



**City of Newport
City Council Minutes
December 1, 2011**

1. CALL TO ORDER

Mayor Tim Geraghty called the meeting to order at 5:30 P.M.

2. PLEDGE OF ALLEGIANCE

3. ROLL CALL -

Council Present – Tim Geraghty, Tom Ingemann, Bill Sumner, Tracy Rahm, Steven Gallagher

Council Absent – None

Staff Present – Brian Anderson, City Administrator; Mark Mailand, Fire Chief; Renee Helm, Executive Analyst; Fritz Knaak, City Attorney; John Stewart, City Engineer; John Neska, Assistant Supt. of Public Works

Staff Absent – Bruce Hanson, Supt. of Public Works; Curt Montgomery, Police Chief;

4. ADOPT AGENDA

Councilman Gallagher – I would like to add something under “New Business.” A group of residents would like to come forward to propose something to the Council.

Motion by Geraghty, seconded by Ingemann, to adopt the Agenda as amended. With 5 Ayes, 0 Nays the motion carried.

5. ADOPT CONSENT AGENDA

Motion by Sumner, seconded by Rahm, to adopt the Consent Agenda, which includes the following items:

- A. Minutes of the November 3, 2011 Regular City Council Meeting
- B. Minutes of the November 3, 2011 Budget Workshop Meeting
- C. List of Bills in the Amount of \$148,501.77
- D. Gambling Permit for Church of St. Thomas Aquinas

With 5 Ayes, 0 Nays, the motion carried.

6. VISITORS PRESENTATIONS/PETITIONS/CORRESPONDENCE

7. MAYOR’S REPORT

Mayor Geraghty – On November 15, 2011, I attended the ribbon cutting and grand opening of the new NAPA store. It’s a great addition to the community and has been a long time coming. It’s great to see a new building in the City. This morning I attended a Chamber breakfast at Tinucci’s and I would like to thank them for their efforts on the Holiday Train.

8. COUNCIL REPORTS

Councilman Rahm – I also attended the NAPA open house and think it looks really nice. I’d like to wish them success in the future. I also received some information Applied Business Research from the University of St. Thomas. They provide a program for graduate students to do real-world problem

analysis and which is pretty much free. I would like to discuss the possibility of utilizing this program to do a market study. I also asked Brian to distribute some economic data to use when we discuss the budget.

Councilman Ingemann – There was a Planning Commission on November 10. I was also at the NAPA open house later in the evening. I also attended the Veteran’s Day program at Woodbury High School as the City representative.

Councilman Sumner – I just want to remind people to donate blood through the Red Cross. You can donate up to four times a year and it’s a good way to help a large amount of people. Also, the Stone Soup Super Bowl is going to be on Cinco de Mayo this year in St. Paul Park.

Councilman Gallagher – I attended a Red Rock Corridor meeting, which was rather short because we’re just wrapping things up. I also attended a HPC meeting and a Met Council meeting and three town hall neighborhood meetings where there was good discussion about the budget and how we can work together to come up with some different solutions. I invited the group here.

9. ADMINISTRATOR’S REPORT

Admin. Anderson – Before I begin I would like to congratulate Sean McArdell who has been with the City for five years now. He was unable to make it tonight to receive his plaque. We thank him for his five years of service. Secondly, I’d like to remind residents to make sure their mailboxes are ready for the winter. Also, there has been an issue with metal stakes being installed along the road; the City would like to ask that these be removed for safety reasons.

A. Ordinance No. 2011-10 – Amending the City Code of Ordinances Chapter 8, Nuisances, to Add Section 825, Vacant Buildings

Admin. Anderson presented on Ordinance No. 2011-10 as outlined in the December 1, 2011 City Council packet.

Councilman Gallagher – I would like to thank the staff for putting this together. This came about through residents stating that the City should be cleaned up so this will be a tool to help do that.

Motion by Gallagher, seconded by Ingemann, to adopt Ordinance No. 2011-10 amending the City Code of Ordinances Chapter 8, Nuisances. With 5 Ayes, 0 Nays the motion carried.

