

**FINANCE COMMITTEE MEETING**  
**March 18, 2019**

**The City of Jackson Finance Committee met in the Council Chambers of the Jackson City Hall at 5:15 p.m. on March 18, 2019 with the following persons present: Finance Committee members Mayor Wayne Walter, Brandon Finck and Dave Cushman, City Administrator Matt Skaret, Water/Wastewater Superintendent Tony Oxborough, Liquor Store Manager Michelle Bratrud and Recording Secretary Dave Maschoff. (A quorum of the Finance Committee was present.)**

**WATER DEPARTMENT/MN TAP SUMMER INTERN APPLICATION**

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City Administrator Skaret introduced Water/Wastewater Superintendent Tony Oxborough to talk about the proposed MnTAP Summer Intern application and the supervisor compensation time/overtime proposal for emergencies.

Oxborough said he's been putting together a list of projects since 2015, things to fix, questions he has, research topics and more. He said the list is only getting longer and now he has even less time to focus on one issue and see it through to the end. Oxborough suggested instead of hiring a part-time summer help person with no experience, he would like to hire a MnTAP student who works under a MnTAP Engineer or science related professional who guides the student through a project of the City's choosing to reduce waste and become more energy efficient.

Skaret asked Oxborough to explain what the MnTAP program is.

Oxborough explained the MnTAP program is put on by the University of Minnesota and stands for "Minnesota Technical Assistance Program". He said they implement solutions that prevent pollution at the source, maximize efficiencies, and reduce energy costs to improve public health and the environment.

Oxborough said the City's cost to enroll in the program is \$3,000. He said the student receives \$14 an hour for a total of 500 hours, with a \$1,000 stipend once they have completed the project which would amount to a total salary of \$8,000. Oxborough said the MPCA funds the program and picks up the rest of the bill so the MPCA would pay \$5,000. Oxborough noted he has \$5,000 budgeted for a part-time summer help and would like to use that money to pay for this program if accepted.

Oxborough explained the scope of the project is dealing with the City's I and I issue, inflow and infiltration, rain water getting into the sewer system.

Oxborough said last year the City pumped 310 million gallons of sewage to the ponds. He pointed out 60 percent of that was rain water.

Oxborough said the total cost of power in 2018 for the City's lift stations was just under \$61,000. He said the City spent over \$30,000 more in 2018 than they did for the same lift stations in 2006. Oxborough said the cost of power has gone up since 2006 but also has the amount of hours of pumping. He said Lift Station Number 4, or example, is the last pump station before the sewage reaches the ponds and it pumped 807.4 hours more in 2018 and in 2006 which turns out to be a 48 percent increase in demand.

Oxborough said since the City received a Notice of Violation in 2018 for multiple unauthorized releases of wastewater from the MPCA, this will be a productive way of showing the City is actively trying to understand the issues the City has with its system.

Oxborough went on to say he'd work with the student and their mentor to build a starting point for the project outlined. He said after that, it would be up to the student to independently decide how to reach the project goals.

Finck commented it seems like a good program. He said he has no issues with it.

Oxborough said MnTAP program was brought up at the Water Conference held in St. Cloud and the program was looking for cities to apply. He noted the City has had summer help in prior years and this year he just won't have time to work one-on-one with them. Oxborough this person through MnTAP could work independently and come up with a project. He said he will help and assist the person with smoke-testing and giving them a lay-out of the City's sewer system. Oxborough said the City really needs to attack where all this rain water is coming from. He said last week the Water Department was fighting with it the whole time. Oxborough said he thinks it would be productive in the eyes of the MPCA. He said the MPCA would actually be helping the City out in finding the problem.

Oxborough asked Skaret if the City has heard back about the MnTAP program since applying.

Skaret said the City has not heard back other than a confirmation that the application has been received. He said an application for the MnTAP program has been submitted. Skaret explained the application was time sensitive so the application was submitted. He said if the Finance Committee did not want to pursue participating in the program, the application could be withdrawn.

For a little bit of price difference, Cushman noted the benefit of hiring someone for the summer who has some knowledge already verses hiring someone that has no knowledge of the work the Water Department does.

Mayor Walter said he didn't have a problem with the City applying for the MnTAP Program.

**MAYOR WALTER/CUSHMAN moved and it was unanimously carried to recommend to the City Council to hire a Water Department/MnTAP intern for the summer of 2019.**

### **SUPERVISORY OVERTIME EXEMPT EMPLOYEE OVERTIME/COMPTIME DURING EMERGENCIES**

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Oxborough said what he's asking for is comp time for wet weather and flooding.

