

**CITY OF HAMBURG
SPECIAL MEETING
2010 PROPOSED BUDGET
September 1, 2009**

Acting Mayor Mueller called the Special Meeting for the 2010 Proposed Budget to order at 7:00 p.m. Councilmember Trebesch, Councilmember Barnes, Councilmember Cummiskey, City Clerk Gruenhagen, Deputy Clerk Block, and Fire Chief Brad Droege were present. Mayor Malz arrived at 7:05 p.m.

The reason for the special meeting is to discuss and review the 2010 Proposed Budget. The 2010 Proposed Budget will be finalized at the September 8, 2009 City Council meeting.

City Clerk Gruenhagen started off the meeting informing members of Council that what should be gone over tonight is what was discussed at the previous special meeting and council meeting on August 25, 2009. What Council had decided to include in the 2010 budget is what City clerk Gruenhagen entered into the worksheet he handed out to Council. The following budget items are included in the budget for consideration:

- Desktop computer - \$500
- New office chairs - \$600
- Copier for city office - \$600
- Redo driveway and sidewalk for city shop – scheduled for 2010 budget - \$15,000
- City shop, driveway, and landscaping - \$5,000
- New lawnmower - \$3,000
- Tires for city 1 ton truck – Maintenance Worker Byerly getting prices – budgeted \$1,000
- Tires for bobcat – one tire blew so four new tires were purchased on this years budget (2009)
- Tables (plywood) for Community Center - \$1,000
- Projector screen – Council had decided to take this off the proposed budget
- Relief Association - Additional city contribution to relief - \$2,000
- Trim trees in boulevard – Council had decided to remove this from the budget
- Street/parking lot repairs – overly, seal coating, striping - \$6,000
- Picnic tables (parks) - \$800
- Mowing contract for 2010 - \$4,500
- Replacing or adding lighting for the Hall - \$5,500
- Replace Hall doors - \$2,000
- Tables (plywood) for Hall – 1,000
- Air conditioning for the Hall - \$10,000
- Future building fund for Community Center addition - \$2,000
- Equipment replacement fund - \$2,500
- City maintenance fund (equipment) - \$3,000

City Clerk Gruenhagen estimated a 3.89% decrease from last year's budget, as the budget was presented. The year is not over yet so Council would not want to go at a zero percent increase. The 2010 budget should be set at what Council is comfortable with for it could still be lowered but not increased. The 2009 estimate average budget numbers were derived from taking an average over the last three years. A lot of the estimated dollar amounts will depend on the economy.

The Net Income budgeted for 2009 was \$45 but the possible net income for 2009 is estimated at \$15,510. This amount could change depending on what happens yet this year. For the 2010 budget any surplus from 2009 should go back into the 2010 budget. Any surplus is taken out of the tax levy as long as there is a surplus and the city is hovering around the 50% thresh hold for cash flow. Right now the city is at about 52%.

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- Mayor Malz asked if the surplus could help with the Fire Department pension increase.
 - City Clerk Gruenhagen answered that yes it can however, any amount taken out of the surplus would have to be replaced by increasing the tax levy.
- Mayor Malz asked if there is any money for the pension increase.
 - City Clerk Gruenhagen replied yes, there is \$2,000 budgeted this year to catch up the funding ratio. Whatever Council sets the 2010 pension increase at, this will not go into effect until the 2011 budget. You are always a year ahead, for budget reasons, because the 2010 contribution has already been figured based on the \$1405.

Councilmember Barnes asked if there is anything set aside to help prepare for the I&I project as far as the budget goes.

