

**MINUTES
CITY OF ISANTI CITY COUNCIL
BUDGET WORK SESSION
July 16, 2013
ISANTI CITY HALL**

Mayor Wimmer called the meeting to order at 7:32 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 Sarah Cotton, City Attorney Clark Joslin, Human Resources/Deputy City Clerk Karissa Henning, Police Chief Ron Sager, Police Lieutenant Gene Hill, Public Works Director Nick Fleischhacker, Economic Development Director Sean Sullivan, Planning and Parks Director Lisa Wilson and City Engineer Brad DeWolf

1. 2014 Budget Review Schedule

Finance Director Cotton reviewed the 2014 budget review schedule.

2. Review 2014 General Fund Revenue Projections

Cotton reviewed the 2014 general fund revenue projections.

Cotton stated that property taxes have **not** been adjusted, as estimated pay 2014 tax capacity is not yet available. Property tax levy amounts have been kept flat to the 2013 budget.

Grants & Aids includes the COPS Hiring Grant at \$125,000 over 3 years beginning June 2012.

Cotton mentioned that Community Center Revenues have been excluded from the 2014 Budget.

Cotton informed the Council that the transfer from the Liquor Store has been reviewed based on the policy implemented. The transfer recommended according to the policy is \$218,810. The transfer from the Liquor Store has been budgeted at \$200,000, an increase of \$50,000 over prior year.

Cotton stated that due to the LGA Flip there is no budget for Local Government Aid, rather there is a line near the bottom labeled Designated Fund Balance (prior year LGA).

Mayor Wimmer noted that Local Government Aid (LGA) will increase; this will not affect the 2014 budget, but will affect the 2015 budget. The lion's share of the LGA, around \$200,000, will go into the budget to backfill capital replacements, which will be reviewed at the next budget work session.

Cotton noted that the estimated draw down of the General Fund Balance is \$312,209 for 2014.

3. Review 2014 Preliminary Budget Expenditures

Cotton reviewed the 2014 preliminary budget expenditures.

Cotton stated that all Departments were requested to prepare 0% budgets.

All wages have been kept flat to 2013, but include the necessary step increases, where applicable. Every 1% increase in salaries/wages would have an impact to the general fund of \$13K.

Cotton noted that the City of Isanti will be conducting a Formal Medical Insurance RFP starting October 1, 2013. Blue Cross has indicated they expect rates for max rated groups, like the City of Isanti, to decrease under the new community rating rules; however, due to uncertainty the 2014 budget includes a 15% increase in premiums over 2013. An increase of 15% results in a \$32K impact to the general fund.

Workers' compensation rates are based on 2013 rates and include a 6% inflationary factor. An increase of 6% results in a \$3K impact to the general fund.

Property, liability, and volunteer insurance premiums are based on 2013 rates and include a 10% inflationary factor. An increase of 10% results in a \$5K impact to the general fund.

Dental Insurance as well as Life/AD&D Insurance is based on 2013 rates.

Cotton reported that annual support, maintenance, software, and IT consulting costs have been budgeted in the benefiting department in the 2014 Budget. The Tech Fund has been reserved for Hardware Purchases only. This change results in an \$11K increase to the general fund budget for 2014.

Cotton noted that the 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 will be affected by higher contribution rates over the next two years. The City of Isanti's contribution rate of 14.4 percent of salary will increase to 15.3 percent of salary on January 1, 2014, and to 16.2 percent on January 1, 2015. This change results in a \$5K impact to the general fund.

Cotton explained that there were several expenditures items adjusted for prior year actual costs, current year expenditures through June, actual maintenance agreement and contracted costs.

Cotton noted that the significant decrease in Financial Administration Professional Services is due to a transfer of Prosecution costs of \$36K to the Police Department Budget in 2014.

Cotton highlighted that the 2014 Budget does **not** include an operating expenditures budget for the Isanti Community Center. However, Cotton noted with Council approving

the continuation of community center operations at the City Council meeting prior to this budget work session, the community center will now be placed back into the budget.

Cotton mentioned that the Labor Agreement between the City of Isanti and the Law Enforcement Labor Services as well as the International Union of Operating Engineers expire December 31, 2013. Contract negotiations will begin in the fall of 2013.

The preliminary increase of 5% 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.

Cotton noted that the 2014 Budget includes operating transfers as outlined on Page 3 for the Deer Haven, City Hall, and 3rd Avenue Project loans.

Cotton reported that the City's debt Service obligations are outlined on Page 5 and only include General Obligation Bonds. The 2014 Debt Service Levy is proposed at \$375,000.

Adjournment

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

Meeting adjourned at 7:45 p.m.

Respectfully Submitted,

Karissa Henning
Human Resources/ Deputy City Clerk