

ELYSIAN BUDGET & FINANCE ADVISORY COMMITTEE
November 16, 2011
City Hall

The meeting convened at 1:33 pm. Members present: Wayne Unke, Katy Anttila, Pat Nusbaum, John Hoeft. John Stephanie arrived at 1:35 pm. Visitors present: Brian Ziemer, Roger Hanson

Wayne Unke opened the meeting for review of the draft of the Committee's recommendations for the 2012 budget. An explanation of the effect of the 2011 Minnesota Legislature's removal of the homestead credit was added to Item 1.

Pat Nusbaum informed the Committee that accrued vacation for the Public Works Director will need to be added to the expense budget as it will be paid out in 2012. Wayne Unke suggested the Council be made aware of the details of all payroll items.

John Hoeft suggested the Committee recommend the establishment of a capital equipment plan and policy in 2012.

Discussion on Item 3 (postcard utility bill) included options for the newsletter to be placed on the website or picked up at City Hall. Savings would be approximately \$40 per month for envelopes, at least \$60 per month postage, plus considerable savings for paper, copies and assembly of the newsletter.

The levy amount for the fire rescue truck in Item 4 was corrected to \$17,325.

Item 5 was approved as written.

No presentation of the recommendations is planned; each councilmember will be provided a copy.

Motion to adjourn was made by John Stephanie; second by John Hoeft; meeting adjourned at 2:32 pm.

ELYSIAN BUDGET & FINANCE COMMITTEE
2012 BUDGET RECOMMENDATIONS

1. A levy increase of no more than 2% over 2011. (2011 was 445,562; 2% increase = \$454,473)
The Minnesota Legislature removed the homestead credit in 2011. As a result Elysian will not be receiving approximately \$22,000 of revenue it formerly received from the State, so even if our expenses remain the same as 2011, some taxpayers may see as much as a 5% increase in their property taxes. For that reason, we recommend as small an increase as possible in the levy.

2. Simplify the budget process by removing equipment purchases from the operating budget and designate an annual levy amount for a capital equipment fund. Capital improvements, by definition, are meant to last for more than one year and, therefore, do not belong in an operating budget which is designed for one calendar year's operations. The City already has a Maintenance Equipment savings account for such purchases but also designates equipment in many other line items. For example, pickup truck replacement amounts are found in six different lines in four departmental budgets. If one total amount was allocated to equipment and placed in the Maintenance Equipment savings account, the Council and staff could see at a glance the amount available for future investments in equipment and could prioritize equipment acquisitions more easily.

Before approving the purchase of specific equipment, evaluate how much each item would be used and compare the cost of purchase, maintenance and housing to the cost of renting or contracting its use. We recommend establishing a capital equipment plan and policy in 2012.

3. Monthly savings of at least \$100/month and considerable staff time could be realized by implementing a postcard utility bill. The Committee recommends this change as soon as practicable.

4. The Committee supports the proposed levy amount of \$17,325 for the fire rescue truck. However, this amount could be reduced somewhat if necessary to control the 2012 total levy as the City has approximately \$37,000 in savings for fire equipment at this time.

5. The Committee recommends that engineering fees for the proposed capital improvement plan for streets be paid from accumulated reserves rather than increasing the operating budget for these costs.