

**City of Minnetonka Beach
Finance Committee**

Chris Zinn (Treasurer) Chair
Erik Bender
Lee Goehring
Colby Skelton
Jim Dudley
Davida Suiter
John Woerner

Council Liaison – Andrew Myers
Staff: Patrick Melvin

**Meeting Agenda – Finance Committee
Tuesday, April 28, 2012– 6:00 PM**

Please note that Mayor Lindstrom has determined that an in-person meeting is not practical or prudent because of a health pandemic and that this meeting will be held remotely using Zoom. This is being done in accordance with MN State 13D.021. Details to access the meeting remotely are below.

1. Call to Order
2. Oath of Office- John Woerner
3. Approval of Agenda
4. Approval of Minutes of October 2, 2019
5. New Business
 - 5.1. Ehler's 2020 Financial Management Plan
 - 5.2. Municipal Bond Issuance Considerations
6. Adjourn

Join Zoom Meeting
<https://us02web.zoom.us/j/95131051408>

Meeting ID: 951 3105 1408
One tap mobile
+13126266799,,95131051408# US (Chicago)
+16465588656,,95131051408# US (New York)

OATH FOR FINANCE COMMITTEE MEMBER

STATE OF MINNESOTA)
)ss.
COUNTY OF HENNEPIN)

OATH OF OFFICE

I, **John Woerner**, do solemnly swear, that I will support the Constitution of the United States, the Constitution of the State of Minnesota, and that I will faithfully and impartially discharge the duties of Finance Committee Member of the City of the Village of Minnetonka Beach in the County of Hennepin, to which I have been appointed, to the best of my knowledge and ability, so help me God.

John Woerner

Subscribed and sworn to before me

This 28rd day of April, 2020.

Patrick Melvin, City Administrator/Notary Public



**City of the Village of Minnetonka Beach
Finance Committee Meeting Minutes - Unapproved
Wednesday, October 2, 2019 ~ 7:00 PM**

1. Call to Order

Chair Zinn called the meeting to order at 7:04 p.m.

Members Present: Chair Chris Zinn, Erik Bender, Lee Goehring, Colby Skelton, Paul Sperduto, and Council Liaison Andrew Myers. Absent: Davida Suiter

Others in attendance: Chris Mickelson, Ehler's

2. Approval of Agenda

Treasurer Zinn explained the topics for the meeting.

(Bender motion, Goehring second to approve the agenda; all ayes. Motion passed.

3. Approval of Minutes of March 21, 2019 Finance Committee meeting

(Bender motion, Skelton second to approve the minutes of the March 21, 2019 Finance Committee. All ayes. Motion passed.

4. Old Business –

4.1. Financial Management Plan (FMP) – Chris Mickelson

Chair Zinn provided background information on the FMP and that two scenarios are being presented which have been worked on by the treasurer, staff and Ehler's. The first scenario includes known projects that have been discussed by the city council and future capital projects such as the water tower, and future watermain improvements. Scenario 2 includes a five-million dollar levy in later years to fund a pavement management project.

Chris Mickelson explained each page of the FMP.

Zinn went over the projected tax rate and tax capacity. There was discussion about whether a rate of around 25% was reasonable for Minnetonka Beach which is levy relative to tax capacity. Mickelson stated that compared to other cities this was very reasonable and other cities were as high as 45%.

Zinn also pointed out the tax increase impact on a median value home. Committee member Goehring stated that he was surprised to see the tax increase 32% over X years. Listen to this.

Mickelson reviewed scenario two which includes two additional bond issues for paving projects in years 2025 and 2027. They discussed the cumulative amount of debt and the impact on taxes. The consensus was that this was too much for the city to take on.

Treasurer Zinn stated that the Finance Committee is now able to see what the impact of these projects is on the average citizen. The city certainly has the capacity to do these projects, but it will cost the residents more than they might appreciate.

They discussed the fact that the financing for the upcoming water tower improvement would be funded 100% with water revenues and that the water rates were increased so that this could be possible.

They can adjust the percentage of water vs tax levy for the \$4.2 million dollar bond issue and may look at that option for the upcoming council meeting to avoid lowering the water fund to negative figures.

