

**JOINT CITY COUNCIL/FINANCE COMMISSION
MEETING MINUTES
SEPTEMBER 1, 2020**

City Council members in attendance: Mayor Jud Marshall, Council members Richard Brainerd, Jeff Ledermann, Steve Wolgamot, and Jane Schneeweis. Finance Commission members in attendance: Chair Mike Bromelkamp, Vice Chair Luke Schlegel, Commission members, Austin Raebel, Becky L'Allier, and Roger Humphrey. Also in attendance: City Administrator Scott Neilson, Finance Director Scott Schaefer, Public Works Director Bob Goebel, Fire Chief Terry Fischer, City Clerk Jerene Rogers, and Account Clerk Amy La Belle.

APPROVAL OF AGENDA

Upon motion by Council member Brainerd, seconded by Council member Schneeweis, the agenda was adopted as presented. The motion was unanimously approved by roll call vote. Yea: Brainerd, Ledermann, Marshall, Schneeweis, Wolgamot, Bromelkamp, Schlegel, Raebel, L'Allier and Humphrey. Nay: None

APPOINT CHAIR AND VICE CHAIR OF THE FINANCE COMMISSION

Council Member Brainerd nominated Finance Commission member Schlegel to be Chair of the Finance Commission. The motion was unanimously approved by roll call vote. Yea: Bromelkamp, Schlegel, Raebel, L'Allier and Humphrey. Nay: None

Finance Commission Chair Schlegel nominated Finance Commission member Raebel to be Vice Chair of the Finance Commission. The motion was unanimously approved by roll call vote. Yea: Bromelkamp, Schlegel, Raebel, L'Allier and Humphrey. Nay: None

**APPROVAL OF THE OCTOBER 15, 2019 JOINT CITY COUNCIL/FINANCE
COMMISSION MEETING MINUTES**

Upon motion by Finance Commission Vice Chair Raebel, seconded by Finance Commission Chair Schlegel, the motion was made to approve the October 15, 2019 Joint City Council/Finance Commission meeting minutes as presented and was unanimously approved by roll call vote. Yea: Brainerd, Ledermann, Marshall, Schneeweis, Wolgamot, Bromelkamp, Schlegel, Raebel, L'Allier and Humphrey. Nay: None

DEPARTMENT OVERVIEWS

City Administrator Neilson gave an overview of the Administration Department as well as an update on the current consultants that support the City of Mahtomedi.

Public Works Director Goebel gave an overview of the Public Works department including the meter swap program and the 2021 goals. Finance Commissioner Schlegel asked about the stormwater pumps which Public Works Director stated were being deployed more frequently this year.

Fire Chief Fischer gave an overview of the Fire Department including current staffing, run call figures and the impact COVID-19 has had. Finance Commission Chair Schlegel and

Council member Brainerd asked for clarification on compensation and staffing challenges. Fire Chief Fischer explained the wage comparisons to the surrounding communities, the request for a wage increase and the impact on-site housing was having. Council member Schneeweis thanked Fire Chief Fischer for his recruiting efforts and his well-run department.

CLOSED BOND FUND FOR THE 2021 BUDGET

Finance Director Schaefer gave an overview of the Closed Bond Fund policy, stating that reserve funds in excess of \$500,000 may be used to finance City Council approved Capital Improvement projects and reduce future bond needs, and pay off bond fund deficits. The policy states the fund is to be reviewed annually by the Finance Commission before the budget process to determine what would be the best use of these funds.

There is a planned transfer of \$115,000 in Closed Bonds Funds for 2021. The Closed Bond Fund balance as of December 31, 2019 is \$1,212,095. Projected fund balance for December 31, 2021 is \$1,111,595.

REVIEW OF PROPOSED 2021 GENERAL FUND, PARK FUND, EQUIPMENT & BUILDING REPLACEMENT FUND BUDGETS

City Administrator Scott Neilson said the proposed general fund budget for 2021 is \$6,811,615 compared to \$6,259,198 in 2020, which is an increase of 8.83%. Of this increase 6.61% is for Debt Service and 2.22% is an increase in the operating budget. He said the proposed General Fund Budget is based on a levy amount of \$5,213,284 compared to \$4,828,786 in 2020, which reflects an increase of 7.96%. He noted that this includes a transfer from the Closed Bond Fund of \$115,000. He explained the proposed tax capacity rate for 2021 is 37.389% compared to 36.473% in 2020. Based on a home value of \$362,700, property taxes will be approximately \$1,338.90 compared to \$1,241.18 in 2020. This reflects an increase of 2.5% in the tax capacity rate and taxable property values increasing 6.2% from 2020.

