

MINUTES
RAMSEY COUNTY CHARTER COMMISSION

August 6, 2007

7:00 PM

The Ramsey County Charter Commission met on Monday, August 6, 2007, at 7:00 p.m. at the Association of Minnesota Counties Building in St. Paul, MN.

MEMBERS PRESENT:

District 1:	Sharon Klumpp Ben Stephens
District 2:	Robert Bell
District 4:	Peter Hendricks
District 5:	Rod Halvorson
District 6:	A.L. Brown Russell Miller
District 7:	Bud Berry Marvin Koppen
At Large:	Mike Fratto Minoka Kitto Beth Miller

MEMBERS ABSENT:

District 3:	Charles Aguirre
District 3:	Frank Gurney
District 4:	Chris Leifeld
District 5:	Lyle Nelson

OTHERS PRESENT:

Commissioner Toni Carter
David Twa, County Manager
Julie Kleinschmidt, Director, Budgeting & Accounting
Bonnie Jackelen, County Manager's Office
Mark Pettit, Ramsey County Sheriff's Office
Terry Nyblom, citizen

CALL TO ORDER:

Chair Sharon Klumpp called the meeting to order at approximately 7:00 PM.

APPROVAL OF MINUTES:

A MOTION was made, SECONDED, and CARRIED to approve the minutes of the May 7, 2007, Charter Commission meeting.

CITIZEN INPUT/COMMENTS:

Terry Nyblom: Distributed handouts consisting of his presentation. He continued his plea for help from the Charter Commission regarding his grievance with the child support system in Ramsey County. He believes it is the duty of the Charter Commission to investigate his claim and take action if necessary. He asked the Commission to further review the statutes and practices he claims to be unjust.

A.L. Brown: Made a MOTION to request that Darwin Lookingbill provide a written statement indicating clear proof that Mr. Nyblom is incorrect in his assumption that the Charter Commission has a duty to investigate his claim. The MOTION was seconded and CARRIED.

COUNTY MANAGER UPDATE ON OPEB (Other Post Employment Benefits):

County Manager David Twa: Discussed the history behind the decision to create the OPEB program. It had been estimated that the County's liability was close to \$520 million, but after an actuarial review the number was closer to \$360 million. Based on that number, the County Board made a number of changes on retiree benefits and has made a lot of progress. He stated that at the end of 2007, the Board would have put aside \$23 million toward that liability. He discussed other budgetary information that has not been completely settled and stated that this information could be discussed in further detail at a later date.

Julie Kleinschmidt: Stated that the County obligation is large, but manageable, and the County has to abide by rules governed by the Governmental Accounting Standards Board (GASB). She explained that GASB gave the County an order including three pieces; to stop or at least slow down the growth of the County liability budget by controlling the cost and beginning to fund the liability, to fund this liability with minimal impact on taxes and services, and that the change should be slow and steady so that one group of employees would receive one set of employee benefits and one group receive something less desirable. She explained that OPEB is retiree health insurance, which is a negotiated benefit that has been promised to employees. Historically, the cost for retiree health benefits is based on a "pay as you go" basis, so the amount needed is budgeted in the year that the premium is paid. That process worked well as long as the number of retirees stayed fairly steady. However, with the number of baby boomers increasing, the retiree numbers and the cost of health care skyrocketing, flaws became apparent in that process. Costs are affected by the increase in life expectancy. One major flaw in the historical process of "pay as you go" is that the cost is not seen by those receiving the benefits, but rather by future generations in taxes. This problem is prevalent in both the private and public sectors. This topic became well known just before the 2006 elections. At that time Ramsey County was listed as being in the top 20 of governmental entities, along with St. Paul schools and the City of St. Paul, having the largest liabilities. The \$316 million liability held by the County could be amortized over 30 years, meaning that the County would need to raise an additional \$18.2 million annually to fully fund this liability. So far, the County has been able to partially fund the liability. She spoke about the kinds of things that have been done to control the cost, such as: regular plan design changes to increase the employee share cost to keep up with inflation; substantially reducing the benefits for new hires; eliminating the benefit for new hires after December 31, 2005, and substitution of a smaller post-termination health care plan. New hires like the substituted plan better because it is portable. With the use of this new plan there has been an 85% reduction in the county cost per employee. She distributed a handout that explained the recommendations on what to do now to continue to move in the right direction. **Russell Miller** asked if the drastic changes in retiree health benefits happening within the private industry are legal and/or related to the changes happening with the County. **David Twa** said that the private industry has the ability to change anything related to employees without many restrictions; however, the public sector, namely the County, has contractual obligations due to unions so employees must agree to any proposed change. He said the County allowed current employees to vote on one-time only election to stay with the current plan or to change to the new plan, and over 500 employees out of 2000 decided to go with the new, more portable plan. **Julie Kleinschmidt** said the issue of funds essentially "drying up" for these health care benefits has been ongoing for a while and the County has been able to negotiate with its employees to make small changes that help the future instead of a drastic change to deal with limited funds. **Ben Stephens** asked if the terminology "conservative assumptions" means "the worst case scenario". **Julie Kleinschmidt** said they had assumed that people would live longer, and that the County would earn more of a modest rate on the investment

