



CONNECTING & INNOVATING
SINCE 1913

League of Minnesota Cities
Board of Directors Meeting
March 17, 2016

MINUTES

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

Members Absent: Chris Tolbert (St. Paul)

Staff Present: Dave Unmacht, Tom Grundhoefer, Kellie Sundheim, Don Reeder, Laura Kushner, Kevin Frazell, Laura Zenz, Marky Engler, Gary Carlson, Laura Honeck, Milt Ferris

1. Call to Order & Pledge of Allegiance
President Nasby called the meeting to order and led the Pledge of Allegiance.
2. Approval of Agenda
Mueller moved approval of the agenda, seconded by Staver. Motion carried.
3. Presentations/General Communications
New employees Hakeem Onafowokan, Staff Attorney in Research and Amanda Marthaler, Accountant in Finance were introduced to the board.
4. Approval of Consent Items
Martig moved approval of the consent agenda, seconded by Scholin. Motion carried.
5. Action Items
5.1 Acceptance of the 2016 (FY 2017 Budget) Share Cost Allocation
Honeck provided some background information on the process. This year the Communications, Training & Conferences and Technology Services departments were reviewed.

The first allocation recommendation is to increase LMCIT's share of the Communications Department budget due to an increase in the value of the work done by that department. This

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changes the cost allocation to 60% LMC/40% LMCIT. The second is the transfer of the Advertising & Sponsorship Associate from Communications to Training & Conferences. Staff's recommendation is to change the funding percentage from 50% LMC/50% LMCIT to 60% LMC/40% LMCIT.

An allocation review was also done for the Technology Services Department. This allocation has been based on the number of FTE's. Based on this year's review, staff is recommending no changes to the allocation for Technology Services.

Hilgert made a motion to accept the LMC/LMCIT 2016 Shared Costs Allocation Review, seconded by Emerson. Motion carried.

5.2 Administrative Intern

Kushner described a few of the highlights for this item. She noted that there is plenty of work for an intern to do and many of the management team members have been adding projects to a working list since last fall. Unmacht likes the idea of mentoring our future leaders and sees it as a part of our mission.

The administrative intern would report to the Executive Director and Human Resources Director, but would be available to do work for most departments.

Pay for this position would be between \$10-\$15/hour. The intern would work for the League for 6 months to one year. Candidates would be sought from local public administration graduate programs.

Martig made a motion to approve the hiring of an Administrative Intern, seconded by Pownell. Motion carried.

5.2 CIO Position

Unmacht went over the details of the proposal. If the Board approves the position, the Finance Committee will be discussing the LMC/LMCIT cost allocation at its April meeting and then it will come back to both League and Trust boards

He provided the board some background information on the item noting that it has been brought up in many different scenarios since the fall of 2014. He commented on the 11 steps that have been done since last November.

Based on extensive research and evaluation staff is recommending that the Board approve a Chief Financial Officer position, subject to the cost allocation being review by the Finance Committee and formal approval by the LMCIT and LMC Boards. This recommendation is based on the 9 major findings outlined in the agenda item.

The CIO position would report to the Executive Director and the business model in which it operates would be reflective of our Human Resources department.

The immediate priorities for this position are:

1. Understand existing IT systems and processes
2. Review, evaluate and access the Ellipsis Report
3. Set a framework for strategic processes
4. Get to know staff
5. Have conversations with city leaders

Kushner added that the services of a recruiter will be used and there will be an additional cost.

Grundhoefer mentioned that during the meetings with city staff, they encouraged us to not promise too much too soon with this position. They also stressed keeping the position's focus at a high-level.

Goettel stressed the importance of giving our staff the opportunities to go out and get the skill sets needed to deal with some of the in the weeds issues.

Wiersum strongly supports the recommendation and cautioned that the creation of the position will likely create greater demand for technology dollars.

Mornson asked about the timeline for hiring a CIO and would like to see it done before the new board takes over in July.

