



1. CALL TO ORDER

Mayor Rebecca Ruede called the meeting of the Dunes City Budget Committee to order at 5:00 pm.

2. ROLL CALL

Roll Call was taken by City Recorder/Budget Officer Fred Hilden.

Present: Mayor Rebecca Ruede, Council President Jamie Mills, Councilor Richard Koehler, Councilor Ed Scarberry, Councilor Duke Wells, April Dumas, Robert Read, Jo Owen, Darlene Beckman, Jackie Crave, Maurice Sanders, Paul Floto and City Recorder/Budget Officer Fred Hilden.

Absent and Excused: Councilor Dick Anderson and Councilor Troy Sathe.

3. PLEDGE OF ALLEGIANCE

All who were present stood for the Pledge of Allegiance.

4. APPROVAL OF THE AGENDA

Darlene Beckman made a motion to approve the Agenda. Council President Jamie Mills seconded the motion. The motion passed by unanimous vote.

5. ANNOUNCEMENTS (Mayor Ruede) - None

6. APPROVAL OF THE BUDGET COMMITTEE MEETING MINUTES

Paul Floto made a motion to approve the February 22, 2012 minutes as presented. Councilor Wells seconded the motion. The motion passed by unanimous vote.

7. REVIEW OF 2011-2012 BUDGET VS. ACTUAL FOR THE FIRST HALF

Budget Officer Fred Hilden stated there is not a whole lot of difference here from when we met in February. Two things that are notable, the Building Codes Fund is down in revenue and we continue to have legal expenses which will put us over budget but he doesn't believe it will be large enough to require the need to do a supplemental budget.

The Budget for the General Fund is \$57,731 for Materials and Services for the year and again I don't see legal expenses rising to the level that is going to cause us to do anything special. In the Building Codes Fund, revenue is still off even though we are seeing an increase in the number of permits. We are over \$34 for the annual budget for Building Department Services and we have re-negotiated that contract. Short of that everything else looks pretty good and at the gross level we have had \$7,004.17 more income than expense. I had been asked for a yearend projection and I see the year ending at a net zero or small loss for the year.

Robert Read had a question on the legal expenses. At what point will you need to use the contingency and what action would the Council need to take? Budget Officer Hilden stated when it reaches over 10% of the budgeted Materials and Services, we would have to do a supplemental budget. In order to move funds that would have to be done by Resolution.

8. CONFIRM BUDGET COMMITTEE CHAIRMAN

Paul Floto made a motion to nominate Mayor Rebecca Ruede as the Budget Committee Chairman. Council President Jamie Mills seconded the motion. The motion passed by a unanimous vote.

9. 2012-2013 BUDGET MESSAGE

Budget Officer Fred Hilden read the Budget Message into the record.

Robert Read stated I have seen a few of these letters over the years and I think this is one of the best letters I have seen and I think we are lucky to have Fred to take an honest look at where we are. Fred you have done a great job.

Paul Floto stated that I am not sure if this is the correct time to bring this up but I understand the need for the City to have a generator for emergency purposes but I don't see how we can make a case to use the Motel and Tourism fund. On the other hand we have the canoe portage that the City doesn't want to pay for and I certainly don't want to spend any City money on it but this may be a major tourist attraction. So I see no problem with using tourism money to fix the portage.

Budget Officer Hilden stated that we can justify our generator through the Motel and Tourism Fund because City Hall does facilitate tourism.

10. PRESENTATION / REVIEW OF 2012 – 2013 BUDGET

Mayor Ruede stated that the first item we should look at is the payroll allocation.

Budget Officer Hilden stated this is the table we reviewed last year and how each position is being allocated. Taxes are a bit of a misnomer because 28% is the fee that gets paid to Cardinal Services for all staff except myself.

Mayor Ruede stated that the actual amount that gets paid out for Admin is \$21,060.

Paul Floto stated I thought you had that below 28% as 28% is too high. If you look at what you are costing us as a City Recorder, you are only costing us 28% and that is including PERS and benefits. If you take your wages, PERS, benefits and taxes that is 28% for you. If we are paying out 28% to Cardinal on the other three employees then we are not saving anything by having Cardinal. If Cardinal is costing us as much as if we were paying PERS and benefits we would be better off putting it back on our books and saving the money. City Recorder/Budget Officer Hilden stated I think that is a much bigger number. I think mine is more like 38%. It might be 28% of \$56,000 but it is not 28% of \$39,000.

The Committee did some math. Paul Floto stated since we did this math you can see that we are not saving anything. The other issue is that PERS rates vary with other cities and I haven't been able to figure out why there is so much variation unless it is age. If we hire some cheap part time employees then we might actually lower our PERS rate. We are only supposed to be paying 13% for PERS now. Budget Officer Hilden stated 14%. Paul Floto stated not according to the State. The State says it is 13.16% starting last year and Florence is only paying half of that rate. Budget Officer Hilden stated I am not sure we need to debate this right now.

