

**MINUTES
SPECIAL BUDGET & FINANCE COMMITTEE**

OCTOBER 16, 2018

Jean Soine called the meeting to order at 1:00 p.m. Other members present were Len Gilmore, Elliot LaBeau, Belinda Ludwig, Finance Specialist; and Renee Eckerly, City Administrator. Bill Ludwig, Liquor Store Manager and Ron Mergen, Public Works Director were also in attendance.

Motion was made by Belinda Ludwig to approve the minutes from the August 13, 2018 and August 27, 2018 Budget & Finance Committee meeting minutes.

LAPTOP COMPUTER FOR EMS DIRECTOR

A quote for the laptop was not received. The Committee recommended to send it directly to the City Council for action.

INVESTMENT ADVISOR

Eckerly reported that Morgan Stanley has changed their policy and will no longer be able to service certain government entity accounts. The City needs to transition the account to a new investment firm as soon as possible, but no later than March 29, 2019.

Richard Knowlton, is the City's current financial advisor and he has transitioned to a new position at RBC Wealth Management doing the same duties he was at Morgan Stanley. He has been the financial advisor for the City since the account was opened in 1996. There is no fee to the City. The banks that list the CD's pay the fees.

Eckerly contacted Jeremy Willner, Managed Asset Group (Paynesville) and sent him the City's portfolio. His company works with the Paynesville Fire Relief Association with their investments. He is able to take the account also. His rate is \$3 - \$10 per \$1,000 (ex. \$250,000 investment at \$3 would be \$750.00). The Committee discussed the costs and to go with RBC because the costs would eat up the interest.

Motion was made by LaBeau to remain with Rich Knowlton at RBC Wealth Management and recommend such to the City Council. Seconded by Belinda Ludwig and unanimously carried.

2019 BUDGET

The Liquor Budget was reviewed including:

- The numbers presented are through August 2018 for revenues and October 8, 2018 for expenses
- Increase 2% in 2019; to try to stay conservative to compete with Cosco
- Currently at 3.2% for 2018
- Interest income was increased from \$3,779 to \$4,000
- Wine Club has been going for 10 years and is one of the best in the state
- Purchases were reviewed for 2019
- Lottery expenses – increased 1% by the State of MN
- Freight – getting deliveries direct from the vendor and not an independent trucking company
- Pension expense \$16,000 – fictitious number that the LMC and MMBA are working to get legislation to not include in the financials

- Mergen and Bill Ludwig are checking into pricing from other vendors for rugs and uniforms because Ameripride is getting very expensive
- The building lease is for 3 more years at \$1,800 plus \$10 for the sign electricity
- Belinda Ludwig and Eckerly are checking into the Xcel bill credit breakdown
- MMBA pays for Bill Ludwig's training while he is on the MMBA Board

The Water and Sewer Budget was reviewed including:

- 5 cent increase in water per 1,000 gallons
- No increase in sewer or flat rate
- Proposing a storm water utility fee (new) \$3.00 a month or \$9.00 per quarter
- Rate comparison – Cold Spring and Melrose have no treatment facility; water goes straight from the well
- Water connection fee – no change
- Mergen mentioned switching to monthly billing, but all meters would have to be installed and staff available to handle the monthly billing
- Water and sewer losses are very low comparatively
- Irrigation is done for this year and it was down from last year
- All 2019 irrigation agreements are completed
- Fewer dairy farms so less alfalfa is being planted and less water is needed
- Revenues and expenses, distribution system, wellhead protection, and replacement funds
- Downtown snow removal – established in 1990's and has never been increased (\$1.00 per foot per year)

Motion was made by Soine to increase the downtown snow removal to \$1.50 per linear foot and recommend such to the City Council. Seconded by Gilmore and unanimously carried.

Eckerly reported that with the \$2,000 from snow removal and \$2,000 from street subscription (error), the difference to balance the General Fund budget would be close to \$7,700. Eckerly will print out all budgets and distribute them. All comments are needed by November 12, 2018.

There being no further business, the meeting was adjourned at 2:10 p.m.