income. She said that the \$316 million estimate was based on generally accepted assumptions in Minnesota. **Ben Stephens** asked about additional earnings in relation to the trust fund through the County. **David Twa** pointed out that the recommendation to the Board has been to establish a trust that is kept at the county level. He explained that the age of retirement for County employees varies greatly; for instance, police officers and firefighters are able to retire at an earlier age with the same retiree benefits. He said that most employees retire between 55 and 65. **Julie Kleinschmidt** said that the premium to the County is reduced substantially when an individual reaches Medicare eligibility. **Sharon Klumpp** asked if the County could establish a trust based on its status as a Home Rule Charter county, and if it has been discussed along with these other changes in the tax bill. **David Twa** stated that it has been discussed, however not pursued too actively, because the tax bill was loaded with controversial components, and it was decided that it would be looked into further at a later time. **Sharon Klumpp** stated that this issue would be something for the Charter Commission to monitor and receive updates from the County, so the Commission can understand any responsibility or ability to make any changes. **A.L. Brown** asked if the idea is that there is nothing in State law that prohibits the County from establishing a trust at the local level. **David Twa** explained that in most cases, local government feels prohibited because the state has not given them the power; however, Ramsey County, as a Home Rule Charter county, has power to make changes other than what is prohibited by the state. **A.L. Brown** clarified his question: is there anything in state law that prohibits the county from creating a trust at the local level. **Julie Kleinschmidt** explained that it is generally based on the interpretation of the state auditor, and at this time it is unclear whether it is prohibited or not. **A.L. Brown** asked what the 500 employees, who elected to change to the new health care plan, are able to take with them when they leave. **David Twa** explained that the employees who choose this plan begin putting 1% of their earnings as a pre-tax deduction into a health care savings plan, and after five years, the County will begin putting \$500 a year in the savings plan and that amount continues to increase. **Julie Kleinschmidt** explained that the health care savings plan would be fully funded. **Rod Halvorson** asked if, at age 65, the County pays the supplement related to Medicare. **David Twa** said that the County would pay the Medicare portion, however, many employees who retire have a younger spouse not eligible for Medicare. **Mike Fratto** asked if the employees who elected to take the health care savings plan have the freedom to invest that money. **David Twa and Julie Kleinschmidt** both answered stating that the plan works like a deferred compensation plan, and that the list of investment opportunities is very close to that which is given to employees with their deferred compensation plan. **Russell Miller** asked if the County can give guaranteed benefits, or if the benefits have to change based on rising health care costs. **Julie Kleinschmidt** explained that in labor negotiations, the County is aware of how much money is available for salary and benefits, and historically, Ramsey County has pushed more and more cost onto employees by changing co-pays, minimum employee responsibility, etc.

Copies of the proposed budget were handed out for review.

Commissioner Toni Carter

Asked the Commission to bring forward any questions or concerns to discuss before she goes over the proposed budget. **A.L. Brown** asked if she has been keeping up with the current discussion of appointment vs. election of the County Sheriff. **Commissioner Carter** said she has not had an opportunity to read all of the minutes from previous meetings. She left off at the early stages while the Commission was seeking information, however, she had heard that the discussion had turned from the County Attorney and the Sheriff to solely the Sheriff. She asked if there was anything new she should be aware of. **Rod Halvorson** said that at the last meeting, the Commission asked for a question to be drafted for review that could be put on the 2008 ballot to change the elected position of the Sheriff to an appointed position. **Sharon Klumpp** asked if, in relation to public infrastructure maintenance surrounding the current tragedy of the I35W bridge collapse, there has been discussion

