

MEDINA CITY COUNCIL MEETING MINUTES OF JULY 14, 2011

The City Council of Medina, Minnesota met in special session on July 14, 2011 at 5:45 p.m. at the Medina City Hall, 2052 County Road 24, Medina, MN.

I. Call to Order

Members Present: Crosby, Siitari, Weir, Pederson, Martinson

Members Absent: None

Also Present: Interim City Administrator Doug Reeder, Finance Director Jeanne Day, Police Chief Ed Belland, City Planner Dusty Finke and Public Works Superintendent Steve Scherer.

II. 2012 Budget Work Session

Interim City Administrator Reeder made a lengthy presentation regarding his recommendations for the 2012 general fund budget for the City of Medina. He pointed out to the City Council that the City has to submit the preliminary budget to the County no later than September 15, 2011. He noted that in addition to this budget workshop, the City Council would hold a budget workshop on August 16th when the full budget would be presented. In addition, he noted that the Council would hold an open house on the budget prior to the regular council meeting on September 6th when the City Council would consider adopting the 2012 preliminary budget.

Mr. Reeder reminded the City Council that the preliminary budget which is adopted in September would be the basis for the Truth in Taxation statements which will go out to Medina property owners in November. He also stated that after the preliminary budget is submitted to the County in September the City Council can lower the tax levy, but cannot raise it.

Mr. Reeder asked the Council if they had any new services or projects which should be included in the 2012 budget or whether there were some services or projects which should be eliminated. One observation from the Council was that the Public Works Department was extremely busy in the summer.

Mr. Reeder showed the Council comparison tax rates with neighboring cities and noted that Medina compared very favorably in having the second lowest tax rate among the seven area cities and the third lowest tax levy in 2011.

Mr. Reeder recommended that the Council consider a 2012 budget which increases spending from \$3,791,425 in 2011 to \$3,848,225 in 2012, an increase of \$56,800 or \$11.61 per resident.

Reeder noted that the City would lose a net of \$32,900 in Municipal State Aid for roads in 2012 because the 2010 Census put the City 108 residents short of the 5,000 required for MSA. In addition, he noted that the interest the city will earn in investments is projected to decrease by \$31,171 next year. These and other revenue decreases will require the City to increase the tax levy by 1.96%.

Concerning the expenditures, Reeder pointed out that 58.9% of the City expenditures were for personnel costs. The proposed budget does not include any new positions but is increased by employee step increases and a requested 1.5% cost of living increase for non-union employees. Another new expenditure in 2012 recommended by Reeder is a \$30,000 contingency fund to cover unexpected expenditures or revenue decreases in the \$3.8 million dollar budget.

Reeder reported to the Council that the proposed budget and tax rate increase would have a minimal impact on city tax payers. He said that including the new levies for the general fund and the new debt service required for road projects and equipment purchases, the taxes on properties of various values would increase as follows:

- \$282,600 home - \$1.00 increase
- \$471,000 home - \$1.00 increase
- \$706,500 home - \$12.00 decrease
- \$942,000 home - \$11.00 decrease
- \$475,000 commercial - \$4.00 decrease

These estimates assume that the valuation of these houses decreased by the average of 5.8%; individual houses will vary up and down.

Reeder also suggested to the City Council that they might want to strive to move away from issuing equipment certificates for equipment purchases because interest rates will begin to rise.

The Council discussed the information presented and directed staff to return to the Council on August 16th with the full budget document. They requested that staff communicate with the contract service providers that the city would like to see its costs for 2012 remain level and that any increased fees needed would be directed to other service users.

III. Adjournment

*Moved by Weir, seconded by Pederson, to adjourn the meeting at 7:45 p.m. **Motion passed unanimously.***

Attest:

T. M. Crosby, Jr., Mayor

Doug Reeder, Interim City Administrator-Clerk