

**MINUTES
CITY OF ISANTI
CITY COUNCIL BUDGET WORK SESSION
TUESDAY JULY 18, 2017
CITY HALL**

Mayor Wimmer called the meeting to order at 7:16 p.m.

Members Present: Mayor George Wimmer, Council Members: Paul Bergley, Dan Collison, Ross Lorinser and Steve Lundeen

Members Absent: None

Staff Present: City Administrator Don Lorsung, Human Resources/City Clerk Katie Brooks, Finance Director Mike Betker, Public Service Director/Assistant City Administrator Josi Wood, Community Development Director Ryan Kernosky, Economic Development Director Sean Sullivan, City Attorney Clark Joslin, and Assistant City Engineer Jason Cook

C. Work Session Items

1. 2018 Budget Review Schedule

The 2018 Budget Review Schedule was included in all agenda packets but was not verbally reviewed during the work session.

2. Review 2018 General Fund Revenue Projections

The General Fund Revenue and Preliminary Budget Expenditures Projections for the General Fund and the 2018 proposed property tax levy amount were presented.

Mayor Wimmer began by explaining one structural difference the City is doing in which some of the increased valuation, along with the new construction which is adding significant amount of tax base to the City, will be used. The City will use between 37-38% to help lower overall taxes with an undetermined amount also going to the General Fund to help build that up. There will also be an amount dedicated to the EDA to establish an EDA Levy with those dollars being spent only for Economic Development.

Finance Director Mike Betker started by saying he would keep his comment brief but would answer any questions. M. Betker explained the Property Tax Levy amount, which includes the General Fund Levy, the Debt Service Levy, and the proposed EDA Levy, has been increased to \$2,759,314 to reflect an increase in preliminary taxable market values for 2018 of 11.1%. The effective preliminary tax rate for 2018 is estimated to decrease from 85.933% in 2017 to 82.928% in 2018.

LGA will increase not quite \$47,000, from \$585,318 in 2017 to \$631,808 in 2018.

The proposed 2018 budget would add \$226,547 to the General Fund-Fund Balance, putting it at a projected 56.7% of budgeted expenses, which is over the policy guideline of 50%.

Mayor Wimmer explained that the plan will allow for a cut in the tax rate while still building a cash reserve for any issues regarding future payments the city needs to make.

When asked what cutting the tax rate will do, Mayor Wimmer responded by saying that if the valuation of a property stayed the same, the property owner should see a reduction in the taxes owed. He continued by saying when the tax base grows, which is a good thing, the amount paid by property owners decreases. With a rate reduction, there is the future benefit from more businesses and homes adding to the tax base, which allows for more dollars being available while keeping the tax rate lower overall.

M. Betker then touched briefly that the property taxes received for the first half of Payable 2017 were in line with prior years, while delinquent tax collections were a little behind but not enough to be a concern at this point.

3. Review of 2018 Preliminary Department Budget Expenditures

Mr. Betker continued, saying there were increases in the expenditures which include the following estimated increases over the actual 2017 rates:

- 3% Cola for all wages
- Health Insurance increase of 10%
- Workers Compensation increase of 7%
- Property Insurance increase of 7%
- Dental Insurance increase of 5%
- Life Insurance increase of 10%

EDA

The General Fund transfer is \$89,733 reflecting the addition of an EDA Levy in the amount of \$56,327. The EDA Levy is capped at .01813% of the estimated 2017 market value.

Parks, Recreation, and Culture

There is \$4,500 for a part-time intern for 15 weeks at 30 hours per week.

Streets

Engineering fees includes an additional \$20,000 over 2017 as observed actual expenses have consistently outpaced budgeted amounts for several years. This amount was increased to keep the budgeted amount in line with actual expense amounts.

Fire Protection

The preliminary budget is unchanged from 2017. However, the budgeted amount is sufficient to allow for an 11.74% increase over observed 2017 actuals. Mayor Wimmer explained that number is received from the Fire District, based upon among other things, the number of runs done by the District.

Debt Service

The 2018 Debt Service Levy is proposed at \$530,936.

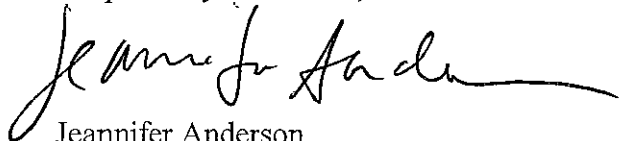
Mayor Wimmer said the City is still looking at some long-term items but in 2018 is more focused on conserving money for future larger debt payments. However, all long-term items have been included for future Capital and Project Planning. This included the Comprehensive Plan update, which was specifically held off until after the next election year as to allow any changes in elected City Officials to have input into the future of Isanti.

Mayor Wimmer finished by saying the next Budget Work Session will be after the next City Council Meeting with additional meetings added if needed.

Adjournment

Motion by Lundeen, second by Collison to adjourn. Motion carried unanimously. The Budget Work Session adjourned at 7:25 p.m.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Jeannifer Anderson", with a long horizontal flourish extending to the right.

Jeannifer Anderson
Administrative Data Clerk