

Aug. 6th, 2020 FINANCE COMMITTEE MEETING MINUTES

4:00 pm Council Chamber. Members Present: B. Groothousen, B. Stoneberg, M. Reynolds

Others Present: A. Hraban, A. Christianson (via telephone), K. Gorsenger, D. Parker, K. Julien, A. Christianson Sr., T. Devine

Call to Order: Chair Stoneberg called the meeting to order and presided.

Discussion of 2021 Budget:

Mr. Reynolds expressed a desire (or need) to look at bills in a more detailed fashion, citing Xcel Energy bill as an example. The electric bill for City Hall seems high. Focus on Energy looked at City Hall last week, and as an example, the current water heaters are very old and inefficient. Mr. Gorsenger confirmed that the 3-phase which had supplied the elevator was completely disconnected. Mr. Reynolds continued with pointing out possible changes to lighting that could also improve efficiency, and that a more detailed examination of expenses is in order. Mr. Gorsenger noted that, from a budgetary standpoint, we could make improvements that would reclass utility expenses to building outlays. Mr. Reynolds said he will put some numbers together for the replacement of the water heaters and other improvements.

Mr. Parker brought up the purchase of a new garbage truck. We purchase a new one every 6 years. We budget the expense for 3 years, which effectively generates fund balance for the down payment, then make payments for 3 years. 2021 is when we will buy a new one. Our current truck is beginning to generate maintenance expenses that are excessive. The Finance Committee gave Mr. Parker the 'go-ahead' to get specs on a new truck. Discussion continued on what the specs would be for the new truck.

Mrs. Stoneberg asked Mr. Devine to give an overview of the 2021 budget. He noted that, as it stands, the expenses exceed the revenues by approximately \$350,000. It was also noted that there are no debt proceeds currently planned for 2021, which could bridge the revenue shortfall. Also, as we close TIF districts, and remove parcels from TIF 9, that tax revenue will come back to the General Fund. Individual department budgets were in line with previous years. The police budget is \$50,000 less than prior year. Mr. Gorsenger pointed out that the Street Construction outlay line, currently budgeted at \$500,000 is not a static figure. The amount of actual construction will be contingent on CDBG funding. It was noted by A. Christianson Sr. that TIF money could be used for street improvements, if necessary. The City Administrator confirmed that the '5 Street Project' was an acceptable expense for TIF 8, and re-paving 10th Street was acceptable for TIF 11. The conclusion was that the budget shortfall could be accommodated via a number of avenues.

Mr. Groothousen expressed some urgency in lining up how we are going to consume the existing value in the TIF districts that are expiring.

Mr. Reynolds confirmed that there is still \$10,000 of fund balance earmarked for the Quiet Zone. All things are in place to move forward with that project. Applications, and notices will cost, at a maximum \$11,500. He will take it up with Legal Affairs, then bring it back to finance.

Mr. Reynolds expressed a desire to have the Finance Committee oversee the Façade' Program. With TIF dollars involved, Finance should have some oversight.

Mr. Christianson (Sr.) explained some of the general categories on which TIF funds could be spent, and noted that wetlands and daily operational expenses were excluded.

Administrator Christianson referred to a handout delineating the timelines of existing TIF districts, and noted that we want to expend these funds by the end date of the TIF. TIF 8 & 11 have significant funds projected for their remaining life. TIF 10 should roughly break even. After potentially covering approximately \$960,000 in known spending, we're still looking at over \$3 Million in spendable funds during their existing lives. TIFs 9 & 11 can donate to TIF 8, where expenditures must conclude in 2025. He encourages consideration of where those funds can be used.

Mr. Reynolds sees a need to have the Finance Committee oversee the Main Street Façade' program (since they are TIF dollars).

Mr. Groothousen clarified the process of getting Façade' funding, and questioned whether the City needs to be involved. Administrator Christianson detailed the application, review and approval process. Mr. Christianson would be willing to sit in on Main Street meetings as a City representative. Mr. Reynolds reiterated his desire to have a representative of the City's Finance Committee involved in the Main Street meetings. Mr. Groothousen sees the Finance Committee's role as an approving role after the applications and reviews have gone through the Main Street's process. Mrs. Stoneberg summarily agreed with Mr. Groothousen.

Motion by Mr. Groothousen, seconded by Mrs. Stoneberg, to recommend to Council to approve up to \$100,000 for the Façade' Program. Motion passed 3 – 0.

Next meeting to discuss the initial 2021 budget figures scheduled to August 31st at 4:30pm. Mrs. Stoneberg would like to disconnect approval of bill payments from the Council meetings, and have that discussion in a separate Finance meeting.

Meeting Adjourned at 6:05pm