



MINUTES OF AN OFFICIAL MEETING:

Regular / Special Meeting: Finance Committee

Date and Time: Tuesday, June 16, 2020 at 6:45 pm

Location: City Hall, 2000 N Calhoun Rd, Parks and Recreation Activity Room

Members Present: Alderman Scott Berg, Alderman Mike Hallquist, Alderman Mike Jurken (via Zoom), Alderman Jerry Mellone, Alderman Bob Reddin, Alderman Dan Sutton, Alderman Kathryn Wilson

Members Excused: None

Others Present: Director of Finance and Administration Robert Scott, Fire Chief Charlie Myers, Alderman Chris Blackburn and Baker Tilly Virchow Krause Representatives – Andrea Jansen and Steve Henke (via Zoom)

1. Roll Call

Alderman Scott Berg noted a quorum present and called the Finance Committee meeting to order at 6:46 pm.

2. Announcements

The next regularly scheduled meeting will be held on Tuesday, July 21, 2020.

3. Minutes of the June 2, 2020 regular Finance Committee meeting.

Motion by Alderman Dan Sutton, second by Alderman Mike Hallquist to approve the minutes of the June 2, 2020 regular Finance Committee meeting. Motion carried 7-0.

4. Unfinished Business

a) None.

5. New Business

a) Vouchers exceeding \$50,000 requiring immediate action.

Motion by Alderman Kathryn Wilson, second by Alderman Bob Reddin to approve vouchers exceeding \$50,000 requiring immediate action. Motion carried 7-0.

b) Resolution rescinding Resolution 9807-20 relative to the allocation of sale proceeds from sale of City-owned parcel near North Avenue/ Calhoun Road and placing said proceeds in the General fund.

Motion by Alderman Mike Hallquist, second by Alderman Bob Reddin to approve the resolution rescinding Resolution 9807-20 relative to the allocation of sale proceeds from sale of City-owned parcel near North Avenue/Calhoun Road and placing said proceeds in the General fund. Motion carried 7-0.

- c) Resolution approving amendments to the Park Development fund and Fleet Services fund budgets requested by the Director of Finance and Administration: appropriate \$500,000 to Park Development fund account 23350370-578600 and \$400,000 to Fleet Services fund account 10910909-591000, to provide for transfers to the General fund to address projected 2020 revenue budget shortfalls.

Motion by Alderman Jerry Mellone, second by Alderman Dan Sutton to approve the resolution approving amendments to the Park Development fund and Fleet Services fund budgets requested by the Director of Finance and Administration: appropriate \$500,000 to Park Development fund account 23350370-578600 and \$400,000 to Fleet Services fund account 10910909-591000, to provide for transfers to the General fund to address projected 2020 revenue budget shortfalls. Motion carried 7-0.

- d) Request of the Fire Department to purchase dispatch alerting/paging hardware for Fire stations 2 and 3 from US Digital Design for \$66,513.

Motion by Alderman Bob Reddin, second by Alderman Jerry Mellone to approve the request of the Fire Department to purchase dispatch alerting/paging hardware for Fire stations 2 and 3 from US Digital Design for \$66,513. Motion carried 7-0.

- e) Finance Committee Only Item: Presentation by Baker Tilly Virchow Krause regarding audit of 2019 comprehensive annual financial report.

Andrea Jansen and Steve Henke from Baker Tilly Virchow Krause presented an overview of the results of their audit of the City's 2019 comprehensive annual financial report. They noted that the opinion of the financial statements was unmodified, and there were no material weaknesses or significant deficiencies in internal control identified. The auditors then provided some financial highlights from the 2019 financial statements, noting positive financial results and a strong financial position for governmental and business type activities. Report was for information only – no action required.

- f) Finance Committee Only Item: Proposed 2021 budget development calendar and meeting dates for review of 2021 executive budget.

Director Scott reviewed the proposed calendar for the development of the 2021 budget.

Motion by Alderman Dan Sutton, second by Alderman Bob Reddin to adopt the 2021 budget development calendar as presented and to schedule special committee meeting dates to review the proposed 2021 budget for October 19, 2020 at 6:30 p.m., with tentative second and third meetings for October 22 and 27, 2020, also at 6:30 p.m., if such meetings are needed. Motion carried 7-0.

- g) Finance Committee Only Item: 2021 budget development parameters and strategies/options for 2021 budget.

Director Scott presented an overview of the staff report regarding proposed 2021 budget parameters (copy of report available for review in the Finance department offices). Director Scott noted that the recommended parameters are based in large part on the City's financial forecasting model and consider state property tax levy and expenditure restraint limits, cost factors such as salaries, health insurance and fuel costs, and other factors. In addition, he noted that given the uncertainty in the economic situation related to the COVID-19 pandemic, the parameters reflect fluid estimates for room taxes, state aids, and other revenue sources, and staff anticipates that flexibility on the part of departments will be necessary as the budget process progresses over the next several months. In addition, the assumptions in the model assume that the tax levy presently allocated to the wastewater utility will be shifted to support general City operations. Finally, as more information becomes available, the Committee may need to be more engaged with providing input on policy and other matters in advance of the budget review meetings. The recommended parameters are:

- **Operating expenditure budget increase of up to 2.3%, consistent with the projected expenditure restraint limit.**
- **Salary increase assumption for budgetary purposes of 1%.**
- **Property tax levy at the expected state levy limit.**
- **General City borrowing of \$4.3 million consistent with the adopted 2020-2024 capital improvement plan.**

Following discussion by the Committee, motion by Alderman Dan Sutton, second by Alderman Bob Reddin, to affirm the 2021 budget development parameters for purposes of initial budget preparation as recommended by staff. Motion carried 7-0.

6. Adjournment

Motion by Alderman Dan Sutton, second by Alderman Mike Hallquist to adjourn the meeting at 7:53 pm. Motion carried 7-0.

Respectfully Submitted:

Robert Scott

Director of Finance and Administration