5. New Business

5.1. 2020 Preliminary Budget and Proposed Tax Levy and Adopted 2020-2024 CIP

Treasurer Zinn reviewed the highlights of the 2020 preliminary budget and proposed tax levy adopted on September 9th. Zinn explained revenues and that most of the revenue collected by the city that is non-tax levy is pretty much set and based on past numbers or pass through.

Members discussed possible adjustments to the CIP to lower the levy including removing the \$150,000 in water plant improvements in 2020 to 2021 and include that with potential bonding. Zinn explained how the Capital Improvement Program was determined this year which included a ranking/priority process of each proposal and the CIP that was adopted was the result of that analysis.

Zinn talked about the pavement management study and how they came to the amount in the CIP designated for road repairs and why it was appropriate and a good investment in the City. Zinn supported the portable generator and lift station pump. On the issue of the \$150,000 for water plant improvements, Zinn explained that Council authorized the city engineer Stantec to do a condition assessment of the water plant and more will be known on the cost associated with repairs at the December City Council meeting. He thought however, that this item might be able to be moved to 2021 and would get rolled into a bond issuance with the water tower. He stated that this item in the CIP is what is driving the high tax increase. Zinn explained that past Capital Improvement Programs have been underinvesting in capital assets.

Skelton stated that some of the Park items should be incorporated into their existing budgets and not be part of the capital program. Goehring stated that he thinks in general the 11% increase is too high and anything in question should be scrutinized.

Members discussed recommendations to Council which included moving the water tower to 2021. They also suggested moving the \$150,000 for the water plant to 2021 as part of the bond issue which would bring the CIP to #132,000.

They discussed recommending moving the pavers at the swim beach and the LED lighting at Ray Peters and the utility vehicle to 2021. Goehring stated his preference is to keep the increase to 3-4%.

Generally, Finance Committee members agreed to keeping the increase in the 3-4% range and if that meant cutting the CIP, they would focus on Utility vehicle, pavers, roads to get to the 3-4% range.

(Sperduto motion, Skelton second to recommend moving the \$150,000 in water plant improvements to 2021 and adjusting the CIP in the areas of utility vehicle, pavers at the swimming beach, and road repairs to get to 3-4% range of general property tax increase. All in favor.) Motion passed.

Zinn continued to review the budget expense categories. Members discussed the park budget expenses and engineering studies. Members felt that engineering studies could be reduced and asked that Council Members review the additional \$50,000 that was added to engineering studies. Mayor Lindstrom stated that it was added as a holding place assuming additional engineering studies related to utilities. Skelton also suggested that Council look at the Park Commission budget request including what is included in the CIP and why some of these expenses be included in the regular budget.

Zinn then reviewed the city's cash reports and investments including the 4M Fund and Ameritrade investments. Griffin reviewed the 2019 Infrastructure project costs and impact on general fund reserves.

Council Liaison Myers reminded members of an upcoming public hearing on the water tower on October 7th at 7 pm. He also talked about the upcoming study on the water plant that was authorized by council and will be shared with Finance Committee members at a later date.

6. Adjourn

(Sperduto motion, Skelton second to adjourn; all ayes.) Motion passed. Finance Committee meeting adjourned at 8:45 p.m.

Minutes taken by Susanne Griffin, City Administrator

Others Present: Mayor Jaci Lindstrom, John Woerner

CITY OF THE VILLAGE OF MINNETONKA BEACH
Financial Management Plan
Capital Projects Fund
Fund 401

		Inflation Assumptions																			
1	Revenue (Non-property tax)																				
2	Interest Earnings																				
3	Expenses																				
4	CIP Inflation Factor																				

