

City of East Bethel
City Council Agenda
Special Meeting - 6:30 PM
Date: October 10, 2013



Item

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|---------|------------|---|
| 6:30 PM | 1.0 | Call to Order |
| 6:31 PM | 2.0 | Adopt Agenda |
| 6:32 PM | 3.0 | Notice of Decision for Wetland Easement |
| 6:40 PM | 4.0 | Sewer Bonds, Tax Increase and 2014 Budget Discussion |
| 8:30 PM | 9.0 | Adjourn |



City of East Bethel City Council Special Meeting Agenda Information

Date:

October 10, 2013

Agenda Item Number:

Item 3.0

Agenda Item:

Notice of Decision for a wetland easement

Requested Action:

Consider approving a Notice of Decision to permit a pipeline easement over an existing conservation easement.

Background Information:

The Met Council is installing a forcemain pipe along the south property line of the Ice Arena property that will discharge to their Rapid Infiltration Basin. This pipe line will cross a wetland buffer area which is owned by the City and lies between the Ice Arena and the Rapid Infiltration Basin. The wetland buffer is protected by a conservation easement and the conservation easement does not specifically allow pipe lines. The Board of Soil and Water Resources (BSWR) is requesting an exception be prepared and recorded for the pipe line. This exception would essentially allow the overlay of the pipeline easement over the existing conservation easement. The location of pipeline is shown in Attachment 2.

The exception requested is attached and titled "Minnesota Wetland Conservation Act-Notice of Decision". The Notice of Decision is presented in Attachment 1.

Attachments:

Attachment 1- Notice of Decision Form

Attachment 2- Location Map

Fiscal Impact:

Recommendation(s):

Staff is requesting Council approve the Notice of Decision as presented in Attachment 1.

City Council Action

Motion by:_____

Second by:_____

Vote Yes: _____

Vote No: _____

No Action Required: _____

Minnesota Wetland Conservation Act

Notice of Decision

Local Government Unit (LGU) City of East Bethel	Address 2241 221st Avenue NE East Bethel, MN 55011
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1. PROJECT INFORMATION

Applicant Name Metropolitan Council Environmental Services	Project Name Replacement Wetland Forcemain Crossing	Date of Application 8/24/2013	Application Number EB608
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Attach site locator map.

Type of Decision:

Wetland Boundary or Type	<input checked="" type="checkbox"/> No-Loss	Exemption	Sequencing
Replacement Plan		Banking Plan	

Technical Evaluation Panel Findings and Recommendation (if any):

Approve	Approve with conditions	Deny
Summary (or attach):		

2. LOCAL GOVERNMENT UNIT DECISION

Date of Decision: Sept 27, 2013		
Approved <input checked="" type="checkbox"/>	Approved with conditions (include below)	Denied

LGU Findings and Conclusions (attach additional sheets as necessary):

This project consists of a 400' pipeline crossing a Type 2 wetland replacement area. No permanent wetland impacts will result from the construction of a buried pipe that will transport treated water to be infiltrated at the Land Application Basin directly east of the East Bethel Ice Area and associated with the Castle Towers/Whispering Pines project. Minimal dewatering will occur for 2-3 days while the pipe is installed. An exception for the area has been drafted and will be recorded against the Declaration of Restrictions and Covenants that currently exists for the property.

The area will need to be graded back to its original elevation and seeded as shown in the attached specifications. Noxious weeds or non-native perennials will need to be managed, if needed, in the following 3 growing seasons to ensure the integrity of the wetland replacement area.

For Replacement Plans using credits from the State Wetland Bank:

Bank Account #	Bank Service Area	County	Credits Approved for Withdrawal (sq. ft. or nearest .01 acre)
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Replacement Plan Approval Conditions. In addition to any conditions specified by the LGU, the approval of a Wetland Replacement Plan is conditional upon the following:

Financial Assurance: For project-specific replacement that is not in-advance, a financial assurance specified by the LGU must be submitted to the LGU in accordance with MN Rule 8420.0522, Subp. 9 (List amount and type in LGU Findings).

Deed Recording: For project-specific replacement, evidence must be provided to the LGU that the BWSR “Declaration of Restrictions and Covenants” and “Consent to Replacement Wetland” forms have been filed with the county recorder’s office in which the replacement wetland is located.

