

**MINUTES
CITY OF ISANTI CITY COUNCIL
BUDGET WORK SESSION
AUGUST 5, 2015
ISANTI CITY HALL**

Mayor Wimmer called the meeting to order at 7:20 p.m.

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

Members Absent: Steve Lundeen

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

General Fund Budget Updates

Mayor Wimmer reviewed the following changes to the Preliminary Budget:

Capital Replacement expenditures at \$242,968 will change. The Utility Fees to be charged in 2016 should generate an estimated \$250,000 which will go toward future seal coating and crack sealing. The Capital Replacement \$232,126 is LGA money which was used this year to do crack sealing. Those funds will be removed from that specific item and the Council will need to make a determination as to whether they want to use some of those funds or increase property taxes to pay for the full pavement plan costs as the City moves forward when it is fully implemented in 2017. On the revenue side, the City is bringing in \$100,000 for the pavement plan, which will leave the City about \$100,000 short going forward. A portion of the LGA money could be used, or even fully fund, the pavement management plan. The Mayor indicated he would like to get closer to having true actual costs for the work to be done. The Mayor noted that no one wants to raise taxes for this; however, by 2017 the City will want to have the funds for the full dollar burden. The Mayor also noted that no one knows what will happen with LGA. If it gets cut again, the roads will be in jeopardy again and that isn't a situation the City wants to find itself in.

With that \$242,968 budget number, the City wants to use those funds to offset the \$88,165 draw down coming from the general fund. The City will not be removing any more money from the general fund in 2016. With those adjustments, it will leave approximately \$52,000 that will go into the general fund to help build it back up.

Mayor Wimmer and Cotton have reviewed the numbers and determined that these changes will get the City back to showing positive progress with the general fund, versus taking down the general fund. The City is ahead of it, as it was believed more money would need to be removed this year. The goal is to show some positive growth in the general fund so when the City goes out for the bond call for some of the larger projects,

the City can show that the general fund is being built back up, and that the City is not continuing to reduce it. The City wants to show that it is taxing for the actual true operating costs for the City. The last bonding call reaffirmed the City's better credit rating, which has gone up twice in the last few years—a nice positive for the city. However, there was a statement made from the last bonding call regarding a concern that the City was draining the general fund down too far, and living off that cash versus taxing for the full amount. The City needs to be sure to show that it is paying for all its expenses as they occur. This is one of the reasons for the shift in funding. The City would not want to get in position where their bond rating would slide backward and it is paying tens of thousands more in interest than it wants to be. The City wants to continue to move in the right direction.

Review 2016 Preliminary Budgets Capital Outlay and Reserve for Replacement

Mayor Wimmer noted the second big item was with the Capital Outlay Request Summary. The Mayor wants to stay at \$100,000 or less and the target number of \$92,000 was determined for the general fund. This would mean a postponement of the City's comprehensive plan update. The joint committee with Cambridge, which has yet to meet, will need to meet to determine where they are at as this will be postponed a year. Purchasing a new Parks Ranger which is \$20,000 will also need to be postponed. The City has one currently, but will want to replace it in a year or two.

The big expenditure item, which has been discussed at several meetings, is replacement of a squad car. The City has been living off the good graces of its forfeited DWI vehicles. It's a positive for the City that there have been fewer and fewer of the forfeited vehicles as that reflects more responsible driving and that people are calling sober cabs. It is a very good thing; however, the downside, from a budgetary standpoint, is that the City has to pay the cost of replacing these vehicles. \$36,000 is the cost of a fully equipped vehicle. Some of these items which the City would want, and need to purchase, are from the Enterprise funds.

Collison suggested that the City could save some money by purchasing a Gator; recently this type of vehicle was purchased through the Parks Department for Cambridge. It is quite a bit cheaper and used in the same manner as a Ranger.

Bergley asked if he was correct in recalling that the Council had discussed reducing water fees in two years. The Mayor replied that by 2018, the City should have the debt portion paid down, which is not part of the general fund. The City expects to reduce base charges, particularly the sewer fees, which were increased quite dramatically to help pay down that debt.

Cotton mentioned that the City is going to do a rate study in 2015 or 2016 that will factor in any bond issues that the City has for the waste water treatments plan improvements that were about \$2.9 million and also rolling in the school water main loop project of about \$350,000. The internal analysis in-house indicated rates could drop off, but the City will bring in a professional come in and substantiate what needs to happen. The Capital Reserves will then be reviewed to see if rate changes are even feasible, but it looks promising. The Mayor indicated that there is always a possibility of major disaster

with the sanitary sewer plant; however, if the City continues on this track it certainly looks like those fees will come down.

Determine if Tuesday, August 18, 2015 Work Session is Necessary

An additional work session was not deemed necessary.

Adjournment

Motion by Johnson, second by Collison, to adjourn. Motion carried unanimously. The Work Session adjourned 7:32 p.m.

Respectfully submitted,

Karissa Henning
Human Resources/ Deputy City Clerk