

The Cannon Falls City Council met in a work session on Tuesday, August 22, 2023, in the City Council Chambers. Present were Mayor Matt Montgomery and Council Members Laura Kronenberger, Derek Lundell, Lisa Groth, Diane Johnson, Steve Gesme, and Ryan Jeppesen. Also present were Neil Jensen, City Administrator; Sara Peer, City Clerk; Jed Petersen, Public Works Director; Nicole Miller, Library Director; and Jeffrey McCormick, Police Chief.

Call to Order

Mayor Montgomery called the City Council work session to order at 5:04 p.m.

2024 Budget Discussion

### **A. Library Budget.**

City Administrator Jensen referenced past discussions and summarized the budget planning process to this point. He reviewed topics of discussion during a recent Library Board meeting.

The proposed 2024 Library budget was reviewed. Administrator Jensen referenced expenses relating to building rental and staffing. He discussed options to plan for future building maintenance and repairs, including a reserve fund. He suggested conducting a building inspection.

The budget for part-time wages was also discussed. Administrator Jensen provided a recommendation in this regard. Library Director Miller provided additional information relating to past staffing expenses and current staffing needs. She also referenced information from a recent wage study.

Council Member Johnson suggested allocating funds into a capital projects fund. Director Miller indicated that the Library has a dedicated capital fund. She referenced information from the City Code relating to levied funds specifically for the Library. It was recommended to move \$15,000 from the operating budget to the capital budget. Future Library project costs and funding sources were discussed.

Utility and cleaning expenses were clarified. Staffing expenses were further discussed, and a 3% COLA was recommended for part-time employees. SELCO fees were discussed. Director Miller reported that the Minnesota Legislature has increased funding to help support rural libraries. She also discussed the materials budget.

Library Board members provided additional information regarding the capital budget and requested clarification of staffing expenses.

Administrator Jensen, Mayor Montgomery, and City Clerk Peer provided additional information and examples from other departments.

Council Members expressed agreement with the budget revisions as discussed, which would result in a levy increase of just over 4%, with \$15,000 allocated to the capital budget.

### **B. Expenditures.**

Administrator Jensen referenced proposed budget information relating to estimated 2024 expenditures. He noted that the proposed budget reflects a levy increase of approximately 4%. He discussed the Public Works Department equipment budget, noting that the cost estimates are very preliminary. Council Member Johnson requested clarification of the streets and parks capital equipment budget.

Administrator Jensen provided additional information relating to the Public Works Department equipment budget and the Police Department equipment budget. He also discussed the Ambulance Service budget and enterprise funds. The Fire Department capital budget was also discussed. The cable budget was reviewed, and City Administrator Jensen discussed how franchise fees are utilized.

Options for managing increasing capital equipment costs were discussed.

Council Member Johnson asked about plans for a speed trailer. Police Chief McCormick provided additional information regarding Police Department budget priorities and challenges.

Chief McCormick and Public Works Director Petersen discussed the State contract and the vehicle ordering process.

### **C. Revenues.**

Administrator Jensen reviewed LGA funding, Invenergy revenue, and current bonds.

The preliminary 2024 budget was further discussed. Administrator Jensen reported that the preliminary property tax levy will reflect an approximately 4% increase.

Council Member Johnson asked how increasing market values impact property taxes.

Administrator Jensen discussed tax capacity, the tax rate, and the need to increase the property tax base.

City Donations  
Discussion

Administrator Jensen provided background information and referenced the preliminary numbers relating to donations. It was clarified that the final tax levy can be decreased but cannot be increased from the preliminary tax levy.

It was suggested to schedule work sessions with community groups. It was recommended to base donations on need.

Mayor Montgomery shared information from the Minnesota Office of the State Auditor relating to financial commitments involving public funds, noting that caution is advised in this regard. Council Members agreed that contributions should be used to benefit the community and expressed agreement with continuing the conversation.

Adjourn

Administrator Jensen reviewed the next steps in the budget approval process. He recommended establishing a preliminary levy and budget that are as close to the final numbers as possible.

Mayor Montgomery adjourned the work session at 6:03 p.m.

Adopted by the City Council of the City of Cannon Falls on the 19<sup>th</sup> day of September, 2023.

ATTEST:

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Matt Montgomery, Mayor

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Neil L. Jensen, City Administrator