Credit Withdrawal: For replacement consisting of wetland bank credits, confirmation that BWSR has withdrawn the credits from the state wetland bank as specified in the approved replacement plan.

Wetlands may not be impacted until all applicable conditions have been met!

LGU Authorized Signature:

Signing and mailing of this completed form to the appropriate recipients in accordance with 8420.0255, Subp. 5 provides notice that a decision was made by the LGU under the Wetland Conservation Act as specified above. If additional details on the decision exist, they have been provided to the landowner and are available from the LGU upon request.		
Name Jack Davis	Title City Administrator	
Signature	Date	Phone Number and E-mail (763) 434-9569 Jack.Davis@ci.east-bethel.mn.us

THIS DECISION ONLY APPLIES TO THE MINNESOTA WETLAND CONSERVATION ACT. Additional approvals or permits from local, state, and federal agencies may be required. Check with all appropriate authorities before commencing work in or near wetlands.

Applicants proceed at their own risk if work authorized by this decision is started before the time period for appeal (30 days) has expired. If this decision is reversed or revised under appeal, the applicant may be responsible for restoring or replacing all wetland impacts.

This decision is valid for three years from the date of decision unless a longer period is advised by the TEP and specified in this notice of decision.

3. APPEAL OF THIS DECISION

Pursuant to MN Rule 8420.0905, any appeal of this decision can only be commenced by mailing a petition for appeal, including applicable fee, within thirty (30) calendar days of the date of the mailing of this Notice to the following as indicated:

Check one:

Appeal of an LGU staff decision. Send petition and \$_____ fee (if applicable) to: Colleen Winter 2241 221 st Avenue NE East Bethel, MN 55011	Appeal of LGU governing body decision. Send petition and \$500 filing fee to: Executive Director MN Board of Water and Soil Resources 520 Lafayette Road North St. Paul, MN 55155
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4. LIST OF ADDRESSEES

<input checked="" type="checkbox"/> SWCD TEP member: Aaron Diehl, 1318 McKay Dr. Suite 300, Ham Lake, MN 55304
<input checked="" type="checkbox"/> BWSR TEP member: Dennis Rodacker, 520 Lafayette Rd. N., St. Paul, MN 55155
<input checked="" type="checkbox"/> LGU TEP member (if different than LGU Contact): Becky Wozney, Hakanson Anderson
<input checked="" type="checkbox"/> LGU Contact: Colleen Winter, 2241 221st Ave. NE East Bethel, MN 55011
<input checked="" type="checkbox"/> DNR TEP member: Melissa Doperalski, DNR Central, 1200 Warner Rd. St. Paul, MN 55106
<input type="checkbox"/> DNR Hydrologist: Kate Drewry, DNR Waters, 1200 Warner Road St. Paul, MN 55106
<input type="checkbox"/> DNR Regional Office (if different than DNR TEP member)
<input type="checkbox"/> WD or WMO (if applicable):
<input type="checkbox"/> Applicant:
<input type="checkbox"/> Consultant:
<input type="checkbox"/> Members of the public who requested notice (notice only):
<input checked="" type="checkbox"/> Corps of Engineers Project Manager: Andy Beudet, US Army Corps of Engineers St. Paul District, OP-R 180 Fifth St. East, Suite 700 St. Paul, MN 55101-1678
<input type="checkbox"/> BWSR Wetland Bank Coordinator (wetland bank plan decisions only)

5. MAILING INFORMATION

- For a list of BWSR TEP representatives:
www.bwsr.state.mn.us/aboutbwsr/workareas/WCA_areas.pdf
- For a list of DNR TEP representatives:
www.bwsr.state.mn.us/wetlands/wca/DNR_TEP_contacts.pdf

➤ Department of Natural Resources Regional Offices:

<u>NW Region:</u>	<u>NE Region:</u>	<u>Central Region:</u>	<u>Southern Region:</u>
Reg. Env. Assess. Ecol.	Reg. Env. Assess. Ecol.	Reg. Env. Assess. Ecol.	Reg. Env. Assess. Ecol.
Div. Ecol. Resources	Div. Ecol. Resources	Div. Ecol. Resources	Div. Ecol. Resources
2115 Birchmont Beach Rd. NE	1201 E. Hwy. 2	1200 Warner Road	261 Hwy. 15 South
Bemidji, MN 56601	Grand Rapids, MN 55744	St. Paul, MN 55106	New Ulm, MN 56073

