

**CITY OF MILACA
SPECIAL CITY COUNCIL MINUTES
2025 Budget and Tax Levy Work Session
December 12, 2024**

Call to Order

Mayor Dillan called the meeting of the Milaca City Council to order at 12:00 p.m.

Pledge of Allegiance

Roll Call

Upon roll call, the following council members were present: Mayor Dave Dillan, Councilors: Ken Muller, Lindsee Larsen, Norris Johnson and Laurie Gahm.

Staff present: City Manager Tammy Pfaff, Police Chief Quinn Rasmussen, City Treasurer Elizabeth Nealley, Assistant City Clerk Deloris Katke, and Milaca Liquor Store Manager Vicki Jeys

Others present: None

Work Session for 2025 Budget and 2025 Tax Levy

City Manager gave an overview of the budget changes:

Health Insurance came in lower

Security improvements were reduced a little bit

An officer signed up for health insurance so that increased

Added \$5500 to Equipment for Tasers

Last Year of Payment Plan Increased

Fire Department current year wage increase

Public Works – Sidewalk improvements

Added Equipment for Roller and Barricades

Airport: Reduced Professional Services to \$10,000

Grant for the airport Equipment (Mower) which is 90% paid through state

Water – increased water rates

Sewer –increased sewer rates

Included engineers estimate to put water line into Milaca Junction Addition

Lift Station Rehab of \$60,000

Reduced Building Repairs

Liquor – increased Improvements to replace concrete by delivery door

Dep Reg- minor changes

Wages- No changes

Special Revenue-No Changes

Debt Service – No changes

Should we have a School Resource Officer, that would increase \$28,037 to the budget and if we do the grant for the airport, that would add \$60,000 and for the street project we can add \$231,000 from our RBC money market account.

With those changes, under the general fund we now have an excess of \$13,000 and I have reduced the levy of \$15,000 so the levy would be reduced to a 3.4% increase (was 4.94%).

There are 5 items that council needs to decide:

1. **Airport Grant:** Keep in mind that quotes may come in lower. This is a 90% covered grant. Our portion would be \$6,000. These equipment grants are not offered very often. Total cost for a mower would be \$60,000. Would council like to move ahead with the airport grant? Muller made a motion to approve airport grant, seconded by Gahm. No further discussion. All in favor. Motion for airport grant passes.
2. **Water and Sewer Rate Increase:** Revenue would be \$689,927 (per rate study) and Expenditures would \$166,250 for water line to new property and \$55,000 water plant generator for a total deficit of \$144,456. For sewer, the revenue did not increase much and the expenditures would be \$55,000 sewer jetting and \$169,250 sewer line to the development property. Which puts a \$243,015 deficit. This is in the budget but if this doesn't happen then budget would increase. Mayor Dillan asked if this sewer line was to the edge of the development or through the development? City Manager Pfaff stated it was about 900 feet into the development. Mayor Dillan questioned if this rate study was mainly for the water tower and City Manager Pfaff stated for the water tower and for this development. City Manager stated that the plan would be to put it on the PPL list so we can get PFA funding at 1% but if we don't have to bond for the full amount of 1.5 million, then we could bond for less. PFA would require a water rate study so this study we just did will help. City Manager Pfaff then asked if the council would like to increase the water and sewer rates per the rate study? Gahm made a motion to approve to increase water and sewer rates. Seconded by Johnson. No further discussion. All in favor. Motion passes to increase water and sewer rates.
3. **Water and Sewer Lines to Milaca Junction Addition:** That is also already built into the budget. Johnson stated we need to plan for that as the sooner we develop, the better. Johnson made a motion, seconded by Muller. No further discussion. All in favor. Motion to install water and sewer lines to Milaca Junction Addition passes.
4. **Sidewalk Improvement on 1st St W:** We can pay for this by using our RBC money market account and that \$53,610 from state transportation aid and I added \$35,000 just as a buffer. I would transfer the \$231,000 into the Revenue under Miscellaneous so that is in the budget. City Manager asked if the council would like to proceed with the sidewalk improvements? Gahm made a motion to approve, seconded by Johnson. No further discussion. All in favor. Motion to improve sidewalk improvements on 1st St W passes.
5. **School Resource Officer:** They would not be in the school until August of 2025 so we could add the *estimated* revenue of \$28,037 to revenue. City Manager Pfaff asked if council would like to add that revenue to the General Fund? Motion made by Gahm, seconded by Larsen. No further discussion. All in favor. Motion to add revenue of school resource officer to general ledger passes.

With those changes, under the General Fund the \$13,000 excess and the levy would go down to 3.4%. Gahm questioned if we should keep the levy at 4.94%? Mayor Dillan stated that since the water rates are going to increase, we should lower the levy as low as we can.

City Manager Pfaff stated that if council was comfortable with the 2025 budget, she will be including this in the council packet for December 18. Some discussion on street improvements was that the city may have to wait a year or two to improve streets. City Manager also stated that in a couple of years, there is a possibility that Local Government Aid may be cut so the city needs to think about that. Johnson made a motion to approve the 2025 budget, seconded by Muller. No further discussion. All in favor. Motion to approve 2025 budget passes.

Adjourn:

Mayor Dillan called for a motion to adjourn. Motion made by Muller, seconded by Johnson to adjourn. No further discussion. All in favor, motion to adjourn passes. Meeting adjourned at 12:29 p.m.


Mayor Dave Dillan

Attest:


Tammy Pfaff, City Manager