

**ROLLA CITY COUNCIL
BUDGET MEETING MINUTES
MONDAY, AUGUST 27, 2007
ROLLA CITY HALL COUNCIL CHAMBERS
901 NORTH ELM STREET
6:03 P.M.**

Presiding: Mayor William S. Jenks, III

Council Members in Attendance: Terry Ruck, Monty Jordan, Donald Barklage, Stan Spadoni, Susan Eudaly, Gary W. Hicks, Judy Jepsen, Richard Sibley and Mark Walburg

Council Members Absent: Jim Williams, Richard Morris, and Lou Magdits

Department Directors in Attendance: Solid Waste Manager Brady Wilson, Recreation Center Director Scott Caron, Community Development Director John Petersen, Public Works Director Steve Hargis, Fire Chief Bob Williams, Finance Director Steffanie Rogers, and Police Chief Mark Kears

Other City Officials in Attendance: City Administrator John Butz and City Clerk Carol Daniels

Mayor William S. Jenks, III, called the meeting to order at approximately 6:03 p.m. He then turned the floor over to City Administrator John Butz.

Mr. Butz welcomed the Council to the review of the proposed 2008 fiscal year budget. He noted that statutorily, budgeting is the balancing of revenues and reserves, with the City's expenses. The fundamental rule in budgeting is that there are sufficient revenues and unencumbered reserves to meet the proposed expenses.

Mr. Butz noted the budget consists of the following ten funds: General, Sewer, Airport, Solid Waste, Cemetery Trust, Street Capital Improvement, Recreation Center, Park Fund, Parkland Reserve, and the internal service fund for the City's health insurance. He added that Rolla Municipal Utilities (RMU) is a part of the City but operates under the Board of Public Works and has a budget independent of the City's budget. RMU plans to present its proposed budget during the Council's next meeting.

City Administrator John Butz continued by providing an overview of the proposed Consolidated Statement of Revenues, Expenditures and Fund Balance. He noted that this

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is the one sheet that shows the overall picture of the City and covers the existing year, the prior two years, and the proposed 2008 budget. Mr. Butz pointed out the proposed budget shows revenues of \$26,154,074 and expenditures of \$26,052,501.

Mr. Butz continued by outlining the proposed critical unfunded items for Fiscal Year 2008. Regarding the proposed modification to the merit program, Mr. Butz explained that under the current system, annually the Council has granted a cost of living adjustment. In addition to the cost-of-living adjustment, based on performance reviews, employees are eligible for a merit increase of 3%. Mr. Butz explained that staff is proposing a change from ten steps to twenty steps and providing a 1.5% merit and a 3% merit. About 10% of the City's employees will not qualify for a merit increase, about 40% will qualify for a one-step increase (1.5% merit), and the remaining 50% would qualify for the full 3%. This change in the merit system would save about \$20,000 for the General Fund and \$40,000 to the entire City operation.

Mr. Butz noted that the "discussion items," listed on the same page as the critical unfunded items, have not been removed from the budget. However, they are items the Council may wish to have removed in order to increase the reserves should something should occur. Mr. Butz continued by expanding on the listed items.

Regarding the possibility of moving the Municipal Court offices and courtroom to Eugene E. Northern Community Hall, City Administrator John Butz told the Council that Municipal Court Judge William Hickle is not opposed to moving the court offices to Community Hall, but he is opposed to moving it to City Hall. He also indicated that the courtroom at the Community Hall would still be available for citizen meetings, but not dances. Discussion followed with no action taken. Mr. Butz asked Fire Chief Robert Williams to prepare a listing for the Council of the individuals/groups who reserve the Community Hall.

Mr. Butz continued by reviewing Page 10 of the proposed budget, which entails \$855,000 of budget cuts. Although these requests would be good to do for the community, they do not affect the City's major operations.

Regarding the proposed cuts in the Telecommunications line item, Councilmember Hicks asked if there is an issue of public safety. Mr. Butz said there is an issue of officer safety.

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Police Chief Mark Kears explained that when central communications was reconstructed, repeaters were not located within the Rolla city limits. As a result, in certain locations in the city limits, some of the officers' portable radios will not work.

Mr. Butz added that this has been a problem for years and this would address what has been a known problem.

Chief Kears said he is hoping to obtain some 911 funds through the County to help purchase the repeaters.

If the budget appears to be in better shape at mid-year, Mr. Butz said the Council might want to consider funding repeaters at that time.

Discussion ensued regarding replacement of the Police Department roof, which is listed with the unfunded requests. Chief Kears said the area where the roof is leaking does not affect any equipment.

Mr. Butz then provided an overview of the Statement of Revenues, Expenditures, and Fund Balance for the General Fund. He pointed out the General Fund is made up of thirteen different divisions and the budget contains \$8,803,366 in proposed revenues, \$9,174,214 in proposed expenditures, and net transfers of \$467,400 from the operations of the Street, Sewer, Recreation Center, and Solid Waste Funds. The General Fund subsidizes the Park and Airport Funds. After the transfers and subsidies, the General Fund has a surplus of \$96,552, which produces a year-end projected fund balance of \$2,064,701.

