



CONNECTING & INNOVATING  
SINCE 1913

League of Minnesota Cities  
Board of Directors Meeting  
December 17, 2015

MINUTES

**Members Present:** Steve Nasby (Windom), Rhonda Pownell (Northfield), Jo Emerson (White Bear Lake), Tim Busse (Bloomington), Debbie Goettel (Richfield), Sue Hilgert (Olivia), Ben Martig (Marshall), Mike Mornson (Hopkins), Carol Mueller (Mounds View), Brian Scholin (Pine City), Dave Smiglewski (Granite Falls), Chris Tolbert (St. Paul), Brad Wiersum (Minnetonka), Mark Casey (St. Anthony Village), Heidi Omerza (Ely) and Jonathan Smith (Frazee)

**Members Absent:** Elizabeth Glidden (Minneapolis), Debbie Goettel (Richfield) and Randy Staver (Rochester)

**Staff Present:** Dave Unmacht, Tom Grundhoefer, Kellie Sundheim, Don Reeder, Laura Kushner, Kevin Frazell, Laura Zenz, Marky Engler, Gary Carlson, Dan Greensweig, Heather Corcoran, Laura Ziegler, Anne Finn, Ann Lindstrom

1. Call to Order & Pledge of Allegiance  
President Nasby called the meeting to order and led the Pledge of Allegiance.
2. Approval of Agenda  
Pownell moved approval of the revised agenda, seconded by Mueller. Motion carried.
3. Presentations/General Communications  
Staff members Jeanette Behr and Amber Eisenschenk spoke about the recently completed 2015 Handbook for Minnesota Cities. Behr commented that it takes numerous staff from different departments to update this handbook and the update was done in record time. The online version received over 10,000 hits last year. A paper copy is available but only about 35 are sold and a number of free copies are given to different legal organization. Unmacht thanked Behr, Eisenschenk and all those involved for their hard work on the update.

Unmacht also noted that we recently reached over 10,000 followers on @mncities and asked Don Reeder to talk about the milestone. Reeder introduced Danielle Cabot, the guru of the Twitter account. Reeder commented that the followers are a diverse group that includes city officials, legislators, journalists, agency folks, bloggers, citizen activists and other organizations. Reeder thanked all of the staff that have worked hard on this project, the board members for following and sharing tweets.

Unmacht talked about the Ugly Sweater contest. Carlson did a lot to help stimulate interest and the competitive spirit for the event. We have raised over \$1200.00 for Emma Norton.

4. Approval of Consent Items

Pownell made a motion to approve the consent agenda, seconded by Busse. Motion carried.

5. Action Items

5.1 Briefing papers on six Board Retreat topics

Nasby mentioned that the Executive Committee met to go over the papers and provide their recommendations on how to address each of the topics. The author of the paper will do a brief presentation on their topic and open it up for board members to discuss.

Unmacht stated that a member of the Management Team took one of the six topics and authored a white paper. The papers have a consistent format and are formatted to be comparable. Each paper was reviewed by three staff members to get their perspective. We sought the input of the Executive Committee for their help and guidance and their recommendations are on the last page of each white paper.

Unmacht turned the conversation over to Engler to talk about her white paper on GASB 68. Engler used the League itself as example and explained the effect of GASB 68 on League finances. A year ago our liabilities were \$800,000. Our pension liability is \$7 million and our total liabilities have now grown to \$8 million. Our fund balance a year ago was \$9 million and very healthy. Because of this pension liability our fund balance is now down to \$2.6 million. Some of our cities they will see negative fund balances.

GASB 68 is solely a paper loss and that is all it is. Engler's concern is that once city councils start to see their fund balances drop they won't understand what is driving the lower balances.

There have been a number of initiatives that have helped to address the finance perspective, but we haven't seen a lot of information going out to city councils or the public. We have talked with our auditors and they noted that many school districts and their boards are confused by this change.

The recommendation was to get information out to the cities but to keep it simple with a talking point paper hosted on our website.

Consultants Gallagher and VanIWaarder have been recently providing some assistance and services on this issue. We have not reached out to these two firms, but will be contacting them soon.

Wiersum commented that while it is an all paper rule, it seems to be a much more conservative way to report and it may cause cities to have to operate significantly differently because they are not in as good of financial shape as they believed. Engler noted that it is

more about perception. It will not impact how much they pay to PERA. It could have some impact on bonding but her understanding is that it will be very limited in Minnesota.

