



## Council Committee Memorandum

**TO:** Joint Committee  
**FROM:** Tim Murray, City Administrator  
**MEETING DATE:** September 4, 2018  
**SUBJECT:** Budget Work Session #4

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### Discussion:

The City Council is required to certify the proposed 2019 tax levy and budget hearing date to the County Auditor no later than September 28, 2018. The City Council can reduce the levy amount at the time of final adoption in December, but cannot be increased. We will look to adopt our preliminary levy at the second meeting in September (9/25).

The 2019 budget has some significant cost impacts due to several personnel-related items, as has been discussed at previous work sessions. As all of the labor contracts expire at the end of the year, we are working with a number of assumed or projected values to come up with costs for personnel budget items. Depending upon the outcome of labor negotiations and the resulting contracts for 2019 and beyond, these costs may vary somewhat. Personnel related costs that look to have significant impacts on the 2019 budget include the following:

- Cost of Living Allowance (COLA)
- Classification and Compensation Study Implementation
- Step Progressions
- Health Insurance Premiums

As the Council is aware, our health insurance premiums are going up 27.5% for 2019. The cost implications to the budget for this item alone is expected to range from \$290,000 to in excess of \$400,000.

On a more positive note, increased costs for personnel and operations in 2019 are expected to be offset at least in part by both an increase in the tax base (due to growth and development) as well as a reduction in our debt service obligations.

I will be preparing a presentation for the meeting that will outline the various levy components/amounts, reaching a proposed preliminary levy amount for consideration. The assumptions and projections that were used to arrive at those numbers will also be reviewed. The Council is scheduled to have one more budget work session (on 9/18) for a final review of the proposed tax levy prior to the meeting where the preliminary amount will be adopted.