For a map of DNR Administrative Regions, see: http://files.dnr.state.mn.us/aboutdnr/dnr_regions.pdf

- For a list of Corps of Project Managers:
www.mvp.usace.army.mil/regulatory/default.asp?pageid=687 or send to:

US Army Corps of Engineers
St. Paul District, ATTN: OP-R
180 Fifth St. East, Suite 700
St. Paul, MN 55101-1678

- For Wetland Bank Plan applications, also send a copy of the application to:
Minnesota Board of Water and Soil Resources
Wetland Bank Coordinator
520 Lafayette Road North
St. Paul, MN 55155

6. ATTACHMENTS

In addition to the site locator map, list any other attachments:



Location Map

SOURCE: ANOKA COUNTY SURVEY DEPARTMENT, MCES, CITY OF EAST BETHEL & MNDNR



City of East Bethel City Council Agenda Information

Date:

October 10, 2013

Agenda Item Number:

Item 4.0

Agenda Item:

Sewer Bonds, Tax Increase and 2014 Budget Discussion

Requested Action:

Continue the 2014 Budget discussion and explanation of the preliminary 2014 Levy.

Background Information:

The East Bethel City Council approved a preliminary budget levy for 2014 that represents a 17.5% increase over the 2013 levy. This preliminary levy would have been 0.2% less than the 2013 levy except \$790,000 in additional debt is due in 2014 for the 2010 A & B Water and Sewer Bonds. This additional debt will raise the projected preliminary levy to a 17.5% increase over the 2013 Levy. The debt for these bonds will be ongoing through 2040.

As we move forward and confront our financial challenges, we will need to factor in other considerations as we prepare future budgets. The most critical item is the development of a strategy and a consensus or policy as to the management of future debt due to our obligations for the repayment of the bonds for the water and sewer system. The development of a plan to address this matter will enable Council and Staff to consistently plan for and provide future resources to be identified and ultimately allocated to deal with this problem.

Council is continuing to examine opportunities to reduce the impact of the bond deficit interest payment on the 2014 levy. Council will consider the consequences of these options both short and long as to their influence on our debt management plan. These options include but are not limited to the following:

- 1.) The potential to refinance the 2010 A & B Bond and other bond issuances;
- 2.) Confirmation of connections to the system for 2014;
- 3.) Transfer of General Fund balances at an amount to be determined to subsidize the deficit;
- 4.) Assignment of special assessments for properties in the sewer to the debt service;
- 5.) Additional reductions to the City Budget.

Staff will offer a presentation of the 2014 preliminary levy and budget and entertain questions from those in attendance. Council will receive comments, review and continue the 2014 Budget discussions.

Attachments:

Attachment 1- 2014 Preliminary Budget

Attachment 2- Line Item Budget

Fiscal Impact:

As noted in the attachments

Recommendation(s):

City Council Action

Motion by:_____

Second by:_____

Vote Yes:_____

Vote No:_____

No Action Required:_____

Overall Levy to balance 2014 Budget

	2013	2014	% Change
<i>General Levy</i>	<i>\$4,123,317</i>	<i>\$4,114,317</i>	<i>-.2%</i>
<i>Debt Service Levy</i>	<i>\$329,638</i>	<i>\$1,116,425</i>	<i>238.7%</i>
<i>Total Levy</i>	<i>\$4,452,955</i>	<i>\$5,230,742</i>	<i>17.5%</i>

City of East Bethel
2014 Preliminary General Fund Budget (Summary)

