

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.

# <u>CALL TO ORDER – PLEDGE OF ALLEGIANCE</u>

# **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 Actual Preliminary         2012 Final Preliminary         2012 Prinal Proliminary         COMMENTS           General Government         131,800 144,604 Actual Preliminary         141,579 122,459 - 7% - 9,341 Includes new items: desk audit for interna procedures (\$4,000) and across-she-board line interna except for a decrease in office e raining. Large increases are in elections, city hall.           Public Safety         108,600 117,032 13,000 13,000 22% 9,100 New item: sign replacement (\$1,000). In procedures (\$1,000) and across-she-board on office e raining. Large increases are in elections, city hall.         108,600 113,000 22% 9,100 New item: sign replacement (\$1,000). In procedures (\$1,000) and proc					2	2		
al Government 131,800 144,604 141,579 122,459 -7% -9,341	Budget Catalogic	2011 Adopted	2011 Est. Actual	2012 Preliminary	2012 Final	% change	S	COMMENTS
Safety 108,600 117,032 137,478 122,828 13% 14,228 Works (Roads) 41,300 43,532 59,500 50,400 22% 9,100 ation 1,300 13,000 13,000 2,200 47% 700 ngency 2,500 1,609 5,700 128% 3,200 ngency 2,500 340,972 390,448 355,300 10% 32,300 ation pump replacement 323,000 340,972 390,448 355,300 10% 32,300 ntr Replacement/Maintenance 22,000 22,000 2,000 ngnrovements 5,000 5,000 ngnrovements 5,000 5,000 saling provements 5,000 5,000 spinol mprovements 5,000 5,000 5,000 ngnrovements 5,000 5,000 5,000 ngnrovements 5,000 5,000 5,000 spinol mprovements 5,000	General Government	131 800	144 604	1/11 570	122 450	70/		Included the second sec
Safety       108,600       117,032       137,478       122,828       13%       1         Works (Roads)       41,300       43,532       59,500       50,400       22%         ation       13,000       13,000       13,000       13,000       13,000       0%         ation       1,500       19,395       23,950       22,050       -10%       -10%         ation       24,500       19,395       23,950       22,050       -10%       -10%         ay       2,500       1,609       5,700       5,700       128%         ngency       7,041       16,663       1         AL       323,000       340,972       390,448       355,300       10%         ation       1000       340,972       390,448       355,300       10%       1         ation       pump replacement       15,000       15,000       9,000       1         ation       pump replacement       4,200       4,200       9,000       1         ation       p.000       15,000       9,000       1         ation       p.000       5,000       5,000       5,000         p.000       p.000       15,000       1	General Government	131,800	144,604	141,579	122,459	-7%		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.
Works (Roads)       41,300       43,332       59,500       50,400       22%         ation       13,000       13,000       13,000       13,000       0%         ation       1,500       1,800       2,200       2,200       47%         ition       24,500       19,395       23,950       22,050       -10%       .         ngency       2,500       1,609       5,700       5,700       128%       .         AL       323,000       340,972       390,448       355,300       10%       .         AL       323,000       340,972       390,448       355,300       10%       .         ation       pump replacement       15,000       15,000       .       .         ation       15,000       15,000       .       .       .         ation       22,000       22,000       22,000       .       .         ation       4,200       4,200       4,200       .       .         ation       9,000       .       .       .       .       .       .         ation       9,000       .       .       .       .       .       .       .       .       .	Public Safety	108,600	117,032	137,478	122,828	13%	14,228	
