

The Cannon Falls City Council met in a work session on Tuesday, May 2, 2017, in the City Council Chambers. Present were Mayor Robby Robinson and Council Members Morris Mattson, Cedar Abadie, Mike Dalton, Ken Carpenter, LeRoy McCusker, and John Althoff. Also present were Ron Johnson, City Administrator; Lanell Endres, Assistant City Administrator; Tom Bergeson, Public Works Director; Tim Malchow, Ambulance Director; Nicole Miller, Library Director; Dave Maroney, Community Development Director; Greg Anderson, City Engineer; Jeff McCormick, Police Chief; and Rebecca Kurtz, Senior Municipal Advisor/Vice President, Ehlers & Associates

Call to Order

Mayor Robinson called the work session to order at 7:40 p.m.

Financial  
Management Plan /  
Utility Rate Study

Rebecca Kurtz introduced herself and provided background information. She stated that the City annually updates its financial management plan and utility rate analysis. She stated that the purpose of the work session will be to provide updated information and recommendations for review and discussion by the City Council.

Ms. Kurtz referenced information that was provided. She discussed the purpose of a multi-year financial management plan in terms of reviewing financial goals, needs, funding sources, and the impact of decisions in order to provide guidance during the budgeting process. She added that the plan provides projections with regard to ongoing capital needs.

Ms. Kurtz reviewed four main community goals:

- Maintain stability of tax rates.
- Long-range capital planning.
- Limit bonding.
- Stability of all funds.

Ms. Kurtz commented that the inflation factor has been increased from 3% to 5% for the next three years and then dropped down to 4%. She provided rationale for these adjustments.

Ms. Kurtz reviewed growth projections and discussed how this information was compiled. She provided a tax rate comparison and reviewed a summary of anticipated capital needs and costs over the next five years.

Council Member Abadie commented with regard to long-term trail planning and inquired regarding funding assistance by the City toward trail projects. Ms. Kurtz commented that projects and funding options can be incorporated into the financial management plan.

Ms. Kurtz commented that long-term projections include maintaining positive fund balances.

Ms. Kurtz discussed capital improvement project funding sources and provided additional information regarding street projects and assessments.

Ms. Kurtz reviewed assumptions related to the general fund. She commented regarding conservative estimates in terms of local government aid revenue. She stated that the financial management plan continues to maintain a general fund balance targeted between 40% and 50%, per City policy.

Ms. Kurtz commented that by 2021 or 2022 there will be sufficient utility revenue for a potential payment to the City as a reimbursement for tax-supported infrastructure costs or to help support other special projects.

Ms. Kurtz commented that the financial management plan focuses on goals related to fund balances, the tax levy, and tax impacts to residents. She provided rationale for fund balance targets in terms of adhering to City policy, maintaining reserves for unexpected expenses and avoiding debt, and protecting the City's bond rating.

Ms. Kurtz reviewed property tax levy projections. She commented that the City's tax rate is low to moderate compared with other communities. Tax impacts were discussed.

Ms. Kurtz provided background information and reviewed the utility rate analysis. She stated that the goal is for enterprise funds to be self-supported by utility revenue. She discussed adjustments that were made in the analysis as a result of less water consumption. Council Member McCusker commented with regard to usage data and utility rates.

Ms. Kurtz reviewed the water and sewer funds. She discussed operating expenses and anticipated capital improvement projects. She reiterated that, with the current rate projections, the goal of self-supporting water and sewer funds will be achieved by 2022. Funding of future stormwater projects was discussed.

Ms. Kurtz discussed the option of making PILOT (payment in lieu of taxes) payments back to the City, once the debt has been paid off. She provided rationale for maintaining utility rates according to the recommended plan. She reviewed each of the utility funds in detail.

Ms. Kurtz reviewed a summary of the impact analysis for an average user. Council Member Abadie requested information with regard to growth projections, and Ms. Kurtz and Assistant City Administrator Endres provided additional information.

Council Member McCusker expressed concerns with regard to increasing utility rates. Ms. Kurtz provided rationale for utility fund goals. Council Member Abadie suggested considering rebates or incentives for residents to invest in rain barrels or rain gardens. It was discussed that this type of program is already offered to commercial customers. Council Member McCusker commented with regard to water-saving measures that have been implemented over the last few years.

Mayor Robinson expressed appreciation to Ms. Kurtz for providing the information. Ms. Kurtz commented that the information should assist with long-term planning and offered to answer any questions.

Adjournment

The work session adjourned at 8:45 p.m.

Adopted by the City Council of the City of Cannon Falls on the 16<sup>th</sup> day of May, 2017.

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Lyman M. Robinson, Mayor

ATTEST:

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Ronald S. Johnson, City Administrator