

The Special Beulah City Council meeting of September 25, 2017 was called to order at 6:00 pm at Beulah City Hall by Mayor Darrell Bjerke.

Present: Kathy Kelsch, Eric Hoffer, Joel Morgan, Ben Lenzen, Travis Frey, Clyde Schulz, Kelsey Timmer

Absent: Brant Keller

Also Present: City Engineer Charles Hankins, City Coordinator Russell Duppong, Economic Development Director John Phillips, Police Chief Frank Senn, Julie Lenzen, Kate Johnson

Change Order #1 for the Water Tank Repair

Hankins stated the change order is for repairing the excess pitting in the water tank, the vent mesh, and the overflow pipe. The amount of the change order is \$32,500. Schulz made a motion seconded by Frey to approve the change order as presented. Roll call vote found Timmer, Schulz, Frey, Lenzen, Morgan, Kelsch and Hoffer in favor.

2018 Budget Review

Bjerke commented on the expenses that need to be cut from the budget. Ferebee stated expenses need to be reduced in the General and Highway funds. Kelsch questioned the cash balance in the Emergency fund. Ferebee stated the mill levy could be reduced for the Emergency fund and increased in the General fund. Bjerke stated the Library does have some excess revenue estimated for 2018, so the allocation could be reduced from \$30,000 to \$20,000. He stated the Police Department could decrease by \$84,000 if a sixth officer is not hired. Dilapidated buildings have commitments for this year, but may need to slow down for next year. There are two years left to pay the hospital. The Wellness Center donation could be held off until the 2018 and 2019 donations have been paid to the hospital. He stated about \$8,000 could be saved if we are not involved in the National League of Cities. The cost of street lights could be added to utility bills. Kelsch questioned the amount for each household if half the cost of street lights would be added to utility bills. Ferebee stated it would be roughly \$2.50/month per utility bill for half of the \$86,000 expense to be covered. Schulz stated that would need approval at a later date. Schulz questioned if the amount transferred to dilapidated buildings could be reduced. Duppong stated there are four or five scheduled for next year and two to finish this year. Kelsch stated the amount to be transferred could be reduced from \$50,000 to \$30,000. Lenzen questioned if grants have been considered. Duppong stated there have been cutbacks on grants and they have been hard to get. Phillips stated Brownfields grants are available but Federal funding is limited. Schulz stated the City will move forward with advertising city properties in the future. Lenzen commented on the need to sell lots in Beulah and on the specials still on the books that need to be paid. Frey commented the Equipment Service fund has the full amount of the loader as an expense, but recommended leasing the loader to spread out the expense. There would be more cash on hand and warranties with a lease. Schulz questioned the bike path expense. Kelsch stated it is progressing but we are not sure of the status yet. The expense increased because the original estimate was too low and the DOT decided to require the City to complete the path up the hill on 7th Street and on the parking lot. Kelsch spoke with the administrator of the grant and she is waiting to hear back if 7th Street is still required or if there can be any changes to decrease the expense.

Frey commented we are on the right track with approaching the expenses and not focusing on increasing revenues. We are trying to cut and not tax citizens. Frey stated that looking at the

financials of the last couple of years, the City has stayed within revenues and expenditures. There was an overage budgeted for 2017, but so far we're under budget. The City has been approving in excess, but if it doesn't happen or isn't favorable to the citizens, we haven't gone forward. Bjerke stated our 2017 budget was passed with the understanding that if you can get by with less, then you get by with less. He commented on taxes; the State has picked up Social Services and removed the 12% reduction in taxes. Residents will now have an increase in taxes, but that was not due to City Council, the School or Park District. Frey clarified the City is not seeking a tax increase.

Schulz questioned the Water Tower expense for 2018. Hankins agreed the cost could be decreased to \$160,000. Ferebee presented the changes recommended. Schulz stated the two mills from the Emergency fund could be moved to the General fund. He stated a sixth officer may be needed in the Police Department in the future. Bjerke stated it will be up to Employee Relations in the long run. Schulz stated he doesn't agree with taking the National League of Cities out. Timmer commented this year reducing the library to \$20,000 would work, but next year she would like \$30,000 to be budgeted. Frey made a motion seconded by Timmer to accept the budget with the changes mentioned.

Frey made a motion seconded by Timmer to amend the motion to add in a reduction to the Equipment fund revenue by \$25,000 and keep the National League of Cities expense of \$8,000. Roll call vote on the amendment found Timmer, Schulz, Frey, Lenzen, Morgan, Kelsch and Hoffer in favor. Roll call vote on the motion found Timmer, Schulz, Frey, Lenzen, Morgan, Kelsch and Hoffer in favor. Preliminary budget changes include: decrease General fund allocation of \$10,000 to the Library, remove General fund donation of \$20,000 to the Wellness Center, move Emergency fund mill of \$22,000 to the General fund instead, decrease Police Department expenses by \$84,000, decrease General fund transfer by \$20,000 to Dilapidated Buildings, remove General fund transfer of \$25,000 to the Equipment Fund, decrease Equipment Fund Loader expense by \$130,000 by leasing, and decrease Water Tower repair by \$40,000. Hoffer commented that it's important to note that the Council cut expenses and didn't raise revenue.

Meeting adjourned at 7:05 pm.

Darrell Bjerke, Mayor

Heather Ferebee, Auditor