

The Cannon Falls City Council met in a work session on Tuesday, August 1, 2023, in the City Council Chambers. Present were Mayor Matt Montgomery and Council Members Laura Kronenberger, Derek Lundell, Lisa Groth, Diane Johnson, and Ryan Jeppesen (arrived at 5:03 p.m.); Council Member Steve Gesme was absent. Also present were Neil Jensen, City Administrator; Sara Peer, City Clerk; Jed Petersen, Public Works Director; Zach Logelin, Permit & License Technician; and Jeffrey McCormick, Police Chief.

Call to Order

Mayor Montgomery called the City Council work session to order at 5:00 p.m.

2024 Budget Discussion

City Administrator Jensen provided background information and referenced a draft 2024 budget, highlighting revenue and expenses.

The Library budget was reviewed. Employee expenses, cleaning services, and utility costs were discussed. The building rental expense was discussed. Library Board Member David Dyson provided additional information, noting that the 2024 budget reflects inflationary impacts. He discussed the various services offered by Library staff. Library staffing was discussed. It was suggested to ask Library Director Nicole Miller to clarify some of the numbers and encourage the Library Board to further review and discuss the 2024 budget. Administrative expenses were discussed.

City Administrator Jensen reviewed the process and timeline for certifying the preliminary and final budget and levy. He referenced direction that was provided to department heads relating to the 2024 budget planning process. The accumulation and use of general fund reserves was discussed. City Administrator Jensen reviewed the process of estimating employee health insurance costs. Mayor Montgomery suggested encouraging department heads to plan for no more than 5% total budget increases. The option to schedule a work session to further discuss the preliminary 2024 budget was discussed. It was clarified that the final budget can be decreased but cannot be increased from the preliminary level.

City Administrator Jensen discussed the capital budget and referenced significant increases in equipment costs. He reviewed options for delaying purchases and spreading these expenses over the next few years, with the goal of a 4% increase in the budget for 2024. He discussed the benefits of capital budget planning and paying cash for equipment purchases.

Council Member Johnson requested more detailed information relating to the capital equipment replacement schedule. City Administrator Jensen indicated that this information will be provided

to Council Members, noting that some of the estimated costs have not been updated.

City Administrator Jensen provided an update regarding LGA revenue, noting that an increase is anticipated. He discussed bond interest and described how this revenue is allocated toward capital projects. He reviewed Invenergy payments and other revenue sources.

City Administrator Jensen referenced the recent pay study and discussed employee wages increases.

Council Members provided direction to City Administrator Jensen to strive for a 4% budget increase.

City Administrator Jensen discussed the water and sewer funds. He reviewed anticipated expenses, including utility work in conjunction with street reconstruction projects. He recommended consideration of a 2% water rate increase and a 3% sewer rate increase. Public Works Director Petersen provided additional information. Council Members expressed agreement with this approach.

Council Members asked about legal and insurance expenses, and additional information was provided in this regard. Assistance provided by the League of Minnesota Cities was discussed.

The next steps in the budget planning process were reviewed. It was suggested to schedule a work session on August 22 beginning at 5:00 p.m.

City Donations  
Discussion

City Administrator Jensen provided background information and referenced historical information relating to City donations to community groups. He suggested consideration of a "but for" test for donations. He recommended that community groups be asked to review their finances, describe how funds would be used, and provide rationale for requested financial assistance from the City.

Council Member Lundell asked whether it is a typical practice for small cities to donate taxpayer money to local organizations, noting that residents can also donate to these groups. City Administrator Jensen provided information in this regard. It was discussed that public donations should benefit the entire community. Council Members expressed agreement with a procedure for requesting donations from the City, including presentations by representatives of community groups.

Past donations to a pet adoption group were discussed.

The budget impacts of City donations were referenced.

Past donations were reviewed. Financial assistance provided during the pandemic was discussed. Other fundraising opportunities were discussed.

The timing of the presentations from community groups was discussed.

Adjourn

Mayor Montgomery adjourned the work session at 6:15 p.m.

Adopted by the City Council of the City of Cannon Falls on the 15<sup>th</sup> day of August, 2023.

  
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Matt Montgomery, Mayor

ATTEST:

  
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Neil L. Jensen, City Administrator