

**BIG LAKE CITY COUNCIL
SPECIAL BUDGET WORKSHOP MINUTES
MAY 2, 2012**

1. CALL TO ORDER

Mayor Kampa called the meeting to order at 4:00 p.m.

2. ROLL CALL

Council Members present: Raeanne Danielowski, Lori Kampa, Duane Langsdorf, and Mike Wallen. Council Member absent: Dick Backlund (arrived at 4:27 p.m.). Also present: City Administrator Todd Bodem, Finance Director Paula Mastey, City Clerk Gina Wolbeck, Senior Planner Katie Larsen, Public Works Director Mike Goebel, Interim Police Chief Steve Doran, Liquor Store Manager Jan Muehlbauer, and City Engineer Brad DeWolf of Bolton & Menk, Inc.

3. PROPOSED AGENDA

Council Member Wallen motioned to adopt the proposed Agenda. Seconded by Council Member Langsdorf, unanimous ayes, agenda adopted.

4. BUSINESS

4A. 2013 BUDGET “KICK-OFF” DISCUSSION

Paula Mastey discussed the proposed 2012 budget process and asked for feedback from Council on the upcoming budget year(s). Mastey reviewed the concept of a Biennial budget which could improve the City’s future planning. Each year would be adopted separately, with the first year of the budget cycle considered “adopted” and the second year considered “in concept”. Mastey explained that this budget method allows for better future planning as well as improving our credit rating. The general consensus of the Council was that they like the idea of long-range planning and are open to the concept of a biennial budget process.

Mastey also discussed the Capital Improvement Program which, in the past has not been incorporated into each year’s budget. Staff is recommending that any item included in the CIP that has a funding source identified, be included as an expenditure item in that year’s budget. This would allow the CIP to become a more useful planning tool and will also allow

Council to determine if they want to save for larger items needed in the future, or to continue bonding. If Council decides that they want to begin budgeting for future items, this would impact the levy. Council discussed that it would be easier on taxpayers to have smaller rate increases each year instead of a large rate increase in various years. Council also discussed the need to better educate our citizens so they can gain a better understanding where their tax dollars go.

Mastey also informed Council that in an effort to look at each department for cost saving alternatives and operational efficiencies, an overall analysis could be done with the police operations. Steve Doran reviewed the staffing levels within the department along with shift schedules and holiday schedules. Doran noted that he feels the current level of 11 licensed officers is sufficient to effectively run the department. Doran also discussed the need for police department I.T. duties to be turned back over to the City I.T. consultant. Doran informed Council that evening and weekend supervision needs to be addressed immediately as the Chief position should not be expected to be available 24/7. Doran reviewed other items that need to be addressed included on-call procedures, overnight and holiday schedules, communication between staff and Council, and the Chief's salary range. Discussion was held on the COPS Grant requirements and Doran explained that approximately \$52,000 of the grant has been utilized by the City. Council directed staff to research payback requirements if the City chooses not to fill the current vacant position. Doran also discussed the City's option to contract with the Sherburne County Sheriff's Office for public safety support. Doran informed Council that all City police staff would be offered employment through the County if that is the direction Council chooses. Council discussed the need for employees to follow the chain of command when issues arise and questioned why we are still having issues in this area as this was agreed upon by the full Council at the last Workshop. Council questioned if there is still a need for 2 investigators and a Chief position and questioned if we currently have staff that could handle taking on more supervisory roles within the department. Council discussed the potential increase to the budget with the increase in the Chief position and the possibility of adding 2 supervisors. The estimate for a budget increase would be approximately \$120,000. Discussion was held on the Council's desire to look into getting more information on the County providing law enforcement. Mayor Kampa stated that she is not willing to look at a County service and that that kind of decision should be voted on by the public. Council Member Danielowski stated that as elected officials, it is Council's responsibility to look at all options. Council directed staff to get more specifics on the option for Sherburne County providing law enforcement services to the City.

Mastey discussed the option of setting up "construction" funds to allocate dollars for specific future infrastructure. Mastey explained that when fees are collected from development agreements, these amounts can be set aside for each specific type of infrastructure. This would help alleviate future bonding for these projects. Mastey noted that this type of budgeting would decrease revenues in the Water, Sewer, and Storm Sewer funds. If Council determines to move forward with developing Capital funds, staff could do an analysis to determine approximately how much development fees the enterprise funds have, and could do a one-time transfer from the enterprise funds to help

fund the new construction funds, based on past fees collected. This would decrease the cash balance in the enterprise funds. The water fund would be excluded as it already has a negative cash balance. Council discussed the option of designating the liquor store general fund contribution to specific projects. Staff encouraged Council not to do that as it would limit how those funds could be used. Council directed staff to do an analysis on development fees in the enterprise funds and come back with a recommendation.

Mastey discussed the current fee schedule and development fees that have been collected on past projects. Mastey noted that utility fees were adjusted last year and should be re-evaluated to determine if the adjustments were sufficient to cover operations for each fund. Staff also discussed conducting a long term rate analysis to estimate future rate changes to assist the City with its long-term planning strategy. Mastey also discussed the City's past practice of negotiating fees with individuals and developers. Staff has discussed the ongoing consequences of this practice, and recommended to Council that we no longer negotiate any development fees. The city offers many amenities to developers, and staff aspires to work with developers to incorporate their projects within the City's comprehensive Plan. The City has historically been "pro-development" and plans to continue to remain this way with the concept that fees need to be set and followed to cover all costs associated with current and future development. Council discussed the need for fees to be justifiable. Discussion was held on the phase 2 of the Duffy Development project and if that application should receive special consideration. Council discussed the timeframe that the application could come in, which would have to be sooner rather than later to receive any special consideration.

Mastey also discussed the City's option to set Special Levies which are monies that would be dedicated for specified purposes. The city currently has one special levy which is for the Library. Special levies allow for better transparency to taxpayers to help clearly define where a portion of their tax dollars are going. Special levies could include Economic Development, street reconstruction projects, and park dedication. Council directed staff to check into the dollar amount per percentage of a tax levy increase. Council also directed staff to run an analysis on necessary future street improvement projects. Staff noted that this information will also show in the CIP process.

Mastey reviewed the insecurity of the annual Local Government Aid (LGA) allocation the City receives which has resulted in the Council deciding not to include these funds in our operation budget. In the past, LGA dollars have funded various expenditures. Staff has discussed the option to determine at budget time where these funds, if received, would be dedicated to. This would allow clear direction to staff how the received funds would be used, and could easily be explained to taxpayers. Council discussed the need to continue to have received LGA funds help with the budget and discussed our current reserve fund balance. Council indicated that they would like to see a policy allowing for reserves in excess of 55% be designated for future capital and equipment purchases.

5. OTHER

Council discussed franchise fees, the vacant land along airport road, and the amount of acreage that the City rents out for agricultural purposes. Discussion was also held on missing water usage noted on the audit report, the River Rider bus system, Council communication with developers, the status of the new police vehicle order, and the Smith property located by the fire station. Council directed staff to prepare a presentation on the new police vehicle design at the next meeting, and directed the Administrator and Police Chief to meet to discuss communication issues within the police department.

6. ADJOURN

Council Member Langsdorf motioned to adjourn at 5:53 p.m. Seconded by Council Member Wallen unanimous ayes, motion carried.

Gina Wolbeck
City Clerk

05/09/12
Date Approved By Council