

**MINUTES OF A STUDY SESSION OF THE PRINCETON CITY COUNCIL HELD ON
SEPTEMBER 11, 2012, 4:30 P.M. IN THE CITY HALL COUNCIL CHAMBERS**

Acting Mayor Paul Whitcomb called the meeting to order. Council members present were, Dick Dobson, Thom Walker and Victoria Hallin. Mayor Jeremy Riddle were absent. Staff present was Finance Director Steve Jackson, Carie Fuhrman, Liquor Store Manager Nancy Campbell, and City Clerk Shawna Jenkins.

SPECIAL ORDER OF BUSINESS: The recently hired Shawna Jenkins was sworn in by Administrator Karnowski as the Princeton City Clerk.

EMERGENCY SIRENS

Karnowski reported that it has been brought to his attention that, pursuant to a Federal mandate, the city needs to narrow-band our four existing emergency sirens by January 1 of next year (2013).

In order to promote greater radio spectrum efficiency, the FCC is requiring that all public safety and industrial/business licenses using 25 kilohertz VHF and UHF radio systems upgrade to 12.5 kilohertz efficiency (narrowbanding) by January 1, 2013.

Apparently the current 25 kilohertz band (which is what we use for our PFRD pagers and for the system used to fire off our emergency sirens) is congested and the narrowbanding will allow more entities to get licenses in that spectrum.

Karnowski advised that, the city has four existing emergency sirens located as follows:

1. In the industrial park at the intersection of 16th Ave. S and 12th St. S. (1975??)
2. At the Public Utilities Building (1983)
3. On north end of the city of 12th Street N. just off Rum River drive (2001)
4. On the south end of the city, behind the High School tennis courts (2001)

Further, that the three options the city has are:

1. Narrowband our sirens by updating the controllers on the four (three?) existing sirens. The estimated cost for option #1 is **\$5,412.99** (or less, see below).
2. Update the controller for our two newest sirens, take the two older sirens (numbers 1 and 2 above) off the system and install a new basic siren west of TH169 (near the intersection of 1st Street North and 21st Avenue). The estimated cost for option #2 is **\$17,585.56** (there is an option to solar power the new siren for an additional \$2,100)*
3. Update the controller for our two newest sirens, take the two older sirens off the system and install a new siren (with voice notification) west of TH169. The estimated cost for option #3 is **\$20,700** (again, plus \$2,100 for the solar power option)*

**(Note: neither option #2 nor option #3 includes the cost for labor to remove the two old sirens and install the new siren)*

Karnowski also noted that apparently there are FCC plans to require further narrowbanding (down to 6.25 kHz) but that requirement has not yet been mandated and there's no information available on when that requirement may take effect.

Karnowski said Mayor Riddle called and asked him what happened if the City did not meet the January 1st deadline. He said he was informed that if the City does not update the sirens, they may not sound off if the County sends out a signal to sound them.

Fire Chief Roxbury said the options are 1.narrowband the City's 4 sirens and complete the programming that needs to be done or; 2.Replace the City's 2 older sirens and put a new one on the west side. His recommendation is to narrowband the City's current sirens and look at other funding sources for new sirens. Quotes included in the memo, and one from Granite City was received that was over \$8000.

Roxbury said siren number 2 is older, hard to get parts for and covers only a small area that is also covered by Siren numbers 1 and 4. He said he suggests not narrowbanding it and taking it out of the system, instead of spending the money on it. Karnowski added that if it was narrowbanded, the control board could be removed and installed on new sirens down the road.

Dobson and Hallin both agreed that the City can do away with Siren number 2 as of right now. Dobson asked if the City does go ahead with this update, what would happen if the County did not. Roxbury added that currently, the City is the only one in the County that has not narrowbanded their sirens as of yet.

A MOTION WAS MADE BY DOBSON TO NARROWBAND ALL SIRENS EXCEPT SIREN 2, TAKING THAT OFFLINE AND TO ACCEPT THE QUOTE RECEIVED, FOR NOT MORE THAN \$5412.99 TO NARROWBAND CITY SIRENS 1, 3 AND 4.
HALLIN SECONDED THE MOTION, ALL IN FAVOR AND MOTION CARRIED

2013 PRELIMINARY BUDGET DISCUSSION

Karnowski reported that the city auditor reviewed the 2011 and 2010 records, they stated that the City has more funds in reserve than is normally recommended by the state auditor's office.

For the past 6-7 years, the City has known we could be shorted large sums of money from Local Government Aid, and it was conscious effort on the City to build up the reserves in case we were shorted a large amount. The City has been informed that we will receive approximately \$77,000 more in LGA for 2013, but the bad news is that we received notification that the health insurance premiums will go up 18%, which comes to a total of about \$60,000.

He and Jackson will be meeting soon with two union agents and shop stewards to discuss health insurance options, as the \$60,000 increase is too much for the city to absorb. They are currently looking at possibly offering two plans. The first would be similar to the one currently offered might have a different cost split between the city and the employee(s). The second might be a "Health Savings Account" (HSA) approach with a higher deductible option. In the case of an HSA program, they City would look at reimbursing a large portion of the deductible, so the impact on the employee would be reduced.

Karnowski advised that, in staff's opinion, the changes in the homestead credit has affected property taxes, especially for commercial and industrial properties. Staff noted that with the addition of Wal-Mart and the USDP addition, there should be a significant in-

crease to the City's tax base. Therefore, he suggested the Council consider approving a transfer of \$100,000 out of reserves and applying it to the Capital Improvement Program, which would allow the Council to reduce the tax levy by that amount. Karnowski suggested that some of the impact of reducing the reserves could be offset by the tax base from those 2 major projects. Over next few years, additional construction that is, hopefully, likely could help as well.

