

LAUDERDALE CITY COUNCIL
SPECIAL MEETING MINUTES
Lauderdale City Hall
1891 Walnut Street
Lauderdale, MN 55113

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December 30, 2008

Mayor Dains called the special meeting to order at 7:40 p.m.

Councilors present: Lara Mac Lean, Denise Hawkinson, Karen Doherty, Clay Christensen, and Mayor Jeff Dains.

Staff present: Heather Butkowski, City Administrator; Jim Bownik, Assistant to the City Administrator.

Mayor Dains asked for changes to the meeting agenda. There being none, Councilor Christensen moved to approve the agenda. Councilor Doherty seconded the motion and it passed unanimously.

Mayor Dains explained to the audience that the meeting was being held to discuss the impact of the 2008 unallotment of local government aid (LGA) and to plan for cuts to Lauderdale's 2009 LGA.

Butkowski told the Council the 2008 unallotment totaled \$41,406. She said due to staffing changes and cost saving measures throughout the year, the preliminary year-end numbers showed the City would likely have a \$40,000 surplus prior to the aid cuts; therefore, the 2008 unallotment would be manageable within the current budget. While the budget would still balance, she reminded the Council that year-long cost saving measures generally result in a small surplus that is transferred to capital improvement funds and that is how the City saves for long-term improvements to the roads, sewers, and parks. This would not happen in 2008 as anticipated due to the unallotment.

Butkowski then discussed options for managing cuts to 2009 LGA. She presented a handout showing the tools the Council has to manage further aid cuts. Among the options are cutting expenses/services, raising fees, forgoing planned budget transfers and capital improvement projects, and drawing down reserves. The sheet showed a targeted cost savings of \$150,000. While the extent of 2009 cuts are not know, she said that a 25% reduction seemed a possible target and one being contemplated by Falcon Heights.

Mayor Dains introduced State Representative Mindy Greiling, who had been invited by the Council to participate in the discussion.

Representative Greiling acknowledged the severity of the situation. She said she attributes a third of the state deficit to accounting shifts and gimmicks such as not budgeting for inflation. The other two-thirds reflects the condition of the national

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economy. She said the legislature has three ways to balance the budget: spending cuts, reorganization, and raising taxes, but it appeared the governor would only consider the first two options. She said she remains optimistic that the size of the debt will result in greater creativity and reform.

The Mayor told Greiling his major concern was that no one saw this coming. The Council modestly raised the levy but could have dealt with some of the issues through property taxes if it had known in advance. He also felt local government was the most responsible and responsive level of government and doesn't like the innuendos made by other levels of government. The Mayor then asked Greiling about the impact to schools.

Greiling said Minnesota used to be in the top five to ten percent in education spending but now runs middle of the pack. She sees a correlation between then and now when Minnesota used to be more insulated from fluctuations in the national economy due to its educated workforce.

After Representative Greiling left the meeting, the Council continued the budget discussion. Among the discussion topics were Larpenteur Avenue redevelopment, planned park improvements, the police contract, and office equipment upgrades.

Councilor Mac Lean asked if the Council should address the budget at the end of each quarter in order to assist in decision making. She said right now decisions are hard to make as the extent of cuts remains unknown.

Butkowski said staff would plan for that. Ultimately, the Council may not know until the legislature ends what the cuts will be and then the Council will be able to address shortfalls through transfers from capital improvement funds if they chose.

Councilor Doherty asked about options for reconstructing Eustis Street since construction costs should be lower and so are interest rates. Staff said they would look into it as well as options for retiring existing bond debt with TIF funds.

Next, the Council learned that staff planned to add a page to the newsletter, change the paper used, and publish it four instead of six times per year for an additional cost savings of \$2,000 per year.

The Council took action on two items to implement cost saving measures from the start of the year. First, the Council discussed the option to save approximately \$8,000 to \$9,000 by forgoing the *Roseville Review* delivery subsidy. Instead, the City will pay for public notice publishing at the *Review's* regular rate. Falcon Heights pays approximately \$1,000 per year and staff anticipates the same for Lauderdale.

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Councilor Doherty moved to stop subsidizing the delivery of the Roseville Review. Councilor Hawkinson seconded the motion and it passed unanimously.

Second, the Council considered whether the budget allowed the deputy city clerk position to be filled. Staff published the job opening and received 18 applications, but wanted Council input before moving ahead with the interview process. Staff didn't want to put the City in a position to hire a new deputy clerk and then find out in June that the budget cuts didn't allow for the position. The Council discussed the item and agreed that it was prudent to know the extent of budget cuts before making staffing decisions.

Councilor Doherty moved to notify applicants that the hiring process for the deputy clerk position had been put on hold until June when the Council expects to know the impact of 2009 LGA cuts if Colleen Callahan would agree to fill in as needed. Councilor Mac Lean seconded the motion and it passed unanimously.

Councilor Christensen moved to adjourn the meeting. Councilor Hawkinson seconded the motion and it carried. The meeting adjourned at 8:55 p.m.

Respectfully submitted,

Heather Butkowski
City Administrator