Oxborough said during the flooding in 2018, between June 22<sup>nd</sup> and July 4<sup>th</sup>, he worked an extra 38.83 hours. He noted that's three weeks of work in a two-week period. Oxborough said one of those days was 17.34 hours straight on a Sunday.

Oxborough explained since he is a salaried position, if he works over 40 hours before the week is up and he's caught up on his work load, he's allowed to take off early before the week is over.

Oxborough said during heavy rains or flooding, regardless of the amount of hours he has worked, he's not going to leave until things are under control.

Oxborough explained what he's asking for is Comp time, hour for hour, during heavy rain events that result in lift stations bypassing or flooding that doesn't allow him to take time off during that week.

Oxborough said he would also ask that the City change from having to put in 40 hours during each week, to meeting the hours that are on the time card for that specific pay period such as 80 hours, 88 hours and the like.

Oxborough mentioned he was not getting paid to attend the Finance Committee meeting. He said he could work it into his time card this week but he has a long list of things that need to get done before summer projects start. Oxborough noted he's been coming into work almost every night during the week for the last two months trying to organize the files in his office because he doesn't have time during normal hours of work to do just that. He pointed out that is his choice and don't get him wrong, but during flooding and lift stations running over, he believes comp time is not out of the question.

Oxborough said he could leave the meeting if the Finance Committee wanted to discuss his request further.

Finck said Oxborough's proposal would be an issue to be discussed by the Personnel Committee.

Oxborough said City Administrator Skaret would have oversight of his proposal.

Cushman said he wants to make sure someone has oversight so that it isn't abused and it carries over to another department.

Skaret said if the City Council does allow Oxborough's comp time proposal, the City will have to set some very clear and firm parameters so the City doesn't end up with a slippery slope situation.

Finck mentioned the other departments and there's more to it than just Oxborough. He said there's more conversation that needs to take place. Finck said it's a HR issue and it has to be done the right way if the City is going to implement such a proposal.

Oxborough asked about counting the total number hours for a pay period instead of requiring 40 hours per week because some weeks are more than 40 hours and other weeks are not. For example, Oxborough said putting in 96 hours per pay period is more flexible than requiring 40 hours per week.

Finck warned from an HR standpoint you have to be careful. He said in private business you have to put in a minimum of 32 hours per week per pay period or you may run into a compliance issue on benefits. Finck explained you can't get below 64 hours in any two week pay period because full-time benefits change to part-time benefits in private business.

Skaret said for the City policy wise, it's 40 hours per week as how it's laid out in the City's personnel policy.

Finck said that's what needs to be looked at.

Liquor Store Manager Michelle Bratrud said she agreed with Oxborough regarding counting the total hours per pay period instead of the 40 hour per week requirement. She said there have been times she has worked on a few hours on a Saturday due to somebody that can't work, but she can't count those extra Saturday hours for that week but could count them for the following week.

Going back to the discussion about the MnTAP summer intern, Cushman asked Oxborough in addition to the project, would the intern be available to assist with other work needs, such as flooding.

Oxborough said he would have the intern also help out installing water meters on down days. He said he plans to use the MnTAP summer intern to their full benefit. Oxborough said there's a lot of work to smoke test the entire town, figure out what needs to be done and determine flow rates. Oxborough said the summer intern would be kept busy to the full extent. He said he really hopes to get an engineering student. Oxborough said if Jackson was able to get a MnTAP summer intern he anticipates the intern would work from mid-May to probably mid-August.

(Oxborough leaves the meeting)

### **MUNICIPAL LIQUOR STORE PART TIME CLERK/CLEANING POSITION (15 HOURS/WEEK)**

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Liquor Store Manager Michelle Bratrud said there's been discussion about whether the City needs to hire a cleaning service to clean the new municipal liquor store building.

Bratrud said she is very much against that idea just in case items come up missing from the store. She said she doesn't do inventory on a daily basis because there's a lot to count. Bratrud said in three or four months when she does inventory is when it could be discovered some items are missing and it would be difficult to determine what occurred.

Bratrud said she wants to make sure the new store is kept clean. She asked whether a part-time person could be hired who could also help fill shelves and keep the store clean for maybe 15 hours a week. Bratrud said a third person could be on duty for a few shifts here and there so one person can be cleaning and there would still be two cashiers waiting on customers. She said a cleaning service may charge anywhere from \$500 to \$1,000 a month. Bratrud said if the City were to hire a part-time person at \$13 per hour for 15 hours per week the cost would be just over \$700 a month for wages. She noted that person would then be at the store and she could tell the person what needs to be done instead of having a cleaning service.

