

TO: Honorable Mayor and City Council

FROM: City Administrator Ron Johnson

SUBJECT: Budget Workshop Info (meeting to be conducted after adjournment of regular 8/16 meeting)

DATE: August 12, 2016

BACKGROUND

Historically, City Council has conducted a budget workshop meeting in 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 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.

Highlights regarding the preliminary budget-

- The increase in bond levy, due primarily to the inclusion of the new Westside II bond issue, increases our levy by 5.17%
- 8.5% health insurance premium increase (actual premiums aren't usually known until November)
- 3% Cost of Living Adjustment
- Inclusion of a half-time planning dept employee to allow Director of Economic Development and Planning to focus primarily on economic development; employee would work with Planning Commission items, zoning ordinance update, comprehensive plan update and other miscellaneous planning activities. Potential collaboration with Goodhue County Land Use Department.

The figures presented are a starting point for budget discussions. Also keep in mind that the amount of levy increase proposed, may not necessarily translate into that same amount of a tax increase. At least some of a levy increase would be offset with an increase in the city's overall tax capacity. The city's tax capacity for 2017 should be available from Goodhue County in mid to late September.

The adoption of the proposed levy would likely take place at the September 20 City Council meeting. This will allow time for any special budget workshop sessions, and this could be extended up to September 30 if necessary.

REQUESTED COUNCIL ACTION

No action necessary but to provide a consensus direction for a proposed levy amount for the September 20th Council meeting.