City Administrator Neilson stated the 2020 General Fund Budget represents the same service levels as 2020 and also includes the following:

- Administration – proposed to increase from \$629,149 to \$656,154 to include scanning of all City Documents. This project will be completed over a two-year period.
- Communications: proposed to increase from \$73,500 to \$94,750 to include \$20,000 for a community survey.
- City Buildings: proposed to increase from \$140,791 to \$152,005 due to increased costs for insurance.
- Police Services: proposed to increase from \$576,145 to \$600,680 or 4.26%. The County bargaining agreements have not been settled for 2021 and there is an increase in the mileage formula.
- Ambulance: proposed to increase from \$444,331 to \$462,614 or 4.1%. This is due to wage adjustments for full-time ambulance personnel.
- Street Lighting: proposed to increase from \$58,000 to \$84,500 due to budgeting for street light amenities along Stillwater Road.

Administrator Neilson gave an update on the Debt Service Levy stating that it is proposed to be \$1,912,570 in 2021 compared to \$1,499,031 in 2020. This represents an increase of 27.6% and includes the 2020A and 2018A Improvement Bonds as well as financing of the 2011A, 2013A, 2014A, and 2016A Bonds.

Administrator Neilson stated that the City sets aside a portion of the annual operating budget to fund its fixed asset replacement schedule. The 2021 transfer is proposed to be \$378,891 and expenditures are budgeted at \$213,000 which includes the following:

- Parks: Wedgewood Park Playground Equipment \$150,000
- Fire: Replace City Hall Tornado Siren \$8,000
- Streets: Unit #15A Bobcat Skid-Steer \$55,000

Administrator Neilson updated the City Council and Finance Commission on the Water, Sewer, and Stormwater Funds.

The Water Fund revenue budget reflects an increase in the water unit cost of 6%. Based on this, residential rates will increase from the current average of \$85.83 to \$90.98 per quarter. The expense budget reflects an increase of \$205,444 or 16.83% from the 2020 budget. The increase is due to the completion of the Meter Replacement Program and the budgeting of 50% of a new utility van.

The Sewer Fund revenue budget reflects an increase in the sewer unit cost of 3%. Based on this, residential rates will increase from the current average of \$154.16 to \$158.78 per quarter. The expense budget reflects an increase of \$72,300 or 5.8% from the 2020 budget. The increase is due to the budgeting of 50% of a new utility van, document scanning, increase in Metropolitan Council Sewer charges, and an increase in debt service.

The Storm Water Fund revenue budget reflects an increase in the storm water unit cost of 10%. Based on this, residential rates will increase from the current average of \$30.94 to \$34.03 per quarter. The expense budget reflects a decrease of \$191,005 or -14.7% from the 2020 budget. This decrease is due to the pond dredging project being completed in 2020.

Administrator Neilson extended his appreciation and thanks to all of the department heads in preparation of next year's budget, especially to Finance Director Scott Schaefer for his continued financial expertise.

Discussion was had amongst City Council and Finance Commission members regarding the 2021 budgets with the overall direction given to review the budgets for any potential decreases that could be made as the community continues to face challenges regarding the current pandemic and overall economic health. Finance Director Schaefer advised that current predictions indicate future years 2022 and 2023 may see greater challenges and the City may want to retain some flexibility for those upcoming years.

Upon motion by Finance Commission member Bromelkamp, seconded by Finance Commission Chair Schlegel, the motion to recommend adoption of the 2021 budgets for the General Fund, Special Revenue Fund, Building and Equipment Fund, and Utility Funds was unanimously approved by roll call vote, Yea: Bromelkamp, Schlegel, Raebel, L'Allier and Humphrey. Nay: None

NEXT COMMISSION MEETING

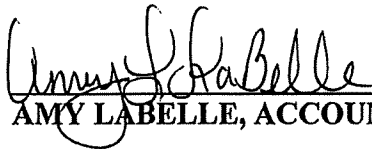
The next regular meeting of the Mahtomedi Finance Commission will be a joint meeting with the City Council on Tuesday, October 20, 2020 at 5:00 p.m. This meeting will be to discuss the Capital Improvement Financing Plan for 2021-2025, and the 2021 Fee Schedule.

ADJOURNMENT

Upon motion by Finance Commission member Bromelkamp, seconded by Finance Commission member Humphrey, the September 1, 2020 Joint City Council/Finance Commission meeting at 6:52 was adjourned at 6:52 and was unanimously approved by roll call vote, Yea: Brainerd, Ledermann, Marshall, Schneeweis, Wolgamot, Bromelkamp, Schlegel, Raebel, L'Allier and Humphrey. Nay: None

ATTESTED:

APPROVED:



AMY LABELLE, ACCOUNT CLERK



LUKE SCHLEGEL, CHAIR