

**BAXTER CITY COUNCIL MINUTES**  
**Special Budget Work Session**  
**November 13, 2017**

**1. Work Session Called to Order**

Mayor Darrel Olson called the Special Meeting to order at 7:00 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, Finance Director Jeremy Vacinek, IT/GIS Director Todd DeBoer, Police Chief Jim Exsted, Community Development Director Josh Doty, Public Works Director Trevor Walter, and Assistant Finance Director Susannah Jensen.

**2. Review and Discussion of Updates to 2018 Governmental Funds Budgets**

Finance Director Vacinek explained this is a continuation of the September meeting. Within the governmental funds, the actual employee dental insurance premium rates were updated and allocated to the various departments. In the capital equipment fund, the IT funding transfer revenue account was adjusted by \$4,400 to account for the missed \$3,000 general government transfer in the preliminary budget and to provide ongoing funding for the city's large plotter/scanner that is used primarily by public works and building inspections. The current plotter/scanner recently needed to be replaced and was not previously included in the IT replacement charges in the capital equipment fund. The net result is a \$1,200 savings in the general fund which was allocated to the contingency account to balance the general fund.

**3. Review and Discussion on Proposed 2018 Property Tax Levy and Impact**

The 2017 final tax capacity rate is 50.313% and the 2018 preliminary tax capacity rate is 51.090%. This is an increase in the tax capacity rate of .777%. In comparison, the 2017 next tax capacity is \$11,541,773 and the 2018 preliminary net tax capacity is \$11,750,783. This results in an increase in the net tax capacity of \$209,010 or 1.81%.

Finance Director Vacinek explained how residential evaluations increased about 3% over the prior year.

**4. Review and Discussion of 2018 Proposed Enterprise Funds Budgets and Cash Flow Presentations**

Staff is proposing a consumption rate adjustment in the water fund from \$2.82 to \$2.85 per thousand gallons. Residential base fees are proposed to be adjusted from \$10.78 to \$11.20 per month. Commercial based fees are proposed to be adjusted from \$25.65 to \$26.65 per month. The impact to a residential household using 6,000 gallons per month is \$.60 or 1.9%. The last increase was in 2011. Expenditure highlights include funding for professional services, engineering, public works facility painting, chemicals, electric

utilities, allocation for the assistant city engineer position, depreciation, repairs, and transfers out.

There is no WAC Fund rate adjustments proposed. The budget is estimating 10 new residential and 25 new commercial units. Expenditure highlights in the WAC Fund include \$153,000 for the continued project to replace the water treatment plant trough, \$21,900 for well pump replacements, \$1,035,200 for the reconditioning and painting of the north water tower, and \$300,000 for an emergency generator for the water treatment plant. The debt service in the water fund is for the water treatment plant.

Staff is proposing a consumption rate adjustment in the sewer fund from \$3.64 to \$3.66 per thousand gallons. The residential base fee rate adjustment from \$13.02 to \$13.62 per month and commercial base fee adjustment from \$26.02 to \$27.40 per month. The impact to a residential household using 6,000 gallons per month is \$.72 or 2.1%. The last increase was in 2011. Expenditure highlights include smoke testing the entire city to survey for I&I issues, engineering, public works facility painting, electric utilities, BPU sewer treatment charges, allocation for the assistant city engineer position, lift station repairs, depreciation, and transfers out.

No rate adjustments are proposed at this time to the SAC Fund. The budget estimates 10 new residential and 25 new commercial units. Expenditure highlights include the continued project to reroute lift station #3, rehabilitation of lift station #2, and sewer related improvements to Cypress Drive.

A storm water fund residential rate adjustment is proposed from \$2.32 to \$2.67 per month and commercial rate adjustment from \$.0116 to \$.0133 annually per impervious square foot. The impact to a residential household per month is \$.35 increase. Expenditure highlights include engineering, street sweeping, allocation for the assistant city engineer position, public works facility painting, storm water repair project, depreciation, and transfers out. Debt service is related to the wastewater capacity.

Finance Director Vacinek compared the BPU billed sewer amount to the city billed sewer amount and provided recommendations to review the discrepancy. BPU provides Baxter with a chart showing the daily flows. The net operating loss is growing and is almost meeting the depreciation. The council needs to be concerned with this moving forward.

BPU has not remitted franchise fees to Baxter for approximately one year.

The council discussed the pavement management plan may recommend a mill and overlay but a given project may end up being a full depth reclamation project or require additional patching and the property owner is only assessed for a mill and overlay.

## **5. Preliminary Review and Discussion of Capital Improvement Plan**

Finance Director Vacinek reviewed 2018 and 2019 capital improvements projects, total costs, special assessment amounts, and funding sources. 2018 capital improvements projects total \$23,553,900 and \$4,040,900 would be assessed. 2019 capital improvements projects total \$11,497,800 and \$2,043,600 would be assessed.

**6. Review of 2018 Budget Calendar and Proposed Upcoming Future Meetings**

An informational meeting to review the 2018 budget and property tax levy with public testimony will be held on Monday, December 4.

**7. Adjourn**

**MOTION** by Council Member Cross, seconded by Council Member Nystrom to adjourn the special council budget work session at 8:30 p.m. Motion carried unanimously.

Approved by:

Respectfully submitted,

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Darrel Olson  
Mayor

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Kelly Steele  
Assistant City Administrator