Paul Floto stated that my point is we are not saving any money by using Cardinal because it is costing us just as much as if they were getting PERS and if putting them back on PERS

lowered our rate we actually save money. So, either we get a lower rate from Cardinal or we should put them back on PERS because we don't pay PERS for the first 6 months anyway.

Budget Officer Hilden stated that I will have to take a look at that.

Council President Jamie Mills asked Budget Officer Hilden to check on this and get back to us at the next meeting.

Mayor Ruede and Budget Officer Hilden stated absolutely.

Budget Officer Hilden stated that the overall increase in rates are due to the fact that the new people are coming up the merit scale very quickly and we need to pay them for what they are doing. We need to take care of our employees so that we are not training them for other cities. My salary increase, if you are curious about that, is 10% because I am still at the same salary that I was hired at in April of 2010.

Paul Floto expressed his opinion that if the City were to hire part time volunteers at a part time rate we could spend less money.

Councilor Wells stated that what we have gained here in the last 18 months is continuity and I really see a change in the City Hall and how it is running with Fred and the Staff and I do think it's because we are having the discussions of raises and maybe making PERS. I don't think that we would get the wrong judgement with maintaining the continuity and the knowledge that is there in the office right now and how quick the Staff can take on a project right now.

Mayor Ruede stated that she thinks we can maintain better quality with a staff of paid employees. If you have a volunteer, that is one thing but if you have a professional that has experience and what Fred is speaking about, now that these employees have been trained, they have experience and that makes them more valuable than a volunteer.

Councilor Koehler stated this is one of the areas that needs work. First off, we don't have the work and I don't see the need for the number of personnel that we have presently and see the need to cut back on the three assistants that we have here. We are a minimum wage location and the other issue is that this is not a personality issue as others were talking about, it's a matter of figures and budget wise we may end up getting new Staff. It is not necessarily for the present Staff but for future. I think rather than cutting back salary, freezing it where it is seems to be appropriate.

Council President Mills stated that even though we have 4 employees it only works out to 2.8 full time equivalents. It is not quite three employees anyway.

Budget Officer Hilden stated that we are under budget in Personal Services and the increase is only 1% and the pay scale still needs to be approved by the City Council.

Darlene Beckman stated we have cut the hours, we have cut the pay, if it is not broke don't fix it. We can afford to pay these employees.

Robert Read made a motion to approve the payroll percentages on the allocation table. Council President Mills seconded the motion. The motion passed by 13 ayes and 1 nay (Jo Owen).

Maurice Sanders stated that we should adopt the payroll percentages on the allocation table for a period of three years instead of looking at this every year.

Budget Officer Hilden stated that personnel wages have gone down by over 30%. If you looked at your year to date budget report you would see that Personal Services and Total Materials Services translate directly on the summary as does cash on hand for our year beginning balance of \$362,513. My only concern would be line items 30, 31 and 32 of the summary page. So far this year we have \$7000 positive cash flow. Year to date we have more income then we spent.

Mayor Ruede stated that for the General Fund we are proposing \$163,630.

Council President Mills stated that for Resources, line item 6 the State estimates that will be a number of \$17,000. The Committee reached consensus. Line item 9 works out to be \$1800. The Committee reached consensus. Line item 11 works out to be \$1000. The Committee reached consensus. For line item 20 we should have \$0. The Committee reached consensus. Total approved budget changed from \$163,630 to \$158,830.

Budget Officer Hilden gave a review of page two, General Fund, Personal Services and Materials and Services.

Mayor Ruede stated we are going to request Budget Officer Hilden to look into line item 26.

Budget Officer Hilden stated that line item 25 (audit) will need to be adjusted and he will have that ready for the next meeting.

The Committee reached a consensus to change line item 27 from \$20,000 to \$30,000.

Robert Read stated that line item 26, page three, Unappropriated Ending Fund Balance will drop to around \$7599.

11. CITIZEN INPUT ON BUDGET - NONE

12. CONFIRM NEXT MEETING DATE

The tentative next meeting date was confirmed for Tuesday, May 1, 2012 at 5:00 pm.

Mayor Ruede stated she will be unable to attend and defers her chair to Council President Mills for that meeting.

13. ADJOURNMENT

Mayor Ruede asked for a motion for adjournment.

Darlene Beckman made a motion to adjourn the meeting. April Dumas seconded the motion. The motion passed by a unanimous vote. Mayor Ruede adjourned the Dunes City Budget Committee meeting at 7:00 pm.

The proceedings of the Dunes City Budget Committee meeting were recorded on tape, and are on file at Dunes City Hall. Upon approval by the Dunes City Budget Committee, these minutes will be available at Dunes City Hall and online at www.dunescity.com

APPROVED BY THE BUDGET COMMITTEE ON THE 8th DAY OF MAY 2012.

[Signed copy available at City Hall]

Rebecca Ruede, Mayor

ATTEST:

[Signed copy available at City Hall]

Fred Hilden, City Recorder/Budget Officer