

**MINUTES  
CITY OF ISANTI CITY COUNCIL  
BUDGET WORK SESSION  
AUGUST 7, 2013  
ISANTI CITY HALL**

Mayor Wimmer called the meeting to order at 7:30 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 Ron Sager, Police Lieutenant Gene Hill, Public Works Director Nick Fleischhacker, Liquor Store Manager John Jacobi, Economic Development Director Sean Sullivan and Assistant City Engineer Jason Cook

**1. General Fund Budget Updates**

Finance Director Cotton reviewed the 2014 Budget Updates.

**a. Summary of Updates from Prior Budget Work Session**

Cotton reported 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.

Cotton stated that the Community Center Revenues of \$8,000 have been included in the 2014 Budget.

Cotton noted that the estimated draw down of the General Fund Balance is \$297,084 for 2014.

Cotton stated that the 2014 Budget includes a \$15,186 operating expenditures budget for the Isanti Community Center.

Cotton added that the net decrease in General Fund Expenditures as a result of created the planned Storm Water Utility Fund is approximately \$30,866.

The debt service levy is proposed at \$380,000.

**b. EDA**

Cotton reported on page on 22 you will find the Preliminary Budget for EDA.

Total budgeted expenditures of \$123,747 are funded through a combination of carryover marketing funds, street dance and farmer's market sponsorships and vendor fees, cable franchise fee revenues, and a contribution from the General Fund of \$92,775.

**2. Review 2014 Preliminary Budgets**

Cotton reviewed the expenditures for all departments.

All departments were asked to prepare 0% budgets.

All wages have been kept flat to 2013, but include necessary step increases, where applicable.

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.

Workers' compensation rates are based on 2013 rates and include a 6% inflationary factor.

**a. Water Fund**

Cotton reported that total budgeted expenditures for the Water Fund are \$1,563,630. This includes planned capital outlay of \$25,000 for Hydrant Installation and a Chlorine Analyzer at the Water Treatment Plant and a portion of the Public Works Service Vehicle. Water Sales and Connection Fee Revenues are based on the projected revenues of the 2011 Rate Study.

**b. Sewer Fund**

Cotton reported that total budgeted expenditures for the Sewer Fund are \$3,500,544. This includes planned capital outlay of \$1,645,000 for the Main Lift Station, Unity Lift Station, a portion of the Public Works Service Vehicle, and Vactor Replacement. Sewer Sales and Connection Fee Revenues are based on the projected revenues of the 2011 Rate Study.

**c. Storm Water Fund**

Cotton noted on Page 41 you will find the Preliminary Budget for the new Storm Water Utility Fund. Total budgeted expenditures for the Storm Water Fund are \$200,633. This includes capital outlay of \$154,400 for a Street Sweeper, a portion of the Public Works Service Vehicle and Vactor Replacement. Total budgeted Storm Water Revenues for 2014 are \$252,000.

**d. Liquor Fund**

Cotton stated that expenditures items have been adjusted based on prior year actual and current year expenditures through June. Expenditures items for resale are based on 2012 actual. Liquor Store Revenues are based on 2012 actual as well.

**3. Capital Outlay and Reserve for Replacement**

Cotton reported that at this time, there is \$427,000 worth of Capital Outlay planned from the General Fund Reserves; including Seal Coating and Street Maintenance and replacement of a Public Works Service Vehicle, Plow Truck, Police Department Squad Car, and Police Department Building Windows. Page C.3.b is a Summary of the Reserve for Replacement and the anticipated balances at 12/31/2013. The recommended reserve is underfunded by \$677,737. The total recommended transfer for 2014 based on depreciation projections for the Reserve for Replacement is \$190,929; however, the actual transfer included in the 2014 Budget is \$0.

Mayor Wimmer clarified that the City will be taking around \$190,000 from the building reserves for some capital replacement purchases, and some of that money will also be funding street maintenance projects such as seal coating. Mayor Wimmer reported that some money for the Public Works capital replacements will be coming out of the storm water funding as well. After next year a majority of the large capital replacement purchases for Public Works will be completed and therefore the City will see money starting to build back up in that fund. Mayor Wimmer noted the purchases of new Police Department computers are long overdue, and moving forward money will be able to slowly build up in that fund as well. Bonding will be done to help with some of the costs for the lift stations and equipment purchases for Public Works.

Mayor Wimmer noted that the technology fund (money the City receives from the cable franchise agreement) is divided at 60% EDA and 40% technology. All purchases related to technology, software, fixing software, configuring etc. was taken from that 40% in the technology fund. A

change that can be seen in the budget is individual departments have technology placed into their budgets now, and only hardware costs such as computers and laptop purchases will be taken from the technology fund.

Mayor Wimmer stated the levy will not be going up so taxes will not be raised in the City.

**4. Determination on Tuesday, August 21, 2012 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 7:39 p.m.

Respectfully Submitted,

Karissa Henning  
Human Resources/ Deputy City Clerk