Osberg suggested starting the advertising immediately and saw no reason to wait.

Wiersum made a motion authorizing the creation of a Chief Information Officer, subject to review and recommendation of the funding allocation by the League Finance Committee, and final approval of the allocation by the League and LMICT Boards; and with the further recommendation to start the recruitment process immediately, seconded by Osberg. Motion carried.

6. Discussion Items

6.1 Board Retreat Topic Update

Unmacht stated that staff will be providing updates the following board retreat topics: GASB 68; Media Relations, Demographic Change, Diversity and Inclusion; Changing Health Care Market/Leveraging Public Sector Health Care; and Program Evaluations. The Fees for Service topic has been set aside for the time being.

Engler provided an update on GASB 68. Finance has created a talking points document that will be put in the next edition of the magazine. The crisis is not as bad as many had thought it would be. She did a search on the subject in our Aptify database and only a handful of questions on GASB 68 have been received.

Zenz gave her update on Media & Public Relations. She noted that she and Don Reeder gave the board six options to review back in December. The group picked three of the six options. She commented that Communications is looking at the next 6-12 months to be a research phase to get some feedback and to have a better understanding of what members want or need in regards to this topic. One of the options chosen was to increase our PR/Media Relations training at existing events. The Communications Department will be conducting a breakout session on the subject of media relations for law enforcement officials at the upcoming Safety & Loss Control Workshops.

During the Annual Conference they will be hosting one of the 30 minute power sessions on public relations. The exhibit hall will be open longer this year and they plan on doing an interactive activity such as an instant interview booth.

Another option the board chose was to do dedicated training using a Regional Meeting style approach. She mentioned that they would like to test this idea out and will be doing a pilot on local media relations at this year's regional meetings.

The third option picked was on educating the media. They plan to do a webinar in September on property tax basics for new reporters. The website currently hosts "a for the media section" and this will be updated to include information for reporters.

Zenz also reported on additional services enhancements that include ways to identify interested city officials who have expertise in communications to serve on panels or author articles; doing a state of the cities survey to include a few questions relating to a cities PR/Media needs; working on a master editorial calendar to better organize our content and integrate it more.

Frazell spoke on his topic of Diversity. The issue was sparked by the state demographer at our 2014 board retreat. He announced that the racial equity cohort now includes 11 cities. The group is exceeding expectations and Minnesota is the only state to move this far along.

He talked about the League's progress in training and educating on the subject. In addition to his work with the cohort, the League is also working with police on community relations and will be doing some presentations on diversity at our annual conference.

Kushner provided some information on her topic on health care. The basic question is can or should the League do more to help our members with employee healthcare costs. Two ideas were given in December. One idea was to form a new healthcare exchange for cities. The second was to leverage the collective voice of public employers to influence the market to help control costs and services.

At the December board meeting it was suggested that we bring this item to the Big Four because it was something that could best be worked on as a collaborative effort between cities, counties, school districts and townships. In preparation for a meeting with the Big Four

Unmacht and Kushner met with the PEACH (Public Employer Action Collaborative for Health) group.

Unmacht and Kushner along with Keith Carlson, a member of PEACH and Carolyn Perry from the Health Action Group met with the Big Four in February to ask them if they were interested in this topic. The presentation went well with the counties being the most interested in the topic. The next step was to go back to the PEACH group to talk about them taking this to the next level and what kind of funding would be needed. Once the PEACH group has done some research Kushner would go back to the Big Four with some options if they are interested in providing funding.

She asked the board for some feedback. Osberg is uncomfortable staying the course as he doesn't see how or when it will end.

Hilgert suggested giving the Big Four a timeframe and if they don't have a decision during that time then come back to the Board for direction. Kushner agreed with Hilgert commenting that the intention has been to bring this item back to our Board if the Big Four isn't interested.

