

State of Minnesota
Counties of Scott & Le Sueur
City of New Prague }
}

Special City Council Meeting
Monday, September 14, 2009

Mayor Bender called the special meeting to order with the following members present: Bender, Bartusek, Betterton, Guerrette and Wilcox. Absent: None

Staff Present: Mike Johnson, Patty Solheid

Mayor Bender indicated that the purpose of this meeting was to review the preliminary 2010 Budget for the General Fund and Debt Service Fund and to set the preliminary property tax levy for 2010. He also stated that the preliminary property tax levy, which needs to be certified to Scott and Le Sueur County by September 15, 2009, is the maximum levy that can be adopted by the City Council. It can only be lowered up until the final budget is adopted but cannot be increased after September 15, 2009.

Mayor Bender turned the Budget presentation over to City Administrator Mike Johnson. Mr. Johnson presented the City Council with an extensive overview of the proposed preliminary 2010 budgets for the General Fund and Debt Service Fund and the various economic conditions affecting the development of the proposed budgets and the preliminary property tax rates for 2010.

The proposed 2010 Preliminary General Fund Budget was presented at \$3,627,769 or \$326,266 (8.3%) less than the adopted 2009 Budget of \$3,954,035 or \$183,903 (4.3%) less than the Amended 2009 Budget.

Mr. Johnson reviewed the extensive cuts in Local Government Aid (LGA) that have occurred in 2008 and 2009 and the \$328,474 in cuts that will occur in 2010. He reviewed the significant decline in new construction that has occurred since 2005 that has impacted building permit revenues. At its peak in 2005, the City received \$625,287 in revenue and to date in 2009 it is at about \$69,000. The City has seen building permit revenues return to 1998-1999 levels. The City has also been told by the County that the projected 2010 Taxable Net Tax Capacity would decrease by about \$500,000 or 7.7% the first such decrease in 8 years of growth.

Mr. Johnson reviewed personnel, wages/benefit costs, operating costs, capital improvement expenses, revenues and other General Fund information with the Council.

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Mr. Johnson proceeded to provide the City Council with an overview of the Debt Service Fund for 2010 (changes in property tax supported debt) and with an overview of the General Fund's support of the Golf Course operation for the past several years (2006-2009). The City's average annual contribution to the Golf Course operation has averaged approximately \$110,000/year. Currently, a major comprehensive financial analysis of the Golf Course is in process with a Final Report due out in October, 2009. The Council will need to make a decision on whether additional future funding will be provided to the Golf Course on an annual basis or determine what other options are acceptable. The financial analysis, when received, will be made public at a joint meeting between the City Council and Golf Club Board.

Mr. Johnson reviewed with the City Council Options A and B for the 2010 Preliminary Property Tax Rate. Option A held the General Fund Levy at the same level as 2009 \$3,465,076 with a slight increase in the Debt Service Levy. The dollar change for this option amount to \$80,226 or 2.3% for 2010.

Option B included the same numbers as Option A but added, for preliminary consideration, \$110,000 to the levy to consider options for supporting the golf operation in 2010. The dollar change for this option totaled \$190,226 or 5.5%.

After considerable discussion amongst the Council, Motion by Bartusek, second by Betterton to adopt Option B as presented at \$3,655,302 for the Preliminary 2010 Levy.

Motion by Bartusek, second by Wilcox to accept a friendly amendment to amend the original motion and add \$27,511 to the levy for other capital equipment/contingency type items. After discussion, motion passed 3-2 with Bender, Bartusek and Wilcox voting aye and Betterton and Guerrette voting naye.

The Council returned to the original motion as amended with a total "Preliminary Tax Levy" for 2010 at \$3,682,813. After discussion, motion passed 3-2 with Bender, Bartusek and Wilcox voting aye and Betterton and Guerrette voting naye.

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Motion by Bartusek, seconded by Guerrette to adjourn at approximately 7.55 PM. All voted in favor.

W. A. Bender, Mayor
City of New Prague

ATTEST:

Michael J. Johnson
City Administrator