

CITY COMMISSION WORK SESSION MINUTES July 11, 2017

The Newton City Commission met for a work session on July 11, 2017. Present were Mayor Hague, Vice Mayor Nygaard, Commissioners Davis, Koehn and Valentine and City staff.

Mayor Hague called the work session to order at 5:30 p.m. The 2018 budget was presented. It would include a mill levy increase of 3.043 mills for 2018. The General Fund budget keeps most City services flat, but it does include an additional \$100,000 for capital improvements at Sand Creek Station Golf Course and increased funding for City equipment replacement.

City Manager Myers previously had reported that the new State budget lid would allow the City only a 2.33-mill increase. When City staff ran the numbers again, they found the limit was actually 1.719 mills. Getting to the proposed 3-mill increase will require some shifting of sales tax dollars to make up the difference. The State budget lid prevents local governments from increasing their budgeted revenues beyond an adjusted Consumer Price Index set by the State, unless approved by the voters. However, increased expenses for debt payments are exempt. Right now the City uses about \$900,000 in sales tax revenues to pay down debt. So, the City can shift some of those sales tax dollars to the General Fund and then increase the mill levy for the Bond and Interest Fund by the equivalent amount.

The 2018 budget was originally projected to draw down reserves by \$562,873, leaving a fund balance of only 7.67 percent. The City's target is 15 percent. Even with the proposed mill levy increase, a deficit of nearly \$400,000 remains. Myers said staff is still focused on the goal of eliminating deficit spending and will continue efforts to hold down costs, find efficiencies, delay the filling of some open positions, and so forth.

Following the presentation and discussion of the City Manager's budget recommendations, the Commissioners expressed consensus to accept those recommendations, subject to Commission action regarding the funding of outside agencies.

The Commission then proceeded to discuss the funding of outside agencies. The City Manager noted that Caring Hands Humane Society funding and the Harvey County DVSA Task Force funding are already included in the Police Department budget, since both are performing services directly as part of our law enforcement efforts. Also the requested funding for the Harvey County Economic Development Council is already included. Following discussion of the additional outside agency funding requests, the Commissioners expressed consensus for the following additional outside agency funding:

- Health Ministries, \$40,000.
- Newton Area Chamber of Commerce, \$20,000, for downtown promotions.
- Newton Area Chamber of Commerce, \$10,000, as to their additional funding request, although accepting the City Manager's recommendation that the appropriation of all of any portion of this funding be made dependent upon establishment of the need of such

funds for activities in furtherance of the Retail Development Task Force recommendations.

- Grand Central senior center, \$15,000, although accepting the City Manager's recommendation that the appropriation of all or any portion of this funding be made dependent upon the development by Grand Central of a sustainable plan for the senior center.

Not included in the above were Grand Central's request for an additional \$10,000, or the request by the Harvey County Free Fair for fireworks funding of \$10,000. Commissioner Nygaard expressed his support for the Grand Central funding to also include the additional \$10,000 request. Commissioners Koehn, Davis, Hague and Valentine did not support that additional funding.


With the 2.3 mill levy increase to the General Fund recommended by the City Manager, the funding of the outside agencies as discussed above would result in an additional .743 mills, resulting in a total mill levy increase of 3.043 mills.

By consensus, staff was directed to prepare a draft budget, consistent with the expressed consensus, and to present this at the July 25 City Commission meeting to be considered for publication.



Mayor

ATTEST:


City Clerk