Unmacht commented that we need the cities, townships, counties and schools to share in the cost. The Big Four is acting as a modified policy body even though they are just information sharing. The PEACH group is like staff who are exploring the idea. We are trying to come up with something between status quo and a healthcare pool that reduces premiums and creates better healthcare for everyone and are using PEACH and the Big Four as the mediums for doing so.

Unmacht provided his updated on Program Evaluations. First we need to define what it is. Are we spending the right amount of money and on the right things? The League already has a few systems in place for doing program evaluations such as the Future of the League (FOTL) process, LMCIT's annual review of their programs and our budgeting process.

The question that needs to be answered is if the board wants to invest more money in a more systemic way. Who should conduct the evaluation? Do we have the staff resources? And how much do we spend? The paper on this topic will go to the Executive Committee before it comes to the full board with a range of options from doing nothing to investing dollars into a mechanism by which we can evaluate a number of programs, services or policies annually to see if they should or should not be continued.

6.2 Legislative Update

Carlson and Finn provided an update on current legislative activities. Carlson commented that there are currently four sets of bill introductions in the House and four sets in the Senate for a total of over 1600 bills.

Finn noted that many city groups are pulling together on the transportation issue. There is a meeting with the Governor's office on March 18th. The conference committee from 2015 has been reconstituted and they met last night and are in a holding pattern for the time being. Senator Bach believes that a lot of the transportation components will be tied in with the tax bill. Senator Skoy believes the opposite.

The Governor came out with his supplemental budget this week and his proposal is to have a ½ cent sales tax increase dedicated for transit in the metro area.

MN DOT contacted us recently to about having city officials agree with their statement that transportation funding needs to get done this year. We re-wrote the statement making sure that it captures the type of transportation funding the League and its members want. They have agreed to that and it will be sent out Monday with a link to the petition.

The Real ID bill to repeal the prohibition on state compliance is moving through the legislature on both sides.

Finn has been spending much of her time on the fireworks bill that would expend the allowable consumer fireworks in Minnesota to the aerial and audible types. We have taken the position of opposing this bill.

Carlson mentioned that LGA funding is in the Senate bill but not the House bill. If there is no tax bill we will not see the LGA funding increase that has been pursued.

He also noted that Craig Johnson is spending a lot of time on the issue of flushable wipes. It is receiving a lot of attention and Johnson has been contacted by Procter & Gamble in regards to the issue.

The current broadband bill is not ideal. The Governor is recommending \$100 million in his supplemental budget. The Senate is the driving force behind the bill, and the House bill needs some additional work.

Lindstrom is working on the paid family leave bill. Kushner described it as being similar to the unemployment insurance program as it uses a tax on all employees to cover it and most cities already provide a generous paid leave program to employees. This bill provides no provision for opting out if your city already has coverage.

Carlson also mentioned the bill on "drop homes". This would allow a property owner to put up a structure on their property for an elderly parent or others to live in. The issues with this bill relates to zoning and maintenance.

He also mentioned that there is not much happening in regards to pensions at this time.

6.3 LMCIT Update

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Tritz reported on three items for in his LMCIT update. They just completed their annual review of investment results and will be recommending no changes to the Trust board.

The second item was an update on the Loss Control Workshops. There are currently 1200 city staff and officials signed up. New this year is a ½ day track on technology related risks for cities.

They have recently unveiled the LMCIT Member Center. It is an online data portal that provides information on active claims and claim histories.

7. Affiliate Organization Updates

7.1 Coalition of Greater Minnesota Cities

Omerza commented that their Legislative Day was yesterday.

7.2 Minnesota Association of Small Cities

Smith noted that their Legislative Day is April 13 in St. Paul.

7.3 Metro Cities

Casey said that their annual meeting is April 21st and their guest speaker is David Schultz.

8. Announcements and Adjournment

Unmacht had a handful of updates. He spoke about the League's website homepage update and noted that this will be his first budgeting process and is looking forward to putting his stamp on it.

Respectfully submitted,



Dave Unmacht, Executive Director