

**MINUTES
CITY OF ISANTI CITY COUNCIL
BUDGET WORK SESSION
JULY 21, 2015
ISANTI CITY HALL**

Mayor Wimmer called the meeting to order at 7:13 p.m.

Members Present: Mayor George Wimmer, Councilors Paul Bergley, Adam Johnson, Dan Collison, and Steve Lundeen

Members Absent: None

Staff Present: City Administrator/City Clerk Don Lorsung, Finance
Director/Assistant City Administrator Sarah Cotton, City Attorney
Clark Joslin, Police Chief Gene Hill, Human Resources/ Deputy City
Clerk Karissa Henning

Review of 2016 Budget

Sarah Cotton stated that the purpose of this meeting was to review general fund revenue projections and all preliminary department budget expenditures except enterprise funds (water, sewer, storm, and liquor) which will be reviewed at the next budget work session which is scheduled for Wednesday, August 5th. At that time, the capital outlay and reserve for replacement will also be reviewed. A third session can be held if deemed necessary and that session is scheduled for August 18th.

Review of 2016 General Fund

The summary of preliminary general fund revenue projections for 2016 indicates a total of \$4,202,927 which represents a 2.3% increase over 2015.

The Property Tax Levy including Debt Service amount has increased to \$2,440, 561 to reflect an increase in preliminary taxable market values for 2016 to 13.9%. The amount also includes \$110,000 to capture the increase in the Fire District Budget over the last several years. This has been discussed at previous Goal Setting and Community Meetings and is not a new item.

\$75,000 has been budgeted for lost revenues due to court ordered abatements that the city is seeing occur. \$25,000 has also been added for potential costs related to the clean-up and staffing of the compost site should it be re-opened.

The transfer from the Liquor Store has been budgeted at \$300,000 and this is flat to prior year.

Due to LGA Flip there is no budget for that item, but rather there is a line near the bottom of revenue projects labeled C/O Prior Years which signifies our flip and has increased \$25,746 from last year.

The estimated draw down of the General Fund Balance is \$197,897 for 2016.

Review of 2016 Preliminary Department Budget Expenditures

Sarah Cotton indicated that she would only be summarizing some of the high level budget items.

All wages include a 3% COLA for 2016 and include the necessary step increases, where applicable. A COLA of 3% results in a \$44,000 impact to the general fund. Mayor Wimmer noted that this is what is reflected on the union contracts. The same 3% COLA increase has been budgeted for the City Attorney and is reflective of what the city has done in the past.

Increases in Health, Dental, Life, AD&D, Workers Comp and General Liability Insurance have been assumed and the combined increase year over year is estimated to be \$30,000. Typically with this the city knows actual premium quotes prior to adopting the final levy so amounts can be adjusted if necessary.

Managed expenses have been adjusted throughout the general fund budget by using prior actual costs, current year's expenditures, any actual maintenance agreements, or contracted costs.

Total budgeted Election expenditures have increased approximately \$11,000 to accommodate for two precincts in the 2016 election. The Mayor interjected that the city has held off as long as it possibly can with one precinct but the city has been informed by the county that they will be required to add a second district. It is not being done because the city wants to spend another \$11,000, it is something it is being required to do. Sarah indicated that the \$11,000 will be used to add the necessary additional equipment, supplies, training and judges.

It was asked what the trigger was to require the additional precinct with Lorsung responding that this was based on the number of voters. Location for the new precinct voter location is being planned. Staff will need to determine actual population numbers to see where a division needs to be made within the city. It may be easiest to do it both here and at the Community Center so judges can go back and forth if there is any problem with equipment, etc. and it is convenient for the county staff should they need to come down. It was noted that there would likely be some growing pains associated with a newly added location and if they were in close proximity, it would be easier to get people to the proper location.

The Parks & Rec culture department budget includes \$6,000 for the purchase and installation of automatic doors at the Isanti Indoor Arena.

The Building Inspection Department Budget includes \$10,000 to accommodate any contracted inspection services that may be needed during the transition period due to the

retirement of our City's Building Official. We already have an inspector that will move into that role, but just in case we have a gap in the licensing requirement for the inspections.

The Police Department Budget reflects increased training equipment costs for the new Police Investigator who is on board.

\$11,500 has been budgeted for sign replacements and additions in Parks and Streets, primarily associated with the sign retro reflectivity process the city is going through. The Mayor interjected that this is another State mandate.

The next phase of the street lighting and infill project has been budgeted and that is coming in at \$14,536.

The Sanitation Department Budget, as mentioned, includes \$11,000 for compost site brush disposal and additional \$25,000 for expenditures related to additional clean-up, containment and potential re-opening costs of the compost site. The Mayor indicated that the city is going to have to find out what would need to be done to meet the run-off standard. That is going to be the big cost. The city is also looking into putting security and a part-time attendant at the site. That isn't to say those actions will be taken, but there will be a plan in place with costs outlined so it can be determined if the city wants to go forward with those actions or not. The city would be looking at an on-going cost of a couple thousand dollars for the part-time position. Initially, if the site were to re-open, the city is considering potentially being open 4 hours on a Saturday morning and an additional day could be added, but that would increase labor costs. The Mayor again stated the costs are being outlined so the city can have a plan and so the public will understand the costs, needs and requirements if it were to be re-opened.

The preliminary increase of 9% in fire protection services is based on the average increase over the past two years. Actual service costs will be known when it is determined by the Fire District at a later date.

The 2016 debt service levy is budgeted at \$606,561 and that is part of the \$2,440,561 mentioned earlier.

Cotton closed stating that this was a summary of the big items. There is more detailed information in packet and preliminary budget.

Mayor Wimmer added that the city will be going over the revenue side of things more as time goes on. Capital Requests were not included in this work session but will be in the next work session. Mayor Wimmer did note though, that most years, new squad cars for the Police Department have been purchased with forfeiture funds. However, this year there are no funds available and a squad car needs to be replaced, so for the first time in many years the city will need to pay for it.

Mayor Wimmer explained, on the revenue side of things, the Fire District Budget has continued to increase. The City has lost around \$100,000 over the past two years related to court ordered abatements. Levying for this allows the city to have the money without having it eating away at the general fund balance. If this then gets taken back the City can be made whole fairly easily.

Mayor Wimmer touched on doing bonds and bond payments for the big capital improvement projects. If the city did not bond, the fund balance would go below 30%. By bonding this keeps the city building up its fund reserves. The city can also reverse the LGA flip if absolutely needed. Bonding will give us the ability to not be drawing on the general fund budget to balance the budget.

A request for questions was made. There were none.

Adjournment

Motion by Lundeen, second by Johnson, to adjourn. Motion carried unanimously. The Work Session adjourned 7:26 p.m.

Respectfully submitted,

Karissa Henning
Human Resources/ Deputy City Clerk