Staff noted that, last year, the Council agreed to a bit of a raise for employees and the unions are expecting something next year as well. He would like to see what route the Council would like to take, and if they would be interested in transferring the \$100,000, therefore reducing the levy amount.

Dobson, Whitcomb, Hallin and Walker all said the concept appeared to make sense. Karnowski advised that the approach was not sustainable, but the hopes are that new construction will offset it. He added that it might be worth trying it for a year or two.

Walker asked what the percentage of increase was for health insurance. Karnowski replied that they are stating it will be an increase of 18%. Due to HIPA rules we don't know details of whose medical needs created the increase, only that, generally, the claims have greatly increased over the past couple of years.

Jackson advised that the city receives its insurance through a Regional Cooperative that is one of several in the state. We are part of a bigger unit which allows us some savings for administrative costs, but our claims have been about 100% of our total premiums. Both last year and this year, our usage would have caused an increase of 25%, but, due to state laws, the increase can only be so much. Karnowski added that two of the last four years, the City did not see any increase in their premiums.

Karnowski said staff is looking for direction by the Council, as the levy needs to be certified to the State by Monday, September 17th. He said Jackson will crunch the numbers and have something for them to consider at the council meeting on Thursday.

Jackson asked the Council if they would like to figure in the \$100,000 from Reserves to show in a decrease in the levy.

Hallin said with not knowing the details on the increased Insurance as of yet, she would like to certify a preliminary levy without the \$100,000 deducted.

Walker said if we are going to plan on transferring the funds, he would like to keep the preliminary levy the same at this point, with the hopes of decreasing it.

Karnowski said in discussions with the Union regarding the HSA, the agent said he used to be against them, but is now a proponent of them.

Dobson asked how many employees are using pre-tax dollars for their insurance premiums. Jackson replied that approximately seven or eight out of the twenty six employees covered do.

Walker said in the Auditors report, there were a lot of inactive funds and questioned if the \$100,000 would come out of one of those funds. Jackson responded that many of those funds are negative and are usually reallocated.

Walker asked of this \$100,000, how much is in excess fund balance. Jackson responded that it is recommended that a City keep 50% operating expenses in reserves. Using the 50% recommended amount, the City currently has \$314,000 in excess.

A MOTION WAS MADE BY DOBSON TO ADJOURN THE MEETING AT 5:05PM
THE MOTION WAS SECONDED BY HALLIN. ALL IN FAVOR AND MOTION CARRIED

At that point, the Princeton Chamber's Executive Director, Mary Chapman, advised that she asked a few weeks ago to be put on the September 11th Agenda.

Karnowski advised that someone could make a motion to reconsider the motion to adjourn if the Council wanted to hear Ms. Chapman's issue.

A MOTION WAS MADE BY DOBSON TO RECONSIDER HIS MOTION TO ADJOURN
THE MOTION TO RECONSIDER WAS SECOND BY HALLIN AND PASSED UNANIMOUSLY.

CHAMBER OF COMMERCE – MARY CHAPMAN

Chapman said her goal has been for the Chamber to work more closely with the City and they have achieved that. She has joined the Economic Development Authority and they started the "It Starts Here Project", The Chamber's membership has also gone up over 11% in the past year. She said she has received such a large positive response when working on various events and have heard that the Businesses really like that the Chamber and City are working together. When selling banner sponsorships, they were all sold out within 2 hours, and have bags sponsored as well,

She said she provides Jackson quarterly reports and has worked towards meetings geared towards helping the businesses succeed and meeting the businesses needs. Yesterday, there were over 100 in attendance for the speaker at the Chamber's monthly meeting.

The "It Starts Here" Project has increased both her and Fuhrman's workload, but there is a good relationship between the Chamber and City now, and the business owners are very happy.

Last year the Chamber received a donation from the City and we really appreciate their support and utilize the money as best as we can.

Hallin said she has seen a lot of progress and enthusiasm when attending the meetings. The speaker today was amazing and there is another scheduled in October. We all live here and are in this together.

Dobson said this last year, he has also really noticed that the City and Chamber is working together and how impressed the business owners are.

Chapman said they have focused on retail so far, but are looking into a "Grow Minnesota" project that focuses on the Industrial type businesses.

Hallin asked if the City donated \$10,000 as well last year. Chapman confirmed it was \$10,000 that came from the liquor store fund.

Whitcomb asked if need to wait until January to determine if there are funds available in the liquor store fund again. Chapman said the purpose of her presentation is so the Council will keep the Chamber funding request in mind as they are working on their liquor store budget for 2013.

Walker asked what type of participation the Chamber has on a monthly basis. Chapman replied that she seems to have about 35% on average each month. The Chamber currently has 155 members.

Hallin added that she feels doing a "Business of the Month" and having speakers are increasing interest in the Chamber. Each month, it provides recognition to three businesses each month. Chapman to be voted as a business of the month, they also need to be doing something for the community.

Chapman said in the past, they have also had a meeting in which they had several various politicians at different levels of government present so the businesses can express their opinions.

ADJOURNMENT

A MOTION WAS MADE BY DOBSON TO ADJOURN THE MEETING AT 5:15PM, THE MOTION WAS SECOND BY HALLIN. ALL IN FAVOR AND MOTION CARRIED

Respectfully Submitted,

Shawna Jenkins

ATTEST:

Paul Whitcomb, Acting Mayor