Cushman asked if the person hired would also be a part-time clerk as well.

Bratrud said someone hired would be trained to also serve as a clerk.

Finck asked Skaret if a part-time person would also receive benefits.

Skaret said the person would not receive benefits unless they work 40 hours per week.

Cushman asked what the starting wage is for a newly hired person.

Skaret said the starting wage is at \$13.55 per hour.

Finck noted there would also be employee payroll tax. He said the City's cost for a part-time person at the liquor store would be roughly \$900 a month. Finck said he knows cleaning services at his place of business costs \$1,000 a month.

Skaret noted hiring a part-time person doesn't prevent any of the other liquor store employees from cleaning when the part-time person is not there.

Bratrud agreed with Skaret. She said she's not hiring the person as a cleaning person but hiring them as a part-time clerk. Bratrud said all the employees will be cleaning.

**FINCK/MAYOR WALTER moved and it was unanimously carried to recommend to the City Council to hire a part-time clerk at the liquor store for 15 hours per week.**

#### **LIQUOR STORE COOLER – NO BIDS WERE RECEIVED**

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Skaret reported the City advertised for bids for the cooler in the old liquor store. He said bids were due on March 15<sup>th</sup>, 2019 and no bids were received.

Bratrud said she's had a couple of inquiries. He said one person inquired but did not offer a price but maybe just wants to take the cooler and pay for the cost of having it removed from the building. Bratrud said the one other interested person said the cooler was too big for what they needed. She said one refrigeration company said it would be approximately \$3,500 for them to remove and cooler and another \$3,500 to install it somewhere else.

Cushman said maybe the City should just look at getting rid of it.

Skaret said the City could get rid of the cooler by authorizing whoever wants it can have it for free provided that they pay for and make all the arrangements to get the cooler out of the building.

Cushman also noted whoever removes the cooler is also responsible for any damage to the building. He said the cooler needs to be removed as the building is being sold to a new owner. Cushman pointed out Karla Kuipers has been very good to the City and the City needs to be very good to her.

Bratrud said she would contact the person who indicated an interest in the cooler.

Mayor Walter noted that whoever removes the cooler also leaves the building in good shape.

**CUSHMAN/MAYOR WALTER moved and it was unanimously carried to recommend to the City Council approving the disposal of the cooler at the old liquor store free of charge to anyone who wants it providing they make all the arrangements to remove the cooler and leave the building in-tack and are responsible for any damage they may occur to the building when removing the cooler.**

Cushman commented he saw the roofers were at the new liquor store on March 18<sup>th</sup> looking over the areas of the roof where the shingles had blown off.

Bratrud said the roofers were there and said they would be coming back on March 19<sup>th</sup>.

Cushman asked what's left in the old liquor store location other than the cooler.

Bratrud there are a few things that need to be removed along with some shelving and some cupboards. Bratrud said there's not a huge amount of items that need to be removed other than the cooler.

Cushman asked that Karla Kuipers be asked to walk through the building to determine what belongs to Kuipers. Cushman asked when the City's lease on the building ends.

Bratrud said the City's lease ends at the end of March.

Finck mentioned having the next Liquor Committee meeting at the new liquor store.

(Bratrud leaves the meeting)

### **LIFT STATION NO. 4/SOUTH HIGHWAY UTILITIES PROJECT GENERAL OBLIGATION BOND FINANCING**

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Skaret explained the plan all along has been to issue a general obligation bond wrapping the Lift Station No. 4 and South Highway Utilities projects into one bond to be paid back with water and sanitary sewer revenues.

Skaret said there is some storm sewer work. He explained the City has no other revenue stream to pay for storm sewer work. Skaret noted in the bond documents it will say the City is actually pledging sanitary sewer revenues but the City can put that on the property tax levy. He said that's what a lot of communities do.

Skaret pointed out Sweeney's letter notes that a project like this is another good reason to consider establishing a storm water utility as the infrastructure needs grow and get more expensive. Skaret said it just broadens the pie a little bit to draw revenues in to address some of these problems.

Mayor Walter pointed out Oxborough's comments about how much water is getting into the system. He said something is going to have to get fixed because water is leaking into the system. Mayor Walter said he wouldn't have a problem looking into setting up a storm water utility fee.