Mr. Butz recalled a citizen suggested looking into the feasibility of eliminating the payment-in-lieu-of-taxes (PILOT) from at least 300 and 500 kWh. He explained that it is surprisingly expensive to do this. Based on 500 kWh, the amount of revenue that would be lost is \$288,000 for all meters, and \$237,000 for residential meters. The amount of revenue lost using 300 kWh would be \$190,000.

Mr. Butz continued by highlighting the General Fund Revenue Projections and addressing questions and comments from the Council.

The Council asked Mr. Butz if he recalled when Court costs were last increased. Mr. Butz said he believes the costs were increased about four for five years ago. The Council requested that a comparison of other cities court fees be provided.

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Mr. Butz then provided an overview of the proposed Administrative, City Administrator, and Finance Department expenditures. Some discussion followed pertaining to the need for a Human Resources Department. Mr. Butz said many cities Rolla's size have Human Resource directors. However, funds are presently not available for a Human Resource office, which is estimated to cost about \$100,000. Mr. Butz added that he does not anticipate the City having a Human Resource office for at least five years. He said Rolla is at or slightly past the ideal threshold for a Human Resource Department.

Mr. Butz continued the review of the remainder of the General Fund budgets and he and the department directors entertained questions from the Council. Some of the discussion involved health insurance coverage for retirees and the idea of allowing employees to pre-pay insurance premiums in order to reduce premium costs during retirement. Mr. Butz said he has not heard of a plan to allow pre-payment of premiums, but said he would consider exploring it with the City's insurance consultant, Welsch, Flatness, and Lutz.

Mr. Butz asked Police Chief Mark Kearsse to address the Council concerning his budget request for additional officers. Chief Kearsse requested the hiring of two additional police officers for criminal/drug interdiction. He explained that these two officers would be a specific unit and their primary duties would be to focus on drug dealers or crime problems in certain areas of Rolla. Additionally, Chief Kearsse said he would like to use this team with the K-9 unit on Interstate 44. Chief Kearsse told the Council that the Phelps County Sheriff's Department began their full-time drug interdiction program in 2000. In 2006, \$264,000 cash was returned to the Sheriff's Department, which was used to purchase nine new vehicles and needed equipment.

After entertaining questions from the Council, Chief Kearsse described the Volunteers in Police Service (VIPS) program. Under this program, the VIPS coordinator would be in charge of all the VIPS who, in turn, would be assigned to a police officer. For example, after a burglary, the VIPS would contact the residents in the three houses on all sides of the burglarized home and conduct a follow-up investigation. Chief Kearsse said the officers currently do not have the time to conduct this type of investigation. The VIPS would be responsible for entering the information into a computer program, provide a copy to the investigating officer, and discuss the information obtained. Chief Kearsse said the VIPS would be a good liaison for the police department and their assistance would allow officers to respond to issues that are more critical. After Council discussion, it was decided to revisit these two programs at mid-year.

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Following Chief Kearsse's comments, Mr. Butz reviewed the Fire Department budget. He noted that it has been a challenge finding storage places for the weapons of mass destruction equipment. The Council discussed possibly using the former Ransdall building for storage. Mr. Butz said the City eventually plans to demolish the former Ransdall building. He said staff has discussed using the property behind the Recycling Center for storage. Mayor Jenks added that one of the weapons of mass destruction trailers requires a certain amount of climate control; therefore, the Ransdall building would not be suitable because there are no utilities in the building.

It was suggested that the office space adjacent to the Police Department, currently used by Rolla Video Productions, be used for the municipal court offices. Mr. Butz told the Council that Judge Hickle believes there should be a real separation between the Municipal Court and the Police Department. He wants to appear very independent of the law enforcement element. However, Mr. Butz said this is an option.

During review of the Community Development budget, Mr. Butz noted that funds have been included for the code update. Mr. Butz pointed out that had the Council authorized the rental inspection program, it would have required at least one full-time inspector and a part-time secretary with a budget of \$93,880.

In response to a question about the demolition of derelict buildings, Mr. Butz told the Council that \$10,000 has been budgeted in the Community Development budget for these abatements. He added that staff has discussed ways of recouping these costs through the court with City Counselor John Beger and City Prosecutor Jeff Stoltz.

Mr. Butz then continued with a review of the Economic Development expenditures. He pointed out that Rolla Regional Economic Commission Executive Director Elizabeth Bax is considered a contract employee and her personnel costs are reimbursed by the Rolla Regional Economic Commission.

Following review of the General Fund budgets, Mr. Butz then provided a review of the Airport Fund. He told the Council the City is required by law to have revenues exceed expenditures. He explained that staff proposes revenues of \$875,715, expenses of \$969,390, and a General Fund transfer of \$80,000. Regarding the replacement of the fence along Highway 63, adjacent to the Airport, Mr. Butz said he plans to discuss the replacement with the Airport Advisory Committee.

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City Administrator John Butz announced that a review of the proposed budget would continue tomorrow at 6 p.m.

The meeting adjourned at approximately 8:40 p.m.

Minutes respectfully submitted by City Clerk Carol Daniels.

CITY CLERK

MAYOR

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