

TO: Honorable Mayor and City Council

FROM: City Administrator Ron Johnson

SUBJECT: Budget Workshop Info (meeting to be conducted after adjournment of regular 8/15 meeting)

MEETING DATE: August 15, 2017

BACKGROUND (Updated 8/14)

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 levy increase shown is 2.4%
- The city's tax capacity for 2018 is still an unknown until mid-September
- 9.0% health insurance premium increase
- 3% Cost of Living wage adjustment. The Employee Compensation and Classification Study being conducted by Springsted is being finalized and the Personnel Committee will meet to review when done.
- The purchase of a fire truck is included utilizing bond proceeds (equipment certificates) and cash on hand of \$150,000. Please note that the levy for this won't occur until 2019 and the levy on \$358,000 over 5 years is estimated at \$76,500/yr, over 8 years at \$50,200/yr and over 10 years at \$45,900/yr.
- The expense of \$47,772 for the Cannon Valley Trail Capital is included for discussion (note: this is not a one-time request from CVT but a 10 year request)
- Adding 2 part-time employees - 1 in city hall and 1 in motor vehicle
- Adding 1 full-time ambulance employee-this does not impact the levy as it is an enterprise fund
- The bond levy decrease is a result of a previously refunded bond structured so that the principal payment significantly decreased

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 2018 should be available from Goodhue County in mid to late September.

The adoption of the proposed levy would likely take place at the September 19 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 19th Council meeting.

TO: Honorable Mayor and City Council

FROM: City Administrator Ron Johnson

SUBJECT: Budget Workshop Info (meeting to be conducted after adjournment of regular 8/15 meeting)

MEETING DATE: August 15, 2017

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.

An updated memo with more detail summarizing some of the highlights will be provided on Monday, 8/14.

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 2018 should be available from Goodhue County in mid to late September.

The adoption of the proposed levy would likely take place at the September 19 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 19th Council meeting.