Skaret said setting up a storm water utility fee would be done by ordinance.

Mayor Walter asked how the fees would be determined.



Skaret explained typically there would be one monthly flat rate for residential and a little bit larger fee for small commercial and downtown businesses because they have more paved surfaces that contribute to the water runoff when it rains. He said there would also be another rate for a larger commercial business, a rate for industrial, and a rate for institutional such as non-profits, churches and schools. Skaret said he knows the institutional organizations always have very tight budgets but pointed out they are also the ones too that don't pay property taxes but they have the larger parking lots where all that water runs off. He said that's something Shannon Sweeney could help set up.

Cushman said he's not ready to set that rate up, but would like see it first.

Mayor Walter concurred with Cushman.

Skaret the City would have to take a broader look and a larger plan, like a ten year plan, to look at what the City's needs are and of those needs how much are attributed to storm water costs. He said you would then basically work backwards to see how much you need and the City could set up the rate structure up according to those levels.

Finck said if the City is going to look at starting to do some of these things and really analyze it, it sure would be nice if the City analyzed the whole picture. Not just the sewer system, but Finck said he would like the City analyze on taxes, utilities and how Jackson compares to other communities from a consumer per household cost. He said there are other aspects to be considered such as county and school tax impacts.

Skaret said all aspects would be analyzed.

Finck said he doesn't want to get into a situation where the City is overcharging citizens compared to other communities when it's looked at on a holistic basis. He said that's his challenge.

Cushman said the other aspect can you sell the idea. He said we have to make sure we're not just adding another tax to the citizens to plan for a rainy day.

Finck said he agreed with Cushman, but wants to look that the City is not just taxing, but overcharging our citizens. He said if we want the community to grow, the City has to be in the ballpark too on the holistic per household and business analysis. Finck said he wants to make sure the City is doing the right thing.

Cushman said Finck brings up a good point and would like to see how it compares with everything else on a monthly charge to the residents and businesses.

Mayor Walter said there are so many things that need to be fixed in the City from the streets to the infrastructure and everything else and there's two ways to pay for it. He said either a fee through water and sewer or raise the levy to the general public.

Finck said Mayor Walter is completely correct. Finck said the only thing he wants to do is educate himself to make that decision on how it's affecting the households. He said right now he doesn't feel educated enough holistically how this affects everything the City is doing and he would like to look everything.

Finck said maybe the City needs to take a look at using reserve funds instead of financing projects.

Skaret said the City has been using reserve funds for some projects. He noted reserve funds were used to decrease the amount of the water storage tank bond.

Mayor Walter noted previous City Administrations and City Administrators in the past were great in saving money. However, Mayor Walter said they didn't fix things that they could have fixed at that time much less expensive than can be fixed now. He said the City is about 35 or 40 years behind.

Skaret said we are behind in Jackson.

Finck said the City is way behind. He said the frugality by previous City administrations hurt the City by doing that instead of helping.

Cushman said it's a great conservation to have and start by gathering facts and looking at the needs list and what needs to be done and what does the City want to do.

Regarding the bond for Lift Station Number 4 and South Highway Utilities Project General Obligation bond financing, Skaret said he and Sweeney reviewed the bond repayment schedule. He said what's being recommended is a 20 year bond. Skaret said the City could do a 15 year bond or even shorter, but then the City would have to look at adjusting the water and sewer rates even more than what the City has. He added for this size of bond, a 20 year term is pretty realistic. Skaret said the Lift Station Number 4 and South Highway Utilities projects are both wrapped together in this bond.

Skaret said a Street Committee meeting needs to be held with Engineer Greg Mitchell of Bolton and Menk, Street Superintendent Phil Markman and Water/Wastewater Superintendent Tony Oxborough to discuss what needs to be done regarding reconstruction or overlaying streets.

Finck said the City needs to figure how to get off center on this. He said it's really pothole fixing, overlays and full reconstruction somehow has to be broke out and figured out.

Cushman said discussion is always about the worst streets and the worst utilities. He said the City needs to start looking at heavier traffic counts. Cushman said that's got to be the focus and direction of where does the City get the most traffic where improvements need to take place.

Finck agreed with Cushman.

Mayor Walter suggested maybe next year the City will need to look at bonding for street repairs.

#### **ADJOURNMENT**

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**With no further business, the Finance Committee meeting was adjourned at 6:15 p.m.**

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**David A. Maschoff, Recording Secretary**