CASH FLOW ANALYSIS	CAPITAL PROJECTS FUND															
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	
	Actual				Budget - 2020 - 2024 CIP		Projected									
REVENUE																
5 General Property Tax	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
6 Intergovernmental	0	25,000	0	0	0	0	0	0	0	0	0	0	0	0	0	
7 Charges for Services	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
8 Interest Earnings	45	198	496	394	1,742	1,228	1,396	1,417	1,439	1,460	1,482	1,504	1,527	1,550	1,573	
9 Contributions & Donations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
10 Miscellaneous Revenue	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
11 Total Revenue	45	25,198	496	394	1,742	1,228	1,396	1,417	1,439	1,460	1,482	1,504	1,527	1,550	1,573	
EXPENSES																
12 Total Current	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
13 Total Capital Projects (Unless Shown in Detail Below)	95,023	75,552	67,121	1,184,215			150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	
13a Parks & Facilities					53,000	12,500										
13b Streets					55,000	55,000										
13c Equipment					42,500	-										
13d Water Improvements					150,000	99,425										
14 Bond Issuance Costs		0		31,094												
15 Total Expenses	95,023	75,552	67,121	1,215,309	300,500	166,925	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	
16 Revenues Over / (Under) Expenses	(94,978)	(50,354)	(66,625)	(1,214,915)	(298,758)	(165,697)	(148,604)	(148,583)	(148,561)	(148,540)	(148,518)	(148,496)	(148,473)	(148,450)	(148,427)	
OTHER FINANCING SOURCES / (USES)																
17 Bond Proceeds	0	0	0	1,018,629	0	0	0	0	0	0	0	0	0	0	0	
18 Sale of Capital Assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
19 Transfers In	80,000	65,000	147,800	174,596	264,500	176,925	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	
20 Transfers Out	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
21 Total Other Sources / (Uses)	80,000	65,000	147,800	1,193,225	264,500	176,925	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	
22 Prior Period Adjustments																
23 Ending Cash Fund Balance	41,991	56,637	137,812	116,122	81,864	93,092	94,488	95,905	97,344	98,804	100,286	101,790	103,317	104,867	106,440	

CITY OF THE VILLAGE OF MINNETONKA BEACH
Financial Management Plan
Water Fund
Enterprise Fund

