

MINUTES

1. CONVENE CITY COUNCIL TRUTH-IN-TAXATION MEETING

Mayor Labadie called the meeting to order at 7:00 P.M.

A. Roll Call

Present: Mayor Labadie; Councilmembers Johnson and Gorham; City Administrator Lerud; and Finance Director Rigdon

Absent: Councilmembers Callies and Siakel

B. Review Agenda

Johnson moved, Gorham seconded, approving the agenda as presented. All in favor, motion passed.

2. TRUTH-IN-TAXATION PUBLIC MEETING

A. Truth-In-Taxation Presentation

Finance Director Rigdon presented the 2022 General Fund budget and 2022 Property Tax Levy. He noted that adoption of these items will most likely happen at the regular Council meeting on December 13, 2021. He reviewed the General Fund Expenditures and Transfers Out for the proposed 2022 budget. He explained that they are proposing an overall preliminary property tax levy of 3.3% for 2022 as compared to the 2% for 2021. Staffing levels will stay the same and staff is proposing a 3% employee cost of living increase for 2022. He stated that there is an increase proposed towards insurance premiums of fifty-dollars per month, which equates to about a 4% increase. He stated that total revenues for the General Fund are just under six million dollars and budgeted to increase by 8.1% from the 2021 budget. He explained that the reason for this increase is in order to cover the expenditure increases as well as balancing prior year budgets. He noted that the expenditures and transfers out are budgeted at just under six million dollars and staff is proposing a 4.4% increase. He noted that public safety accounts for 43% of the City's budget, general government for 29%, streets 21% and parks and recreation for 7% and explained that this breakdown has been very consistent over the last several years.

Councilmember Johnson asked about the 4% Miscellaneous and what is included in that amount.

Finance Director Rigdon explained that this would generally be refunds and reimbursements. He gave an overview of the process for budgeting and truth-in-taxation and noted that this public hearing is not for discussion of the valuations because that was completed earlier in the year. He stated that this information needs to be certified to the County by the end of the year and explained that the Council can lower the levy, but cannot increase it. He stated that the total levy across funds is \$6,173,291, and reiterated that this is 3.3% increase. He stated that the City's

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tax capacity rate is proposed to have a 1.2% decrease down to 27.314%. He stated that the five year trend for market value looks fairly positive for growth.

Councilmember Gorham asked if this information means that the City's property values are rising at a higher rate than what the City is taxing the properties at.

Finance Director Rigdon stated that was exactly correct. He reviewed a chart that outlined the valuation and the levy information. He gave an overview of some of the budgeted items for the City such as a transfer to the Shorewood Event and Community Center, the Capital Projects Fund, which includes parks, equipment, and street improvement programs, along with four Enterprise Funds (Water, Sewer, Stormwater, Recycling). He noted that for the Capital Improvement Plan they are starting to look at extending projects out to 2037 but would not affect projects until 2024 because 2022 and 2023 projects are already in motion. He noted that within parks there is a constant need, but a limited amount of dollars, so the City is always looking for alternative funding sources such as grants. He reiterated that the Council will look to approve the 2022 levy and the General Fund budget at their December 13, 2021 meeting, along with the budget for the Shorewood Community and Event Center, the Enterprise Funds, and the Capital Improvement Plan.

Councilmember Gorham commended Finance Director Rigdon for his staff report and presentation because it was very easy to understand.

B. Public Comment

Mayor Labadie noted that there was no one present in the Council Chambers and asked if there was anyone on-line who indicated that they would like to speak to the Council. City Administrator Lerud confirmed that there were residents who have indicated that they would like to address the Council.

Guy Sanschagrin, 27725 Island View Road, stated that the presentation from Finance Director Rigdon was excellent and noted that the packet he put together was very detailed and thorough. He asked what the top three budgeted to actual variances that were encountered during 2021. He stated that he would like to know what the biggest surprises were from a financial perspective.

Mayor Labadie stated that question is a bit out of the scope of this report, but noted that Finance Director Rigdon may still be able to answer that question, however, he may need to look back at his numbers and get back to Mr. Sanschagrin with a more detailed answer. Finance Director Rigdon agreed that he does not have the answer to that question off the top of his head.