- City Clerk Gruenhagen commented that in the handout on page 13 under 2009 Actual Contracted Services the city has already spent \$145,000 in consulting fees. There will be additional costs especially when the city obtains the easements for the project and if the culvert by the drainage ditch has to be replaced.
- City Clerk Gruenhagen pointed out that Sewer and Water Funds should be self-sufficient. If there are large projects, expenses to be incurred, or increases the city should not look at increasing taxes but increase user fees.
- Councilmember Cummiskey added that the city usually puts \$25,000 a year from the general levy fund into the water fund maybe this should be discussed and possibly lowered.
- City Clerk Gruenhagen pointed out to Council that he already decreased the amount from \$25,000 (2009) to \$20,000 for 2010. City Clerk Gruenhagen suggested that the transfer of money from the general fund to the water fund should slowly be eliminated. To break even, rates would have to be raised approximately 10%. This would include the elimination of the transferred amount.
- Councilmember Cummiskey commented that the additional funds should be collected through the water bills.
- Mayor Malz asked if the 10% would be every year, just next year, or how long?
- City Clerk Gruenhagen replied that just increasing the rate 10% next year would only put the sewer and water at a break even point. Then maybe only a 5% increase for the following years for operational costs.
- Council discussed how much the increase should be, how it should be done, and how much should be in the water fund as a cushion if something unforeseen happens.
 - Councilmember Barnes asked if this increase would be just for the water fund, the sewer fund would have to increase also?
 - City Clerk Gruenhagen responded that the sewer rates would have to go up 20% over the next three years to help fund the I/I project. Sewer rates will probably have to be doubled to pay for the upcoming I/I Project.
- Councilmember Cummiskey added that the Cities water tower will have to be replaced in the next few years too.

City Clerk Gruenhagen commented to Council that when the Financial Advisors are brought in for the I&I project they will be able to guide the city as what has to be done about the rates.

City Clerk Gruenhagen proceeded with the meeting asking Council if they would like to add, change, or drop some of the items they discussed at the last Special Meeting on August 25, 2009. The following items were discussed:

- Trees for Park was added - \$200

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- Additional money for sidewalk repair.
- Money for City Signs – Welcome to Hamburg Signs
- Cleaning service for Hall.
- New Walk-in cooler for Hall.
- Blacktop trail in park.
- Small City pickup.
- Various other items were discussed.

Councilmember Barnes asked if the playground equipment for the park, by the Hall, was still in the budget.

- Councilmember Mueller replied that playground equipment is in the budget but no dollar amount is attached to it. He went on to add that more money should be put in the street fund and towards park equipment.
- Council discussed what type of playground equipment they would want in the Park.
- Councilmember Trebesch mentioned that the playground equipment in Brownston is up for sale. He suggested that Councilmember Cumiskey take a look at the equipment and find out if it is worth purchasing and putting up in the Park.

City Clerk Gruenhagen pointed out an error in the hand out on page 2 of 13, Property Tax Increase. 1% increase does not equal \$3,958.97 this should be 1% increase equals \$4,004.22.

City Clerk Gruenhagen continued to inform Council if they would take that formula and apply it to the proposed 2010 budget there would be about \$15,500 to work with if Council would want a zero percent tax increase.

- Councilmember Mueller suggested that more money could be put in the City Maintenance fund and the Equipment Replacement fund.
- Councilmember Barnes asked how old the city truck is?
 - City Clerk Gruenhagen replied: 2001
 - Council agreed that the truck is not efficient to just drive around town and short distances.

Mayor Malz commented that a 3% increase would add \$12,000.

- City Clerk Gruenhagen responded that the city already has a projected surplus of \$15,500 for 2009.
- Councilmember Mueller suggested forgetting about the \$15,500 and leaving it in the budget.
 - City Clerk Gruenhagen suggested leaving the \$15,500 alone incase something comes up between now and the end of the year.
 - Councilmember Cumiskey mentioned that the reason the money is still in the 2009 budget is because some items that were budgeted for were not done this year.
 - City Clerk Gruenhagen replied that the items not done in 2009 were added into the 2010 budget and are accounted for in the 2010 budget.

Council discussed adding a fire hydrant into the 2010 budget. Council decided to use the Equipment Replacement fund for this.

