

CITY OF HOKAH

MINUTES

August 10th. 2011 6:00 pm

BUDGET MEETING

- CALL TO ORDER: Completed at 6:00 pm.
- PLEDGE OF ALLEGIANCE: Completed
- ROLL CALL: Martell, Scholze, Mullen, Fordahl. Absent: Christianson
- OTHERS PRESENT: Andy Klingsporn, Robert Schuldt, Barb Bissen, Rodney Blank, Doug Moen, Lance Ross, Vetsch, Curt Carlson.

1. Review and Approve Minutes August 3rd. 2011 Budget Meeting.

Administrator Blank begins by stating he has supplied the following documents to this meeting: Minutes of the final 2010 Budget Meeting, 2010 Resolution approving the Levy, Letter from Kevin Walther discussing the Fire Department, MSA 412.02 (3) Auditing requirements, Minutes from The August 3, 2011 Budget Meeting, and the Agenda for this evenings meeting. Blank asks for approval of the August 3, 2011 meeting minutes. Motion by Martell second by Fordahl rollcall all approve.

2. Review of current financial status by City Clerk Doug Moen. Current budget: \$292,656.00.

City Clerk Moen begins by saying at the August 3, 2011 Budget Meeting we began with the Budget as presented showing a \$2,000.00 surplus. The prior year showed a \$17,000 surplus this point. One component of the Levy is the Homestead Credit. (MVHC) This figure was reduced \$15,000.00, but were budgeted to be received. This item has been removed from the current budget, dropping surplus to approx. \$2,000.00. Further Moen has been informed this week that the MVHC is being phased out for 2012. Moen stated there is \$13,600.00 in the budget, which computes into an approx. deficit of \$14,000.00. Moen distributes a summary of the MVHC situation that the State is discontinuing.

3. Review of discussion on August 3rd. 2011 Budget Meeting.

Moen discusses that as presented at the last meeting some of the budget items may be slightly inflated, and wages presented at actual. Further 50% of the budget is wages. He states this method has always worked. Questions regarding City Employee health insurance benefits received by Vetsch. Explanation by Blank that we have looked at previously. Blank states he had sent to the Council twice the document provided by Daniels Insurance. Mayor Scholze asks Blank to read the document. Blank states he didn't bring the document to this meeting as we have been over it before, had provided everyone the document and the savings were miniscule because there aren't enough personnel receiving the benefit to reduce the cost to the City. Moen states he has reviewed the document, and noted a savings of less than \$300.00 per month. Martell states that at some point the Council should sit down with the Employees and discuss this, but for the time being tonight we should continue as presented. Blank further explains that at this point the City would be assessed a penalty of \$750.00 because a deadline has passed. Further because of the number of

participants, the savings are not relative to the burdens imposed. Blank also offers that at hire, Employees have been told that your wages may be reduced, but the City pays full health coverage's.

4. Discussion relating to budget as presented.

5. Changes to budget as presented:

Mayor Scholze asked we jump to this item: He asks Moen to detail any suggested changes. Moen discusses the MVHC situation as related to this current budget. Scholze discusses what if we leave the budget as is, what happens? Moen states you will have a shortfall considering the items presented to purchase within this budget year. Moen states there is sufficient money in the General Fund, but suggests not depleting that figure. Moen further states that as presented by the Fire, Police and Maintenance Departments \$50,500.00 will be purchased. Martell states that items have been sold that are still in the General Fund. Further that the Police Department took a \$8,000.00 budget cut a couple years ago. The Police Department continues to take that cut, so theoretically there should be at least \$16,000.00 available for the purchase of the patrol car. Martell suggests that the mower be purchased out of the General Fund. The patrol vehicle be leased, as well as the First Responder Vehicle. The dump truck lease will be complete this year. Martell suggests to trade the surplus equipment on the mower, and discussion to place the vehicle on a five year lease. Discussion relating to resolving the current deficit, and next year it will be worse. Moen states at some point you have to raise taxes. Martell agrees. Martell states that the City used to take small taxes increases every year, and haven't done this since the flood of 2007. With the changes to the tax structure next year that the State is imposing will leave the City behind. Barb Bissen asks that Hazel Iverson receive a raise. No comments received. Fordahl discusses the auditing schedule, Mayor Scholze discusses raising fees, and discusses raising taxes. He asks Martell when he is proposing this increase. Martell explains we are projecting a \$14,000 deficit, and 2 % would reduce that by \$6,000. Comments from Lance Ross states that hopefully this year the City should receive a \$10,000.00 increase in payments from the Townships in 2012. Ross states you either raise taxes, or cut non-essential services. He states if you keep dipping into the General Fund you won't have the reserves to complete major or emergency projects. Mayor Scholze asks how much have we taken from the General Fund? Moen states we have actually increased the Fund in the last few years. Curt Carlson asked how much money does the pool lose every year? Moen responds approx. \$13,000.00. Carlson states with the new pool coming into La Crescent, you might have to look at un-popular options. Discussion regarding the popularity of the pool. Martell states that if you close the pool, what are the children going to do? Martell states he has looked at this in the past, and a lot of residents voiced their opinions to him. Chief Schuldts discusses reductions of approx. \$3,000.00 to his budget relating to the COPS grant received. Mayor Scholze discusses ways to adjust budget. He asks how do we fix the budget. Do we raise taxes, cut something? Moen states the Fire Department township payment increase would be received that help greatly. Martell states he believes we need a combination of the two. He believes we need to take 2% increase, and some out of the General Fund. Mayor Scholze states he isn't in favor of raising taxes. He thinks we can go back to this budget and make some cuts. Martell states he isn't in favor of raising taxes either, but he is a realist. Martell states with the change in the tax structure being implemented by the State if we don't take a minor raise here, what happens when we have to take a major one later? Scholze asks increase two percent? Discussion regarding fees increases, cuts, etc. Blank discusses a group of cuts that could be implemented, but to begin with you should cut non-essential costs. He discusses items regarding to Police Department costs and structure, etc. Martell states that if the City took a 2% increase, he is looking at his taxes being increased \$60.00. Scholze asks what are we going to do? Martell states to raise the taxes 2%. Further discussion regarding purchase of Tractor, mower, and leasing the patrol car and first

responder vehicle on a five year lease, and the tractor and mower out of fund balance. \$4,217 for 26HP mower. Martell motions to increase taxes 2%, lease the First Responder Vehicle and Squad Car, pay for mower and Case Tractor out of General Fund. Second by Mullen rollcall all approve. Barb Bissen asks for clarification regarding a raise for Hazel Iverson. She then states it is up to the Library Board, who haven't discussed this. Blank asks when is the last time she had a raise. Moen states last year she had a three percent raise.

6. Final 2012 Budget amount: \$298,509.

7. Determine if further budget meetings are necessary: No

8. Motion to adopt budget as presented, with stated changes. Covered in Item # 5.

9. Adjournment. Motion by Martell at 7:05 pm.