back	General Fund	Account Description	2011 Actual	2012 Actual	Actual - 7/31/13	FY 2013 Budget	FY 2014 Budget	% Change
Revenues								
		Property Tax	4,428,762.00	4,225,662.00	2,158,497.40	4,123,317.00	4,114,317.00	0%
		Franchise Taxes	37,875.00	40,227.00	22,809.29	37,000.00	41,000.00	11%
		Licenses and Fees	39,103.00	38,325.00	28,960.00	37,250.00	35,900.00	-4%
		Building Inspection Permits	107,181.00	152,980.00	149,643.48	155,700.00	216,000.00	39%
		State Aid	223,929.00	222,965.00	186,825.50	216,506.00	250,488.00	16%
		Fines and Forfeits	49,292.00	52,470.00	31,230.48	50,000.00	55,000.00	10%
		Intergovernmental Charges	37,548.00	97,809.00	81,664.54	93,000.00	73,000.00	-22%
		Other Fees	7,529.00	11,419.00	2,264.48	6,360.00	6,430.00	1%
		Cemetery Revenue	8,775.00	6,200.00	4,750.00	5,000.00	6,000.00	20%
		Other / Gambling Proceeds	40,707.00	49,384.00	22,851.72	38,000.00	41,500.00	9%
		Interest Earnings	1,715.00	2,100.00	3,922.41	2,000.00	2,000.00	0%
Total Revenues - General Fund			4,982,416.00	4,899,541.00	2,693,419.30	4,764,133.00	4,841,635.00	1.6%
Expenditures								
General Government								
		Council	76,911.00	76,008.00	45,395.02	87,059.00	84,517.00	-3%
		City Administration	242,927.00	206,887.00	111,493.85	210,061.00	218,701.00	4%
		Elections	-	8,709.00	-	2,170.00	13,355.00	515%
		City Clerk	102,205.00	102,918.00	53,659.06	103,331.00	102,182.00	-1%
		Finance	224,841.00	225,500.00	152,647.60	226,086.00	228,213.00	1%
		Assessing	45,456.00	45,804.00	25,640.76	51,700.00	51,700.00	0%
		Legal	154,469.00	157,727.00	81,080.37	150,500.00	150,500.00	0%
		Human Resources	26,166.00	-	3,164.00	2,975.00	3,250.00	9%
		Government Buildings	34,063.00	47,106.00	17,815.36	44,750.00	43,750.00	-2%
		Risk Management	97,629.00	96,210.00	103,123.00	99,800.00	105,150.00	5%
		Central Services	79,330.00	77,758.00	44,931.48	99,405.00	97,864.00	-2%
Total General Government			1,083,997.00	1,044,627.00	638,950.50	1,077,837.00	1,099,182.00	2%
Community Development								
		Planning and Zoning	201,518.00	169,260.00	101,219.94	208,391.00	176,771.00	-15%
		Building Inspection	232,508.00	139,412.00	84,404.37	186,940.00	238,685.00	28%
Total Community Development			434,026.00	308,672.00	185,624.31	395,331.00	415,456.00	13%
Public Safety								
		Police Protection	1,036,087.00	959,924.00	502,798.15	961,144.00	989,512.00	3%
		Fire Protection	513,332.00	511,145.00	309,983.54	537,783.00	555,101.00	3%
Total Public Safety			1,549,419.00	1,471,069.00	812,781.69	1,498,927.00	1,544,613.00	3%
Engineering								
		Engineering	35,406.00	29,196.00	7,952.66	46,000.00	40,000.00	-13%
Total Engineering			35,406.00	29,196.00	7,952.66	46,000.00	40,000.00	-13%
Public Works								
		Public Works - Parks Maintenance	372,692.00	376,067.00	198,129.66	397,567.00	398,079.00	0%
		Public Works - Streets	679,882.00	719,920.00	449,806.29	755,971.00	791,805.00	5%
Total Public Works			1,052,574.00	1,095,987.00	647,935.95	1,153,538.00	1,189,884.00	3%
Civic Events								
		Civic Events	4,737.00	2,501.00	2,500.00	2,500.00	2,500.00	0%
Total Culture and Recreation			4,737.00	2,501.00	2,500.00	2,500.00	2,500.00	0%
Other								
		Transfer to Building Capital	-	50,000.00	50,000.00	50,000.00	50,000.00	0%
		Transfer to Street Capital	400,000.00	425,000.00	425,000.00	425,000.00	425,000.00	0%
		Transfer to Parks Capital	94,120.00	100,000.00	75,000.00	75,000.00	75,000.00	0%
		Transfer to Trail Capital	58,484.00	5,000.00	-	-	-	N/A
		Contingency	-	-	-	40,000.00	-	-100%
Total Other			552,604.00	580,000.00	550,000.00	590,000.00	550,000.00	-7%
Total Expenditures - General Fund			4,712,763.00	4,532,052.00	2,845,745.11	4,764,133.00	4,841,635.00	1.6%
Excess of Revenues over Expenditures - General Fund			269,653.00	367,489.00	(152,325.81)	-	-	
Tax Levies - City								
		General Fund Tax Levy	4,681,345.00	4,191,470.00	-	4,123,317.00	4,114,317.00	0%
		2005 A	144,756.00	147,328.00	-	149,638.00	146,425.00	-2%
		2008 A	109,500.00	158,000.00	-	180,000.00	180,000.00	0%
		2010 A	-	-	-	-	490,000.00	N/A
		2010 B	-	-	-	-	300,000.00	N/A
		2010 C	-	-	-	-	-	N/A
Total Levy - City			4,935,601.00	4,496,798.00	-	4,452,955.00	5,230,742.00	17.5%
Tax Levies - Special Levies								
		City HRA	126,058.00	-	-	-	-	
		County HRA	187,920.00	-	-	-	-	
		City EDA	-	163,428.00	-	144,670.00	133,022.00	
Total Levy - Special			313,978.00	163,428.00	-	144,670.00	133,022.00	-8.1%

