

**BIG LAKE CITY COUNCIL  
BUDGET WORKSHOP MINUTES**

**November 13, 2012**

**1. CALL TO ORDER**

Mayor Kampa called the meeting to order at 3:00 p.m.

**2. ROLL CALL**

Council Members present: Dick Backlund, Raeanne Danielowski, Lori Kampa, Duane Langsdorf, and Mike Wallen. Also present: City Administrator Todd Bodem, Finance Director Paula Mastey, City Clerk Gina Wolbeck, Senior Planner Katie Larsen, Public Works Director Mike Goebel, Police Chief Joel Scharf, and Liquor Store Manager Jan Muehlbauer. Also in attendance: Council Elect Seth Hansen and Council Elect Nick Christenson.

**3. PROPOSED AGENDA**

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

**4. BUSINESS**

**4A. 2013 Budget Discussion**

Paula Mastey reviewed proposed changes to the preliminary budget since the last budget workshop. Mastey recapped that in order to have a zero percent increase in the levy with no new fees, an additional \$319,224 would be needed in cuts. Cuts already made since the last workshop include elimination of all levy related capital items, adjustments in insurance and miscellaneous line items, elimination of the EDA levy, moving the police department to City Hall, a 20% reduction in Council pay, and an increase in code enforcement. These adjustments created a savings of \$192,426 which leaves a remaining gap of \$126,798 totaling a tax levy increase of 3.8%. Staff discussed the proposed implementation of a street lighting fee which would decrease the levy by \$95,000 with a net result of a 1% levy increase. Staff asked for direction from Council on implementation of a street lighting fee, final levy amount Council wants to certify to the County, and finalization of cuts if needed.

The general consensus of the Council was to not implement a Street Lighting Fee of any kind. Council Member Danielowski stated that she would like to see the budget increase at zero by budgeting for LGA funds that have been committed by the State of MN. Mastey reiterated that she does not recommend the City budget LGA funds due to past actions of the State when those committed funds were either reduced or eliminated after the City established its budget. Council Member Langsdorf explained that it would be a gamble to budget LGA dollars and noted that if we don't budget for them, we would need to set the levy increase at 3.8%. Langsdorf expressed that the City should not stay at a zero increase. Council Member Wallen expressed that while we could stick to a zero increase, it doesn't make financial sense to stay at zero. Wallen reminded Council that the City is facing additional debt payments due in 2014 on top of what is due in 2013. Mastey reviewed pending debt payment increases until 2019. Council Members Danielowski and Backlund stated their desire to remain at a zero increase and to budget for LGA dollars. Mayor Kampa and Council Member Langsdorf stated that they are not in favor of using any LGA dollars to balance the budget as the City has had three different financial people tell us not to rely on LGA funds. Council Member Wallen stated that while he is not in favor of budgeting all the LGA dollars, he would possibly consider budgeting some of those dollars. Wallen stated that he doesn't necessarily trust that we are going to get the full LGA from the state. Wallen also stated that while he is not in favor of raising taxes, he is for trying to do the right thing for the City, and he feels that right now, we are not planning for the future. Discussion was held on a potential sale of the redevelopment area at the corner of CR 5 and Hwy 10. Katie Larsen explained that the city has not received a development application for the site, but that there has been interest in a small portion of the site. Council Member Wallen questioned if the City has put thought into putting dollars away for a rainy day fund, and that we need to work to maintain the services we currently have. The new Council is going to have to be reflective that we are in a challenging time. Council Member Elect Seth Hansen stated that citizens don't want taxes to go up, and expressed that growth is what's going to get us out of the hole.

Mayor Kampa and Council Members Langsdorf and Wallen discussed using some LGA dollars and what percent of levy increase they could accept. Kampa, Langsdorf, and Wallen agreed to a 1.9% tax levy increase and budgeting \$64,590 in anticipated LGA dollars. Mastey reviewed the upcoming Budget and Levy Hearing that is scheduled at 6:00 p.m. on November 28<sup>th</sup> and explained that the levy amount identified by a majority of the Council will be presented which is the 1.9% tax levy increase. Mastey also explained that the final levy will be considered by Council at the December 12<sup>th</sup> Council Meeting.

#### **4B. 2013 Water/Sewer/Storm Sewer Rate Discussion**

Paula Mastey reviewed the cash flow analysis that was done on the water, sewer, and storm sewer funds. Mastey explained that these funds have been forecasted out through 2019 and will be updated each year based on actual amounts and future projections.

Mastey also explained that the analyses were based on where each fund's cash balance is currently, upcoming debt payments, inflationary factors, as well as future CIP purchases. Mastey also reviewed our rates to surrounding cities. Big Lake ranked 5 out of 9 in water rates, and 3<sup>rd</sup> lowest out of 9 in sewer rates.

Council discussed the City's current rates and identified that our debt is fixed. Discussion was also held on the State required billing system for charging citizens on a tiered system. Council also discussed that a regular business can't operate at a loss.

#### **4C. Discuss Changes to City Fee Schedule for 2013**

Paula Mastey reviewed proposed changes to the current Fee Schedule to be effective January 1, 2013. Discussion was also held on consideration of charging a monthly storm sewer fee on property owned by the railroad as well as all vacant lots within the City. Mastey explained that currently the storm sewer fee is only charged on those properties with a water meter connected to them. Discussion was also held on consideration for charging a water availability fee to all properties that have water available, even if the water is not being used. Council directed staff to proceed with implementing a storm sewer fee for City properties and directed staff to bring back the water availability charge discussion to a future workshop.

Council Member Langsdorf questioned if the City would continue to get quotes for vehicle maintenance services after his Council term is done. Todd Bodem explained that he will be meeting with Police Chief Joel Scharf to come up with a plan to bring to Council on future vehicle maintenance procedures.

Paula Mastey discussed setting fees for interested persons to obtain utility billing histories as this type of request has significantly increased in an attempt for interested persons to avoid paying assessment search charges.

#### **5. ADJOURN**

Council Member Langsdorf motioned to adjourn at 4:28 p.m. Seconded by Council Member Wallen unanimous ayes, motion carried.

Gina Wolbeck  
City Clerk

11-28-12  
Date Approved By Council