

**TO: Honorable Mayor and City Council**

**FROM: City Administrator Ron Johnson**

**SUBJECT: Budget Workshop Info (meeting to be conducted after adjournment of regular 8/4 meeting)**

**DATE: July 30, 2015**

**BACKGROUND**

Historically, City Council has conducted a budget workshop meeting in early August to start the discussion on the subsequent year's budget and levy. A proposed budget and levy must be adopted on or before September 30. The final budget and levy must be adopted on or before December 28. Historically, the proposed budget/levy has been adopted at the first meeting in September, another workshop meeting conducted in November, and the final budget/levy adopted at the first meeting in December.

The final levy adopted in December can be lower than the proposed levy adopted in September, but it cannot be higher.

Last year, the levy discussed at the September workshop meeting reflected a 9.6% increase. The proposed levy adopted in September was reduced to an 8.2% increase. This was further reduced to a 6.1% increase at a presentation at the November workshop, and the final levy adopted was a 3.5% levy increase. Although the levy increased by 3.5%, the city's tax capacity increased by over 9% resulting in a property tax rate decrease. The city's tax capacity for 2016 should be available mid to late September.

The budget presented at this meeting includes some of the following assumptions:

- 10% health insurance premium increase (actual premiums aren't usually known until November)
- 3% Cost of Living Adjustment
- Inclusion of one regular half-time employee primarily for administration

**REQUESTED COUNCIL ACTION**

No action necessary but to provide a consensus direction for a proposed levy amount for the September 1<sup>st</sup> (or 15<sup>th</sup>) Council meeting.

Attachment(s): Budget/Levy Info