

**BAXTER CITY COUNCIL MINUTES**  
**Special Budget Meeting**  
**October 30, 2018**

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

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

COUNCIL MEMBERS ABSENT: Council Member Quinn Nystrom

STAFF PRESENT: City Administrator Bradley Chapulis, Finance Director Jeremy Vacinek, Assistant Finance Director Susannah Jensen, and Assistant City Administrator Kelly Steele

Finance Director Vacinek reviewed the enterprise fund budgets, which includes the water operations fund, WAC fund, water debt service fund, sewer operations fund, SAC fund, and storm water operations fund.

The water treatment plant debt will be paid off in 2026. A 1% rate increase is recommended for the 2019 water enterprise fund due to spending down the fund balance for the 2018 north water tower rehabilitation project and other past projects. Year to date, usage is up 4.46% from September 2017 to September 2018. In 2019 the city will have approximately \$1.1 million in revenues for debt service. The city's debt service ratio is within the acceptable range.

A 2019 sewer enterprise fund increase is not recommended. Brainerd is estimating the flow charges to be stable for next year. The smoke testing results will be important for I&I analysis. Year to date, usage is up 3.39% from September 2017 to September 2018. BPU has treated 180 million gallons versus the city has billed 168 million.

The proposed budget includes 15 new residential units and 30 new commercial units. WAC and SAC units for the North Forestview Drive improvement project have not been budgeted due to the project not currently being ordered.

User charges are the major source of revenue for the water and sewer funds.

A 9% rate increase is recommended for the 2019 storm water operations fund. With the increase, the monthly residential fee is still below \$3.00 per month. The largest storm water project for 2019 is the golf course storm water pond project.

Adjustments to WAC and SAC funds are not proposed.

The storm water project between Woida Road and Clearwater Road has been moved from 2017 to 2022 due to cash flow projections.

Finance Director Vacinek explained the bond sale is scheduled for next Wednesday with the award at the council meeting that evening.

City Administrator Chapulis explained the council will need to schedule a special council meeting to canvass the 2018 General Election results. The meeting needs to occur between 3-10 days after the General Election. The council consensus was to hold the special meeting to canvass the election results on Wednesday, November 14 at 4:30 p.m. Staff is preparing the capital improvements plan for council review during the November 20 work session.

**MOTION** by Council Member Cross, seconded by Council Member Barrows to adjourn at 7:01 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