

**MINUTES  
CITY OF ISANTI CITY COUNCIL  
BUDGET WORK SESSION  
July 15, 2014  
ISANTI CITY HALL**

Mayor Wimmer called the meeting to order at 7:27 p.m.

Members Present: Mayor Wimmer, Councilors Sue Larson, Adam Johnson, Dan Collison and Steve Lundeen

Members Absent: None

Staff Present: City Administrator Don Lorsung, Finance Director/Assistant City Administrator Sarah Cotton, City Attorney Clark Joslin, Human Resources/Deputy City Clerk Karissa Henning, Police Chief Gene Hill, Public Works Director Nick Fleischhacker, Economic Development Director Sean Sullivan, Community Development Director Roxanne Achman, and Community Events and Parks Coordinator Josi Wood

**1. 2015 Budget Review Schedule**

Finance Director Cotton reviewed the 2015 budget review schedule.

**2. Review 2015 General Fund Revenue Projections**

Cotton reviewed the 2015 general fund revenue projections.

Cotton stated the General Fund Revenue Projection for 2015 is \$3,589,869.

- The property tax levy amount (including debt service) has been increased to \$1,914,368 to reflect an increase in preliminary net tax capacity for 2015 and a tax rate that is flat to 2014.
- Business Licenses, Police State Aid, Fines & Forfeits, Municipal State Aid – Streets, Police Charges for Services, Community Center Charges, and Rental Fees have been adjusted based on prior year actual revenues.
- Grants & Aids includes the COPS Hiring Grant at \$125,000 over 3 years which began in June 2012.
- School District Resource Officer Revenues have been increased to reflect the revised Memorandum of Understanding (MOU).
- The transfer from the Liquor Store to the General Fund has been reviewed based on the policy implemented. The transfer recommended according to the policy is \$315,377. The transfer from the Liquor Store has been budgeted at \$300,000, an increase of \$100,000 over prior year.
- Due to the Local Government Aid (LGA) Flip there is no budget for Local Government Aid, rather there is a line near the bottom labeled carry over (C/O) Prior Year LGA Collections. LGA collections have increased \$232,126 from prior year.
- The estimated draw down of the General Fund Balance is \$397,584 for 2015.

### **3. Review 2015 Preliminary Budget Expenditures**

Cotton reviewed the 2015 preliminary budget expenditures.

Cotton stated that the Preliminary Department Budget Expenditures for 2015 is \$3,589,868.

- Departments were asked to prepare 0% budgets.
- All wages include a 2% cost of living adjustment (COLA) for 2015 and include the necessary step increases, where applicable. A COLA of 2% results in a \$27K impact to the general fund.

Mayor Wimmer stated the City is locked into the 2% COLA per the employee union contracts.

- Health Insurance is based on 2014 premiums plus 16%. An increase of 16% results in a \$33K increase to the general fund liability.
- Worker's compensation rates are based on 2014 rates and include a 6% inflationary factor. An increase of 6% results in a \$3K increase to the general fund liability.
- Property, liability, and volunteer insurance premiums are based on 2014 rates and include a 10% inflationary factor. An increase of 10% results in a \$5K increase to the general fund liability.
- Dental Insurance is based on 2014 premiums, plus 5%.
- Life/AD&D Insurance is based on 2014 rates.

Mayor Wimmer added that the percentages were based off prior year increases.

- The 2014 Omnibus Pension Bill signed into law by Governor Mark Dayton on May 21, 2014 includes substantive changes to employee retirement accounts through the Public Employee Retirement Association (PERA). Amongst these changes is a .25% increase in PERA Coordinated Employer Contributions from 7.25% in 2014 to 7.5% in 2015. This increase of .25% results in a \$1K increase to the general fund liability.
- Legislation designed to place the Police and Fire Plan on a firmer financial footing was signed by Governor Mark Dayton May 23, 2013. Due to this passed legislation, the City of Isanti's contribution rate for Police PERA went from 14.4% to 15.3% as of January 1, 2014 and will go from 15.3% to 16.2% as of January 1, 2015. This change results in a \$6K increase to the general fund liability.

Managed expenses throughout the general fund budget have been adjusted based on prior year actual costs, current year expenditures through June, and actual maintenance agreement and contracted costs.

The Finance and Administration Budget (Page 14) includes 74.2% of the cost of a part time Administrative Intern in Wages & Salaries. \$2K has been budgeted to accommodate attendance of our Deputy City Clerk at the Clerk's National Conference in

order to accelerate certification. Professional Services includes a 2% increase, consistent with a 2% COLA.

The Parks, Recreation & Culture Budget (Page 18) includes 25% of the cost of the Public Works Maintenance Technician, which was added in 2014 to take on additional duties in Wages & Salaries. 100% of the cost of a part time Custodian for Parks, Recreation & Culture has been included in part time wages & salaries. Advertising and recreational programs have been increased to account for the park brochure publishing and recreational program costs that were approved in 2014, which are planned to continue in 2015.

Mayor Wimmer stated the cost for the part time custodian is offset by the money the City is paying in cleaning services; the City will be saving more money by doing this.

The Police Department Budget (Page 25) includes 100% of the cost of a Police Investigator in wages & salaries. The associated benefits for this position are included in the respective line items of the budget.

Mayor Wimmer stated some costs in regards to the police department may be contingent upon the City's required binding arbitration.

The General Maintenance Budget (Page 29) has been increased \$10K to reflect the estimated cost of overtime and chemicals associated with mosquito control. In addition, \$7K has been budgeted for the cost of disposal associated with the brush pile located at the Public Works Garage.

The Streets Budget (Page 30) includes 50% of the cost of the Public Works Maintenance Technician which was added in 2014 to take on additional duties in wages & salaries. In addition, salt/sand has been increased \$5,500 to accommodate for increased cost due to the change to straight salt application.

The Street Lighting Budget (Page 31) has been increased \$3,125 to reflect the additional operating cost associated with infill of lights relating to the Railroad Avenue Project.

Capital Outlay throughout the General Fund Budget includes \$15,000 for replacement of the City Hall Phone System, \$20,000 for Caselle Clarity software modules to continue with implementation of the City's accounting software, \$10,000 for the capital investment necessary to perform mosquito control, and \$28,115 for the capital investment relating to street lighting infill.

The preliminary increase of 7.3% in Fire Protection Services is based on an average of the increase over the past two years. Actual service cost will be determined by the Fire District at a later date.

The 2015 Budget includes operating transfers as outlined on Page 3 for the Deer Haven, City Hall, and 3<sup>rd</sup> Avenue Project loans.

The City's debt Service obligations are outlined on Page 5 and only include General Obligation Bonds. The 2015 Debt Service Levy is proposed at \$382,011.

**Adjournment**

Motion by Lundeen, second by Johnson to adjourn. Motion carried unanimously.

Meeting adjourned at 7:39 p.m.

Respectfully Submitted,

Karissa Henning  
Human Resources/ Deputy City Clerk