now, or in the past, on this issue of maintenance and whether or not there is a plan. **Commissioner Carter** said that the discussion of infrastructure maintenance funds has been ongoing, especially with many of the bridges being deemed in need of work; the County has had to advance dollars to get projects moving. She explained that the unfortunate incident of August 1st raises the concern even higher and now to the general public. This incident highlighted the need for the counties to come to an agreement on a transportation bill and get things moving in the right direction, and, now the discussion is more open to actual changes than it had been in the past. **Bud Berry** asked who holds the responsibility for city streets, state highways, etc. **Commissioner Carter** said that state and federal governments hold responsibility for transportation and public infrastructure; Mn/DOT, or the state, owns the project when something needs maintenance; however, the federal government would provide funding for interstate highways such as I35W. **Mike Fratto** said one reason why people have been so upset about the vetoes on the transportation bill is that the federal government would provide matching funds for state transportation; however, if the state is not raising those funds then the federal government does not provide the extra matching funds. He assumes that the actual responsibility lies with Mn/DOT in the instance of the I35W Bridge, although it is a special circumstance because it is interstate and the federal government has stepped in. It was also stated that even though the incident happened in Hennepin County, Ramsey County provided plenty of support. **Mark Pettit** spoke about the assistance the Ramsey County Sheriff's Department provided. **Commissioner Carter** spoke about the amazing abilities technology has provided for regional communication, and how that communication ability helped the recovery process for the I35W Bridge collapse. **Mike Fratto** said the lessons learned from 9-11 also provided solid foundation for a recovery process.

Commissioner Carter provided a brief explanation of the Ramsey County budget. The departments have come up with specific critical success indicators for a more outcome-based budget. There is now a two-year budget, and that in this off year there is time to focus on and review the budget over the last year to make necessary changes. She spoke about the construction plans for the County over the next couple years, the strategic directions that each department has been given, and the impact of those strategic directions; each department has been given the opportunity to come forward with necessary changes for improvement. The budget will be increasing 5% over each of the next two years; an increase of 2.8% in expenses in 2008 and the same in 2009. If the tax bill had passed there would have been an increase in revenue; the revenue will only increase slightly over the next two years. She believes the use of fund balance will be decreasing because of OPEB over the first year. **A.L. Brown** requested a clarification on the taxes, and if there will be a 5% increase in property taxes over the next two years. **Commissioner Carter** explained that it is an increase in the County levy, not property taxes. **A.L. Brown** said that property taxes would be increasing. **Commissioner Carter** stated that, yes; outside of the County budget there have been changes that are increasing property taxes. **A.L. Brown** asked if the County is keeping the elderly in mind, and that there are people being pushed out of their homes due to their inability to afford the taxes. **Commissioner Carter** said the County does keep that in mind and it is an overall concern. The County may need to provide additional help with foreclosures. She mentioned a program called Heading Home Ramsey, which is a preventative program against foreclosures. The County has been persistently attempting to prevent homelessness, and that a part of that process is evaluating the reasons why people are losing their homes. She said the County would be hiring a person to come up with a plan to provide more low-income housing, and prevent foreclosures. **A.L. Brown** asked if the County is taking into consideration the people who are affected by large increases in property taxes, and if the County has a provision that allows people who cannot pay the larger sum to be given more time to adjust their own budget for the increase, and if there are any exceptions for people in large increase years. **Commissioner Carter** said she is not aware of any laws, however she knows that there is assistance provided for people in need of help with increasing property taxes. She is not aware of any long-

term relief that is available. **A.L. Brown** said it is a tragedy that a person could lose their home because the County is in deficit and uses property tax increase as a way to deal with that. **Commissioner Carter** said no one wants that to happen and they are working toward a solution to that problem. **Mike Fratto** spoke about certain processes in other states, such as California, where an elderly person is able to defer the property taxes when they cannot pay them, and a lien is placed on the property until it is sold, when the elderly person moves out, or passes away. **Commissioner Carter** said she would find out more about this process and how it works in Minnesota. There are some “creative mortgages” to deal with some of the property tax problems. **Mike Fratto** asked about some details of the budget with interest increases and if it is because of anticipation for projects. **Commissioner Carter** explained that there are several expansion plans that account for increases, such as additional beds at the Workhouse, an expansion for the Roseville Library, diversion programs for juvenile delinquents, 911 consolidation, etc. If the County provides better funding for the juvenile diversion programs, eventually it can save money. **Mike Fratto** asked about the budget hearings and if department heads give recommendations and/or if the County Manager approves certain budgetary changes. **Commissioner Carter** responded affirmatively and explained more about the budget hearings.

