

**Cambridge City Council Meeting Minutes  
Monday, October 16, 2017**

A special meeting of the Cambridge City Council was held on Monday, October 16, 2017, at Cambridge City Hall Council Chambers, 300 3rd Avenue NE, Cambridge, Minnesota, 55008.

Members Present: Mayor Marlys Palmer; Council Members Kersten Conley, Joe Morin, Jim Godfrey, and Lisa Iverson. All present, no absences.

Staff Present: City Administrator Woulfe and Finance Director Moe

Others Present: Bill Stickels, *Chisago-Isanti County Star*

**Call to Order**

Palmer called the meeting to order at 3:03 pm.

**Financial Matters**

Moe reviewed the proposed budgets for Northbound Liquor, Water, Sewer, and Storm Sewer Funds. Moe's recommendations for water, sewer, and storm sewer funds were:

	<b>2018 Water Fund</b>	<b>2018 Sewer Fund</b>	<b>2018 Storm Sewer Fund</b>
Operating Costs	\$849,207	\$1,051,477	\$35,250
Debt Service	\$1,064,416	\$915,769	\$246,808
Capital paid from Fund	\$131,000	\$830,800	0
Base Unit Change	Up 74	Up 85	Up 102
Flow Change	Down 500,000 gallons	Flow is down 10,000,000 million gallon from JR Rettenmeier	n/a
Other Notes		SAC Fee Collection over \$600K in last two years	
Recommendation	Leave base & flow same as 2017	Decrease base rate and leave flow the same	Leave rate the same.

Councilmembers supported Moe's recommendations on water, sewer, and storm sewer rates.

Moe reported that Northbound Liquor continues to perform well but there is continued pressure on raising wages to attract quality employees. This will affect the wages line item in the future. Moe

stated she felt there could be some additional Northbound funds dedicated to park development in the near future.

### **Street Lighting Ordinance**

Moe and Woulfe reviewed the proposed street lighting ordinance. Moe stated based upon current calculations the monthly street light charge would be \$4.73 per residential equivalency unit. However, when County and School District parcels are included in the calculation that number would come down.

Woulfe reviewed the fundamentals of the ordinance and requested feedback from Council. Councilmembers felt the ordinance language was appropriate. Godfrey stated he is still uncertain if he can support the street lighting fee. Moe stated the current draft of the budget is based upon the Council adopted the street lighting fee and if it is isn't done then \$200,000 needs to be added back into the budget and different cuts would need to be made to reduce the levy amount.

### **2018 Long Range Financial Plan, Budget, and Levy Discussions**

Moe stated that while Council officially set preliminary levy at 4.84% increase in September, that amount was the ceiling set and the budget is a work in progress. Currently, the levy for 2018 is proposed to be 3%. Moe stated factors driving the levy increase include public safety expenditures, health insurance increases, work comp insurance increases, union contract wage increases, capital expenditures, replacement of equipment such as snow plows used for infrastructure maintenance, and utility increases for electric and gas.

Moe reviewed the City's annual levies for the past ten years and indicated the average levy increase was 1.61%.

Council reviewed the progress made on bringing down the 4.89% levy increase to 3% which was:

- Removing Street Lighting from Levy and switching to a street utility fee (\$200K)
- Additional \$50,000 per year of MSA for street reconstructions will be received from the State and the long range plan was adjusted accordingly.
- Assumed no change to the current sidewalk clearing routines.
- Taking excess building permit revenue (\$116,000) and sale of forfeited property (\$94,000) will be used to satisfy remainder of current tax abatement commitments (\$127K) and to prefund City Hall debt service (\$83K). Both of these actions will reduce future tax levy requirements.

Moe stated continued pressure will be placed on the City's levy due to the street improvement program. Moe and Woulfe suggested the Council seek voter approval for a local option sales tax option to provide funding for street and park capital projects. Local sales tax are collected by many regional trade centers including the seven county metro area, Duluth, and Saint Cloud. Local sales taxes are advantageous as they allow the City to collect taxes from the many people that come to Cambridge for a variety of purposes but don't live in the City and pay the property taxes here. Based on our long range financial planning, the needs for street and park infrastructure are significant. Moe noted that local option sales tax may only be used for capital expenditures, not on-going operations. Thus if we build any recreational facilities with local option sales tax, we need to consider potential operation impact on future levies.

Woulfe stated she would bring a resolution on the local options sales tax to a future Council meeting for discussion.

