

ITEM NO. 4B

MINUTES TONKA BAY CITY COUNCIL BUDGET WORK SESSION November 10, 2015

1. CALL TO ORDER

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

2. ROLL CALL

Members present: Mayor De La Vega, Councilmembers Ansari, Anderson, Clapp and Grothe. Also present were City Administrator Crawford, Bookkeeper Spoerner, and City Attorney Penberthy.

3. 2016 PROPOSED ENTERPRISE FUND BUDGETS AND WATER/ SEWER RESERVE CAPITAL IMPROVEMENT PLAN

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

Staff reviewed the Water Operating Fund and shared that \$69,390 in depreciation would be transferred to the Water Reserve (CIP). Crawford shared that approximately \$22,000 in lost funds could be attributed to repairs and maintenance that came in higher than anticipated. She stated that the City saved in other areas totaling about \$19,000.

Crawford stated to compensate for the constant decrease in this fund, staff proposed a one-time transfer from the Sewer Reserve Fund of \$80,000 to help offset the negative balance. She also proposed a 3% increase to each water rate tier as well as a \$0.50 increase to the base rate.

Spoerner shared that previously staff was using 48 million gallons for water estimates when it actually should have been 38 million gallons. De La Vega asked if the new budget showed 38 million gallons versus 48 million gallons. Spoerner confirmed it did.

The Council discussed a new billing rate structure for four different tiers. Whichever tier a user ends in is what they would be charged for all usage. Spoerner stated the current software we have wouldn't support reading water this way. The City Council directed staff to investigate different software and how to make the change work.

De La Vega reviewed the Sewer Operating Fund and shared that \$60,473 in depreciation would be transferred to the Sewer Reserve (CIP). Crawford shared that there was an error between the 2015 Budget and fee schedule. Correcting the error would result in a \$2 increase to the residents but would look like a decrease in the budget line item.

Staff proposed a decrease in the garbage collection rates (-\$7.81) and taxes paid on the collection (-\$1.56). Staff proposed an increase of \$9.46 in recycling/ yard waste collection fees. This would bring the total garbage and recycling bill for the average resident to \$80.18 versus \$79.99. The City Council agreed that this was necessary in order to offset the negative balance in the Recycling/ Yard Waste Fund.

Staff proposed a one-time transfer from the Garbage Fund of \$60,000 to also help offset the negative balance in the Recycling/ Yard Waste Fund.

Proposed changes to the Dock, Stormwater Drainage, and PEG funds included restructuring line items to best fit the categories as well as tightening up dollar amounts to reflect accurate numbers. De La Vega stated he would like to invest some of the money in the Stormwater Drainage Fund.

There were no proposed changes to the Antenna, Parks, Manitou Seawall, and Southshore Center funds. The City Council and City Attorney discussed the fact that we cannot rely on the Antenna Fund to last into the future.

Staff reviewed the Water/ Sewer Reserve Capital Improvement Plan. Crawford stated that these projects are based on a strict schedule that the City has been following for years. Staff tightened up the numbers and added in the Comprehensive Plan update to both areas. Clapp asked that staff look into grant funding for sewer lining and if that is an option again.

De La Vega shared that as we look out in years to come there is an increase in dollars that need to be spent. He stated that we discussed putting the vector truck replacement here. Crawford stated it can be put here but wasn't because she wasn't given the direction to do so.

The City Council set a second work session to discuss the Water Operating Fund for Tuesday, November 24th at 6pm.

4. ADJOURNMENT

There being no further business, it was moved by Anderson to adjourn the meeting at 6:57 p.m. Clapp seconded the motion. Ayes 5. Motion carried.

Attest:

Clerk