensington Ct., encouraged council to step back and look at the challenges and pension costs. To focus on pension discussion is good. He suggested some professional help. Look at what could be exhausted and all of the detail. He felt that it was a good discussion.

Council member Baker moved, seconded by McRae to adjourn at 8:54 P.M. Carried. 7 Yes. 0 No

Mayor Yvonne Ridge

Ginger Terpstra, City Clerk, CMMC