

**CITY OF HAM LAKE
CITY COUNCIL BUDGET WORKSHOP MINUTES
MONDAY, JUNE 21, 2021**

The Ham Lake City Council met on Monday, June 21, 2021 immediately following the regularly scheduled Council Meeting in the Conference Room at the Ham Lake City Hall located at 15544 Central Avenue NE in Ham Lake, Minnesota.

MEMBERS PRESENT: Mayor Mike Van Kirk and Councilmembers Jim Doyle, Brian Kirkham, Gary Kirkeide, and Jesse Wilken

MEMBERS ABSENT: Public Works Superintendent, John Witkowski

OTHERS PRESENT: Finance Director, Andrea Worcester; Administrator, Denise Webster; and Fire Chief Mike Raczkowski

1.0 Call to Order

Mayor Van Kirk called the meeting to order at 7:08 p.m.

2.0 Discussion of the American Rescue Plan Act

Finance Director Worcester informed the City Council that the City was going to receive 1.775M from the Federal Government through the American Rescue Plan Act. The funds need to be obligated to a project by 2024 and disbursed by 2026. Finance Director Worcester explained that the funds could be spent on stormwater, broadband, grants, and Covid-19 mitigation. A committee was formed with Councilmembers Wilken and Kirkham to help plan spending and will meet in July after obtaining more information from the City Engineer.

3.0 Discussion of implementing a budget calendar and approval process

Finance Director Worcester introduced the budget calendar and asked going forward in 2022 it is approved by the City Council.

4.0 Property Tax 101

Finance Director Worcester went over how the tax rate is calculated. Finance Director Worcester went over how market value is established and how it equates to tax capacity. Finance Director Worcester then explained the relationship between the City levy and total tax capacity and the formula used to get to the City tax rate.

5.0 Discussion of the proposed 2022 Budget and CIP Review

Finance Director Worcester introduced the draft 2022 budget. Finance Director Worcester explained with the current budget the City would dip \$87,536 into reserves. Finance Director Worcester explained this was due to a new position in the Building Department, it being an Election year, and increases in the Police and Information Technology contracts. Finance Director Worcester also stated she budgeted for a 3% cost of living adjustment. Mayor Van Kirk stated that he wants to make sure healthcare costs are steady and will not affect the budget. Finance Director Worcester stated she spoke

to the broker and was told that the City's health insurance is comparable to others, but will not have concrete numbers until August or September.

Finance Director Worcester then discussed the option the City had instead of using reverses and asked for guidance. Council directed staff to use reserves and to revisit it again once more concrete numbers were given.

The 2021 Capital Improvement Plan was then discussed with Council not having any new recommendations. Fire Station #3 was discussed and Fire Chief Raczkowski stated he met with an architect and the estimated cost was between 1.2M to 1.4M to building the new station. Councilmember Kirkeide stated it would be best to push it out further in order to keep the cost for the City down since current inflation rates have increased and there are labor shortages. Council also believes it would be a good idea to put extra reserves into the Fire Station project as well as the Revolving Street Fund to help smooth out the cash flow.

6.0 Discussion of Revolving Street Fund and Transfer

Finance Director Worcester showed the Council the 10-year plan for the Revolving Street Fund and stated in 2024 it is expected the fund will have a deficit of 1.4M. Finance Director Worcester went on to state that at the last Road Committee meeting it was recommended to do a \$550,470 transfer from the General Fund to the Revolving Street Fund and would be bringing this forward at the next council meeting for approval. Finance Director Worcester also stated budgeted transfers will increase \$50,000 year after year to help fund the Revolving Street Fund. Councilmember Kirkeide stated that projects will also be pushed back to help alleviate the deficit until the City gets to the period where there were no projects completed in the previous years. Then at that point the City can rebuild the fund. Councilmember Kirkeide stated new roads are also being built to better standards, which will help keep costs down in the future.

Motion by Kirkeide, seconded Kirkham, to adjourn the meeting at 7:58 p.m. All in favor, motion carried.

Andrea Worcester, Finance Director