City of East Bethel
Preliminary 2014 Debt Service Budget (Summary)

Debt Service

Fund Description Fund Number	2005 A 301	2005 B 303	2008 A 308	2010 309	2010A 310	2010B 311	2010 C 312	Total
Revenue								
Levy	146,425		180,000		490,000	300,000	-	1,116,425
Special Assessments		28,125	17,500					45,625
Hook Up Fees								-
Reimbursement from Federal Government					315,152	120,312		435,463
Transfer from General				5,000				5,000
Total Revenue	146,425	28,125	197,500	5,000	805,152	420,312	-	1,602,513
Expenditures								
Debt Service - Principal	85,000	55,000	150,000	3,000				293,000
Interest	55,983	5,305	46,560	596	767,073	376,563	41,733	1,293,812
Fiscal Agent Fees	500	500	500		500	500	500	3,000
Total Expenditures	141,483	60,805	197,060	3,596	767,573	377,063	42,233	1,589,812
Revenue over Expenditures	4,942	(32,680)	440	1,404	37,579	43,249	(42,233)	12,702

City of East Bethel
Preliminary 2014 Special Revenue Fund Budget (Summary)

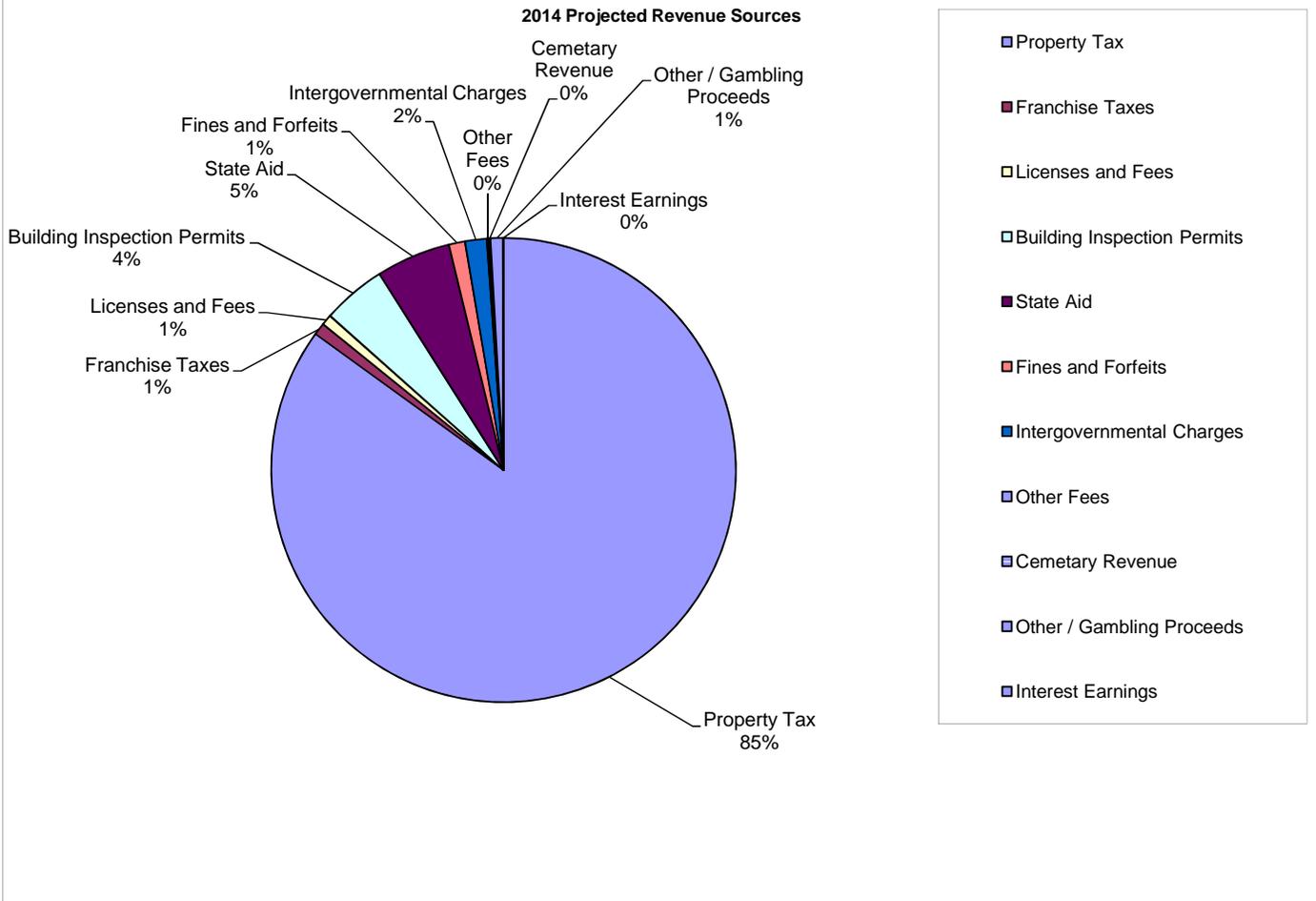
Special Revenue Funds

Fund Description Fund Number	EDA	HRA	Recycling	Total
Revenue				
Levy	133,022			133,022
County Grants			30,660	30,660
Fees			2,500	2,500
Total Revenue	133,022	-	33,160	166,182
Expenditures				
Salaries and Wages		-	510	510
Supplies	200	100	550	850
Fees for Service	48,914	7,800	32,100	88,814
Contingency	27,908			27,908
Transfer to General	56,000	15,000		71,000
Total Expenditures	133,022	22,900	33,160	189,082
Revenue over Expenditures	-	(22,900)	-	(22,900)

2014 General Fund Revenue Sources

Property Tax	4,114,317
Franchise Taxes	41,000
Licenses and Fees	35,900
Building Inspection Permits	216,000
State Aid	250,488
Fines and Forfeits	55,000
Intergovernmental Charges	73,000
Other Fees	6,430
Cemetary Revenue	6,000
Other / Gambling Proceeds	41,500
Interest Earnings	2,000

