

**BAXTER CITY COUNCIL MINUTES**  
**Special Work Session**  
**October 21, 2015**

Mayor Darrel Olson called the Special City Council Work Session to order at 4:30 p.m.

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

COUNCIL MEMBERS ABSENT: None

STAFF PRESENT: City Administrator Gordon Heitke, Public Works Director Trevor Walter, Finance Director Jeremy Vacinek, Community Development Director Josh Doty, Assistant Finance Director Susannah Jensen, IT/GIS Director Todd DeBoer, and Assistant City Administrator Kelly Steele

Finance Director Vacinek reviewed cash flows and the 2016 proposed enterprise funds budgets for the Water Enterprise Fund, Sanitary Sewer Enterprise Fund, and the Storm Water Enterprise Fund. Cash flows for the Water Enterprise Fund is shown though 2026 because that is when the debt service is retired for the water treatment plant. An anticipated 1% growth rate can be attributed to the connection of the Woida and Wildflower neighborhoods. There is no rate change recommended for 2016. The Water Enterprise Fund has a strong growth of cash, but Finance Director Vacinek cautions the Council needs to be careful because items will have to be replaced in the future. The major expense for the 2016 Water Enterprise Fund is the purchase of automatic readers. This expense will be paid for with sales tax revenues.

Finance Director Vacinek reviewed the Sanitary Sewer Enterprise Fund and explained the City is at 28% capacity versus 24% last year. Baxter owns 2 million gallons of the 6 million gallon wastewater treatment plant. Finance Director Vacinek is not proposing a 2016 rate increase, but a small inflationary increase may be needed in the future. Finance Director Vacinek explained the need to watch our billing because it is less than what is being treated. This discrepancy could be an issue with inflow and infiltration. There is no outstanding debt in the Sanitary Sewer Fund. The net revenue for debt service will be monitored as it is declining. A future rate increase might be needed if expenses continue to increase.

Finance Director Vacinek reviewed storm water rates from peer cities and found Baxter is the fifth lowest of the cities identified in the 2014 information. There is no outstanding debt in the storm water fund. A large future storm water project identified is a storm water pond on Excelsior Road. The last storm water fee adjustment was in 2008. Finance Director Vacinek is recommending a 5% rate increase from \$0.0105 to \$0.0110 annually per square foot of commercial accounts and from \$25.20 to \$26.52 annually for residential accounts.

Finance Director Vacinek reviewed a draft 2016-2020 Capital Improvements Plan. The projects identified in the plan are fluid and can move up or back, depending on funding source availability. The City completed \$14.4 million in projects during 2015. The collector street fund will help finance small future projects. If the City starts adding additional projects to the proposed, the city will need new

revenue sources because cash sources will be depleted. The Council discussed various future improvement projects.

Finance Director Vacinek explained on November 30, 2015 at 6:00 p.m. a public informational meeting would be held to review the 2016 Budget and Property Tax Levy. The Council is anticipated to adopt the 2016 Final Budget and Levy and 5-Year Capital Improvement Plan on December 1, 2015.

**MOTION** by Council Member Barrows, seconded by Council Member Holman to adjourn at 7:12 p.m. Motion carries unanimously.

Approved by:

Respectfully submitted,

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Darrel Olson  
Mayor

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Kelly Steele  
Assistant City Administrator/Clerk