Nasby asked if there has been any input from Moody's or Standard & Poor on how they are going to interpret this. Engler has not seen anything specific.

Martig asked if we are aware of any political action groups using this information in a negative way. Carlson said that we should hear more about this in the pension commission during the legislative session when cities start to actually include the information in their financial statements. There are groups that have already started to question some of the preliminary numbers sent out by PERA. He suspects that there will be a lot of attention paid to this issue in the first year. When people realize that it is more of a paper figure than an actual liability it will wash out a bit.

Nasby commented that the Executive Committee has recommended staff move forward with items 1, 2 and 4-7 listed in the white paper.

Hilgert made a motion to accept the recommendation of the Executive Committee, seconded by Mueller. Motion carried.

Nasby turned the conversation over to Zenz to discuss her paper on media relations and public relations.

Zenz talked a little about her department and provided a breakdown of what staff members do. She talked about external audiences such as citizens, media and legislators and mentioned that Reeder and his staff are mainly focused on the communications for this audience. Communications are getting more complicated and complex with the rise of social media, electronic communications and 24-hour news cycles.

There is a lot of opportunity out there for cities to acquire some basic skills to deal with the media and to learn the best way to communicate. Once these skills are in place you can use them for influence. She turned the discussion over to Reeder to further discuss this item.

Reeder pointed out some things that his department is already doing in regards to increased training at existing events. At the recent regional meetings we offered a session for city officials on basic communications with constituents. During the Spring Loss Control workshops we will have a session that will provide some tips for police officers in dealing with the media and citizens.

The recommendation that we came to at the end of doing this paper talks about doing some additional research. Cities are having some struggles with media and public relations. Many cities are in the midst of litigation or having a claim filed against them and we feel that this is an area in which we can assist. Our yearly State of the Cities survey asks a few questions about media and public relations needs.

Mornson asked how cities get help with pending litigation. Greensweig commented that there are a variety of ways in which we end up providing assistance. Sometimes it is a high profile case or city staff gets uncomfortable and asks us for help.

Hilgert noted that small cities really struggle with communication to its citizens and appreciates the direction the League is taking.

Busse likes the idea of item #6 on educating the media and commented that reporters are not always savvy and may be new to the profession. It might be beneficial to hold a training session for reporters maybe at our regional meetings. Reeder commented that the League has done 3 similar sessions and had great success back in 2005-06. A webinar is also a possibility and will reach more people.

Smiglewski runs 3 newspapers and agrees that it is a big issue. Most small towns have young reports who are not familiar with the issues or the reporters are retiring and taking with them a wealth of information that doesn't get passed down.

Hilgert noted the importance of having a good relationship with the media and that it is important for openness and transparency.

Pownell commented that throughout history media has sensationalized issues and left out key pieces of information and that can make it difficult to be open and transparent.

Nasby remarked that the Executive Committee's recommendation is to proceed with steps 2, 3 and 6 and support the list of five specific service enhancements.

Motion by Martig to accept the Executive Committee's recommendation, seconded by Mornson. Motion carried.

Nasby turned the discussion over to Grundhoefer to discuss his white paper on fees for service. Grundhoefer mentioned that this is an interesting subject. When a city pays their dues they expect a certain level of services to be included. The question is when or how do we start thinking about offering additional services and charging a fee on top of their dues.

In the past, there has been no clear logic or consistent pattern about why we do certain things at certain times. Our codification program has been successful over the years. We offer the charter service but haven't done anything with it recently. A few of the services provided in the past are no longer available such as the HR consulting service, an executive recruitment function and a grant writing program.

Grundhoefer commented on the "Criteria for Evaluation" document that was handed out. It was developed 10 years ago in response to cities or vendors that came to us with their ideas.

The board at that time wanted the ideas to be complimentary with our mission, meet a potential unmet need and not be already provided by another vendor or business partner.

The Future of the League task force discussed this issue at a high level a few years back. Nothing specific came out of those discussions but there were a number of members who thought we should explore developing services for an additional fee beyond dues.

The white paper provides a list of topics that the League might be able to provide for a fee such as HR assistance, public/media relations, legislative assistance and others.

The Executive Committee discussed the paper and chose to not make a specific recommendation at this time. The idea is talk about it today and bring it back at a later date for further discussion. We need to figure out how to go about identifying services and answering the question of how the service should be funded. Also, how can we be entrepreneurial without offending anyone in the private sector?

