



**MINUTES
CITY COUNCIL WORK SESSION
October 26, 2017**

CALL TO ORDER

The meeting was called to order at 5:33 pm.

Present: Mayor: Marty Schneider; Council: Tim Hultmann, Tom Skjaret, Jahn Dyvik, and Michelle Jerde

Staff Present: City Administrator: Scott Weske; Public Works Director: Jason Goehring; Ehlers: Stacie Kvilvang

Absent:

PLEDGE OF ALLEGIANCE

APPROVE AGENDA

A motion was made by Jerde, seconded by Skjaret, to approve the agenda as presented. Ayes: all.

OPEN CORRESPONDENCE

None

BUSINESS ITEMS

Discussion of 2018 Budget and Levy

A. Presentation by Ehlers of the Long Lake Utility Rate Study

In June, staff requested that Elhers & Associates compile a low level-basic rate study for the City utilities. Staff has been suggesting rate increases since 2014. Now with added debt service for Watertown Road and County Road 112 construction, rates need to be increased in order to continue to pay the bond payments and maintain operations.

Stacie Kvilvang presented a Powerpoint presentation to the Council describing the enterprise funds and what the funds' responsibilities are. The revenue from the funds are to pay for debt, operations, capital improvements, and build reserves.

Currently the water fund has a "healthy" balance but the sewer fund needs to be addressed. The basic rate study indicated a rate increase in the water and sewer fund is warranted, and also recommends adding another tier to help conservation. The basic estimate with the data used from 2009 resulted in an average of a \$50 a quarter increase in 2018. After that year it would be an average of 4% increase to continue to be in a "healthy" pattern.

The Council agreed that action is warranted. Council requested staff to prepare and transmit some information related to the past years of the fund. Items they wanted to review for future discussions were the slide deck of the Ehlers presentation, past records of water and sewer revenues and year end account balances, and a simple list of our outstanding municipal bonds (amount, interest rate and maturity).

Council would like staff to work with Elhers to get up to date data and bring back some options that can show different scenarios to include future projections.

B. Discuss Public Works and Utility Departments

Public Works Director Goehring explained that the CIP for the public works for capital replacement be continue to be followed. The 1 ton that has is scheduled to be replaced in 2018 is crucial and the tractor in about 5 years is also something very important for the operations of the department.

One line that might need to be monitored in professional services relating to water main breaks. Never know how many will happen in a year but is always better to have enough it the budget.

Other concern would be the upgrades needed on the water well houses. The computer technology is very dated that controls the pumps and is difficult to be serviced when it breaks.

C. Discuss 2018 Proposed Budget

Staff reviewed the proposed 2018 budget with the Council in detail. Some of the items discussed were YTD expenses as of September 30, 2017, preliminary 2018 budget overview, preliminary 2018 budget revenues, and preliminary 2018 budget expenses.

Staff also explained the 2018 proposed levy and feels in December the Council will have the opportunity to lower the levy a little bit to allow for a surplus but also reduce the tax rate for the residents. The current proposed surplus is around \$70,000, which isn't much based off of a \$1 million general fund.

ADJOURN

A motion was made by Jerde, seconded by Skjaret, to adjourn the meeting at 7:07 pm. Ayes: all.

Respectfully submitted,

Scott Weske
City Administrator