Council discussed what percentage the 2010 budget should be set at.

Deputy Clerk Block asked if the request for an electric pump was put in the budget.

- City Clerk Gruenhagen replied that it was included in the sewer and water fund budgets.

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City Clerk Gruenhagen brought up the subject of addition mosquito spray this year for the mosquitoes are extremely bad this September. It is \$255 for an additional spray.

- Council discussed and agreed to have Clark Mosquito come out to Hamburg and do one more spraying this fall.
- City Clerk Gruenhagen added that 8 sprayings are budgeted for each year. At this time the cities contract is locked in with Clark for 2009 and 2010.

Councilmember Mueller suggested taking funds from the Maintenance fund to purchase playground equipment.

- Mayor Malz commented that he liked the idea of looking at Brownton's playground equipment and the Council agreed.

Councilmember Barnes asked what fund snow removal comes out of?

- City Clerk Gruenhagen replied: the street funds. Every year the city has budgeted \$6,500 and the last three years snow removal has come in under budget.
- Councilmember Mueller commented that he would like the amount doubled if the city could.
- Councilmember Cummiskey suggested putting snow plowing under street maintenance. If the city does not need the budgeted amount then the money could be used for streets or sidewalk repair.
 - Other members of council and City Clerk Gruenhagen thought this was a good idea.
- Council discussed how much money should be put into the street maintenance fund. There is \$6,000 unspecified in the street maintenance fund for 2010. Council agreed to a 1% increase for this fund.

Councilmember Mueller asked if the city still receives money from the State Aid Fund for streets?

- City Clerk Gruenhagen stated the city does receive money however they never let him know how much it will be until he receives a check from them. Very difficult to budget for.

City Clerk Gruenhagen added that he included the following increases to the 2010 Budget: 3% wage increase and 3.5% increase for payroll taxes, Insurance 5%, Electricity 5%, and Natural Gas 10% and \$2,000 for the Community Center expansion fund.

Councilmember Cummiskey asked about the Compost Grant, it has a question mark by it.

- City Clerk Gruenhagen responded that the grant money program may not be available next year. He always puts \$2,800 in the budget each year because this is the maximum amount the city could receive. City Clerk Gruenhagen stated he also includes \$2,800 in expenses to wash the amount out just incase the city does not receive/need the maximum amount.

Councilmember Mueller asked if picnic tables were put in the 2010 budget.

- City Clerk Gruenhagen replied that they have been added, \$800 is included in the budget.

Councilmember Mueller brought up the subject of spraying the city park for dandelions; there is money in the 2009 budget to do this. It was not done this year however it was done late last year. Spraying for dandelions is recommended to be done in the fall.

- Councilmember Cummiskey added that the city does have a sprayer and Maintenance Worker Byerly would have time yet this year to spray the park.
- Councilmember Mueller replied that Greg Schultz could do the job in one third the time it would take

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Maintenance Worker Byerly to do it. Greg has a 12 or 14 foot boom and could be done in one hour. Maintenance Worker Byerly would take three weeks to do it.

- City Clerk Gruenhagen commented that it cost the city \$300 to have the city park sprayed last year.
- Council discussed and decided to have City Clerk Gruenhagen set up an appointment to have the city park sprayed for dandelions.

Councilmember Trebesch asked if they were above zero percent, where is the City at with the 2010 Budget?

- City Clerk Gruenhagen replied that nothing really has been added except \$4,000 to streets. He asked Council where they would like to put the tax levy at. The Council discussed increasing the proposed tax levy 4% for 2010.

Councilmember Trebesch commented that he would like some money added to the Community Center expansion.

- Council discussed and one suggestion would be to have this fund for engineering/consulting fees for the expansion would have to be bonded anyway due to the cost.
- Councilmember Mueller brought up the installation of an air conditioning unit at the Hall. This would be the same situation for you will have to have a consultant. The bids that come in are not the same; a consultant would eliminate this problem.
- Council discussed and City Clerk Gruenhagen suggested putting it under Legal/Consulting Fund.
 - Council discussed how much money should be put in the fund. \$4,000 was suggested.