Martig stated that Grundhoefer framed the item well, but he is cautious to expand on our services at this time. He wonders if we are fully maximizing our relationships with our Business Leadership members. Is there a way to enhance these relationships with referrals and in turn seek out their assistance in the future?

Omerza commented on the fact that the Future of the League taskforce had a very similar conversation and decided to take no action. She feels that the League is on the right track and doesn't need to add any additional services at this time.

Emerson suggested using Aptify to watch for trends in unmet services.

Hilgert believes that if a need is realized it will be brought up at a future retreat.

Osberg agreed with Omerza and suggested tabling this item and reconsider it at some point in the future.

Osberg made a motion to defer any decision on the fees for service issue to staff and have them continue to monitor the situation and bring it back to the board if needed, seconded by Omerza. Motion carried.

Nasby asked Greensweig to present his paper on program evaluation. Greensweig thanked Tritz, Jason Little, Liam Biever and Susan Schoepke for their assistance. This is an attempt to collect information to determine how well a program is working, find ways to make it work better or determine if the program needs to be cut. An evaluation using a standardized format and guidelines to make it easier to compare programs to programs. The evaluations conducted by the League in the past fall under three general categories. The first is the budgeting process we use every year. The second is the allocation of resources; and the third is the recommendation to the League and Trust boards to continue or cut a program. These

discussions are critical, but they don't take a detailed look at the goals of the program and how well they are being met. We have conducted some formal evaluations each year since 2012. The four that have been evaluated are PATROL, Regional Safety Groups, Contract Review Service and Utilities and Operations Maintenance Program.

In 2012 the League conducted a full organizational wide evaluation – Future of the League. The taskforce of city officials reviewed a thorough staff analysis of about 80 of our major programs. At the end of the evaluation we did get rid of one program. The League does a pretty good job with our programs. If we have a program that doesn't get a lot of use we are reluctant to kill it because we don't like to say no to members. Our members have really diverse needs and there specific niches that need to be filled.

Program evaluations can be stressful for staff because they may start to look like performance evaluations rather than program evaluations. Evaluations do have real value and they can help the League and the board set priorities. There is a cost to conducting evaluations and that could be around \$5,000 - \$20,000 depending on how complicated a program is.

If the board is interested in looking at doing these more formal evaluations it would be beneficial to let staff put together a full description of the implications for continuing or cutting out a program.

Pownell thought we could change the perception of an evaluation by changing the wording. Rather than saying evaluation or review we could come up with a better title that has less of a negative impact. Greensweig likes the idea and will consider it.

Emerson stated that if the board is going to ask staff to do these evaluations then the board needs to be ready to act on those recommendations.

Nasby stated that the Executive Committee's recommendation is to direct staff to prepare a framework for program evaluations and present it to the board in the future.

Scholin suggested that the form handed out by Grundhoefer earlier in the meeting seemed to be a good starting place for laying the framework for evaluating programs.

Mornson made a motion to accept the Executive Committee's recommendation, seconded by Omerza. Motion carried.

Nasby turned the conversation to Frazell to discuss his paper on demographic change, diversity and inclusion. Frazell noted that these issues are personal passions of his and they are important to League members.

The whole issue of diversity is not new to the League as we have talked about it time to time. We have had conference sessions on it and the state demographer has presented at board

retreats. Racial equity is a huge issue these days and the board recently gave staff the authorization to start doing some work on this issue back in July.

The challenge is figuring out how to turn it into something beyond aspirations so that it can become operational and useful to our member cities. We have made two or three attempts in the past but they have seemed to fall flat. The board created a diversity taskforce and staff developed a publication called “Building an Inclusive Community”. It was sent out to all member cities and Sarah Dirksen went out to do some one-on-one consulting but the initiative didn’t really take off. Staff also developed a similar publication called “Our Community Conversations Guide” that helped communities deal with an aging population and diversity, but we haven’t moved on this initiative in some time.

In the future we need to make sure that we are hitting a member need and that it is something our cities are invested in and are willing to commit time and resources to.

