

# Memo

**To:** Honorable Mayor and City Council  
**From:** Joe Kohlmann, City Administrator  
**Date:** August 26<sup>th</sup>, 2014  
**Re:** 2015 Budget Worksession

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## Capital Purchases

Staff has attached a copy of the *approved CIP* from 2013 with an updated fund balance of **\$48,407** at year end. This includes a levy for equipment of **\$34,200**, which would equal an increase in the levy of **3.26%**. The proposed year end fund balances can be seen at the bottom of the sheet entitled "FUND BALANCE".

Staff has prepared an updated proposal that removes the levy of \$34,200. Changes are highlighted in yellow. Working from top down, left to right. The changes include:

- Staff has identified the Salt and Sand Storage in 2022 as a potential item to review. This was an item that was a result of potentially adding a salt and sand storage facility. There is no formal plan for building this facility. Per our discussion at the last worksession, alternative options will be explored such as working with the County or Shorewood. This was removed from the plan.
- Another item that Staff identified for review is City Hall Windows. This was reviewed in 2011 and 2012 and passed on. The windows in City Hall are believed to be the original windows from the building. This project was moved from 2016 to 2020.
- The basketball court in Manitou was resurfaced in 2012. It is expected that this should last at least 20 years. Staff moved the resurfacing of the basketball court to 2027. Life expectancy for the court is 20 years.

**Alternative options for “Levy Equipment” as planned to begin in 2016**

- 1) *Council could consider transferring the excess amount over the 50% threshold, or some similar threshold, to another fund to provide financing or funding of other City projects...this excess would be approximately \$72,750”.*
- 2) If Phase 2 of the docks are added, this would add an additional **\$44,800** in future potential revenue.
- 3) In approximately 2023\*, the City will have levy relief from the Public Safety Facility bond payments.
- 4) A comprehensive update of quotes and life expectancy should be examined for all future projects beginning for the 2016 review. Staff has been finding that life expectancy and replacements are not always necessary (i.e. copier, City Hall windows, \$30,000 for office equipment in 2018, etc.).

**Auditor Statements from 2013 Management Letter:**

- 1) *This unassigned fund balance represents 56.3% of budgeted expenditures.*
- 2) *“...my recommendation would be to maintain a fund balance reserve of approximately 50% due to the City’s heavy reliance on property tax revenues...”*
- 3) *Council could consider transferring the excess amount over the 50% threshold, or some similar threshold, to another fund to provide financing or funding of other City projects...this excess would be approximately \$72,750”.*