



TO: Honorable Mayor Lagergren and City Council Members
FROM: Steven Helget, City Administrator
DATE: November 16, 2017
SUBJECT: 2018 Budget Work Session

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Proposed is to discuss: 1) 2018 Fee Schedule; 2) final property tax levy; 3) water and sewer rate increases; and 4) 2017 Municipal State Aid for Street Maintenance.

1. Enclosed is a draft 2018 Fee Schedule.
2. Enclosed is a draft of the 2018 Final Budget. The budget reflects the following:
 - 10% property tax levy increase;
 - no utility rate increases;
 - 2% employee wage increase;
 - levy of \$176,600 for capital equipment replacement versus an expense of \$201,600. In respect to the Fire Department SCBA's lease, the City budgeted \$25,000 in 2017 but payments don't begin until 2018 so the Council consented not to levy anything in 2018 but utilize the 2017 levy which was deposited into cash reserves in the capital equipment replacement fund;
 - \$50,000 has been budgeted to replace the city entrance monument signs;
 - \$48,500 has been budgeted to go into cash reserves for the City to reimburse itself for the purchase of the land from the County CDA in 2016;
 - monies have been budgeted to conduct some building improvements at the City Hall and rental buildings;
 - In respect to local government aid, \$75,000 less than anticipated to receive in state aid has been budgeted. This will go into the City's cash reserves. Building cash reserves is one of the goals identified in the City's Five Year Financial Plan;
 - In Parks & Rec \$25,000 is budgeted for capital expenditures versus \$15,000 in 2017; and
 - monies have been budgeted to conduct some building/structure improvements at the swimming pool.

November 13, 2017

3. Water and Sewer Rate Increases

Enclosed is a rate study comparison with other area communities.

4. 2017 Municipal State Aid for Street Maintenance

The City received approximately \$28,000 this year in state aid to be utilized for street maintenance. This is not a scheduled aid like LGA and it's only the second time we've ever received it. The first was in 2015. Just as the name implies, the City is to use the aid for street maintenance but it's at the City's discretion exactly what that would be.

One option is to utilize the state aid to address a drainage issue that exists on the very south end of Emma Street which has been an ongoing problem for several years. Water simply doesn't drain away on the east side of the cul-de-sac. Bolton & Menk has developed a plan for removing the east half of the cul-de-sac street surface and repaving it with a .03% grade. Bolton & Menk's enclosed cost estimate also includes the installation of a paved trail to connect to the existing trail along Brand Lake. It's not necessary that the trail be completed at this time.

Other options for utilizing the street maintenance aid will be presented at the meeting.