ation     13,000     13,000     13,000     13,000     0%     0       ation     1,500     1,800     2,200     2,200     47%     700       tition     24,500     19,395     23,950     22,050     -10%     -2,450       ngency     2,500     1,609     5,700     5,700     128%     3,200       ngency     323,000     340,972     390,448     355,300     10%     32,300       ole Repairs     30,000     30,000     30,000     15,000     15,000       ation pump replacement     15,000     15,000     9,000     15,000       tation     22,000     22,000     22,000     22,000       Testing     5,000     5,000     5,000     5,000       Testing     5,000     5,000     5,000     5,000       Basins     32,543     0     105,200     0       AL BUDGET     345,972     466,648     460,500     460,500	Public Works (Roads)	41,300	43,532	59,500	50,400	22%	9,100	9,100 New item: sign replacement (\$1,000). Increase in ice and snow removal.
ation         1,500         1,800         2,200         2,200         47%         700           Ition         24,500         19,395         23,950         22,050         -10%         -2,450           ngency         2,500         1,609         5,700         128%         3,200           AL         323,000         340,972         390,448         355,300         10%         32,300           ation pump replacement         323,000         340,972         390,448         355,300         10%         32,300           tation pump replacement         15,000         15,000         15,000         9,000         15,000 <t< td=""><td>Parks</td><td>13,000</td><td>13,000</td><td>13,000</td><td>13,000</td><td>0%</td><td>0</td><td>Plus \$5,000 from Park Fund.</td></t<>	Parks	13,000	13,000	13,000	13,000	0%	0	Plus \$5,000 from Park Fund.
Ition     24,500     19,395     23,950     22,050     -10%     -2,450       ngency     2,500     1,609     5,700     5,700     128%     3,200       AL     323,000     340,972     390,448     355,300     10%     32,300       ation pump replacement     323,000     30,000	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.
2,500	Sanitation	24,500	19,395	23,950	22,050	-10%	-2,450	
7,041   16,663   1   1   1   1   1   1   1   1   1	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	
Capital Projects           placement         30,000         30,000         30,000         15,000         105,200	TOTAL	323,000	340,972	390,448	355,300	10%	32,300	
placement       30,000       30,000       15,000       15,000       15,000       15,000       15,000       15,000       15,000       15,000       15,000       15,000       15,000       15,000       15,000       15,000       15,000       15,000       15,000       105,200<					Capital P	rojects		
placement       15,000       15,000         cks       4,200       4,200         nt/Maintenance       22,000       22,000         lents       5,000       0         5,000       5,000       5,000         5,000       5,000       5,000         5,000       76,200       105,200         345,972       466,648       460,500	Manhole Repairs			30,000	30,000			Sewer Fund
cks       4,200       4,200       4,200         nt/Maintenance       9,000       9,000         lents       22,000       5,000         5,000       0       15,000         32,543       5,000       5,000         5,000       76,200       105,200         345,972       466,648       460,500	Lift station pump replacement			15,000	15,000			Sewer Fund
nt/Maintenance     9,000       ents     5,000       5,000     0       5,000     5,000       5,000     5,000       5,000     5,000       5,000     5,000       5,000     5,000       5,000     105,200       32,543     76,200       105,200     345,972       466,648     460,500	Video mains for cracks			4,200	4,200			Sewer Fund
nt/Maintenance         22,000         22,000         22,000           lents         5,000         0         15,000           s,000         5,000         5,000         5,000           32,543         5,000         105,200         105,200           345,972         466,648         460,500         460,500	Lift Station				9,000			Sewer Fund
ents 5,000 5,000 15,000 5,000	Hydrant Replacement/Maintena	nce		22,000	22,000			Water Fund
ents 0 15,000 15,000 32,543 5,000 76,200 105,200 345,972 466,648 460,500	Valve Testing				5,000			Water Fund
5,000     5,000     5,000       32,543     76,200     105,200       345,972     466,648     460,500	City Hall Improvements			0	15,000			Capital Project Fund
32,543 5,000 76,200 105,200 345,972 466,648 460,500	Park Improvements		5,000	5,000	5,000			Park Fund
5,000 76,200 345,972 466,648	Catch Basins		32,543					
345,972 466,648	TOTAL		5,000	76,200	105,200			
343,972 400,048	TOTAL RIDGET		245 070					
	TOTAL BODOET		343,914		460,500			