

**MINUTES
CITY OF ISANTI CITY COUNCIL
BUDGET WORK SESSION
AUGUST 6, 2014
ISANTI CITY HALL**

Mayor Wimmer called the meeting to order at 7:50 p.m.

Members Present: Councilors Sue Larson, Adam Johnson, Steven Lundeen and Dan Collison

Members Absent: None

Staff Present: City Administrator Don Lorsung, Finance Director Sarah Cotton, Human Resources/Deputy City Clerk Karissa Henning, City Attorney Clark Joslin, Police Chief Gene Hill, Liquor Store Manager John Jacobi, Economic Development Director Sean Sullivan, Community Development Director Roxanne Achman, and City Engineer Brad DeWolf

1. General Fund Budget Updates

Finance Director Cotton reviewed the 2015 Budget Updates.

a. Summary of Updates from Prior Budget Work Session

Cotton reported that on page 1 of the 2015 Preliminary Budget you will find the updated General Fund Revenue Projections for 2015 of \$3,602,527.

- Lease Revenues have been updated to reflect the terms of the lease agreement for the BMX facility.
- The estimated draw down of the General Fund Fund Balance is \$380,242 for 2015.

Mayor Wimmer noted that the property tax amounts are based off of staff's best guess, as these figures are not out yet.

Mayor Wimmer noted the levy amount is an estimate of what the City will receive.

Mayor Wimmer noted that the final budget will not be approved until December.

Mayor Wimmer mentioned that the City does have a binding arbitration coming up and depending on the outcome, there may need to be some adjustments/changes made to the budget.

Mayor Wimmer brought up that the City is having a hard time filling vacant commission and board seats. Mayor Wimmer stated he will be working with staff on increasing the amounts received for board and commission members.

On page 3 of the 2015 Preliminary Budget you will find an updated Summary of Preliminary Department General Fund Budget Expenditures for 2015 of \$3,602,527.

- The 2015 Budget for Parks, Rec & Culture has been updated to reflect the promotion to Community Events Manager & Parks Coordinator as well as the terms of the C-I Bike Walk Trail Agreement. Finally, capital replacement includes a \$7,500 reserve for the C-I Bike Walk Trail.

2. Review 2015 Preliminary Budgets

Cotton reviewed the enterprise funds.

a. Water Fund

Starting on page 34 you will find the Preliminary Budget for Water. Total budgeted expenditures for the Water Fund are \$1,541,517. This includes planned capital outlay of \$5,000 for implementation of the City's accounting software. Water Sales and Connection Fee Revenues are based on projections per the 2011 Rate Study.

b. Sewer Fund

Starting on page 37 you will find the Preliminary Budget for Sewer. Total budgeted expenditures for the Sewer Fund are \$4,246,764. This includes planned capital outlay of \$2,334,600 for Municipal Sanitary Sewer Improvements and implementation of the City's accounting software. Sewer Sales and Connection Fee Revenues are based on projections per the 2011 Rate Study.

Mayor Wimmer noted the depending on the next legislative session, there may be additional potential cost increases.

Mayor Wimmer noted that the Fire Board had stated that the City receives a break on water for the Fire Station. Mayor Wimmer stated he looked into this and the City does not receive any breaks for water.

c. Storm Water Fund

Starting on page 40 you will find the Preliminary Budget for Stormwater. Total budgeted expenditures for the Storm Water Fund are \$110,996. This includes capital outlay of \$43,750 for the BWSR Pond Improvements and implementation of the City's accounting software. Total budgeted Stormwater revenues for 2015 are \$251,500.

d. Liquor Fund

Starting on page 41 you will find the Preliminary Budget for the Liquor Store. Expenditure items have been adjusted based on prior year actual and current year expenditures through June. Expenditures items for resale are based on 2013 actual. Liquor Store Revenues are based on 2013 actual, plus 3%.

Mayor Wimmer noted the City Council needs to start thinking about placing within the 2016 budget re-doing the City's comprehensive plan.

3. Capital Outlay and Reserve for Replacement

Cotton reported that on page 44 of your Budget Packet you will find a summary of 2015 General Fund Capital Outlay. Also include on page C.3.a you will find a summary of 2015 Capital Improvement Projects. The Summary includes estimated project costs as well as funding sources. At this time, there is \$277,000 worth of Capital Outlay planned from the General Fund Reserves; including Seal Coating and the Community Center overlay. Page C.3.b is a Summary of the Reserve for Replacement and the anticipated balances at 12/31/2014. The recommended reserve is underfunded by \$656,943. The total recommended transfer for 2015 based on depreciation projections for the Reserve for Replacement is \$199,804; however, the actual transfer included in the 2015 Budget is \$0. Please note: \$150,000 will be transferred to the Reserve for Replacement in 2015 for Seal Coating and \$7,500 is being reserved for the C-I Bike Walk Trail.

Mayor Wimmer noted that extra grant money will be able to go to the capital replacement fund to help fund capital improvement projects.

4. Determination on Tuesday, August 19, 2014 Work Session

There was consensus of the Council that another budget work session is not necessary.

Adjournment

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

Meeting adjourned at 8:04 p.m.

Respectfully Submitted,

Karissa Henning
Human Resources/ Deputy City Clerk