Total Revenue 4,841,635

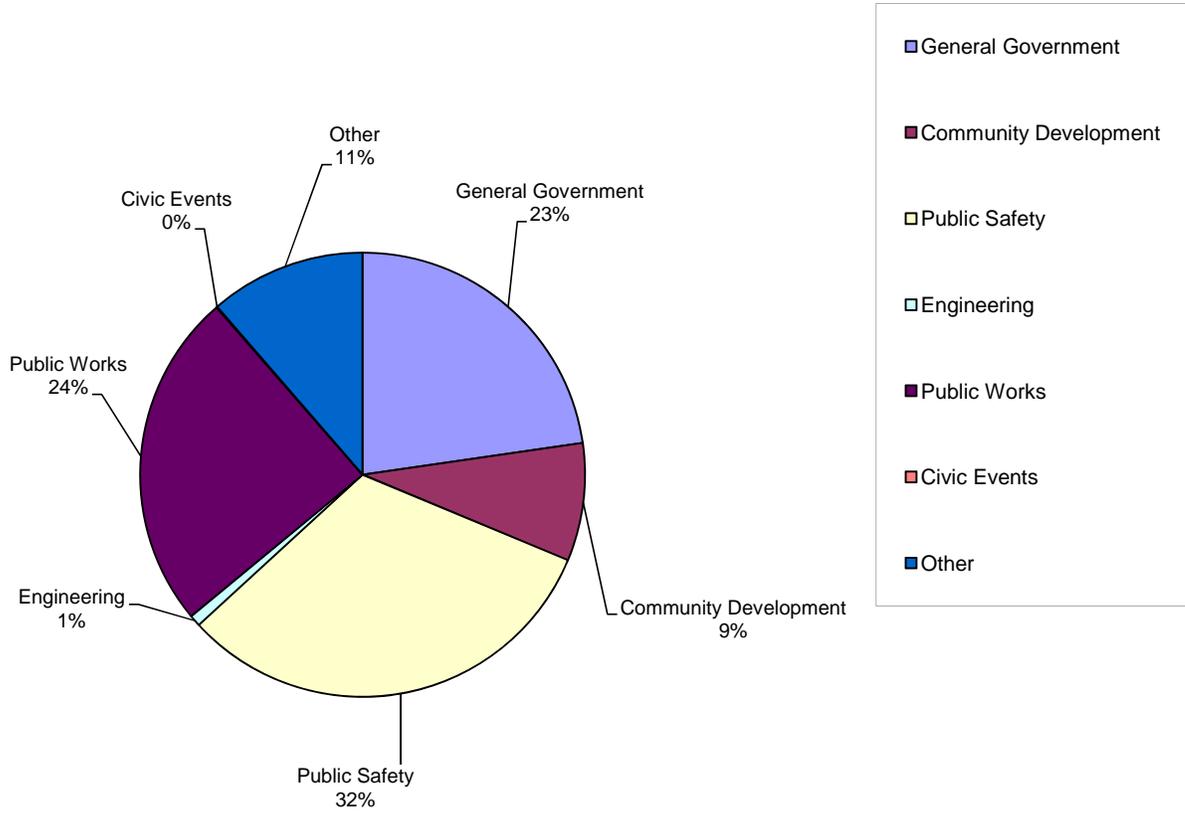


2014 General Fund Expenditures

General Government	1,099,182
Community Development	415,456
Public Safety	1,544,613
Engineering	40,000
Public Works	1,189,884
Civic Events	2,500
Other	550,000

Total Expenditures	4,841,635.00
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2014 Projected Expenditures



Tax Capacity

	Payable 2011	Payable 2012	Payable 2013	*Payable 2014
		-11.1%	-8.4%	-2.5%
Tax Capacity	9,486,806	8,433,841	7,725,613	7,531,689
TIF Captured Value		-	-	-
AW Contribution	(459,634)	(402,060)	(395,562)	(356,230)
Net Tax Capacity	9,027,172	8,031,781	7,330,051	7,175,459

Levies

Certified General Levy	4,681,345	4,191,470	4,123,317	4,114,317
Certified Bond Levy	109,500	158,000	180,000	970,000
Area-Wide Contribution	(827,280)	(831,039)	(768,555)	(768,555)
Local Levy	3,963,565	3,518,431	3,534,762	4,315,762

2005A Referendum Levy	144,756	147,328	149,638	146,425
Total Referendum Levy	144,756	147,328	149,638	146,425
Taxable Market Value	873,234,900	839,805,900	780,015,900	714,502,336

Tax Rates

City Tax Rate	43.91%	43.81%	48.22%	60.15%
2005 A Referendum Rate	0.01658%	0.01754%	0.01918%	0.02049%

Total Tax Rate

43.92%	43.82%	48.24%	60.17%
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Sample Taxes

300,000 Home	1,317.71	1,314.72	1,447.26	1,805.00
200,000 Home	878.47	876.48	964.84	1,203.33
150,000 Home	658.85	657.36	723.63	902.50
