

Finance Committee Meeting

November 12th, 2021

10:00 a.m.

Members present: Mayor Randy Tensen, Councilman Jeff Olson, Councilman Steve Tufto, Interim City Manager Jill Kemen and Deputy City Clerk Kristin Daline. Rebecca Kurtz and Megan Sandal joined via Zoom.

Rebecca and Megan provided the group with a Utility Rate Study. The purpose of the rate study was to review water, sanitary sewer and storm sewer funds as separate funds. The goal for each fund is to be self-sufficient, and to assure the utility rates for each fund pay for capital outlay, operations and annual debt service. These funds also need cash reserves equal to six months of operating expenses, excluding depreciation and next years' annual debt service. By 2025, the total debt service for water will be almost \$700,000, assuming the City receives \$5 million in PFA grant funds. The proposed water rates for 2022 are as follows: Base Fee: \$12.87, Capital Imp. Fee: \$30.42 and water per/100 gallon: \$.74. In the water fund, by the year 2029 the numbers provided showed more cash than what is needed for target. At that point, the City will have more flexibility to not have to increase rates and have the ability to spend money on projects and equipment.

Rebecca continued the conversation about options with storm water rates. The idea was to explore options to make storm water rates more equitable with the goal of larger, more impervious parcels paying more, and have parcels contribute to pay for the system, even if not served by water and sanitary sewer. Referring to slide #15 that was provided, parcels were classified by the County and storm sewer rates were figured based on property type. The property types were as follows: Agriculture, Residential, Commercial (downtown businesses), Multi-family (apartments), and Institutional (tax exempt, City properties, School, Hospital, Churches), and Industrial. After much discussion, it was proposed to take as much burden off the residential properties as possible. Rebecca and Megan will rework the numbers to reflect that.

There will be another Finance meeting scheduled to go over the proposed Budget for 2022 before the next Council Meeting.

Skid Loader financing was discussed. Minnwest Bank will match the offer that the City received from Ziegler on the finance/lease to own. Councilman Tufto proposed the City use a due to/due from accounting method. The lease should be a non-appropriation of funds lease or also referred to as a muni lease. This type of lease allows the City, if needed, to walk away from the lease to own. The lease payments for the skid loader will be made using the 2012 Street Project Funds held at Minnwest Bank. The lease will be done in three phases as each piece of equipment comes in.

A Road & Bridge meeting was scheduled for November 22nd at Noon.

Kemen had a meeting with a company about updating Channel 8. An estimate of \$8,700 was given. This would be paid for with ARPA funds the City received.

Meeting adjourned at 11:29 a.m.

Respectfully submitted,



Kristin Daline

Deputy City Clerk