

BAXTER CITY COUNCIL MINUTES
Special Budget Work Session
August 28, 2018

Mayor Darrel Olson called the special work session to order at 6:00 p.m.

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

COUNCIL MEMBERS ABSENT: Council Member Steve Barrows

STAFF PRESENT: City Administrator Bradley Chapulis, Public Works Director Trevor Walter, 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 tonight's discussion is to review the 2019 proposed operating and debt service property tax levy. The City is required to certify the preliminary levy and submit it to Crow Wing County by the end of September.

No levy limits are in place for 2019. The total proposed property tax levy required to fund the initial budget is \$6,440,600, \$437,200 increase from 2018. Of the total proposed levy, the debt service levy of \$1,076,000 is no change from 2018 and the operating levy of \$5,364,600, \$437,200 increase from 2018.

The estimated market value is preliminary scheduled to increase on the 2018 Spring Mini-Abstract for pay in 2019 to \$983,333,300 from \$950,013,800 in 2018. About 56% of the new estimated market value is in the residential homestead classification and 34% is in the commercial and industrial classification.

The 2010 levy was just over \$5.6 million and has been increasing since 2013. When the levy average is compounded the annual increase from 2010 to 2019 is about a 1.47% increase.

The new estimated tax capacity added from new construction, with the TIF districts being adjusted off, is \$173,147 of estimated new capacity, which based on the tax rate, it would generate about \$87,115 in estimated additional revenue.

The total proposed revenue for 2019 is \$6,522,300 for a balanced budget. The proposed tax levy of \$6,440,600, an increase of \$437,200, is comprised of debt service, operations, transfers, cable and electric franchise fees, court fines, school liaison officer, police related state aid programs, and tower leases.

Tri County Community Action submitted a request for \$5,000 late Monday afternoon. Staff will review the request and present a recommendation to council.

Additional \$48,000 is budgeted for a new mezzanine for storage at the public work facility; this is also funded with \$28,800 from enterprise funds. This addition would then provide for more storage space in

the cold storage building. Public Works Director Walter explained the public works facility was built 12 years ago and was designed to be a 20-year facility which, at that point, would require an addition or a new building constructed.

Parks has included an additional FTE; a place holder of \$73,200 has been added to the budget. Parks staff was tasked with considering if some items could be contracted out to maximize the value of staff and still achieve the additional work load. The additional budgeted amount does not include equipment for the new employee.

\$16,500 has been budgeted for resurfacing the playgrounds at Southdale and Loren Thompson playgrounds with wood chips that would bring the surface into compliance with ADA standards.

The columbarium has not been included in the budget due to further review needed on the item; it has the protentional to be a 2020 budgeted item.

Staff will review possible grant funding sources for the Oakwood Trail project.

Public works is proposing \$105,000 for the purchase of a snowblower for tending to the roundabouts and the narrow passage between Cub Foods and the strip mall. Staff is considering leasing the equipment to determine if the snowblower is needed before making such a large capital purchase.

Finance and Administration has reduced the proposed budget by \$424,100 by removing items from the list provided.

The current tax capacity is approximately \$6.3 million which translates to a tax capacity rate of 51%. A home valued at \$175,000 would receive a \$789 tax bill from the city. An increase in the 2019 operating levy of \$437,000 is needed to balance the general fund budget, this would equate to an overall levy of \$6.4 million.

The next steps are for the council to review the budget in a September 4th work session. 2019 health insurance rates will be known soon. Time has been scheduled for an October 30 work session to review enterprise funds and the capital improvements plan.

MOTION by Council Member Cross, seconded by Council Member Nystrom to adjourn at 7:45 p.m. Motion carries unanimously.

Approved by:

Respectfully submitted,

Darrel Olson
Mayor

Kelly Steele
Assistant City Administrator