

Monday, December 04, 2023 6:00 PM
CITY OF MINNETONKA BEACH
TRUTH IN TAXATION MEETING MINUTES

Roll Call: Mayor Joe Pagano; Council Members: Tracey Breazeale, Chris Dovolis, Jennifer Halverson, Jason Mohr, and Treasurer Chris Zinn. Absent: none

Staff Present: City Administrator Heidi Honey, and City Clerk Jane Burgess

Guests:

1. **Call to Order Mayor Pagano called the meeting to order at 6:00 pm.**

2. **Approve Agenda**

Halverson motion, Breazeale second to approve the December 04, 2023 agenda. All ayes, the motion carried.

3. **Truth in Taxation Hearing**

3.1. Proposed 2024 Final budget and tax Levy Review – Treasurer Zinn

Zinn's presentation focused on items that have changed since the preliminary budget was approved in September by the council. He stated that the 2024 Proposed Budget is significantly higher at a 17.6% levy compared to prior years and there are two reasons for this larger increase. The first one is that the City's debt service is a key driver of the increase due to principal payments now due on existing bonds instead of interest only. The bonds for the new water treatment plant will be interest only in 2024. The second reason for the increase is that the proposed budget builds in an \$80,000 surplus to lessen the burden on residents when the second bond issuance occurs next year.

Zinn added that initially the 2024 preliminary budget was at 19.7%, but he met with Mayor Pagano and Administrator Honey, and it was reduced to 17.6%. He reported that there is \$35,000 in interest income projected in 2024 due to higher interest rates. CIP expenditures are proposed to be \$210,700 which is an increase from 2023 due to the fact that there are only a few priority projects in the City, but together they total most of the CIP Budget. Projects include: annual street maintenance at \$75,000 alternating areas in the City, Crystal Bay City Docks' shoreline rip rap repair at \$35,750, and replacement of the Northview Rd wall with a better interlocking product plus three feet of excavation all totaling \$84,000.

Zinn also stated that the proposed budget includes increased personnel costs, which is consistent with the compensation study that was done for the City. Police, fire and building inspection fees are large expenses. He noted that the City kept legal and zoning administrator non-pass-through fees down in 2023, so those budget items were reduced in the 2024 Final Proposed Budget. Legal was reduced 36% to \$30,000, and Zoning Administrator fees were reduced 33% to \$20,000. Administrator Honey presented what zoning and legal fees were in previous years were significantly higher than in 2023. Zinn attributed that City Staff has been managing zoning projects closely, resulting in a 2024 budget reduction of 36% in Legal expenses to \$20,000. Zoning Administrator fees were reduced 33% to \$20,000. She also explained that if the City is involved in a lawsuit, it is insured through the League of Minnesota Cities with a deductible between 10-20% of the overall fees.

Council discussed raising dock fees more than what is proposed for 2024 to pay off the Crystal Bay City Docks Rip Rap project faster than in five years, but then decided to leave the increase as proposed. Council directed staff to inform 2024 City Dock slip renters that there will be future fee increases to cover City Dock related projects.

They discussed a projected \$10,000 surplus in the CIP budget for 2023, and that it should be put in reserves and not spent by year end. Honey stated that Hilgers ordered tires and they only cost \$2500 rather than the expected \$4500 for bucket and tires. She also reported that Hilgers asked that the three lift station upgrades at \$5,000 each be removed from the CIP as he does not think they are needed. Hilgers has already started the repair and solution of the drainage problem at the corner of Woodbridge and Lafayette Road using his regular asphalt budget. They lowered the cost of that project from \$10,000 to \$5,000.

Mohr asked about the two light poles on the CIP. Public Works and the Park Commission were able to replace the dangerous light pole at Ray Peters Park, and the second pole should be replaced in 2024.

Zinn stated that he will work with Ehler's to see what else can be done for reimbursement of proceeds from the bond and to best position the City at year end for the next bond issuance. He added that it is important to maintain the City's great bond rating.

3.2. Comments from the Public: none

3.3. Proposed 2024 Final Budget and Tax Levy Discussion

Zinn stated that for the 2024 Final Proposed Budget Honey will make the adjustment to lower the levy by \$2,000 due to a reduction in CIP for Public Works. They agreed to keep the budgets for legal and zoning as proposed.

Pagano stated that it is good that there will be an \$80,000 surplus put into reserves in case it needs to be used for the new water treatment plant. He asked if there was any further discussion on the 2024 Final Proposed Budget and Tax Levy and there was none.

3.4. Motion to continue Truth in Taxation to December 11, 2023

Breazeale motion, Halverson second to continue the Truth in Taxation meeting to December 11, 2023 where the final budget and tax levy will be adopted. All ayes, the motion carried.

4. 2024 Capital Improvement Program Review

The 2024 CIP review took place during the Item #3 Truth In Taxation Hearing

5. 2024 Fee Schedule Review

Zinn stated that the fees on the 2024 Fee Schedule are a pass through. He noted that earlier in the meeting they discussed raising the City Dock fees, but then decided to keep them as proposed.

Pagano thanked Zinn and Honey for all their efforts put forth in reviewing the 2024 Proposed Final Budget line by line.

Honey explained that no further changes will occur at the December 11th meeting and the public hearing is continued to that meeting.

6. Adjourn

Halverson motion, Breazeale second to continue the December 4, 2023 Truth in Taxation meeting. All ayes, the motion carried.

The meeting continued at 6:43 pm.

PUBLIC IN ATTENDANCE – none

Respectfully submitted,

Jane Burgess, City Clerk