

The Cannon Falls City Council met in a work session on Tuesday, August 6, 2013, beginning at 6:45 p.m. in the City Council Chambers. Present were Mayor Robby Robinson and Council Members Bill Duncan, Morris Mattson, Jay Sjoblom, Rodney Holst, LeRoy McCusker, and Merlyce Johnson. Also present were Aaron Reeves, City Administrator; Dave Maroney Community Development Director; Jeffrey McCormick, Police Chief; Justin Padgett, Library Director; and Tom Bergeson, Public Works Director.

Call to Order Mayor Robinson opened the City Council Work Session.

Purpose Mayor Robinson explained that the purpose of the work session was to discuss the preliminary 2014 city budget and tax levy.

Discussion City Administrator Reeves began by stating that this was a pleasant change from past work sessions, which have been spent looking at ways to cut the budget and decrease expenses. The LGA funding increase provided opportunity to plan for necessary projects and increased operating expenses. However, Mr. Reeves stated that some of the intention behind the additional funding had been to provide property tax relief. This increased LGA funding would allow for a tax levy decrease.

The preliminary budget was reviewed. General fund expenditures were increased by \$173,000, or 6.2%. This included a 20% increase in healthcare insurance, as the actual amount would not be known until November or December. Capital fund transfers were restored to previous levels. Capital improvement plans would be reviewed by department heads and adjustments made accordingly.

Mr. Reeves reported that TIF revenue from the industrial park would be ending in 2013. As a result, the difference in Planning and Economic Development funding would need to be made up. However, because industrial park businesses would start to pay more taxes, the tax base would be expanded. Combined with several new businesses, business expansions, stabilizing property values, and a decreasing or flat tax levy, the tax capacity rate for property owners should begin to decrease substantially. He added that the more attractive the tax situation, the easier it would be to attract more new businesses.

The current proposed preliminary budget, which would be adopted during the first meeting in September, included a conservative 1.5% levy decrease. This levy amount could be adjusted lower for the final budget but cannot be increased.

Mayor Robinson recommended establishing a conservative preliminary budget. Council Member Duncan agreed with this strategy. A 2%

preliminary budget levy increase was discussed. In past years preliminary budgets have reflected proposed levy increases as high as 10% or more.

Council Member McCusker commented on the positive financial outlook. He suggested supporting funding for the Historical Society. Mayor Robinson suggested re-evaluating the amount of support offered to various organizations, as funding had been cut in recent years.

Council Member McCusker requested that the Library Board review the process of assessing library fees and fines.

Mayor Robinson thanked city staff for their hard work on the budgeting process and for efficient utilization of resources.

Adjournment

The Work Session adjourned at 7:02 p.m.