100,000 Home	439.24	438.24	482.42	601.67

* Tax Capacity is calculated by multiplying market values by each classifications class rate

*Tax Capacity and Fiscal Disparity calculations are preliminary at this stage

*AW Contribution is fiscal disparities related as a certain percentage of commercial properties valued are shared within the metro area

Budget Categories for Reduction Consideration

There are still opportunities to reduce the impact of the bond deficit for the 2014 levy and these include but are not limited to the following:

- 1.) The potential to refinance the 2010 A & B Bond and other bond issuances;
- 2.) Confirmation of connections to the system for 2014;
- 3.) Transfer of General Fund balances at an amount to be determined to subsidize the deficit;
- 4.) Assignment of special assessments for properties in the sewer to the debt service;
- 5.) Assignment of other rents and royalties to the debt service;
- 6.) Potential defeasance of the 2010 ! & B Bond Fund balance; and/or
- 7.) Additional reductions to the City Budget which could include the following:

Level 1 Budget Reductions for Consideration

Conferences - Mayor and Council	\$ 2,000
Equipment Replacement- Mayor & Council	\$ 800
Conferences-City Administrator	\$ 500
Equipment Replacement-Planning	\$ 500
Fire Department Outreach Programs	\$ 1,500
Portable Toilets for Parks	<u>\$ 2,000</u>
	\$7,300

