

CITY OF MILACA
SPECIAL COUNCIL MINUTES
FINALIZING THE 2024 PRELIMINARY BUDGET AND 2024 TAX LEVY
December 13, 2023

Call to Order Roll Call

Mayor Dillan called the special meeting of the Milaca City Council to order at 6:00 p.m.

Pledge of Allegiance

Upon roll call, the following council members were present: Mayor Dave Dillan, Councilors: Ken Muller and Laurie Gahm. Absent: Council members Norris Johnson and Lindsee Larsen

Staff present: City Manager Tammy Pfaff, City Treasurer Elizabeth Nealley, Assistant City Clerk Deloris Katke, Police Chief Quinn Rasmussen, Fire Chiefs Jesse Gerads and Chris Ehlen, Liquor Store Manager Vicki Jeys and City Attorney Damien Toven.

Others Present: Chloe Smith

Resolution #23-41 Resolution Establishing Policy Regarding Pay Rates and Procedures for Paid

On-Call Fire Department: Mayor Dillan called for a motion to approve Resolution #23-41. Motion by Muller, seconded by Gahm. Gahm questioned if they work Friday or Saturday, they get \$10 and \$10 and if they get called out they get \$25? City Manager Pfaff stated that was correct. With no further discussion, all in favor. Resolution #23-41 Establishing Policy Regarding Pay Rates and Procedures for Paid On-Call Fire Department passes.

Ordinance #520 Water Rates Increase-First Reading: Mayor Dillan called for a motion to approve Ordinance #520. Motion by Muller, seconded by Gahm. With no further discussion, all in favor. Ordinance #520 Water Rates Increase-First Reading passes.

Finalize 2024 Budget and 2024 Tax Levy: City Manager Pfaff presented the following:

Anything in yellow was from the preliminary budget with no changes. Anything in blue indicates changes.

State Aid went down a little bit as we will only have 6 officers until we get full staffed again.

Lot leases- no change

Fire Protection about \$118,746 up a little bit Fire calls were increased a little bit. We hope to keep up the increase in invoicing. Right now, we have about \$8,000 outstanding invoices in fire calls. Some of these will be sent to collections and some will be assessed.

Airport fuel sales in looking at the November fuel report, we are up \$5,600 so that is good.

Court Fines will be a touchy one as it will depend on the new cannabis law. This could take a year to see the affects. Fines have decreased as well as the administrative fines.

Interest rate earnings have increased. We have turned over some of our CD's and some of those are getting over 5% . 4M fund is getting 5.6% interest.

Cable TV revenue is fading out with Netflix.

Liquor Store transfers the same.

Council – no changes.

Planning Commission – no changes.

Health Insurance was 9% increase. Was 15% increase as that is what our agent told us but luckily that came down.

Work Comp Insurance was reduced 15% so that helped a lot.

Utilities are little up. We are looking at carpet replaced in here. We do need to keep this in the budget for sure.

Council Redesign - that didn't change but we are constantly looking at the Surplus website to see if we can get a better deal.

Police Department - Union Contract still not settled. Right now, it is at 3.5% for 2024 and we are not sure of the remaining years of the contract. Overtime is up. Police Pension has decreased due to the loss of one officer. Health insurance also decreased. Uniforms was changed a little bit too.

Fire Department – Salaries are at \$67,525. Jesse and I and Chris cleared up some items on that Resolution. Work Comp was reduced. Equipment parts and repairs – a little adjustment there. There are 24 on the roster right now. There will be some building repairs in 2024. Mayor Dillan asked if that rescue truck does not happen, that \$25,000 is still there? Fire Chief 2 Ehlen stated that it probably won't happen either way as the grant is open until spring. City Manager Pfaff stated that it will just sit in their equipment budget.

Building Inspections -- he is keeping his contract the same.

Public Works – Health insurance again was decreased. Uniforms was adjusted. Boiler needs to be replaced at the Public Works building. Paving a portion of Rec Park from Gorecki Center down to the bandshell. There is \$6,726.61 in the Park Improvement Reserve that would be used towards this paving project and use up that Reserve.

Library – we updated a little bit as they seem to have a lot of repairs with their boiler.

Senior Center – budget is about the same every year. No major problems since roof was replaced.

Miscellaneous – transfer each year to the Caterpillar Lease payment. Transfer to the Debt Service.

Airport – reduced from October from their share of the grant. After the preliminary budget, MN DOT Aeronautics came out that they will fund equipment now and will be 95% grant. So, this would include the roller, blower and mower. Still no guarantees that we would get it, but we should try.

Special Revenues – didn't change much.

Events Fund - Other Professional Services was moved so if we wanted to purchase a band and do something down at the park. Some of this will be used for 3rd Lair as they will be down in the park a couple of times next year and the kid's event.

Park Improvement Fund – nothing.

Veterans Memorial – nothing.

