

**CITY OF BAYPORT
CITY COUNCIL WORKSHOP MINUTES
COUNCIL CHAMBERS
JULY 16, 2007
4:00 P.M.**

CALL TO ORDER

Pursuant to due call and notice, Mayor Nowaczek called the City Council workshop meeting of July 16, 2007 to order at 4:00 p.m.

ROLL CALL

Members Present: Mayor Jon Nowaczek, Councilmembers Connie Carlson, Dan Johnson (arrived at 4:15 p.m.), Torry Kraftson, and Sharon Ridgway

Members Absent: None

Others Present: Administrator Mike McGuire, Police Chief Laura Eastman, Library Board Member Mary Goulette, Public Works Supervisor Mel Horak, Library Director Kathy MacDonald, City Engineer Barry Peters, Finance Officer Gloria Sell, and Assistant Administrator Sara Taylor

Discuss 2008 proposed budget and 2008 to 2012 Capital Improvement Plan (CIP): Administrator McGuire noted the goal of the budget process was to minimize the levy increase while maintaining the current level of city services. He provided an overview of the proposed revenue and expenditure budgets, noting that an across-the-board 3.8% levy increase was proposed, but the increase should have a minimal impact on taxes. A brief overview of the CIP projects was given.

Library Director MacDonald reviewed the library's expenditure budget and stated the Library Board's Budget Committee had recommended a 20.5% increase from property tax revenue to meet the library's rising operational costs. The library foundation has started a fundraising campaign to offset an expected decrease in funding (\$45,000.00) from a major financial supporter. Administrator McGuire explained all departments have made cuts and the public may not support a 20% increase. Mayor Nowaczek noted the library has a unique circumstance in that it has historically benefited from the financial support of the Andersen Corporation; however, that support has changed in recent years and the library is working hard to meet its operating budget challenge. Director MacDonald stated that 50% of the library's operating budget must come from public funds to remain a public library, which allows the library to share in Washington County resources. She stated that the fund balance would be used for operating expenses if the 20.5% increase is not approved. The importance of educating the public on financial support of the library was discussed.

Administrator McGuire reviewed the proposed department revenue budgets in detail, noting a major decrease in the planning and zoning revenue due to a general slowdown in the construction industry, and subsequently, building permits. The projected fund balances as of the end of 2007 were reviewed, noting a police equipment fund and cemetery capital improvement fund are being established for 2008. An office automation fund is proposed, but not currently funded for 2008. Mayor Nowaczek inquired what the net change of all fund balances would be from 2007 to 2008. The burden of additional taxes and usage fees for Bayport residents was discussed. A capital improvement fund for city owned buildings was suggested. Use of the tax stabilization fund (\$1.3 million) was discussed, but is not proposed in 2008. Councilmember Johnson stated he is in favor of using tax stabilization funds for capital improvement projects. Administrator McGuire reported the city has \$500,000.00 from the sale

of the NSP substation years ago. The City Council at that time dedicated the interest earned on the money to help balance the yearly budget. Staff has been exploring options to better utilize the principal of the fund, possibly investing in additional park land or other real estate.

Mayor Nowaczek encouraged the councilmembers to consider options for library funding and use of tax stabilization fund monies for discussion at the budget presentation in September. He recommended that a workshop on the library be held this fall to help residents understand the financial challenges facing the public library. Director MacDonald stated it would be a good opportunity to educate the public on the activities supported by the operating budget versus those funded through the foundation board. Staff was directed to determine the timing for the workshop. Administrator McGuire stated that he would sit down with the Library Director to discuss their needs and to get the levy increase lower, possibly through a one-time supplement from the tax stabilization fund.

The CIP was reviewed in detail. Priorities for 2008 include beginning the improvements to Barker's Alps Park and resurfacing the tennis courts. The project plans for 2009-2012 were also reviewed and discussed. Building a new fire station is a major item in the plan, and the city continues to negotiate with the State of Minnesota to purchase land for the site at the end of 5th Avenue North. It was noted \$10,000.00 is budgeted in 2008 for a Highway 95 crossing feasibility study, and grant money may be available for the project.

The cost of maintaining the city's new infrastructure, i.e., air stripper and booster station, has not been determined and will be a factor in the city's operating budget going forward. In addition, the Public Works department may require additional technical staffing and/or contracting for services related to water services. Staff is considering a rate study for these services and would seek proposals for services.

Administrator McGuire noted a more detailed budget presentation would be made at the September City Council meeting. Councilmembers were encouraged to contact Administrator McGuire with further input on the matters discussed at the workshop.

ADJOURNMENT

The workshop concluded at 5:39 p.m.