

CITY OF TONKA BAY ITEM NO. 4A

MINUTES TONKA BAY CITY COUNCIL BUDGET WORKSESSION August 23, 2011

1. CALL TO ORDER

The budget worksession meeting of the Tonka Bay City Council was called to order at 6:00 p.m.

2. ROLL CALL

Members present: Mayor LaBelle, Councilmembers Marceau, De La Vega, Anderson and Holscher. Also present were City Administrator Kohlmann, City Attorney Penberthy, and Public Works Superintendent Kluver.

3. 2012 BUDGET – Kohlmann reviewed the budget options which all incorporate the reductions discussed at the last worksession held on August 9 in the amount of \$7,472. He noted if the Tonka Village assessment money previously unallocated was directed to General Fund reserves, the result would be a zero percent increase. In order to fund capital projects a transfer from the Dock Fund in the amount of \$28,487 would be needed. He stated we would pursue a grant for the basketball court. Option 2 is more involved as it moves seal coating into the capital improvement plan. The total levy increase in 2012 would be \$34,887 which would be for street and park improvements. Option 3 is the same as Option 2 except it would require a larger up-front transfer from the Dock Fund. De La Vega asked what the main advantage would be to move street repairs into the capital improvement fund. Kohlmann replied if a larger capital improvement fund is created, it would level out the levy spikes. LaBelle stated the capital improvement fund should be earmarked for major construction projects, but he could be persuaded to have it include seal coating in the future. LaBelle stated people are still hurting out there, and he thought although we have healthy reserves, we need to send a message to residents that we are aware of the financial climate and want to do the right thing by not increasing the budget. De La Vega stated the Dock Fund is totally appropriate for other uses such as City Hall maintenance. He favored both Options 1 and 3. LaBelle stated he was concerned about the need for windows in 2016. He wasn't sure they would be needed. He would like to have safeguards in place so that items are not purchased if they are not needed. Councilmembers discussed the mechanisms to fund the proposed budget. LaBelle stated if there are any concerns about using the Dock Fund, he would like to hear them. Penberthy stated it is an enterprise fund, and funds can be transferred to any legitimate fund. Marceau discussed what could be done if there is a catastrophic event and \$75,000 is needed in a hurry. The Dock Fund would be the first place the City would look. Penberthy questioned whether we are current on our

capital improvement funding. He was also concerned about the payback to the liquor fund. LaBelle stated we never said we would pay the fund back. Penberthy stated the original resolution was for the principal amount to stay. It was meant to replace the income lost from the liquor store. He stated we need to verify what was done. Kohlmann stated he e-mailed out the resolutions to the Mayor in response to his questions from last worksession. In discussions with the city's auditor, he was informed we could use the money any way we want and change the resolution if needed. Marceau stated no one thought when the resolution was adopted that we would be in such a financial climate. LaBelle stated in the spirit of the original resolution, we are keeping the principal and enough interest to equal the Consumer Price Index. Holscher stated from a philosophical standpoint, it is in the City's best interest that there should not be a budget increase. Kohlmann noted major projects would be funded through the levy and street assessments and would be moved out another two years. He didn't think we were quite ready financially, and we just seal coated the roads we are looking at replacing. Kluver noted they would all be identified as part of a feasibility study. If you are doing a street reconstruction project, you would also replace the infrastructure as well. The study would get in depth and determine if it would be needed. You would be looking at a twenty year life. He stated at some point we need to look at long term street improvements as the streets cannot be seal coated forever. Kohlmann stated it is a starting point, and the plan identifies replacement in the next twenty years. Councilmembers and staff discussed the advantages and disadvantages of creating a standard assessment policy. Kohlmann suggested moving the big ticket items out to 2015. Council suggested at least next year. In response to a request from LaBelle, Kohlmann discussed the differences between Options 1 and 3. Option 1 would be business as usual, and Option 3 would require a larger transfer from the Dock Fund. It also gets us on track for needed replacements for the next 11 years. He noted \$49,000 would be transferred from the Dock Fund in 2012. LaBelle stated he would support Option 3. He liked the idea of the zero levy and preserving this building. This option allows that to happen. Marceau also favored Option 3, and he would like to see nice entrance monuments in the City. LaBelle agreed signage is very important.

4. ADJOURNMENT

There being no further business, it was moved by Marceau to adjourn the meeting at 7:00 p.m. Anderson seconded the motion. Ayes 5. Motion carried.

Attest:

Clerk