Debt Service – that is set by the bond schedules.

Still waiting for the 8-unit apartment building to get going for the TIF District.

Enterprise Funds – with the increase to the water and sewer fund, there have been a lot of headaches with the new conversion. A lot of issues with people not letting them in to replace the meters. We are hoping with the rate increase that that will help this fund out.

Sewer fund – This one is coming along pretty good.

Liquor Fund – this is slated to be almost over \$3.1 million this year.

Deputy Registrar Fund – Fees increased October 2023 per the state. January 15 will be their start date for their project. They did get that \$23,000 from the state reimbursement on fees that will help this project out.

Summary for the tax levy final is at 4.43% increase. Councilmember Johnson had called earlier and wanted to see if there was a way to reduce the levy so I will leave that up to you to discuss. Mayor Dillan stated he had talked to Councilmember Johnson and then was in today to see City Manager Pfaff, trying to find something. City Manager Pfaff stated that our operational costs are getting higher due to inflation on everything. Councilmember Muller then stated that on \$9,000 taxes, with the 4.43% increase that would be about \$8.86 increase a month. So, it really isn't a significant increase.

Mayor Dillan stated there were some things we looked at to decrease the levy, but they are not going to go away. Like the Rec Park. Councilmember Gahm stated that if we don't keep current, then you are going to be paying for it in the future. Mayor Dillan stated that he felt like we got rid of the things we could at the workshop. At first, I was not convinced on the carpet, but now that things have been moved around, it's pretty gross.

City Manager Pfaff stated that as far as developers, if they wanted to come in and possibly buy the Pearson property and need to add water/sewer there, then we would need to look at infrastructure grants to move in that direction. Councilmember Muller asked if they were putting water main in the new road out by the airport. City Manager Pfaff advised that water/sewer would be just past the daycare center.

Mayor Dillan asked the councilmembers if there was anything they wanted to look at. Councilmember Muller stated that obviously there was a lot of work put into this and there were a lot of spreadsheets.

Councilmember Gahm asked what the cost of living was at and City Manager Pfaff stated it was at 3.2 and now it lowered to 3.1 this last month.

City Manager Pfaff stated that next year, even though these are estimates, we will see debt levies increase substantially next year. Until we get the final bond issuance, we will see and then that recommendation to spend down some cash for these.

City Manager Pfaff asked Fire Chiefs Gerads and Ehlen if they were going to the townships to see about their help on the truck in 2024. Fire Chief Gerads said the townships just expect make payments each year to the bond like we do. City Manager Pfaff stated that she will need from the townships if they want this added into their budget or invoiced for it. If a township does not want to commit to this truck, that means the city tax payers would make up the difference. Fire Chief Gerads said townships have never done that. Monday night the fire department just donated another \$85,000 from their gambling fund so that's already another \$85,000 on top of that half million we have and hopefully another \$80,000 will be donated next year.

City Manager asked if council was keeping the tax levy at 4.43 or reducing that. Councilmember Muller felt this was low compared to the county. He felt to keep this for street repairs.

City Manager Pfaff stated that our fund balance policy is to keep 1.1 million dollars for a 5-month period in the operational cash. City Manager Pfaff continued to say that when she spoke with Councilmember Johnson earlier, he stated that there was a large amount in LGA but she reminded him that back in 2008-2010 when LGA was frozen, cities did not get increases so street projects and any purchase in capital improvements was on hold. Councilmember Gahm stated that was fine but you still have to pick this up at some point. Mayor Dillan stated that that's kind of where the street project is at. We kept putting it off and now we have to take care of.

With no further discussion, Mayor Dillan called for a motion to finalize the 2024 budget and 2024 tax levy. Motion by Muller, seconded by Gahm. All in favor. Motion to approve the 2024 budget and tax levy passes.

Mayor Dillan called for a motion to approve Resolution #23-42 Approving the Final 2024 Budget and 2024 Tax levy. Motion by Gahm, seconded by Muller. All in favor, motion to approve Resolution #23-42 passes.

CLOSED MEETING FOR CITY MANAGER PERFORMANCE EVALUATION AND CONTRACT.

Mayor Dillan read the script for a closed meeting. Mayor Dillan called for a motion to close the meeting. Motion made by Muller, seconded by Gahm.

MEETING CLOSED AT 6:31 P.M.

Members of the council, following the completion of our business, we will now adjourn into open session and I will entertain a motion to adjourn the closed portion of the meeting and go back into open session. Time is 7:17 p.m. Motion by Muller, seconded by Gahm.

City Manager annual evaluation is completed. Contract will be presented to full council on December 21, 2023.

Mayor Dillan called for a motion to adjourn. Motion by Muller, seconded by Gahm. No further discussion. All in favor.

Meeting adjourned at 7:19 p.m.



Mayor Dave Dillan

ATTEST:



City Manager Tammy Pfaff