

MILACA CITY COUNCIL MINUTES
SPECIAL MEETING-2019 Budget and Tax Levy
August 29, 2019

Call to Order Roll Call

The special meeting of the Milaca City Council was called to order at 5:00 p.m. by Mayor Pedersen. Upon roll call the following council members were present: Mayor Pedersen, Councilors Dillan, Pedersen, Johnson and Larsen.

Councilors Absent:

Staff present: City Manager Tammy Pfaff, Liquor Store Manager Vicki Jeys, Treasurer Tracy Gann-Olehy, and Public Works Supervisor Gary Kirkeby.

Others Present: Mark Baas

Approval of the Agenda

On a motion by Dillan and seconded by Larsen, the agenda was approved with a change to move items under new business to the top of the agenda for discussion. Motion carried unanimously.

New Business-

Council to call Public Hearing- Truth in Taxation meeting to hold a public hearing for December 19th at 6:30 p.m. Mayor Pedersen called for a motion to set the public hearing. Upon a motion by Dillan and seconded by Larsen the public hearing is set for December 19th at 6:30 p.m. Motion carried unanimously.

Change order for Street Project. Council was given an email to inform them that there will be a change order for 6th Avenue storm sewer to be replaced and the change order will come to the next council meeting. Gary commented that the storm sewer was damaged with no drainage.

Gorecki Building Addition- two quotes were reviewed by council. Baas Construction in the amount of \$173,551.00 and AJW Contracting in the amount of \$133,960.00. Mayor Pedersen asked for Gary Kirkeby's recommendation. Gary stated he would recommend Baas Construction. Mayor Pedersen stated that Tammy had some concerns with the amount. Mark Baas stated that he would be committed to the price in the quote and would not go any higher than the amount stated as \$173,551. Mayor Pedersen called for a motion to approve the quote from Baas Construction. Upon a motion by C. Pedersen and seconded by Dillan the project is approved. The city manager stated that a contract will need to be done and signed. Motion carried unanimously.

Review of 2020 Budget Highlights: The City Manager stated that the Personnel Committee met on July 30th and the Budget Committee met on August 1st to review the 2020 Budget. The Personnel Committee met and reviewed all the wages and the League of Minnesota salary surveys to see where each employee was on the scale. Some of the employees fell in the wage range, some were over the wage range and some were under the wage range.

The City Manager stated that the revenue for LGA increased over the previous year by \$68,177.

Budget Highlights:

Police Department will have staff changes to move Henry to 30 hours a week and the department will have six full-time officers and two part-time officers.

Administrative staff will change with Patti's retirement in October of 2019.

Deputy Register Department, Pam Hartman will be retiring in February of 2020. The personnel committee has a goal to move the wages to higher levels to compare with salary survey amounts.

Public Works Department- Sam Berg was moved to full-time.

Liquor Store staff will get a \$1.00 dollar increase.

The personnel budget will get a 3% increase and there are longevity steps for employees.

Event Coordinator- Council to determine if this would be a seasonal position during the heavy months or place an ad for the position.

CAPITAL IMPROVEMENTS ITEMS FOR 2020

SEALCOAT	55,000.00
ALLEY PAVEMENT	20,000.00
SALT SHED	25,000.00
SANITARY SEWER LINING	25,000.00
WATER METER-RADIO READ	25,000.00
USED PONTOON/RAMP FOR THE PONDS	10,000.00
USED PAVEMENT ROLLER	6,500.00
POSSIBLE LEASE FOR JOHN DEERE TRACTOR	15,000.00
PARK-ADD CAMERAS	2,000.00
PARK - ADD MORE LIGHTS	4,000.00
CITY HALL- REPLACE SIDEWALK IN FRONT OF BUILDING (Council removed this Item from the budget)	12,500.00
CITY HALL- REPLACE CARPET IN HALLWAYS	15,000.00
CITY HALL EQUIPMENT	25,000.00
MUSEUM IMPROVEMENTS	8,500.00
LIQ STORE- BUILDING IMPROVEMENTS	55,000.00
AIRPORT- TAXI WAY	18,000.00
TOTAL 2020 CIP PROJECTS	\$ 321,500.00

Items that were discussed on the CIP were the reductions from the previous year as we will not have any street construction or the purchase of any vehicle. Public Works will have an addition for a roller for pavement. Gary stressed the need for a Salt Shed by the public works building.

The water meter radio reads will be replaced within two year until all new meters are installed. The older meters are going bad.

Mayor Pedersen asked which alley will be paved, and Gary responded behind the museum.

The City Manager also pointed out the possible lease to purchase for the John Deere Tractor as the one we have is past its useful life and it is in the budget as a placeholder in case the tractor is not working. Gary stated it bogs down and that we are in need of a larger tractor.

The City Manager asked if the sidewalk will be replaced this year and Gary stated it will all be done including the apron. The CIP for the sidewalk replacement of \$12,500 will be removed from the budget as the project is completed in 2019.

Mayor Pedersen asked about budget adjustments and asked for a CIP for all the donations. Tracy explained that they are not in the budget because there is not an offsetting revenue and it would go negative if it were in the budget. Dillan asked if it could just be a piece of paper to show it. Tracy explained as we purchase items with the donation money it will be a budget adjustment. Mayor Pedersen commented about the pavers and that we will have revenues coming in from selling them plus the cost of pavers and engraving.

Dillan commented on the liquor store transfer and was concerned with taking more from the liquor store. It was determined that the additional amount would be used for construction or equipment needs. Dillan did not want this to be a yearly draw from the liquor store unless it is needed.

Mayor Pedersen commented on the wage distribution for Public Works and that now they are all at 20% and that we should change the percentages. Tracy stated they need to be what they are doing.