B. Joint Powers Agreement Between Washington County and the City of Newport for the Newport Library Board

Admin. Anderson presented on this item as outlined in the December 1, 2011 City Council packet. Below are the main points of the agreement:

- The City will provide the oversight and management of the Library, which includes hiring personnel.
- The County will purchase, install, and maintain a book return unit and a bank of lockers. It is recommended that the book return and lockers be installed in the vestibule at City Hall so that the historic library does not need to be renovated. The book return and lockers would be available to residents 24 hours a day, which would expand the current

hours of operation. Additionally, the County will provide scheduled deliveries twice a week for the drop off and return of library materials

- The County would provide between 200 and 2,000 books for the locker units as a floating collection at the Library.
- The City and County will also continue to provide programs for children and adults. The County will continue its children programs at the Library such as story time and the Library Board will provide “Authors Night,” which is an adult discussion group.

Jo Bailey of the Newport Library Board was also present to discuss the agreement and her excitement about moving forward with it.

Councilman Sumner – When would the County drop books off?

Admin. Anderson – Twice a week

Councilman Sumner – Would you order online, or through phone requests?

Ms. Bailey – I believe it would be online.

Admin. Anderson – With approving this, the City will advertise for part-time personnel, which will be between \$10 and \$12 per hour for 20 hours per week.

Councilman Rahm – Are we paying for the internet access?

Admin. Anderson – Yes.

Councilman Gallagher – Would part of the job description involve writing meeting minutes?

Admin. Anderson – Yes, Renee and I are talking about it and would like to include it in the job description. I’ve taken a current job description from the County and we’ll be working off of that.

Motion by Geraghty, seconded by Rahm, to approve the Joint Powers Agreement between Washington County and the City of Newport for the Newport Library Board. With 5 Ayes, 0 Nays the motion carried.

C. 2012 Budget Proposal

The public hearing was opened at 6:00 p.m.

Admin. Anderson presented on the 2012 proposed budget, a copy of the presentation is attached to be included in the official minutes. The tax levy that is being proposed is \$30,000 more than the 2011 levy for a total of \$2,321,000.

Councilman Rahm – Just to clarify, there is money in the budget for a part-time CSO and a part-time librarian so there will be a couple increases in staff in 2012.

Councilman Ingemann – On the CIP, there is one item in 2015 for a Fire Truck that will happen prior to that correct?

Admin. Anderson – That is correct, it could be purchased as early as next year. Fire Marshall Mailand is currently researching it. I put 2015 in there as a place holder.

There were no public comments or written comments.

The public hearing was closed at 6:38 p.m.

D. Resolution No. 2011-36 – Approving Levy Certification for Levy Year 2011, Payable 2012, and Adopting the 2011 Amended General Fund Operating Budget, the 2012 General Fund Operating Budget, the 2012 Water, Sewer, Storm Water, and Streetlight Enterprise Funds, and the 2010-2020 CIP.

Mayor Geraghty – As Brian stated, \$60,000 was originally proposed and that was brought down to \$30,000 and we can talk about if that's where you would like to leave it or do some further adjustments.

Councilman Rahm – I have a few things to hand out. It looks like the City is asking for 3% above the State's increase of 1.7%. I always want to see if government is living within its means and is it being responsible for what it delivers. A lot of times, I'm tasked with the challenge of doing more with less so I'm trying to bring the same discipline here. I realize government is different because we do have services that we need to deliver. I passed out statistics from the Bureau of Labor which outlines the average raises for certain workforces (a copy of the statistics is attached to the official minutes). I think we've done a good job of covering everything. I think we have some contingency funds in there and I'm wondering if we really need that extra amount. I would like to propose \$10,000 instead of \$30,000 because I think we would still be fine with that. This is based on a lot of different data based on household income and wage growth.

Councilman Ingemann – We originally started off with \$60,000 and went down to \$30,000. I think going down to \$10,000 will hurt us because things can happen down the road that we would need the money from. I propose to leave it at \$30,000.

Councilman Sumner – I'll second that.

Councilman Rahm – Do you think we're cutting ourselves that much by going from \$30,000 to \$10,000?

Councilman Sumner – My concern is that we know the State has an uncertain budget in the next couple years. There was some good news today in regards to the State budget but we don't know if that will happen again next year and I think a slight reserve is better than running against deficits.

Councilman Gallagher – To Tracy's point, we do have a reserve and we can transfer funds from the EDA fund.

Admin. Anderson – We're not out of the woods yet if we want to wean ourselves off of the LGA, we could tap into our funds but unless you're cutting \$588,000 out of the budget we still have another \$250,000 to take a look at. I think the budget would be good but the money will be carried forward.

