

ITEM NO. 4A

MINUTES TONKA BAY CITY COUNCIL BUDGET WORK SESSION November 9, 2016

1. **CALL TO ORDER**

The budget work session was called to order at 6:00 p.m.

2. **ROLL CALL**

Members present: Mayor De La Vega, Councilmembers Clapp and Grothe. Councilmember Anderson arrived at 6:02 p.m. Councilmember Ansari arrived at 6:04 p.m. Also present was City Administrator Crawford, Bookkeeper Spoerner and Public Works Supt. Bowman.

3. **2017 PROPOSED ENTERPRISE FUND BUDGETS AND WATER/ SEWER RESERVE CAPITAL IMPROVEMENT PLAN**

Staff and the City Council reviewed each enterprise budget one-by-one.

De La Vega stated that the water operating fund has been consistently decreasing its fund balance over the years. He discussed the current base rate and tier rates. The City Council discussed the rate changes made for the 2016 budget and discussed the upcoming major projects including replacing the lime slaker in the water plant.

Staff proposed increasing the base rate and tier structure. De La Vega introduced 'option c' which matched the base rate directly to the depreciation rate, helping the fund to break even, as well as increasing the tier rates to cover the additional expenses.

Ansari asked if staff has seen an increase in calls with last years' change. Spoerner said she noticed calls from the lower tier rate customers. Clapp stated that water usage has gone down and we are now trying to make up for it.

Crawford discussed the sewer operating fund and the work that staff and De La Vega completed early in the year. There was no proposed change to this fund.

There was no proposed change to the garbage fund.

Clapp asked about the senior recycling rates and if we have done that for a while. Spoerner indicated we have. Crawford stated we have to renegotiate the garbage and recycling contract in 2017. Staff proposed a 1.39% increase to the recycling rate for 2017, the Council agreed to that increase.

De La Vega stated we increased the transfer out to the general fund from the dock fund for 2017 so we won't be making much money in this fund next year. He stated

we cannot do this in the future as it will diminish the reserve balance. He suggested increasing the dock slip rates in the upcoming years and requested that staff complete a rate study.

The only proposed change to the stormwater fund was to slightly decrease the revenue penalties.

De La Vega discussed the PEG fund and stated that we have approximately three years before this fund is exhausted. Crawford stated an option would be to amend the contract in the upcoming years.

There was no proposed change to the antenna fund.

De La Vega suggested merging the park, Manitou seawall, and Southshore Center funds together. Spoerner stated staff is waiting until the Southshore Center litigation is settled. Crawford agreed.

The City Council reviewed the fee schedule and proposed changes. Crawford proposed adding security deposits for hardcover and grading and fill permits. This would help staff ensure projects are done correctly as presented. De La Vega discussed increasing the liquor license fees. Crawford stated she would look to see what other cities charge. Anderson requested that we define some of the acronyms, i.e. SAC.

4. ADJOURNMENT

There being no further business, it was moved by Anderson to adjourn the meeting at 6:55 p.m. Ansari seconded the motion. Ayes 5. Motion carried.

Attest:

Clerk