

The Cannon Falls City Council met in a work session on Tuesday, September 1, 2020, in the City Council Chambers. Present were Mayor John Althoff and Council Members Morris Mattson, Bill Duncan, Derek Lundell, Mary Jill Bringgold, Matt Montgomery, and Steve Gesme. Also present were Neil Jensen, City Administrator; Laura Qualey, Community and Economic Business Specialist (remotely); Jeffrey McCormick, Police Chief; Mike Althoff, Fire Chief and Sara Peer, City Clerk.

Call to Order Mayor Althoff called the City Council work session to order at 5:41 p.m.

CARES Funding Community and Economic Business Specialist Qualey provided a detailed explanation of the how the CARES Act funding has been allocated. She stated that there are six categories required by the State in terms of reporting. She noted that this was recently expanded to twelve categories, adding that expenses still basically fall under the original six categories:

1. Medical Expenses.

Ms. Qualey reported that no medical expenses were allocated, as there were no COVID-related healthcare expenses.

2. Public Health Expenses.

Ms. Qualey reported that approximately \$300 was allocated for masks. She stated that automatic hand sanitizer stands and hand sanitizer have been ordered for City Hall. She noted that \$2,500 has been allocated for PPE expenses, including gloves, masks, and shields for City Hall staff and other public buildings. She noted that these expenses represent approximately 1% of the total allocation.

3. Payroll Expenses.

Ms. Qualey stated that eligible expenses under the CARES Act include administrative expenses related to COVID-19. She provided examples of these expenses. Ms. Qualey stated that her CEDA contract is a qualified expense and provided a summary of the reasons for this. She stated that there was some COVID-related sick leave taken by City staff, which can be reimbursed. She reiterated that CARES Act funding can be used for administrative fees. She stated that approximately 9% of the total budget has been allocated toward payroll expenses.

4. Compliance with Public Health Measures.

Ms. Qualey stated that qualifying expenses have been more specifically detailed for this category. She reviewed remote access expenses and technical upgrades that are reimbursable under this category.

Fire Chief Althoff noted that one of these expenses is an online training platform that can be sent to the firefighters so they can

complete their training at home, along with keeping track of firefighter hours toward recertification. He noted that this would be for a 3-year subscription, after which time the State will reimburse this expense for volunteer fire departments.

Ms. Qualey stated that a recently added qualifying expense relates to upgraded software for the water treatment plant. City Administrator Jensen provided an explanation of this upgrade.

Ms. Qualey stated that this category represents approximately 76% of the total CARES fund allocation. She reiterated that some of these expenses are quotes and could come in a little higher or a little lower.

5. Economic Support.

Ms. Qualey noted that \$2,000 had been provided to Cannon Valley Senior Center earlier this year, adding that this expense was able to be reabsorbed under the CARES Act. She stated that Cannon Falls School District Superintendent Sampson had requested about \$28,000 for payroll expenses related to the Cannon Kids program. Ms. Qualey stated that she had allocated \$30,000 for this purpose. She noted that \$20,000 has been allocated toward small business grants to cover cleaning supplies and PPE, up to \$250 for each grant. She stated that economic support represents approximately 17% of the total allocation.

6. Other Expenses.

Ms. Qualey noted that this category is for expenses that do not fall under the other categories. She provided the example of a mileage expense.

A discussion took place relating to the categories and proposed allocations. Small business grants were further discussed. It was noted these funds need to be spent by November 15, 2020. The time frame for equipment purchases was discussed. The consensus was to accept the allocations as presented.

Council Member Lundell requested clarification of the budget planning process. Additional information was provided by Administrator Jensen and members of the Finance Committee.

Police Chief McCormick clarified the Police Department budget in terms of staffing.

Council Member Lundell requested clarification of clerical positions. Council Member Duncan, Chief McCormick, and Council Member Bringgold provided additional information in this regard. The budget impact of the changes was clarified. Comparison studies were reviewed.

Council Member Montgomery asked about the comparison studies and expressed concerns about eliminating a position to meet budget targets. Council Members Mattson and Duncan provided additional information in this regard.

Council Member Duncan noted that when one of the clerks had been absent for 90 days, there was no overtime. He also commented that the former Assistant City Administrator was not replaced, along with another part-time administrative position.

Chief McCormick provided clarification that during the 90-day period overtime hours were controlled, adding that the work backed up. He noted that the Police Department also did not replace a retired officer position.

Council Member Montgomery noted that in the case of the Assistant City Administrator position, some of the duties and funding were reallocated. He commented that in the case of the Police Department, one clerical position would be eliminated with no restructuring.

Council Member Duncan commented that police officers may have to complete more of their own reports. Council Member Lundell asked if this would require them to work more hours. A discussion took place as to how it was determined which paid position would be eliminated.

Council Member Gesme asked if the preliminary Police Department budget included the elimination of one clerical position. Chief McCormick clarified that his initial budget included the elimination of only the retired officer position. He stated that he was later advised of the Finance Committee's recommendation to eliminate one clerical position. Administrator Jensen summarized discussion by the Finance Committee.

Council Member Montgomery requested clarification of the reasons for this recommendation. Council Member Duncan stated that two clerical positions are not needed in the Police Department.

Council Member Lundell asked Chief McCormick for his opinion of whether two clerical positions are needed.

Council Member Montgomery stated his understanding that department heads were asked to provide a conservative budget and have done a good job in this regard. He commented that no other departments are being asked to eliminate current positions.

Further discussion took place in regard to personnel changes that have occurred over the last few months and anticipated changes over the next few months.

A discussion also took place as to what may happen if and when there are cuts made to LGA revenue. Administrator Jensen commented that there is genuine discomfort among other cities regarding what may happen in regard to this matter. Tax capacity impacts were discussed.

Administrator Jensen referenced discussion during past work sessions with regard to a goal of maintaining the current tax levy for 2021. He noted that there is a reserve fund that would be available if there are LGA cuts. He noted that health insurance premiums have gone up 6%. He summarized the budget impacts of staffing changes and discussed the reallocation of duties. He noted that there had been good news regarding the refinancing of City bonds and provided an explanation of this. He reviewed budget increases in certain areas and provided an explanation of these increases along with offsetting budget cuts. He referenced the water and sewer funds and rates. He commented that there were a lot of difficult decisions that have been made, with more difficult decisions to be made in the future. He summarized the preliminary 2021 budget and tax levy.

Adjournment

The work session adjourned at 6:27 p.m.

Adopted by the City Council of the City of Cannon Falls on the 15th day of September, 2020.

John O. Althoff, Mayor

ATTEST:

Neil L. Jensen, City Administrator