

Madrid City Council
Budget Workshop
January 9, 2010

The meeting began at 9:00 a.m. with Mayor Pro-Tem Don Lincoln presiding.

In Attendance: Steve Burich, Val Chapman, Mike Heeren, City Administrator/Clerk Todd Kilzer, Deputy City Clerk Donna Havlik

Kilzer provided the Council with copies of the local option sales tax spreadsheet listing previous donation allotments, a copy of donation request letters, and project listings for fiscal Year 2010-2011. Kilzer reiterated that a minimum of 5% (or an estimated \$8,000.00) of what is anticipated in local option tax revenue has to be utilized for community betterment. The Council discussed the FY 2010-2011 local option sales tax donation listing by each line item and proposed a total of \$12,100.00 in donations for community and county betterment. Some of the organizations will have a slight decrease in the donated amounts due to budget restraints and a decrease in local option sales tax revenue. Mayor Pro-Tem Lincoln questioned if the A-W Trail pledge had been paid in full. Kilzer believed the pledge to be \$2,000.00 per year for a three year period. Kilzer offered to research the pledge and he will advise the Council at a later date what portion of the obligation had been fulfilled.

Councilperson Shaver was unable to attend the meeting although he submitted his recommendations for the local option sales tax revenues usage for the Council's review.

The Council also reviewed the capital projects/debt service expenditures. Kilzer advised the Council that the local option sales tax revenue covers approximately 1/2 of our debt service each year. Kilzer added that without the local option tax, the property tax requirements in Madrid would need to be much higher.

Kilzer informed the Council that he did not anticipate there being any new large projects to be expended from capital projects for FY 2010-2011. Kilzer added that there are several small projects scheduled although those project expenses will be charged against maintenance in the respective department area of the budget. Kilzer recommended that any local option sales tax revenue that was not utilized for community better should be utilized for capital projects/debt service.

Councilperson Heeren questioned if the FEMA revenue that was recently reimbursed to the city for funds already spent on the State and Union pedestrian bridges would be reflected in the general fund. Kilzer responded that Heeren was correct. Kilzer continued that the \$6,000.00 from FEMA could be used for the abutments for the Third Street pedestrian bridge. Kilzer commented that the replacement of the State and Union Street bridges are included in the CDBG storm drainage project.

Kilzer introduced the Active Madrid Project report for discussion. The first project listed was the waste water treatment facility access road which will be a FEMA funded project. This project has received an extension from FEMA due to the need to coordinate this project with the Boone County's project to replace the access road culvert. Boone County must complete the culvert project before Madrid can begin the road replacement.

The storm drainage project has received a CDBG disaster grant in the amount of \$2,068,000.00. The project is to eliminate the flooding along the drainage ditch through the community. Currently the project is being reviewed for possible ways to decrease the total cost involved. The local share of the project will be approximately \$365,000.00.

Kilzer advised the Council that the wastewater treatment facility will not meet the new water quality standards for the receiving stream and the IDNR has instructed the City to begin planning an upgrade. Kilzer anticipated the total project cost at \$5,600,000.00 and mentioned possible funding by CDBG grant, SRF Loan, I-Jobs grant, sanitary sewer rate increase or a combination of all of them. Kilzer advised the Council that the last upgrade of the facility was 1989.

Kilzer informed the Council that a Capital Improvement Plan update has been scheduled for fiscal year 2010-2011 budget. Kilzer explained that the CIP is a requirement of any and all lending institutes that would consider loaning Madrid funding. The Capital Improvement Plan describes projects for the next five year period which includes estimated costs, funding opportunities and implementation scheduling for use in project budgeting. The last CIP was compiled in 1996 and the majority of the projects have been completed making the current CIP obsolete. Estimated cost to compile a new capital Improvement plan is \$5,000.00.

Mayor Pro-Tem Lincoln asked about tying the community of Luther, Iowa into Madrid's sanitary sewer system. Kilzer explained that this project had been considered a few years ago and was found not to be feasible for only 43 homes. Mayor Pro-Tem Lincoln commented that he had hoped that by adding Luther to Madrid's sewer system, that it would assist Madrid in obtaining grants for a sewer plant upgrade. Kilzer commented that by adding Luther, it may lower the city's low to moderate income level figure which may assist Madrid in getting additional funding. Kilzer will consult with Bartlett & West Engineering on this matter.

Kilzer added in closing that even with the budget cuts, he was not excluding the possibility of a property tax increase.

The budget workshop meeting closed at 9:58 a.m.

Mayor Pro-Tem Don Lincoln

ATTEST:

City Administrator/Clerk
Todd D. Kilzer