

**CITY OF MILACA
SPECIAL CITY COUNCIL MINUTES
2026 Budget and Tax Levy Work Session
December 10, 2025**

Call to Order

Mayor Dillan called the meeting of the Milaca City Council to order at 5:04 p.m.

Pledge of Allegiance

Roll Call

Upon roll call, the following council members were present: Mayor Dave Dillan, Council member: Lindsee Larsen, Norris Johnson, Tim Poorker. Council member Ken Muller absent.

Staff present: City Manager Tammy Pfaff, Police Chief Quinn Rasmussen, City Treasurer Elizabeth Nealey, Assistant City Clerk Deloris Katke, and Officer Mike Barros

Others present: None

Work Session for 2026 Budget and 2026 Tax Levy

City Manager gave an overview of the budget changes and stated anything highlighted in yellow indicates changes from the preliminary budget

General Fund Revenue:

Building Permits: Reduced to \$46,000 the same as 2025

Airport: We have that M&O and were selected to receive a grant in Mid October so that was added in.

Police State Aid: This was increased to \$81,662 after looking at the finalized state report.

Fire Contracts: Increased to 133,876 due to their wages

General Fund Expenditures:

City Manager: Training & Travel was reduced \$2,000 as City Manager will only be attending the League of MN Cities. Recruitment Services of \$15,000 was removed from Other Professional Services.

City Treasurer: Training & Travel was reduced to \$750.

City Hall: MN Paid Leave was increased slightly to \$19,130; Other Professional Services reduced to 35,000; Telephone increased to \$3,500; Liability/Property was increased to 73,415; Automobile Insurance Increased to \$12,000 due to appraisal reports; Repairs/Maintenance reduced to 7,500 for carpet replacement in offices;

Police: Salary changed to \$566,062; we are currently at \$65,000 in overtime; software reduced to \$16,000

Fire: Year to date salary is \$95,370. 2025 final budget was only \$81,190. 2026 Budget set at 95,400. This Fire Department budget goes to the Township calculations, it's based on their bottom line of expenditures and the city takes 50% and the rest goes to the Townships net tax capacity.

Public Works: Salary increased \$9,714; Temp Summer/Winter Help increased \$5,600; Reserve Purchase decreased \$40,000; Improvement Other Than Bldg/Streets increased \$20,000. There is \$168,000 in the budget but total project is estimated at \$800,000. There may have to be some bonding to get the streets, water, sewer and lights. The sale of the parcels will help.

Parks: Salary increased \$9,715; Park Swing and mower purchase were left in here.

Library: Telephone was increased to \$750

Senior Center: Flooring will go in on December 15 and hopefully finish up the end of the year;

Airport: Salary increased \$8,058; Other Professional Services increased slightly and telephone increased \$900; Improvements Other Than Bldg is at \$355,000 for Taxi Lane Pavement which the Grant pays 90%.

Special Revenue Funds:

200 Funds: No changes

Debt Service Funds:

300 Funds: No Changes

Water Fund:

Other Grants of \$1,000,000 for lead service replacements (about 93 homes)

Sewer Fund:

Salary changed and we have a manhole repair. MN Dot is making the city remove the manhole to outside the roundabout that will be installed in 2027. Per MN Dot, they will be at 90% completion of the Hwy 23 plans by December 15.

Enterprise Funds:

Lots of changes here: Over the last couple of years the liquor sales have not reached \$3,000,000. THC sales could hurt us as well if the federal law changes. We may end up going down to 2 full time employees. Some minor changes will be done like back sink to be removed and add a drop sink.

Dep Reg:

No changes

Transfer to Liquor next year may have to be decreased.

Excess of \$299 in General Fund, \$18,000 in Special Revenue, \$19,000 in Debt Service and Enterprise Funds you have a deficit.

Discussion of sewer fund and how the revenue is going in the right direction with the rate increases. Development at Milaca Junction will help with revenue as well as Rum River School and the vacant buildings in the Industrial Park.

Garbage hauler fees were discussed and agreed to change the license to \$200.00. Poorker stated the average is \$195 for licenses (he checked with other cities).

Levy remains at 5%, preliminary was 5%. Mayor Dillan suggested to cut one little item to get down to 4.99%. City Manager will take the \$299 out of some Miscellaneous line item and this will reduce the levy to 4.99%.

Adjourn:

Mayor Dillan called for a motion to adjourn. Motion made by Johnson seconded by Poorker to adjourn. No further discussion. All in favor, motion to adjourn passes. Meeting adjourned at 5:39 p.m.



Mayor Dave Dillan

Attest:



Tammy Pfaff, City Manager