Mayor Pedersen wanted to see the percentages for water and sewer to be at 25% to reduce the levy. Tracy stated that we should not make large percentage changes because in the winter they are doing streets.

The airport percentage was discussed and that we need to adjust it to an accurate allocation. Tracy stated that this would be a one-time adjustment distribution and we cannot change each year and Mayor Pedersen was fine with this.

The City Manager recommended that Gary and Tracy get together to adjust the percentages. Tracy commented that by adjusting the wage distribution to a higher percentage in water and sewer would mean that in a year or two you will need to increase your water and sewer rate to cover the increase in wages.

**CITY OF MILACA
2020 Preliminary Budget Summary by Fund Type**

	General Fund	Special Revenue Funds	Debt Service Funds	Water Fund	Sewer Fund	Liquor Fund	Deputy Registrar Fund	Agency Fund	Total	2019 Comparative Total
REVENUES:										
Property Tax Levies	\$ 524,200	\$ -	\$ 456,275	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 980,475	\$ 961,250
Other Property Taxes	18,500	-	-	-	-	-	-	-	18,500	15,450
Tax Increments	-	58,000	-	-	-	-	-	-	58,000	57,000
Lodging Tax	600	-	-	-	-	-	-	-	600	600
Special Assessments	2,000	-	2,000	-	-	-	-	-	4,000	4,000
Intergovernmental	932,922	-	-	-	-	-	-	-	932,922	862,047
Licenses and Permits	44,700	-	-	-	-	-	-	-	44,700	37,250
Charges for Services	323,242	16,780	24,000	-	-	-	-	115,000	479,022	441,095
Fines and Forfeits	12,100	-	-	-	-	-	-	-	12,100	10,600
Interest Earned	22,500	450	-	10,000	15,000	5,000	100	-	53,050	42,900
Refunds and Reimbursements	6,000	-	-	-	-	-	-	-	6,000	6,000
Grants	25,000	-	-	-	-	-	-	-	25,000	18,000
Miscellaneous	105,500	36,570	-	-	-	-	-	-	142,070	106,750
Sales	-	-	-	559,000	349,500	2,279,000	193,500	-	3,381,000	3,207,250
Less: Cost of Sales	-	-	-	-	-	(1,690,500)	-	-	(1,690,500)	(1,675,500)
Other Income	-	-	-	-	-	230	1,500	-	1,730	2,500
Total Revenues	2,012,264	111,800	462,275	569,000	364,500	593,790	195,100	115,000	4,448,729	4,197,192
% Incr (Decr) over Prior Yr									6.0%	
EXPENDITURES:										
General Government	509,945	12,600	-	-	-	-	-	-	522,545	478,955
Public Safety	891,040	-	-	-	-	-	-	-	891,040	1,066,215
Public Works	443,890	-	-	-	-	-	-	-	443,890	399,710
Culture and Recreation	159,015	10,500	-	-	-	-	-	-	169,515	197,740
Miscellaneous	71,340	17,250	-	-	-	-	-	-	88,590	66,755
Debt Services:										
Principal	-	-	410,000	167,000	30,000	-	-	-	607,000	587,000
Interest	-	1,500	54,635	12,770	1,735	-	-	-	70,640	67,265
TIF	-	55,110	-	-	-	-	-	-	55,110	54,110
Operating Expenses	-	-	-	337,835	313,095	460,485	223,595	113,605	1,443,615	1,332,055
Depreciation	-	-	-	165,000	310,000	44,600	-	-	519,600	319,000
Total Expenditures	2,075,230	96,960	464,635	682,605	454,830	504,485	223,595	113,605	4,615,945	4,988,802
% Incr (Decr) over Prior Yr									0.6%	
Transfers In	111,505	-	-	-	-	-	-	-	111,505	94,060
Transfers Out	-	(7,955)	-	-	-	(103,550)	-	-	(111,505)	(94,060)
From Equipment Reserves	41,545	-	-	-	-	-	-	-	41,545	324,325
To Equipment Reserves	(79,000)	-	-	-	-	-	-	-	(79,000)	(79,000)
Excess (Deficit)	\$ 16,084	\$ 6,885	\$ 17,640	\$ (113,605)	\$ (90,330)	\$ (14,245)	\$ (28,495)	\$ 1,395	\$ (204,671)	\$ (146,288)
% Incr (Decr) over Prior Yr									39.9%	

Factors in the budget

LGA increased to \$884,627 for an increase of \$68,177

The Ogilvie Contract increased by \$10,502. Other factors were the increase in Building Permits.

Levy Increase of 2%

Transfer from Liquor Fund \$103,550.00.

Council reviewed expenditures. Mayor Pedersen feels that the Fire Department should have a half-time Fire Chief in 2021. Tracy commented that it will affect the townships and they need to be on board with the additional cost. Mayor Pedersen would also like to see one more seasonal worker in the summer for the parks and friends of the park.

Council reviewed details of the revenue funds.

Debt Schedule reviewed.

Enterprise Funds reviewed.

Wage distribution reviewed.

Capital Improvement Plans reviewed.

Mayor requested to do the closed meeting for the City Manager's Contract. The closed meeting will be done at the October 17th council meeting.

Adjourn

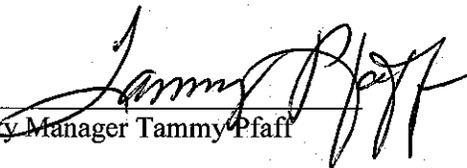
With no other business presented before the council, a motion to adjourn was made by Johnson, seconded by Larsen, all present voted in favor and the meeting adjourned at 6:20 p.m.

Motion carried unanimously.



Mayor Harold Pedersen

ATTEST



City Manager Tammy Pfaff