Moe also reviewed the impact of changing valuations on commercial, industrial, and residential properties. Moe stated that commercial values are decreasing and which is putting a higher share of the tax burden on residential property.

Property	2017 Taxable Market Value	2017 City of Cambridge Property Taxes	2018 Taxable Market Value	2018 City of Cambridge Property Taxes	Change Prop. Tax Difference	% Change]
Herman's Bakery	106,000.00	1,361.06	101,600.00	1,229.90	-131.16	-9.64%
Herman's Bakery	78,500.00	1,007.95	74,400.00	900.63	-107.32	-10.65%
GTI Theaters	348,700.00	5,327.81	269,800.00	3,749.41	-1,578.39	-29.63%
Wal-Mart	9,533,100.00	162,566.57	9,449,300.00	151,910.22	-10,656.35	-6.56%
Target	5,803,600.00	98,716.79	5,586,400.00	89,561.47	-9,155.32	-9.27%
Hirsch Motors	1,156,300.00	19,154.08	1,104,800.00	17,226.65	-1,927.43	-10.06%
Steve's Tire	179,500.00	2,431.07	126,600.00	1,532.53	-898.54	-36.96%
Steve's Tire	115,300.00	1,480.47	110,000.00	1,331.58	-148.89	-10.06%
Home	204,700.00	1,752.25	222616	1,796.56	44.30	2.53%
Home	118,100.00	1,010.95	125715	1,014.55	3.60	0.36%
Home	314,800.00	2,694.72	346767	2,798.48	103.76	3.85%
Home	796,700.00	7,454.78	858500	7,651.56	196.78	2.64%
Team Industries	1,984,900.00	33,339.88	1985400	31,439.89	-1,899.99	-5.70%
Schlagel Inc	2,131,400.00	35,847.99	1988500	31,489.92	-4,358.07	-12.16%

### Resolution R17-069 Amending 2017 General Fund Budget and R17-070 Authorizing Inter-Fund Transfers

Moe recommend the following changes to the 2017 general fund budgeted revenue sources:

Revenue Source Impacted	Amount of increase (decrease)	Rationale
Tax Revenue	\$115,789	Adjust for \$94K of tax collections related to the sale of forfeited property along with adjustments for actual delinquent tax collections received in first half tax settlement.
License & Permits	\$116,483	Adjust for actual building permits collected to date—significantly more than budgeted.
Inter-governmental	\$11,506	Adjust for actual revenues exceed budget—police

Revenue		state aid and other state aid more than expected.
Charges for Service	\$1,714	Minor change to reflect actual collections.
Fines & Forfeitures	(\$6,755)	Fines and forfeiture collections not trending as expected. Reducing budget to more conservative estimate.
Interest Income & other income	(\$7,699)	Reduction due to lower than expected interest and rental income.
Transfer from other funds	\$0	No Change.
<b>Total</b>	<b>\$231,038</b>	

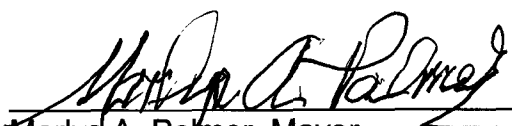
**We recommend the following change to the general fund budgeted expenditures and transfers out:**

Dept Impacted	Amount of increase (decrease)	Rationale
General Government	\$3,564	Minor adjustment for abatement and property securing expense. Anticipate that by end of year, we will recoup these costs either from property owner or we will certify to tax roll.
Public Safety	\$15,008	Police overtime costs are trending more than expected.
Public Works	\$1,617	Increase in costs for signal light repair, offset partially by other costs.
Parks & Recreation	\$15,337	Electric costs for ice rink has been trending higher than anticipated. Added \$15K to make sure electric expected through end of year is covered.
Transfers out	\$183,000	Add \$100,000 of transfer to EDA for commitment to pay future tax abatement payments to Motek and Cambridge BP Fuels. Add \$83,000 transfer to City Hall Debt Service fund to reduce need to levy for debt in the future.
<b>Total</b>	<b>\$218,526</b>	

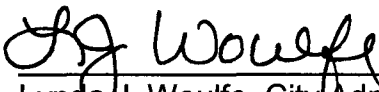
Morin moved, seconded by Conley, to approve Resolution R17-069 and Resolution R17-070 as presented. The motion carried unanimously.

**Adjournment**

Morin moved, seconded by Iverson, to adjourn at 4:45 pm. The motion carried unanimously.

  
 Marlys A. Palmer, Mayor

ATTEST:

  
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Lynda J. Woulfe, City Administrator