

BAXTER CITY COUNCIL MINUTES
Special Budget Work Session
July 24, 2018

Mayor Darrel Olson called the special work session to order at 5:30 p.m.

COUNCIL MEMBERS PRESENT: Mayor Darrel Olson, Council Members Quinn Nystrom, Steve Barrows, Todd Holman, and Mark Cross

COUNCIL MEMBERS ABSENT: None

STAFF PRESENT: City Administrator Bradley Chapulis, Public Works Director Trevor Walter, Assistant City Administrator Kelly Steele, Community Development Director Josh Doty, IT/GIS Director Todd DeBoer, Finance Director Jeremy Vacinek, Police Chief Jim Exsted, and Assistant Finance Director Susannah Jensen.

Finance Director Vacinek explained similar to prior years, the initial meeting is held to have a preliminary discussion on the goals and priorities that should be incorporated into the 2019 budget as departments assemble their respective budgets for council consideration.

Finance Director Vacinek explained there are no significant changes in state aids or taxes. Due to the recent U.S. Supreme Court decision on taxation of online sales, estimates suggest sales tax collections will increase about 2.5% to 3.5% over current collections.

Staff will further analyze and provide more information on property valuations and new construction when it becomes available.

2019 health insurance rates will not be known until late August. The City typically includes a 12% increase in the proposed budget, until the actual increase, based upon claims experience and pooling, is known.

PERA Police and Fire Plan retirement contribution rates will increase in 2019 and 2020. There are no PERA Coordinate Plan retirement contribution rate increases for 2019.

2019 labor contracts need to be settled.

Police Department expenditures will increase due to the addition of the new FTE police officer approved on July 17.

The League of MN Cities Insurance Trust ("LMCIT") projects up to an additional 8% for workers compensation premiums in 2019. Property coverage rates are anticipated to increase up to 4% for property coverage and 6% for municipal liability.

The fire service contract with Brainerd is projected to increase \$13,256 due to a 5% increase in equipment funding for the capital equipment fund and a \$42,350 increase in debt service primarily for the first year of a fire tender and a small increase in the third year of the fire engine debt service.

An outside finding request has been received from Central MN Initiative Foundation.

An additional \$22,000 of funding is anticipated for the prosecuting attorney.

The City's tax increment tax capacity is 4.3% of the overall tax capacity.

Council members presented various capital projects for consideration of inclusion into the 2019 budget.

The council will reconvene on Tuesday, August 28 at 6:00 p.m. for continued budget discussion.

MOTION by Council Member Nystrom, seconded by Council Member Barrows to adjourn at 7:03 p.m. Motion carries unanimously.

Approved by:

Respectfully submitted,

Darrel Olson
Mayor

Kelly Steele
Assistant City Administrator