

**MINUTES
CITY OF LONSDALE
SPECIAL CITY COUNCIL MEETING
AUGUST 23, 2011**

1. CALL TO ORDER

Mayor Rud called a special meeting of the Lonsdale City Council to order at 6:01 p.m. in the City Council Chambers, 415 Central St. W.

2. PLEDGE OF ALLEGIANCE

Everyone stood and recited the pledge of allegiance.

3. ROLL CALL

Present: Daleiden, Kodada, Rud, Furrer and Pelava

Absent: None

Staff Present: City Administrator Joel Erickson, City Treasurer Joyce Skluzacek, Public Works Director Russ Vlasak, Liquor Store Manager Lynette Moe and Library Director Diana Tallent

4. AGENDA

Mayor Rud said there is one item on the agenda and asked if there were any additions or deletions to the agenda. A motion was made by Daleiden and seconded by Pelava to approve the agenda. Vote for: Daleiden, Kodada, Rud, Furrer and Pelava.

Against: None Vote 5-0. Motion carried.

5. APPROVAL OF MINUTES

None

6. PUBLIC HEARINGS

None

7. PRESENTATION OF CITIZEN PETITIONS AND COMMENTS

None

8. APPROVAL OF THE CONSENT AGENDA

None

9. OLD BUSINESS

None

10. NEW BUSINESS

a. Discuss the City's 2012 Annual Budget

Erickson said this was the fourth budget meeting of the year.

General Fund Revenues:

Erickson said building permit revenue is based on 2010 actuals, 2011 year to date and projections for 2012. He said Local Government Aid (LGA) was certified at \$246,000 but only \$150,000 has been budgeted. He said besides the Fire Department, each General Fund department will receive \$25,000.00 in LGA.

City Council:

Erickson said at the end of 2011, the City Council's compensation will revert back to the 2009 levels. He said the City Council needs to decide what the compensation for 2012 will be. The City Council discussed the item and the consensus was to increase compensation back to the 2009 levels.

Administration:

Erickson said \$1,500.00 has been budgeted for SkyWarn to purchase one 800 MHz radio. He said he has spoken to SkyWarn Director Phil Sheridan about scheduling a meeting to discuss funding and their non-profit status. Erickson said \$8,000.00 is budgeted for a quarterly newsletter to be mailed to residents. Mayor Rud asked if the expense was worth it because staff could write guest columns in the News Review. Kodada said the City's website could be used to communicate with residents as well. It was decided to not budget for a newsletter in 2012. Mosquito control was discussed and the fact residents want it to continue and to be effective. Erickson said \$20,000.00 is proposed to be budgeted for repairs to 3 R Landmark School. Pelava asked if funds had been budgeted in past years. Erickson said \$15,000.00 was budgeted in 2011. Erickson said \$2,000.00 has been budgeted for replacement of the City Hall copier for future replacement. He said other items have remained relatively flat.

Economic Development Authority (EDA):

Erickson said the EDA discussed their 2012 budget and the outcome of not receiving revenue from the property tax levy. He said the EDA requested financial assistance from the City Council if a project materialized and they needed assistance.

Park and Recreation:

Erickson said \$51,750.00 is proposed as a "transfer from other fund" to fund Park Board project from the development account. He said the expenses for those projects are also realized as expenses.

Water Fund:

Erickson said that 50% of the PFA financing for the water treatment plant has been accounted as well as the expenses. He said plant operation / maintenance and depreciation have been accounted for. Erickson said he would be working with Northland Securities on several bonding scenarios for Areas 2 and 3. He said the first water treatment plant bond payment has been accounted for.

Sewer Fund:

Erickson said SAC revenues are based on 10 new homes and sewer sales are based on prior years and 2012 projections. Erickson said the second aeration basin might have to be activated, which will increase operational expenses such as electricity. He said by doing so, it might increase the pace for replacement of the aerators as well. He said depreciation and the waste water treatment plant bond payment have been budgeted.

Liquor Fund:

Erickson said the main revenues are beer, liquor and wine sales. He said projected sales are based on meeting certain gross margins and if the margins are

not met, the fund will not be profitable. He said professional services are proposed to increase in 2012 and depreciation is funded at \$31,505.00. Erickson said repayment to the sewer fund is proposed at \$56,000.00 in 2012, which is based on a monthly payment of \$1,700.00 and the balance is the amount for the fund to break even. Daleiden said he does not believe the projected sales will be realized in 2012 because 2011 sale projections are not being met. Erickson said the margins need to be where they are proposed and he would reduce the expenses associated with beer, liquor and wine to reduce the revenues proposed to be generated. Mayor Rud said it is difficult to compete with Coborns, etc. given the economy of scales Coborns has. Mayor Rud asked what the cost of a full scope business evaluation is. Daleiden said the City has to have a good understanding of the options available if the store is not selling it needs to be considered. Erickson said one option to payback more to the sewer fund would be to lower the beginning fund balance below prior years and have less of a fund balance.

Road and Bridge:

Erickson said street maintenance materials have been increase substantially over 2011. He asked the City Council for their thoughts on what improvements are actually needed to improve the street and utility conditions in Areas 2 and 3. Mayor Rud suggested staff meet to discuss what improvements are necessary and bring a recommendation back to the City Council. He said he has spoken to residents on 4th Ave NW and they want the City to only do a mill and overlay.

Property Tax Levy:

Erickson said he provided three options for the property tax levy. The first was no increase on a home valued at \$133,200.00, the seconded was what was needed to fund the proposed budget based on recent budget meeting and the third was in the middle. Erickson stated that most, if not all, properties would see an increase in property taxes even if the City lowered its levy because of the new formula for Market Value Homestead Credit. Kodada asked if the City knew the health insurance cost for 2012. Erickson said he expected to receive those numbers around August 30th. The City Council discussed the amount of the levy and the consensus was to increase the levy to \$1,649,135.00. Erickson said with the levy decision made, there was no reason for meeting on September 6th unless the City Council wanted to review the budget one more time before adopted the preliminary 2012 property tax levy. The City Council agreed no meeting on September 6th was needed.

11. OTHER BUSINESS

- a. None

12. ADJOURNMENT

A motion was made by Daleiden and seconded by Kodada to adjourn the meeting. Vote for: Daleiden, Kodada, Rud, Furrer and Pelava. Against: None Vote 5-0. Motion carried. The meeting ended at 7:04 pm.

Respectfully Submitted:

Joel A. Erickson, City Administrator