

The Cannon Falls City Council met in a work session on Tuesday, November 19, 2013, at 8:15 p.m. in the City Council Chambers. Present were Mayor Robby Robinson and Council Members Bill Duncan, Jay Sjoblom, Morris Mattson, Rodney Holst, LeRoy McCusker, and Merlyce Johnson. Also present were Aaron Reeves, City Administrator; Lanell Endres, Assistant City Administrator; Dave Maroney, Community Development Director; Tom Bergeson, Public Works Director; Brenda Voshalike, Ambulance Director; Justin Padgett, Library Director; and Jeffrey McCormick, Police Chief.

Call to Order	Mayor Robinson called the City Council Work Session to order at 8:15 p.m.
Purpose	The purpose of the work session was to discuss the proposed 2014 final budget and tax levy.
2014 Final Budget	<p>City Administrator Reeves reviewed the proposed final budget, which included a 1.5% decrease in the property tax levy from the 2013 amount. The preliminary budget had a 2% levy increase, adding a cushion for discussion purposes.</p> <p>He stated that budget details had been reviewed by the various department heads and that the preliminary budget included a 20% increase in employee health insurance expense, with the actual estimate coming with a 2% decrease, resulting in an approximate \$80,000 overall budget savings. He also stated the state eliminated sales tax for municipal purchases beginning January 1st, resulting in a conservative estimate of at least \$20,000 in savings.</p> <p>He reminded the Council that during the previous work session the Council had discussed restoring funding for services provided by local organizations to previous levels. This resulted in an addition of \$2750 to the budget. He informed the Council that other additions to the proposed budget included \$5000 for a salary review study as discussed with the unions during the last negotiation process, since no adjustments to the salary scale had been made since 2010.</p> <p>Administrator Reeves also discussed odor complaints from the industrial park and other businesses that have been an ongoing issue. He stated that recently other cities have instituted new technology that measures odor in order to help determine the scope of odor problems. He indicated the data would be provided to the business owners involved to assist them with working on solutions. Businesses would also be able to initiate measurement requests both inside and outside of buildings. Information about odor complaints could be tracked and correlated with odor measurement data. The one-time cost of the necessary equipment, employee training, and monitoring of the system by a consulting company specializing in this</p>

technology would be approximately \$20,000.

City Administrator Reeves summarized the proposed budget changes, noting an overall 3% levy decrease from the 2013 budget. This included the addition of \$70,000 back into capital improvement project funds. About half of the increased LGA funding, or about \$75,000, will be put toward tax levy reduction.

Council Member Mattson inquired about prior tax levy decreases. It was clarified that the 2013 budget reflected a 2% tax levy decrease, and the 2012 budget reflected a 1.5% tax levy decrease.

City Administrator Reeves added that the final 2014 budget, proposed levy, and tax levy history will be presented during the Truth in Taxation public meeting in December.

Council Member Duncan inquired about WAC and SAC fees. City Administrator Reeves replied that it was planned to continue to cut or waive these fees in order to encourage home construction. Utility rates would be discussed in more detail during the next Council meeting.

Council Member Duncan asked whether the sale tax savings cushion could be utilized to offset potential snow removal expenses. City Administrator Reeves stated that the cushion could help pay for unanticipated expenses or could be added to the general fund reserve.

Council Member Duncan and Mayor Robinson thanked the staff for doing an excellent job with keeping expenses down while maintaining services, enabling the City to maintain or decrease the tax levy over the past few years.

Council Member Johnson asked why Cannon Valley Trail funding was cut. Assistant Administrator Endres clarified that the City's portion actually increased but the overall trail budget decreased.

Council Member Duncan asked about a decrease in unallocated expenses. Assistant Administrator Endres clarified that certain technology purchases were being expensed to departments, along with some reductions in employee-related expenses.

Council Member McCusker thanked City Administrator Reeves for his assistance in explaining the budget. He recommended trying to achieve a 4% decrease in the tax levy and potentially lowering the

general fund reserve. He commented on the City's current favorable financial situation. Council Member Duncan commented on the impact of the tax capacity rate, which significantly affected property taxes.

City Administrator Reeves stated that the one-time expenses for the salary study and odor monitoring project, totaling approximately \$25,000, could be funded from the general fund reserve. Alternatively, other proposed expenses could be revisited.

Council Member McCusker recommended a 4% tax levy decrease while keeping utility rates stable. He commented on the various built-in budget contingencies and fund reserves.

Mayor Robinson suggested maintaining the proposed 3% tax levy decrease because of unknown economic impacts related to the interchange and the potential for unplanned expenses.

Council Member Johnson added that if the levy was lowered too much, this could result in future levy increases.

Council Member Mattson spoke in favor of a 3% levy decrease because of potential interchange expenses. City Administrator Reeves agreed, stating that the City should be prepared to provide additional funding if a solution on access roads could be reached.

City Administrator Reeves reported that during the next Council meeting there would be a presentation on proposed utility rate increases along with public input and adoption of the final 2014 budget.

Adjournment

The work session adjourned at 8:50 p.m.

Adopted by the City Council of the City of Cannon Falls on the 3<sup>rd</sup> day of December, 2013.

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Lyman M. Robinson, Mayor

ATTEST:

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Aaron S. Reeves, City Administrator