We are currently involved in four projects:

- Race Equity Cohort – it has grown significantly and there are currently 9 MN cities that are now a part of that. The State of Missouri as well as some organization in MN will be sending members of their staff to participate.
- Women in the Profession Task Force – Shaunna Johnson, the city administrator from Waite Park has been instrumental in advancing this program. This group is working in three areas to advance women in the workplace; education, socializing and mentoring.
- Education and training priorities – we have a cross-departmental training policy team headed up by Laura Harris and each year we pick about 5-6 high profile topics that we try to replicate in our own training events. Diversity and police-community relations are two of our top five priorities in 2016.
- Inclusive Workplace Policy – HR staff are working on creating an inclusive workplace policy and program for the League.

The next question is where else would the board like us to go beyond the areas mentioned above. A few suggestion are to do some internal cross-departmental work and figure out how this affects all of our departments. We have a large number of staff who are willing to work on this initiative. We can also leverage what we know from our existing efforts to offer advice and recommendations to our members. We can continue on with our Training & Conference sessions that hit on these types of topics. The last suggestion would be to have HR help cities figure out how to tap into a more diverse applicant pool.

Omerza asked if the League has been receiving inquiries relating to these issues. Kushner commented that we do receive some calls but they are more closely related to respectful workplace issues and policies.

Smiglewski noted that the aging workforce is a huge issue in smaller cities as staff members are retiring but they are not seeing the younger generation step up to fill those positions.

Martig commented that religion should be a covered topic as well and should be added to the report.

Nasby went over the Executive Committee's recommendation and asked the board for their input. Pownell asked about the forming of an ad hoc committee and if the committee would include staff and what the term of the assignment would be. Unmacht noted that it would be a committee of board members but the parameters were not yet clearly defined.

Mornson made a motion to have the Executive Committee meet to define the terms and assignments of an ad hoc committee, seconded by Omerza. Motion carried.

Nasby asked Kushner to present her paper on health care. Kushner explained that health insurance benefits are very complex, compliance can be difficult and benefits are very costly. There are two items included in the paper that can help a city with the complexity, compliance and cost. The first one is a private health care exchange. The League could offer an exchange to cities by building our own with a vendor or we could partner with an existing vendor. This will not help with cost but it will help with complexity and compliance.

The second idea is more about cost. Kushner has been participating in a group of public sector employers that includes cities, counties and school districts. The group's goal is to see how they can leverage their combined buying power to get what they want from their health plans. The private sector has been doing this for 20 years. Due to staff time constraints we could hire a consultant or hire a League employee to get this idea off the ground.

Mueller asked if we hired a League employee would it be an ongoing position or could it be filled as a temporary position. Kushner noted that the board could do it however it wants to. There may be plenty of work to justify a full-time employee, but we could do it on a project basis. The problem with doing it as a project is that it does take significant time to educate our member cities.

Nasby asked if there has been any effort to get the county co-ops to coordinate with us. Kushner stated that we will be reaching out to co-ops during an upcoming webinar.

Emerson suggested bringing this item to the Big Four and getting it on their agenda to gage their interest.

Emerson made a motion to refer discussion on the healthcare piece for collective buying power to the Big 4 group to get their interest and bring the information back to the board at a future meeting, seconded by Omerza. Motion carried.

6. Discussion Items

6.1 LMCIT Update – Oral

Tritz stated that the PC dividend checks have been sent out. Tritz attended the NLC Mutual Board of Directors meeting last week. They are a reinsurance company that is formed and operated by municipal risk pools from 28 states. The board decided to make a change in the formula used for allocating the company's earnings to the members. The change strengthens the company and creates some real incentives for pools to use NLC Mutual for their reinsurance coverages. It doubles LMCIT's allocation in 2015 compared to what it would have been using the previous formula.

Tritz also noted that Homeland Security is interested in implementing the Training Service Officer (TSO) program developed by Rob Boe.

7. Affiliate Organization Updates

7.1 Coalition of Greater Minnesota Cities

Omerza commented that things have been pretty quiet lately. Their focus has been on LGA.

7.2 Minnesota Association of Small Cities

Smith noted that there is not much going on at this time. They have been focusing on the transportation issue.

7.3 Metro Cities

Casey stated that they have a meeting later tonight and will be adopting their 2016 legislative priorities.

8. Announcements and Adjournment

Grundhoefer reported that the Building Company met earlier this morning and authorized a Letter of Intent (LOI) with Mortenson to explore development of a medical office building. This move officially takes the property off the market for 6 months. The board also authorized the building company to make a contingent offer on the HRA lot.

Respectfully submitted,



Dave Unmacht, Executive Director