Level 2 Budget Reductions

City Administrator- Travel	\$ 600
Seasonal Employees for Parks and Roads	\$11,766
Professional Service Fees-Planning	<u>\$ 3,000</u>
	\$15,366

Level 3 Budget Reductions

Relief Association Pension Contribution	\$17,500
CSO position for Sheriff's Contract	\$44,579
Public Works Overtime	\$ 6,000
Booster Day Fireworks	\$ 2,500
Parks Capital Transfer	\$25,000
City newsletter reduction to 2x per year	<u>\$ 4,500</u>
EDA	<u>\$10,000</u>
	\$65,550

Total Level 1, 2 and 3 Budget Reductions \$88,168

Other One-Time Reductions

2005B Bond Fund Balance	\$120,000*
General Fund Transfer (excess over 50% balance)	\$200,000
Trail Capital Fund	<u>\$144,000</u>
	\$552,166

Note: the above funds could be applied on the 2014 debt, over a period of years or reserved to address the additional increase that will occur in 2016 due to the 2010 C Bond

*Lower limit of the fund balance

Total potential budget cuts = \$0 to \$660,334.

Proposed Levy increase with a \$ 88,168 reduction would be 15.3% over the 2013 Levy
 Proposed Levy increase with a \$163,900 reduction would be 13.8% over the 2013 Levy

Proposed Levy increase with a \$309,666 reduction would be 10.5% over the 2013 Levy
Proposed Levy increase with a \$459,245 reduction would be 7.2% over the 2013 Levy
Proposed Levy Increase with a \$552,166 reduction would be 3.5% over the 2013 Levy

Other Funds for potential transfers and their respective cash balances at 8/25/13 (These funds are not recommended for consideration of application to the bond debt at this time)

Street Capital Fund	\$ 886,417
Equipment Replacement Fund	\$1,398,583
Parks Capital Fund	\$ 111,940
Parks Acquisition and Development Fund	\$ 26,057
Building Capital Fund	\$ 132,096

The following Departments were evaluated but could not be recommended for reductions due to contractual agreements or other factors that would not affect the budget.

Elections
City Clerk
Finance
Assessing
Legal
Human Resources
General Government Buildings
Building Inspection
Engineering
Risk Management
HRA

The extent of potential savings, additional sources of revenue, special assessments and impacts of further budget reductions have not been established at this time due to ongoing negotiations, finalization of hearing requirements and assessment of consequences. The final affect for these potential budget reductions will not be known until November 20, 2013.

Other Important Considerations

Keep in mind that once a reduction is made it is difficult to restore both from a perception and a fiscal perspective. If the reduction, in fact, needs to be reinstated, it then becomes another tax increase. Another important consideration concerning further budget reductions are the levy limits imposed upon the City by the State Legislature. Any budget cuts that may need to be restored, may not be able to be returned to their original amount due to the restrictions on the amounts budgets can be increased as a result of the levy limits. Drastic budget reductions can lead to additional problems and unintended consequences of these actions.

We also have to weigh the expectations from our residents regarding the value they receive for their taxes. Finding the balance point between further budget cuts, that may have wide range impacts on services, and the lowest levy possible, is the challenge that has no precise formula for determination. We can make certain assumptions but may not recognize the total effect of the impact until these decisions are actually implemented. There is a minimum cost to running the City and meeting the basic requirements that property owners expect for their taxes.

There is also the impact that drastic budget reductions may have on the City's economic development efforts. There is a certain amount of activity that must be sustained to provide a minimum level of stimulus and investment in the future of the City if we are to address our financial challenges. Reverting to a budgetary survival mode could possibly be detrimental to all the efforts to proactively engage our problem with the water and sewer debt.

The preliminary budget, that must be submitted to Anoka County by September 15, 2013, can be reduced but not increased prior to the adoption of the final budget in December of 2013. Even though the preliminary tax statements that will be issued to City residents in November will indicate the maximum tax increase proposed, Staff and Council will have additional time to seek alternatives to minimize this increase and impact of rates created by the bond deficits for Municipal Utilities Project.

A Special Meeting on October 10, 2013 and the Town Hall Meeting on November 21, 2013 will be dedicated to explaining and discussing the 2014 budget and levy.