



ALBERTVILLE CITY COUNCIL

July 26, 2010

MINUTES

ALBERTVILLE CITY HALL

7:00 PM

Mayor Klecker called the budget workshop to order at 7:00 p.m.

ROLL CALL

PRESENT: Mayor Ron Klecker, Council members Tom Fay, Larry Sorensen, John Vetsch, and Dan Wagner

OTHERS PRESENT: City Administrator Larry Kruse and Finance Director Lannes

City Administrator Kruse started the meeting by giving an overview of the budget process stating this was the first initial budget workshop with the goal to adopt a preliminary budget at the September 6th Council meeting. Kruse stated once the preliminary levy is certified, it can go down, but can't exceed the preliminary levy. The final levy is to be certified by December 10, 2010.

Finance Director Lannes reviewed the proposed 2011 budget in detail. The initial General Fund Budget shows an increase of 5.58%. The majority of the budget is flat at 1.68% increase, with the following items making up the remainder of the increase: \$60,000 increase in bituminous overlay and seal coating; \$50,000 SAC Loan Repayment plan amount; \$35,342 increase in Capital Reserves and the addition of \$23,655 for the new library payment to St. Michael. The 1.68% increase provides for a 1% COLA in January and a 1% COLA in July for all employees except the City Administrator. The net 1.5% COLA is estimated to offset increased employee health insurance costs. It is proposed that all steps be frozen in 2011.

Kruse reported that many government units are not granting any wage increases in 2010 or 2011. The budget presented is a starting point for that discussion.

Lannes stated the City has used one time funds to mitigate a levy increase for CSAH 19 South project. In 2011, the debt levy is projected to increase 20.34% for an overall increase of 11.9%. Staff emphasized that using one time money in both 2009 and 2010 just postpones addressing the debt issue.

The Council asked staff to evaluate contracting out Building Department Services, FYCC, voluntary employee furloughs and a breakdown of health insurance cost sharing and revenue enhancements. All agreed the 11.9% was not acceptable and understood the dilemma dealing with the CSAH 19 debt. Not included in the budget is a request from the Fire Department for some type of a quick response pickup, which the Council supported and encouraged staff finding a funding mechanism to accomplish purchasing something. Staff reported the Fire Relief Association has requested a large increase in pension funding, which is also not in the budget. Currently they are funded at \$1,740 per year of service. The Department has an estimated 350 years of service, resulting in a \$3,500 increase in cost for a \$10 increase per year of service.

The Council asked staff to give an update at the next Council meeting.

ADJOURNMENT

CMs Sorensen/Wagner **motioned** to adjourn the Monday, July 26, 2010 regular City Council meeting at 9:00 p.m. Motion carried unanimously.

Larry Kruse, City Administrator (recording secretary)