Inflation Assumptions

1	Water revenue increases					3.00%	3.00%	15.00%	15.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
2	Revenue (Non-property tax)					2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
3	Interest Earnings				1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
4	Expenses					3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
5	CIP Inflation Factor					0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030		
WATER FUND		ACTUAL				BUDGET	PROJECTED											
OPERATING REVENUE																		
6	Charges for Services	106,716	106,569	116,218	105,903	150,644	155,163	159,818	183,791	211,360	217,701	224,232	230,959	237,888	245,025	252,376		
7	Total Operating Revenue	106,716	106,569	116,218	105,903	150,644	155,163	159,818	183,791	211,360	217,701	224,232	230,959	237,888	245,025	252,376		
OPERATING EXPENSES																		
8	Personnel Services	20,034	17,497	16,009	14,417	16,414	16,906	17,413	17,935	18,473	19,027	19,598	20,186	20,792	21,416	22,058		
9	Supplies	2,068	3,856	5,188	3,032	4,500	4,635	4,774	4,917	5,065	5,217	5,374	5,535	5,701	5,872	6,048		
10	Other Services and Charges	36,316	43,727	112,259	40,097	62,236	58,438	60,191	61,997	63,857	65,773	67,746	69,778	71,871	74,027	76,248		
11	Depreciation	57,709	57,709	57,729	54,355	54,355	54,355	54,355	54,355	54,355	54,355	54,355	54,355	54,355	54,355	54,355		
12	Total Operating Expenses	116,127	122,789	191,185	111,901	137,505	134,334	136,733	139,204	141,750	144,372	147,073	149,854	152,719	155,670	158,709		
13	Operating Income/(Loss)	(9,411)	(16,220)	(74,967)	(5,998)	13,139	20,829	23,085	44,587	69,610	73,329	77,159	81,105	85,169	89,355	93,667		
NON-OPERATING REVENUES/(EXPENSES)																		
14	Investment Income	16	-	-	11,131	10,031	5,598	5,793	4,913	4,328	4,018	3,023	2,059	1,145	269	(539)		
15	Taxes	13,594	5,627	120,946	115,728	-	-	-	-	-	-	-	-	-	-	-		
16	Bond Issuance Costs	-	-	-	(46,641)	-	-	-	-	-	-	-	-	-	-	-		
17	Interest Expense and Other	2012A	20%	(34,930)	(35,105)	(31,013)	(42,865)	(8,057)	(6,700)	(6,298)	(6,946)	(5,474)	(5,001)	(5,579)	(4,040)	(4,552)	(2,985)	(3,405)
18	Interest Expense and Other	2019A	20%	-	-	-	-	(34,482)	(16,768)	(17,104)	(16,398)	(14,600)	(14,852)	(14,062)	(13,230)	(12,356)	(10,632)	(10,957)
19	Interest Expense - Future	2020A	100%	-	-	-	-	(10,296)	(19,491)	(19,491)	(19,491)	(19,491)	(19,491)	(19,491)	(19,491)	(19,491)	(19,491)	(19,491)
20	Interest Expense - Future	2023A	20%	-	-	-	-	-	-	(7,451)	(14,681)	(14,681)	(14,681)	(14,681)	(14,681)	(14,681)	(14,681)	(14,681)
21	Transfers In / (Out)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
22	TOTAL NON-OPERATING REVENUES/(EXPENSES)	(21,320)	(29,478)	89,933	37,353	(32,508)	(28,165)	(37,100)	(37,923)	(42,688)	(50,008)	(50,790)	(49,384)	(49,935)	(47,519)	(49,073)		
23	Capital Contribution	-	-	-	(101,937)	-	-	-	-	-	-	-	-	-	-	-		
24	Prior Period Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
25	Ending Net Position	663,894	618,196	633,162	562,580	543,211	535,875	521,860	528,525	555,447	578,768	605,137	636,858	672,092	713,928	758,522		
CIP FUNDING																		
26	Capital Projects	-	-	-	(1,177,681)	(314,531)	-	-	-	-	-	-	-	-	-	-		
27	Bond Proceeds	-	-	-	1,538,853	-	-	-	-	-	-	-	-	-	-	-		
28	Total Existing Bond Payments - Princ.	2012A	20%	(45,000)	(50,000)	(55,000)	(80,000)	(16,000)	(17,000)	(17,000)	(17,000)	(18,000)	(18,000)	(19,000)	(19,000)	(20,000)	(20,000)	
29	Total Existing Bond Payments - Princ.	2019A	20%	-	-	-	-	-	(17,000)	(17,000)	(18,000)	(19,000)	(20,000)	(21,000)	(22,000)	(23,000)	(23,000)	
30	Total Future Bond Payments - Princ.	2020A	100%	-	-	-	-	-	-	(65,000)	(65,000)	(65,000)	(65,000)	(65,000)	(65,000)	(65,000)		
31	Total Future Bond Payments - Princ.	2023A	20%	-	-	-	-	-	-	-	(42,000)	(42,000)	(42,000)	(42,000)	(42,000)	(42,000)		
CASH RECONCILIATION																		
32	Beginning Cash	347,754	331,665	288,648	315,669	668,731	373,186	386,205	327,545	288,565	267,842	201,518	137,242	76,318	17,907	(35,902)		
33	Add: Operating Income/(Loss) (Line 13)	(9,411)	(16,220)	(74,967)	(5,998)	13,139	20,829	23,085	44,587	69,610	73,329	77,159	81,105	85,169	89,355	93,667		
34	Add: Depreciation (Line 11)	57,709	57,709	57,729	54,355	54,355	54,355	54,355	54,355	54,355	54,355	54,355	54,355	54,355	54,355	54,355		
35	Add: Net Non-Operating (Line 22)	(21,320)	(29,478)	89,933	37,353	(32,508)	(28,165)	(37,100)	(37,923)	(42,688)	(50,008)	(50,790)	(49,384)	(49,935)	(47,519)	(49,073)		
36	Add: Capital and Bond (Lines 26 - 31)	(45,000)	(50,000)	(55,000)	281,172	(330,531)	(34,000)	(99,000)	(100,000)	(102,000)	(144,000)	(145,000)	(147,000)	(148,000)	(150,000)	(150,000)		
37	Net Change in Cash Flows	(375)	750	(2,292)	(4,056)	-	-	-	-	-	-	-	-	-	-	-		
38	Net Change in Balance Sheet	2,308	(5,778)	11,618	(9,764)	-	-	-	-	-	-	-	-	-	-	-		
39	Ending Cash	331,665	288,648	315,669	668,731	373,186	386,205	327,545	288,565	267,842	201,518	137,242	76,318	17,907	(35,902)	(86,953)		
40	Targeted Minimum Working Capital	114,314	118,553	189,593	87,312	109,338	181,883	184,025	191,440	241,723	243,822	244,802	246,829	246,970	249,191	231,129		
41	Over / (Under) Target	217,351	170,095	126,076	581,419	263,848	204,323	143,521	97,124	26,119	(42,304)	(107,560)	(170,511)	(229,063)	(285,094)	(318,082)		

\$314,531 not in 2020 budget, represents remainder of 2019A Bond Proceeds