Mr. Sanschagrin stated that he thinks the answer to that question would tie in with this report because it would help residents understand the risks. He stated that his other question is what the most challenging items are to budget for.

Finance Director Rigdon answered that it is probably the overall Capital Improvement Plan because there is a limited amount of dollars and limited capacity for what they want to spend, so the City can only levy so much before it gets to be too high. He stated that they are looking at how they can alleviate some of that financial pressure but still make the City a better place to drive and live.

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City Administrator Lerud noted that another challenge that the City has in budgeting is that about half of the budget goes towards Public Safety. He noted that the City is not in 100% control of those departments and has to work with three other cities in one case and four other cities in another, to negotiate. He explained that this can be a challenge every year because the City pays the largest segment of both of those departments.

Mayor Labadie noted that both of the budget meetings related to Public Safety entities are open to the public if anyone would like to attend.

Mr. Sanschagrín asked how the budget will impact the City's debts. Finance Director Rigdon explained that the debt is basically outside of the General Fund, so there is no debt at all in that fund. He stated that when the City issues a bond, it is for a Capital project, such as a street or utility project, which does not affect the General Fund and is financed and paid for through the General Levy.

Mr. Sanschagrín asked if Finance Director Rigdon saw any opportunities for the City to become more efficient in how funds are spent. Finance Director Rigdon stated that he thinks there is always an opportunity to become more efficient.

Mr. Sanschagrín stated that it appeared as though there is a cash shortfall with Water of about \$318,000 and asked how the City would meet that shortfall and asked if the price of water should be increased. Finance Director Rigdon explained that the City looks at a long-term plan with Water, so they are looking at potential rate changes and possible hook-up charges which have not been included. He stated that right now they are basically looking at operations and the actual user charges are most likely looking at a 10% bump in the future.

Mayor Labadie noted that the City does not require residents to hook-up to water when a street project is done, but when they do, there is a \$10,000 hook-up charge.

Alan Yelsey, 26335 Peach Circle, stated that he has always suggested that the City ask the residents what they want in terms of budget and actually do a survey to gather than information. He asked if Finance Director Rigdon had gotten any input from the public regarding what the City's objectives should be for the budget and priorities.

Mr. Yelsey stated that he believes this is a deficit that he would like the Council to consider correcting immediately. He stated that he feels there should be more public input and noted that he felt this was unfortunate and disconcerting that there has not been a larger participation.

Mayor Labadie stated that she agreed, but noted that she believes this is the first year that there has been anyone from the public who has attended this meeting to give their input.

Mr. Yelsey asked if the water issue is sustainable and whether the City can continue to function if the deficit grows and continues. Finance Director Rigdon stated that the City will find a way to sustain it and are looking at Capital planning for the utility funds and have it structured so the deficit does go away. He stated that for the immediate future there will probably need to be an internal loan from another fund to the Water Fund.

Mr. Yelsey noted that this solution does not solve the long-term problem. He asked about bonding and noted that it appears as though the City is approaching around \$10 million in bonding by next year.

Finance Director Rigdon stated that he does not have the details off the top of his head, but believed that overall, the 2020 and 2021 bonds are about \$10 million.

Mr. Yelsey asked for clarification on the cost of maintaining that bonding capacity and if it would be about \$300,000 per year. Finance Director Rigdon stated that it would be in the \$200,000 range for both bonds and for 2022 the levy is around \$500,000 between the two.

Mr. Yelsey asked if that included additional bonding which means the City will go pursue additional funding in order to complete some of the Capital projects. Finance Director Rigdon stated that this is the current plan.

Mr. Yelsey asked if there was any risk and asked if these were fixed bonds in terms of what has to be paid out on them or were they variable and would be affected by inflation. Finance Director Rigdon explained that they are fixed bonds and would not have any variable debt for the City.

There were no additional questions from the public.

Mayor Labadie noted that this will be on the December 13, 2021 City Council agenda for approval.

3. ADJOURN

Gorham moved, Johnson seconded, Adjourning the Truth-In-Taxation Meeting of December 6, 2021, at 7:29 P.M. Motion passed.

ATTEST:



Sandie Thone, City Clerk



Jennifer Labadie, Mayor