



**CITY OF TONKA BAY**  
4901 Manitou Road  
Tonka Bay MN 55331  
Phone: 952-474-7994  
www.cityoftonkabay.net

## **BUDGET WORK SESSION #2**

# Memo

To: Mayor and City Council  
From: Lindy Crawford, City Administrator  
Date: August 25, 2015  
Re: 2016 Budget Work Session #2

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At the last budget work session, staff was directed to make revisions to the proposed budget. Staff has prepared the second draft of the 2016 operating budget and capital improvement plan for your review.

### **Modifications to General Fund Proposed Budget**

1. Transfer from General Fund Reserves- \$90,000 (Previous number was \$60,000). Staff is recommending the transfer increase to help fund the Manitou Park parking lot.

### **Modifications to Capital Improvement Plan Proposed Budget**

1. City Hall Windows- \$30,000 (Previous number was \$60,000).
2. Tennis Court Resurfacing- \$15,000 (Previous number was \$25,000).
3. Comprehensive Plan Update- \$20,000 (Previous number was \$30,000). This is a base minimum quote from WSB. The update has been allocated in each category of the total general CIP in 2016 and 2017. The update has also been allocated in each category of the total enterprise CIP for 2016 and 2017; Council will review enterprise funds at a later date.
4. Manitou Park parking lot- \$90,000 (Staff error, this was not previously allocated for in the CIP).

### **Auditor Statements from 2014 Management Letter**

1. This unassigned fund balance represents 60.9% 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 \$125,000."

4. "Being so heavily reliant on property taxes, may make it very difficult to maintain City services without increasing property taxes in future years."

### **2015 City Expenses by Type**

Public Safety	59.75%
General Government	22.19%
Public Works	12.95%
Parks, Rec. & Other	4.98%
Other	0.13%

### **Discussion Points**

1. Discuss transferring \$90,000 from General Fund Reserves to cover the cost of replacing the City Hall windows (\$30,000) and redoing the Manitou Park parking lot (\$90,000) in 2016. Please note that the entire cost of the parking lot is estimated at \$90,000.
2. Discuss the prioritization and need for upcoming capital purchases. These improvements are directly tied to a levy that would need to be instituted.
3. By eliminating projects/ equipment to create a \$0 or 0% levy the city's infrastructure (streets, water, parks, docks) and equipment faces a decline. These items would require the City to raise the levy in both the general fund and the CIP and set aside dollars for their future purchase/ repair.
4. As proposed, the general fund budget would have a \$21,686 or 2.18% increase; the capital improvement budget would have a \$13,683 or 30.56% increase. As proposed, the total 2016 levy increase would have a \$38,069 or 3.5% increase.

### **Staff Recommendation**

Staff recommends a levy increase from Work Session #1, \$61,312 (2.73%) to \$70,000 (3.5%); a difference of \$8,688 or 0.77%. This would allow the City to complete the Manitou parking lot, City Hall windows, Comprehensive Plan update, and tennis court resurfacing.

### **Attachments**

2016 General Fund Budget  
2016 General Fund Expense Narrative  
2016 General Fund Revenue Narrative  
2016 Proposed Capital Improvement Plan  
2016 CIP Expense Narrative  
2016 CIP Revenue Narrative  
Comprehensive Plan Update Quote