APPOINTMENT OF THE NOMINATING COMMITTEE:

Sharon Klumpp asked for volunteers to serve on the Nominating Committee. **Ben Stephens** and **Peter Hendricks** volunteered to serve on the Committee. **Frank Gurney** would also be asked to be a part of the Committee. **Minoko Kitto** explained that historically, the Vice-Chair has moved into the Chair position. She asked Commission members if anyone would like to take over the Vice-Chair position.

OLD BUSINESS:

Sharon Klumpp spoke about the information provided by **Darwin Lookingbill** on the proposed question for the 2008 ballot. She suggested that the Commission discuss the information and come up with questions that they may have when Darwin is available. **Mike Fratto** asked about section 7.03 where it states “County Attorney (or Sheriff)” and whether that should be changed. He also pointed out that Darwin might need clarification for some of the sections. **Sharon Klumpp** asked if the ballot question should reflect the effective date so that the public knows that it will not interfere with the current Sheriff’s position. **A.L. Brown** suggested that the ballot question include the effective date to avoid confusion. **A.L. Brown** asked why there is any mention of the County Attorney in the language. **Sharon Klumpp** said there seems to be several places where Darwin needed clarification or believed there would be questions on the language. **A.L. Brown** suggested that because Darwin is not available, the Commission might begin thinking about a timeline for public hearings on the issue. **Sharon Klumpp** said that in order to have this question ready for the 2008 ballot, the language would need to be approved and finalized by May 2008. Between November 2007 and May 2008 there should be public hearings. She pointed out that there has not been a clear presentation to the County Board on this issue and that should be considered in the near future, along with the public hearings. **A.L. Brown** suggested not including November and December in the public hearing schedule because of holidays. It was suggested that those months could be a preparatory time for the Commission to get ready for the public hearings. **Minoko Kitto** explained that there have been public hearings in the past. The format of how those meetings were conducted could be used for these hearings. **A.L. Brown** suggested that this topic is more controversial and would need more public hearing meetings than previous issues. **Sharon Klumpp** suggested having approved language by November to provide to the County Board. **Minoko Kitto** agreed with A.L. that there should be a schedule of meetings between November 2007 and May 2008, and that at the November meeting the language should be decided upon and ready for public hearings and to be presented to the County Board. **A.L. Brown** further suggested that there be a

public hearing every month from January to May 2008. **Mike Fratto** said the number of public hearings would depend on the amount of public interest that develops over this issue.

A.L. Brown MOVED that the Charter Commission approve the proposed language by November 2007; that a representative from the Charter Commission present the language to the County Board in November; that a public hearing be held in January; the regular Charter Commission meeting held in February; another public hearing in March and in April (if necessary); and have the finalized language for the ballot presented to the County Board in May 2008. **Rod Halvorson**, who suggested having at least one of the meetings in the northern part of the County, and that one of the meetings be held at the city council chambers, **SECONDED** the **MOTION**. **Russ Miller** asked about the language that the appointment would be conducted by the County Manager and no one else. **Sharon Klumpp** clarified that it would be subject to the County Board approval. **A.L. Brown** further stated that his **MOTION** did not deal with the substance of the language, but with a proposed schedule for making decisions regarding the language and public hearings, and that concerns could be brought forward at the November meeting. **Sharon Klumpp** suggested that some of the questions regarding the selection process and appointment of the Sheriff, should this ballot question go forward, could be brought to the County Manager. **Mike Fratto** stated that the whole reason for the public hearing and presentation to the County Board is to acquire feedback on the subject, so there could be changes to the language once it is all said and done, and at some point it could be decided whether or not to even move forward due to public concern or lack thereof.

The MOTION was called to question and the MOTION passed.

Rod Halvorson MOVED to request that Darwin Lookingbill rewrite the question to include the effective date. Some discussion ensued on the effective date and what it means. **MOTION was called to question and the MOTION passed.**

Bonnie Jackelen asked the Commission if there was a preferred time for the public hearings. It was decided that 6:00 PM would be ideal. It was decided that **Sheriff Fletcher** should be invited to the November meeting for Commission members to ask questions.

ADJOURNMENT:

There being no further business, the meeting was ADJOURNED.