Councilman Sumner – We're very carefully and thoughtfully putting money aside knowing that there are uncertainties in the future. A small increase now and a small increase later are better than coming back with a large increase at once when the economy could be even worse off. I'd rather pay a slight additional amount now. I vote to keep the slight increase that we have.

Councilman Gallagher – We do have a healthy EDA account and residents that are having a tough time paying their bills and if we could save someone even \$30 a year, that's something.

Councilman Ingemann – I don't think you're going to save them \$30.

Councilman Rahm – I think we've covered a lot of the investments in this budget and can do that with a \$10,000 increase. I don't think we're at the point of having to increase it \$30,000.

Councilman Ingemann – I don't think \$20,000 out of the budget is that huge and won't make a difference.

Councilman Rahm – I just want to lower the increase.

Councilman Sumner – What would be the percentage increase if we lose our LGA?

Councilman Rahm – That's a different situation, I'm talking about the budget now.

Councilman Sumner – Let's look at the future budget and not just now.

Councilman Rahm – I think we've put a lot of things in the budget that is being responsible.

Councilman Ingemann – We've cut a lot of stuff out of our budget and I don't like laying off people because that hurts. I think we've cut down as far as we can because I want to be able to survive next year and the year after that.

Mayor Geraghty – What about \$20,000?

Motion by Sumner, seconded by Ingemann, to approve Resolution No. 2011-36 as is. With 2 Ayes, 3 Nays, the motion failed.

Motion by Geraghty, seconded by Gallagher, to amend Resolution No. 2011-36 to a \$20,000 increase instead of a \$30,000 increase. With 3 Ayes, 2 Nays, the motion carried.

E. Resolution No. 2011-37 – Adopting the 2012 Annual Fee Schedule

Admin. Anderson presented on Resolution No. 2011-37 as presented in the December 1, 2011 City Council packet.

Motion by Sumner, seconded by Gallagher, to approve Resolution No. 2011-37 adopting the 2012 Annual Fee Schedule. With 5 Ayes, 0 Nays the motion carried.

F. Resolution No. 2011-38 – Establishing the 2012 Salaries for the Full-Time Non-Union Positions of the City of Newport

Admin. Anderson – I'd like to remind the Council that the City is currently under negotiations with its two labor unions.

Motion by Ingemann, seconded by Sumner, to table Resolution No. 2011-38 establishing the 2012 salaries for the full-time, non-union positions of the City of Newport until labor negotiations are completed. With 5 Ayes, 0 Nays the motion carried.

10. ATTORNEY'S REPORT

Attorney Knaak – You have before you the monthly prosecution report. There were 40 criminal prosecution matters that filed disposition, which is roughly double our normal hours. I noted a couple items on the bottom.

11. POLICE CHIEF'S REPORT – No Report

12. FIRE CHIEF'S REPORT – The fire chief reported on the Fire Department's calls in the last couple weeks, which include: kitchen fire, propane heater malfunction, vehicle fire, false alarm and mutual aid call. He also requested that residents adopt a fire hydrant and keep them clear of snow. The Fire Department's Annual Food and Toy Drive is taking place on Sunday, December 4 at the North Pole. There are barrels at the North Pole and Cloverleaf Bar and Grill. The Fire Department also received a new thermal imaging camera which is used during the fire. The camera was paid for through the Booya Fundraiser and Meat Raffles.

13. ENGINEER'S REPORT

John Stewart – The watershed district has purchased all of the easements of the land entrances that were required to finish the north ravine project. That paperwork has gone to MnDot who has passed it on to the federal FHA who is proposing to give us written notice to bid out the project after next Wednesday. This would allow us to open bids around January 16. The project would probably start the end of March. We didn't spend as much money as MnDot thought we were going to spend on the 7th Avenue project but I believe MnDot will allow us to utilize that money on the north ravine project.

14. SUPERINTENDENT OF PUBLIC WORKS REPORT –

Mr. Neska – The City would like to recommend that residents keep snow on their own property as it is illegal to push it onto public property.

15. NEW/OLD BUSINESS

Councilman Gallagher – Dave Engfer would like to speak to the Council about a possible Advisory Financial Commission.