City Clerk Gruenhagen asked Council where they would feel comfortable in setting the 2010 Proposed Budget. You can go high now but not later. What percentage did they feel comfortable setting the budget at for now?

- Councilmember Cummiskey – 4.25% that would give Council 8% over what is one the budget now.
- Councilmember Trebesch asked what last years was? Was it 8%?
 - Members of council responded the final budget was 2.8%. Last year's proposed budget was set at an 8% increase then lowered to 2.8% increase on the final budget.
- Council discussed what the amount should be and what the percentage would come out to. They want to be fair to everyone. With the economy the way it is it would be nice to keep the budget low for the next few years. The following amounts were added to the 2010 Budget:
 - Street Maintenance Fund - \$4,000
 - Equipment Replacement Fund - \$4,000
 - Legal/Consulting Fee Fund – 4,000
- Councilmember Mueller suggested putting money in the Park Fund.
 - Councilmember Trebesch commented that if money is put in the Park Fund then later it could be moved to the FD Relief Fund (City Contribution).
 - Councilmember Mueller replied that he was not in favor of putting more money into the FD Relief Fund.
 - Council discussed how many other cities in the state are 100% vested and how much other Fire Departments receive in pension payments.
 - City Clerk Gruenhagen asked Council if they wanted to set up something separate for park equipment or did they want to add another \$4,000 into the equipment replacement fund.
 - Council discussed and decided to put \$6,000 in the street maintenance fund and \$6,000 in the equipment replacement fund. An additional amount of \$4,000 was added to the 2010 budget.

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Council continued to discuss how much the budget levy should be set at and decided on 3.99%. Council discussed previous levy amounts and how this increase would or could affect city residents.

City Clerk Gruenhagen informed Council that he will enter the dollar amounts they decided on and get the update to Council before the September 8th, 2009 meeting.

Councilmember Cummiskey brought up the subject that there will be a tree action Saturday, September 12th if anyone would like to go and pick up some trees for the city.

- Council discussed what type of tree to purchase, who could go, and how many trees could be purchased for \$200. Council decided to wait until spring when the price of trees is usually cheaper.

City Clerk Gruenhagen reminded Council that he will be out Friday, September 4th, 2009. He also informed Council that Maintenance Worker Byerly just informed him that he will also be out Friday. He is going to Iowa for the weekend.

- Councilmember Barnes questioned that City Clerk Gruenhagen asked Maintenance Worker Byerly several times if he could cover for him.
 - City Clerk Gruenhagen responded that Maintenance Worker Byerly does this every year around this time. He asks Maintenance Worker Byerly if he will be around and then at the last minute he will inform you that he will be out. City Clerk Gruenhagen reported that he told Maintenance Worker Byerly that it is his responsibility to find a replacement.
 - Council discussed who would be available to cover for Maintenance Worker Byerly (rounds).

City Clerk Gruenhagen commented to Council that tonight's meeting is just a workshop and the 2010 Proposed Budget would be set at the September 8th meeting. This would give City Clerk Gruenhagen time to submit it to the County Auditor. The preliminary budget has to be submitted by September 15th.

City Clerk Gruenhagen informed Council this morning he again asked Maintenance Worker Byerly if he needed anything. Once again all he could think of was batteries for the floor scrubber and batteries for the generator. City Clerk Gruenhagen put Maintenance Worker Byerly request for batteries under the maintenance fund.

City Clerk Gruenhagen made the comment that Council made only three changes to the 2010 Proposed Budget.

Councilmember Barnes made a motion to adjourn the City of Hamburg 2010 Proposed Budget Workshop (Special Meeting), seconded by Councilmember Trebesch and motion carried.

Submitted by:

Sue Block
Deputy Clerk