

**JOINT CITY COUNCIL/FINANCE COMMISSION
MEETING MINUTES
SEPTEMBER 15, 2022**

City Council members in attendance: Council members Richard Brainerd, Lily Melander, Jane Schneeweis, Luke Schlegel. Finance Commission members in attendance: Chair Mike Bromelkamp (via phone), Vice Chair Roger Humphrey, Commission members, Heather LaValle-Tumbleson, and Harry Melander. Also in attendance: City Administrator Scott Neilson, Finance Director Scott Schaefer, Public Works Director Bob Goebel, Fire Chief Terry Fischer, Account Clerk Amy LaBelle, Account Clerk Melissa Bohdan. Excused Absence Mayor Jud Marshall.

APPROVAL OF AGENDA

Upon motion by Council member Brainerd, seconded by Commission Member Melander, all members voting in favor, the agenda was adopted as presented.

APPOINT CHAIR AND VICE CHAIR OF THE FINANCE COMMISSION

Council Member Brainerd nominated Finance Commission member Bromelkamp to be Chair of the Finance Commission, and Finance Commission member Humphrey to be Vice Chair of the Finance Commission. All members voting in favor, the motion was unanimously approved.

**APPROVAL OF THE OCTOBER 19, 2021 JOINT CITY COUNCIL/FINANCE
COMMISSION MEETING MINUTES**

Upon motion by Finance Commission member Melander, seconded by Council member Schlegel, the motion was made to approve the October 19, 2021 Joint City Council/Finance Commission meeting minutes as presented. All members voting in favor, the motion unanimously approved.

CLOSED BOND FUND FOR THE 2023 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, 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 no planned transfer of Closed Bond Funds for 2023. The Closed Bond Fund balance as of December 31, 2021 is \$1,115,933. Projected fund balance for December 31, 2022 is \$1,121,433.

REVIEW OF PROPOSED 2023 GENERAL FUND, PARK FUND, EQUIPMENT & BUILDING REPLACEMENT FUND BUDGETS

City Administrator Scott Neilson said the proposed general fund budget for 2023 is \$7,511,116 compared to \$6,910,842 in 2022, which is an increase of 8.69%. He said the proposed General Fund Budget is based on a levy amount of \$5,952,181 for 2023 compared to \$5,375,536 in 2022, which reflects an increase of 10.73%. He explained the proposed tax capacity rate for 2023 is 34.38% compared to 39.12% in 2022. Based on a home value of \$439,850, property taxes will be approximately \$1,512 in 2023 compared to \$1,360.96 in 2022. This reflects a decrease of 12.1% in the tax capacity rate and taxable property values increasing 24.5% from 2022.

City Administrator Neilson stated the 2023 General Fund Budget represents the same service levels as 2022 and also includes the following:

- Assessor – proposed increase 11.67% as a result of a different assessing formula fee addressed in the agreement with Washington County.
- City Buildings – proposed increase to 9.36% for new security equipment.
- Police Services: proposed to increase to \$675,611 an 11% increase over the 2022 budget.
- Fire – proposed to increase to \$36,458 or 7.08% from the 2022 budget. This is primarily due to salary and benefits for two additional full-time Firefighter/Medic positions.
- Ambulance: proposed to increase \$243,642 or 41.67%. This is due to budgeting for 75% of the salary and benefits for two additional Firefighter/EMTs.
- Street Lighting – proposed to increase \$10,000 for 17.24% for the electricity for the new street lighting on Stillwater Road.
- Parks – proposed increase to 5.63%. This is due to an increase in Lifeguard salaries as a result of the contract with the YMCA for Mahtomedi Beach. In addition, inflationary increases for electricity are also budgeted.
- Reserves: proposed to increase in 2023 to \$690,344 from \$559,575 in 2022. \$390,344 is budgeted for operating transfers for Equipment and Building Replacement. The contingency budget for 2023 is \$300,000 increasing from \$175,000 in 2022. This is to account for any unforeseen increases in costs and also sets the contingency budget at 5.22%, its highest level since 2012.

Administrator Neilson gave an update on the Debt Service Levy stating that it is proposed to be \$1,762,803 in 2023, which is nearly the same as 2022. The debt service includes the 2020 Improvement Bonds for the 2020 and the 2021 improvements projects. This also includes the financing of 2011A, 2013A, 2014A, 2016A and 2018A Bonds.

Administrator Neilson stated that the City sets aside a portion of the annual operating budget to fund its fixed asset replacement schedule. The 2023 transfer is proposed to be \$390,344 and expenditures are budgeted at \$360,500 which includes the following:

- Ambulance: Replacement Ambulance 850 \$160,000
- Fire: Replace Service Truck \$45,000
- Streets: Gateway Sign for CSAH 12 \$40,000
- Streets: Graco Linelazer Driver \$7,000
- Streets: Bobcat Angel Broom \$6,250
- Buildings: Replace 2 Boilers at Public Works \$40,000
- Buildings: Replace Control System at Public Works \$45,000
- Parks: Toro Grandstand Mower \$17,250

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 4%. Based on this, residential rates will increase from the current average of \$94.62 to \$98.40 per quarter. The expense budget reflects a increase of 25.79% from the 2022 budget.

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 \$163.54 to \$168.45 per quarter. The expense budget reflects an increase of 3.03% from the 2022 budget.

The Storm Water Fund revenue budget reflects an increase in the storm water unit cost of 4%. Based on this, residential rates will increase from the current average of \$35.39 to \$36.81 per quarter. The expense budget reflects an increase of 5.68% from the 2022 budget.

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 regarding several items and their impact on the budget. Those items included Fire and Ambulance personnel, current and projected home values, equipment replacement needs, and upcoming equipment maintenance. Discussion also included employee retention and the desire to ensure that employee compensation stays competitive.

Council member Schlegel informed the Council and Commission that the Cable Franchise Fee revenue is dropping drastically as it directly relates to the amount of cable television subscribers.

Upon motion by Finance Commission member Melander, seconded by Finance Commission Member LaValle-Tumbleson, the motion to recommend adoption of the 2023 budgets for the General Fund, Special Revenue Fund, Building and Equipment Fund, and Utility Funds was unanimously approved.


NEXT COMMISSION MEETING

The next regular meeting of the Mahtomedi Finance Commission will be a joint meeting with the City Council on Tuesday, October 18, 2022 at 5:30 p.m. This meeting will be to discuss the Capital Improvement Financing Plan for 2023-2027, and the 2023 Fee Schedule.

ADJOURNMENT

Upon motion by Finance Commission member Melander, seconded by Council member Schneeweis, the September 15, 2022 Joint City Council/Finance Commission meeting at was adjourned at 6:41pm and was unanimously approved.

ATTESTED:



AMY LABELLE, ACCOUNT CLERK

APPROVED:



MIKE BROMELKAMP, CHAIR