Dave Engfer, 1390 2nd Avenue, Newport, MN – Mr. Engfer was present to discuss a concern in the community about the financial state of the City. A number of residents are proposing that the Council establish a finance committee to assist the City Treasurer in his/her duties. A copy of Mr. Engfer's speech is attached as part of the official minutes.

Mayor Geraghty – So why don't you want me as the treasurer?

Mr. Engfer – It's not personal. I think the Mayor already has quite a bit of authority and responsibility.

Councilman Gallagher – I think what they discussed before is that it would be easier to have the EDA Treasurer be the City Treasurer.

Mayor Geraghty – Why? I'm just wondering what the problem is. We've done more in the last three to four years to make the City financially sound and are looking into the future. What's the issue? It's our job to watch the dollars and that's what we're doing. The citizens have every right to come and talk to us. We had no comments tonight and this is the time to do it. We have plenty of avenues for input so I'm trying to identify what exactly the problem is.

Councilman Gallagher – The way I look at it is that another advisory board such as the Planning

Commission and Parks Board.

Mayor Geraghty – I'm for less government not for more government. We have enough layers.
Councilman Gallagher – These are volunteers who would like to help us.

Mayor Geraghty – Come to any of our meetings. We have spots for public comments at all of the meetings. They can call me anytime, they can give us information. I think it's important for all of us to hear the information and not have it filtered between one or two council members.

Councilman Gallagher – I would say that this is a way for people who have expertise in this area to come take a look at what we do.

Mayor Geraghty – I could see this more in the economic development area but to have citizens taking over development of the budget. We have plenty of avenues for input and tonight's a perfect example. Nobody got up and said a word.

Councilman Rahm – Well it could be dynamics because some people don't like getting up in front of large groups. My question is where is this used at and does it help. If there is a problem, what is it? We do have auditors and we know what type of financial situation we're in.

Mr. Engfer – I didn't come here to speak, nor did the people who asked me to speak, come here to point fingers at anybody, we're here to see if there's a way we can help. From my perspective, I've been asking for financial statements for the last couple months and have received nothing. I have a hard time figuring out how we handle financial affairs when you don't have a financial statement to look at monthly. It's also my understanding that we don't reconcile our bank statements on a monthly statement.

Mayor Geraghty – The bank statements are reconciled through October 31. I just asked staff tonight.

Mr. Engfer – Well it was my understanding that they hadn't been and that the accountants had been working on it. All I'm saying as a CPA and someone who has been in financing for the past 30 years is that that lends itself for an opportunity for defalcation. So, if for no other reason than to improve the accounting controls, I think this kind of set up is preferable. There's too much concentration of duties in City Hall here to have appropriate accounting controls.

Mayor Geraghty – The only way to resolve that is to have more staff. This finding comes up in every audit that we are a small staff and have a small office and there may be some issues that arise from it.

Mr. Engfer – That's true if you ask your staff to do all of it. This recommendation is so that staff isn't burdened with all of it.

Councilman Rahm – Again, where is this used now?

Mr. Engfer – The way the statutes read is that the two offices can be combined by ordinance, which is what the City of Newport has decided to do, which could have happened many years ago. I think you ought to consider separating the two offices to improve the integrity because you may not be around in the future. I think this is a way to improve the checks and balances. I've heard from a couple of you council members that you would like to see more financial information on a regular basis and this is an option for that.

Mayor Geraghty – Brian can talk more to that.

Admin. Anderson – As I informed the Council earlier this spring, our bookkeeper had left and we had just purchased a new accounting system so it would be some time until we could reconcile due to this. Additionally, I informed the Council that they wouldn't be receiving monthly statements for a while either. That doesn't mean that we're in a tailspin by any means. The only three people who are allowed to spend money are the chief, Bruce and I. Knowing how those two spend/don't spend money, I trust them. I can guarantee that in February, you will get the January statements. I informed you of this earlier and it seemed everyone was on board with the transition. The old system is difficult to get any reports out of and staff has been working to clean up the books. We can get as much or little information to the Council and public once we get the new system going. I'll be happy to put monthly reports on the website. In addition to that, I am talking with the auditor to put together a financial strategy for us so that we can invest the cash that we are not using. One of the findings a couple years ago was to approve financial policies, which under my administration, we have approved four policies.

Councilman Ingemann – My understanding is that when the present bookkeeper took over, the records were very few and it was difficult to re-create the records.

