

BAXTER CITY COUNCIL MINUTES
Work Session
August 29, 2017

Mayor Darrel Olson called the Work Session to order at 6:00 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, Police Chief Jim Exsted, Community Development Director Josh Doty, Assistant City Administrator Kelly Steele, Finance Director Jeremy Vacinek, Assistant Finance Director Susannah Jensen, IT/GIS Director Todd DeBoer, and Public Works Director Trevor Walter.

REVIEW AND DISCUSSION OF 2018 PROPOSED OPERATING AND DEBT SERVICE PROPERTY TAX LEVY

Finance Director Vacinek explained there are no levy limits for the 2018 budget. The total proposed property tax levy is \$5,946,000, a \$139,000 or 2.39% increase from 2017. Of the total proposed levy, the debt service levy of \$1,076,000 remained unchanged from 2017. The operating levy is \$4,870,000, a \$139,000 or 2.94% increase from 2017. The estimated tax capacity for taxes payable in 2018 will not be available until mid-September or early October. Based upon the spring mini-abstract, new construction added for taxes payable 2018 is approximately \$8.8 million, generating about \$109,027 of tax capacity. Deducting for estimated new construction within tax increment districts, the net new construction is about \$8.0 million with net tax capacity of approximately \$96,271. As a comparison, for 2017 payable, new construction was estimated at \$15.1 million with \$191,065 of tax capacity and \$183,298 of net tax capacity of the 2016 spring mini-abstract. Based upon the city's current tax capacity rate of 50.313% and an estimated additional net tax capacity of \$96,271 from new construction, approximately an additional \$48,437 of revenue would be generated.

The proposed 2018 budget redirects 2% of cable franchise fees from Lakes Media to city communication uses, including city website upgrades and city newsletters.

Council discussion is requested on four items are not currently incorporated into the proposed 2018 budget. Those items include \$125,300 for an assistant engineer position, \$85,000 for a snow blower for the front end loader to clear snow from roundabouts, \$4,000 for stripping residential streets, and \$37,500 to replace street name signage at the Retroreflectivity warranty period expiration versus sign condition.

Finance Director Vacinek reviewed the 2018 operating budget, including various highlights. The Council asked staff various questions throughout the budget review. Public Works Director Walter provided background information on the four items not currently incorporated in the proposed 2018 budget.

The Council discussed if an assistant engineer position or engineering tech position would best fit the needs of the organization. Public Works Director Walter explained the City should see a reduction in contract engineering expenses related to MS4 storm water inspection, state aid, pavement management, chip sealing, striping, and smaller engineering contracts. The Council inquired if NJPA would be able to provide engineering services for the City. The City's liability insurance could increase if the City completes more design work in-house rather than contracting out the work to a private engineering firm. The proposed budgeted amount of \$125,000 includes equipment purchases, services, salary, and benefits. The recommended wage for either position would not be known until the job description is drafted and scored. The Council directed staff to complete a return on investment analysis of the position, provide a draft job description, and a detailed list of tasks for the position.

Including all four items into the budget would increase the levy by approximately 6.73%. The Council directed staff to include \$125,300 for an assistant engineer position, \$85,000 for a snow blower, and \$37,500 to replace street name signage into the proposed 2018 budget as a place holder. The Council asked staff to provide additional information on these items for council consideration.

City Administrator Chapulis explained the council could contact him or Finance Director Vacinek should they have any further questions or comments prior to the continuation work session on September 5, 2017.

ADJOURNMENT

MOTION by Council Member Cross, seconded by Council Member Nystrom to adjourn the council work session at 8:12 p.m. Motion carried unanimously.

Approved by:

Respectfully submitted,

Darrel Olson
Mayor

Kelly Steele
Assistant City Administrator