



AGENDA OF THE  
WORKSHOP MEETING OF THE CITY COUNCIL  
CITY OF BIRCHWOOD VILLAGE  
207 BIRCHWOOD AVENUE  
WASHINGTON COUNTY, MINNESOTA  
NOVEMBER 22, 2011  
7:00 P.M.

CALL TO ORDER – PLEDGE OF ALLEGIANCE

COMMUNITY EVENTS AND ANNOUNCEMENTS

OPEN PUBLIC FORUM

WORKSHOP

1. 7:10 Proposed Fiscal Year 2012 City Budget (Jane Harper, Cindie Reiter, and Dale Powers – see exhibit)  
Time Budget: 120 minutes
2. 9:10 ADJOURN

**Date: November 22, 2011**

**To: Birchwood City Council**

**From: Jane Harper**

**Re: 2012 Proposed Final Budget and Levy**

Attached are the following documents:

- Proposed Final Budget detail including staff recommended changes based on projected estimated 2011 year end actual and knowledge of actual projected 2012 costs.
- Proposed final budget summary sheet.

The main change between the adopted preliminary budget and the proposed final budget is a shift of \$29,000 of expenditures to other funds, including \$5,000 to the Water Fund, \$9,000 to the Sewer Fund, and \$15,000 to the Capital Fund. The budget detail also includes many decreases and increases in individual line items. If the proposed final budget is adopted, the City Council would certify a final levy of \$338,412. This would be an increase of \$15,412 or 4.8% over the 2011 certified final levy of \$323,000. The proposed 2012 final expenditures of \$465,500 are about a 23% increase over the projected 2011 year end expenditures.

Before approving the final budget the City Council should consider the following:

#### **Sewer Projects**

The council recommended funding the following projects from the Sewer Fund for a total expenditure of \$58,200.

- Manhole repairs (\$30,000)
- Lift station pump replacement (\$15,000)
- Video mains for cracks (\$4,200)
- Lift station maintenance (\$9,000)

Without increasing the sewer fees, the Sewer Fund is projected to run a budget deficit in 2012 and all future years until the bonds are paid off (2014 for 2004 bond, 2018 for 2008 bond). Without doing anything (increasing sewer fees or funding capital projects), the Sewer Fund will be reduced to its required minimum balance in 2014. The project expenditures plus the projected 2012 budget deficit will reduce the Sewer Fund to about \$17,000 below the required minimum balance by 2012 year end. The city will need to raise sewer revenues in 2012. The Council can choose to increase sewer fees, impose a sewer surcharge fee, transfer dollars from the General Fund, or use levy dollars. To cover the costs of the four capital projects through an increased sewer fee or a surcharge would result in a per account (378 accounts) cost of about \$153.00. Raising revenue just to cover the \$17,000 needed to retain the required minimum fund balance would result in a \$45 surcharge per account.

#### ➤ *Decision Point:*

1. How does the Council want to raise the revenues needed to fund the \$58,200 cost of the four sewer projects?
  - a. If a surcharge is used over how many years will the cost be spread?
  - b. If an increase in fees is used how quickly does the city want to recoup the project cost?
2. How does the Council want to raise the revenues needed to replenish the \$17,000 needed to retain the required minimum fund balance in the Sewer Fund?

### **Water Projects**

The Council recommended funding the hydrant replacement/maintenance project (\$22,000) and the valve testing (\$5,000) from the Water Fund. A review of the Water Fund shows that it does not have enough fund balance to cover these expenditures. The city will need to raise water revenues to cover the costs of this project. The Council has engaged the services of Shelly Rueckert to propose a new water fee that will, in part, cover these costs. The project costs would result in a per account (356 accounts) cost of about \$82.00.

➤ *Decision Point:*

1. How does the Council want to raise the revenues needed to fund the \$29,000 cost of the two water projects?
  - c. If a surcharge is used over how many years will the cost be spread?
  - d. If an increase in fees is used how quickly does the city want to recoup the project cost?

### **Capital Projects**

The City Council recommended funding the city hall improvements (\$15,000) from the Capital Projects Fund. The Capital Projects Fund fund balance is currently about \$60,000.

### **Park Budget**

The City Council recommended using \$5,000 from the Park Fund to fund 2012 park improvement projects. The Park Fund fund balance is currently about \$11,500.

## City of Birchwood Village 2012 Proposed Final Budget Expenditure Summary General Fund

Budget Categories	2011 Adopted	2011 Est. Actual	2012 Preliminary	2012 Final	% change	\$ change	COMMENTS
General Government	131,800	144,604	141,579	122,459	-7%	-9,341	Includes new items: desk audit for internal control procedures (\$4,000) and across-the-board increases in most line items except for a decrease in office equipment and training. Large increases are in elections, insurance, and city hall.
Public Safety	108,600	117,032	137,478	122,828	13%	14,228	
Public Works (Roads)	41,300	43,532	59,500	50,400	22%	9,100	New item: sign replacement (\$1,000). Increase in ice and snow removal.
Parks	13,000	13,000	13,000	13,000	0%	0	Plus \$5,000 from Park Fund.
Recreation	1,500	1,800	2,200	2,200	47%	700	Plus \$1,500 of mayor's salary. New item: includes fireworks donation, Hockey Day, and Music-in-the-Park.
Sanitation	24,500	19,395	23,950	22,050	-10%	-2,450	
Other	2,500	1,609	5,700	5,700	128%	3,200	New item: USGS Lake Study (\$4,000).
Contingency			7,041	16,663		16,663	
<b>TOTAL</b>	<b>323,000</b>	<b>340,972</b>	<b>390,448</b>	<b>355,300</b>	<b>10%</b>	<b>32,300</b>	
<b>Capital Projects</b>							
Manhole Repairs			30,000	30,000			Sewer Fund
Lift station pump replacement			15,000	15,000			Sewer Fund
Video mains for cracks			4,200	4,200			Sewer Fund
Lift Station				9,000			Sewer Fund
Hydrant Replacement/Maintenance			22,000	22,000			Water Fund
Valve Testing				5,000			Water Fund
City Hall Improvements			0	15,000			Capital Project Fund
Park Improvements		5,000	5,000	5,000			Park Fund
Catch Basins		32,543					
<b>TOTAL</b>		<b>5,000</b>	<b>76,200</b>	<b>105,200</b>			
<b>TOTAL BUDGET</b>		<b>345,972</b>	<b>466,648</b>	<b>460,500</b>			