Admin. Anderson – I think there were some issues and it probably had to do with the system that we had which we are correcting now. All of the information will be under the same program beginning January 1.

Councilman Gallagher – I don't see this as a way to check up on the staff or anyone. I see it as a way to have more involvement from residents.

Mayor Geraghty – I agree and there are plenty of avenues for residents to be involved now.

Councilman Gallagher – This is another way to solve our separation of duties issue.

Mayor Geraghty – No it doesn't because we won't give them the authority to do anything.

Councilman Gallagher – But there'd be outside review of it all.

Mayor Geraghty – But we pay for an outside auditor already.

Councilman Gallagher – That auditor is not an in-depth auditor.

Mayor Geraghty – Yes it is.

Mary Ann Newman, 1620 Wild Ridge Court S, Newport, MN – I think what we're trying to say is that we'd like some transparency in the financials, which means that if I come in as a citizen and the system is set up you can show me the revenues and expenditures on a monthly basis. I'm concerned that there is no system that is transparent to the citizens.

Mayor Geraghty – Once we have the capability of generating those reports we will put them on the website.

Ms. Newman – When will that be?

Admin. Anderson – The first report will be in February.

Mayor Geraghty – I'd like to ask the attorney if this structure is common.

Attorney Knaak – The structure you have now is quite common in small cities. Different cities handle

advisory groups differently. You can do whatever you feel is necessary as long as it follows the State Statutes. You can certainly put as much information online as you would like to as well. Afton does have a volunteer that does the City's financials. If you have people/groups like that, I wouldn't discourage you from utilizing them but there is an issue of adding another layer.

Councilman Rahm – Well Steve and I have sat down and looked at the bills monthly and whenever we have questions they do get answered.

Tom Aguilar-Downing, 1550 Wild Ridge Court N, Newport, MN – As you mentioned the auditor's report; they always have at the end that a separation of duties would be an improvement. I just ask the Council to consider this proposal as a new way of doing that without a cost to the City.

Councilman Ingemann – I would like to see how the new system works and that we come back to this in three months.

Mayor Geraghty – I agree with transparency and that these reports are made available to the residents once they are generated.

Councilman Gallagher – Can staff research the formation of a finance committee and get back to us by the end of the year?

Councilman Sumner – Not by the end of the year because we already said that the improvement won't be until after January 1.

Councilman Gallagher – Just research information about how it would be formed.

Councilman Ingemann – I wouldn't mind doing this in March but not now. Do we even have another meeting this year?

Admin. Anderson – I wasn't planning on it unless there is an engineering issue that we need to address.

Mr. Stewart – It's possible that we may need to have one before the end of the year and we will need two in January.

Councilman Gallagher – Lets say February or March then?

Councilman Ingemann – Absolutely because if everything's online there may not be an issue.

Attorney Knaak – I can research the formation of this and have something by the end of February.

Councilman Sumner – I don't want to see endless number of volunteers coming in and looking over the staff's shoulders, I don't think this would improve efficiency.

Councilman Rahm – I think providing the transparency will eliminate some of this need.

Councilman Gallagher – It's the right of the citizen to come in and ask questions.

Councilman Sumner – Is there anything in the financial documents that cannot be public?

Attorney Knaak – There are some items that shouldn't be in the report such as individual employee benefits but base line information is allowable.

Councilman Sumner – I would like to understand what residents would still like to see because we do have a list of the bills each month and they are made available. I think they should be made available on the website but I'm not sure what folks are clamoring to see.

Councilman Rahm – I don't know if it's a mystery but I would like to see financial controls that show me what we spend each month and chart that to the budget so that I know how we're operating. I think this will be available with the new system.

Mr. Engfer – Speaking to that, if you look at the accounting manual that's on the State Auditor's website there is a model of an interim financial statement that you could use.

Councilman Ingemann – If people aren't familiar, the City has gotten a lot of new systems that it is implementing recently and that is why I would like to wait until March to see how the new system works and what information will be available.

Councilman Gallagher – I think we've answered Dave's question with Fritz researching the financial commission and staff generating reports once the new system is up and running.

16. ADJOURNMENT

Motion by Geraghty, seconded by Rahm, to adjourn the regular Council Meeting at 7:23 P.M. With 5 Ayes, 0 Nays, the motion carried.

Signed: _____
Tim Geraghty, Mayor

Respectfully Submitted,

Renee Helm
Executive Analyst