Workshop meetings are informal discussion style meetings that are open to the public. No official city business is conducted; therefore official minutes are not kept. The summary below is provided for informational purposes only. It has been generated from notes and is not a comprehensive report of workshop discussions and events.

Workshop called to order at 7:15 p.m. and adjourned at 7:54 p.m.

PARTICIPANTS:
Mayor Dingle; Council Members Foote, Jones, Swenson, and Zenner, City Administrator Walsh, Finance Director Sommerland and City Clerk Orquist.

SUBJECT(s): 2020 Preliminary Budget

INTRODUCTION:
Finance Director Sommerland informed the Council that staff prepared a preliminary 2020 budget with an inflation scenario that maintains the current level of service. She stated she had not received any actual numbers from Washington County relating to the property valuation and tax rate.

Overview of Total General Fund and Debt Levy

<table>
<thead>
<tr>
<th></th>
<th>2019 Adopted</th>
<th>2019 Preliminary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Levy</td>
<td>$1,923,491</td>
<td>$2,005,887</td>
</tr>
<tr>
<td>Debt Levy</td>
<td>$283,738</td>
<td>$284,459</td>
</tr>
<tr>
<td>Total Gross Levy</td>
<td>$2,207,229</td>
<td>$2,290,346</td>
</tr>
<tr>
<td>Fiscal Disparities</td>
<td>$550,012</td>
<td>$597,994</td>
</tr>
<tr>
<td>Total Local Levy</td>
<td>$1,657,217</td>
<td>$1,692,352</td>
</tr>
<tr>
<td>Tax Rate</td>
<td>43.475%</td>
<td>43.424%</td>
</tr>
</tbody>
</table>

In Summary:
- **General Fund Revenues** reflects a $72,000 property tax increase with decreases in licenses, permits, intergovernmental, fines, and forfeits of approximately $58,000. Part of the revenue decrease is the shift of cell tower revenue to the water funds.

- **General Fund Expenditures—General Government/Administration** (General Government, Mayor & Council, City Administration, Boards & Commission, Elections and City Attorney) reflects an overall increase of $109,000. Proposed changes include updates to the City website and newsletter, accounting software updates, organizational study, new server, cleaning of City Hall exterior, increase hours for election judges, increase in legal services contract, and minor equipment purchases and/or leases.

- **General Fund Expenditures—Public Safety** (Police/Reserves, Fire and Building Inspection) reflects an overall reduction of $30,000 due primarily to the purchase of fire equipment (Buddy Packs and Roof Bags) that will occur this year instead. Proposed changes include new server for Police, added security camera and other new small equipment, and police training.

- **General Fund Expenditures—Other** (Streets, Compost, Recreation, Parks and Unallocated)

  Streets reflects an overall increase of $42,000 due to cost of materials (i.e., asphalt), development of a 10-year road project plan, and equipment replacement.
Parks reflect an overall decrease of $119,000 with no major park improvements. Changes include batting cage replacement, Heritage Park table/chairs replacement, Heritage Park lighting updated to LED, Veteran Park redesign, and Whitbred Park irrigation repair.

Unallocated allows for additional increases not yet identified

The following Budget items were discussed:

**Lions Levee Staircase** – Mayor Dingle inquired about the cost to replace the staircase at Lions Levee Park that has been removed because of its disrepair. City Administrator Walsh noted that the quotes received reflected a cost of $35,000+ in which the City felt the money could be best spent elsewhere.

**3rd Street Improvement**—Council Member Jones would like the City to establish a Street Fund to pay for infrastructure improvements and eventually eliminate the need for special assessments. He also expressed his concern with the reconstruction 3rd Street to accommodate heavier vehicle traffic. It was his opinion that the abutting property owners should not have to be specially assessed for the cost to upgrade the roadway to the heavier tonnage design, but rather the increased cost should be funded from the Street Fund.

Mayor Dingle is working with State, Federal and County levels to seek funding assistance for 3rd Street since the City doesn’t receive gravel tax for the mining trucks traveling this road. There have been some discussions of a connection to Cottage Grove, but this could be 10 years out. No definite year has been set for 3rd Street reconstruction.

**Police Administrative Assistant**—this request has been delayed until an organizational study can be completed.

**Elections**—this increase is primarily due to the increase in minimum wage and the additional hours in conducting the Presidential Primary and participating in Post-Election Audit.

**Overall Budget**—Council Member Swenson inquired about budget increase comparisons. Finance Director Sommerland noted that the budget increase for 2018-2019 was $101,000, the increase for 2019-2020 is proposed to be $72,000. The budget does account for personnel costs and upcoming contract renewals. City Administrator Walsh noted that the “tax rate” has been consistent from year to year. Finance Director Sommerland has been reviewing existing bonds to see if any of them can retire early

**Capital Improvement Fund**—Finance Director Sommerland informed the Council the City has a healthy Capital Improvement Fund balance of $2.7 million. City policy states any general fund balances at the end of the year above 50% are moved to the Capital Improvement Fund.

**SUMMARY:**
Finance Director Sommerland asked the Council if they were good with the preliminary numbers and wanted to know if they would like to hold another budget workshop. The Council agreed that another Budget Workshop is not needed.

**RECOMMENDATION:**
It was the consensus of the City Council to wait until the actual numbers are available to establish the preliminary budget and tax levy.

Respectfully submitted,
Sharon Ornquist, City Clerk