

Motion carried. Voting Yes: Mayor Kuzma, Councilmembers Specht, Riley, Howell, Musgrove, and Woestehoff. Voting No: Councilmember Heineman.

**7.06: Adopt Resolution #21-073 Approving the Transfer of Excess General Fund Revenues to the Equipment Revolving Fund, Facilities Construction Fund, Capital Maintenance Fund and Public Improvement Revolving (PIR) Fund**

Finance Director Lund reviewed the staff report and recommendation that \$1,376,214.72 be transferred from the General Fund to the Equipment Revolving Fund in the amount of \$412,864.42, the Capital Maintenance Fund in the amount of \$412,864.42, the Public Improvement Revolving Funds in the amount of \$412,864.42 and the Facilities Construction Fund in the amount of \$137,621.46 per the allocation of excess revenue/deficient policy.

Councilmember Musgrove stated that she did not fully understand the statement related to Council discretion.

Finance Director Lund replied that this action is through resolution and the Council would have the discretion as to how to use funds in the 2022 budget discussions. She stated that the capital equipment is currently funded through the Equipment Revolving Fund, which is why a larger portion has been proposed to transfer to that account through the City's policy. She stated that all these funds are eligible for discussion as to how the funds can be used. She commented that these are not restricted funds and the Council has the ability to change the allocation to fit the needs of the City at that time.

Councilmember Musgrove asked if these funds are the only eligible funds for distribution.

Finance Director Lund replied that if the Council would like to change the allocation, it could adjust that through resolution.

Councilmember Musgrove stated that she would like to see additional allocation towards road funding. She noted that in 2016, the roads were being bonded for and the focus seemed on the Capital Maintenance Fund which she believed is for parks.

Finance Director Lund replied that the Capital Maintenance Fund is used for any large capital maintenance needs throughout the City and provided examples.

City Administrator Ulrich commented that the fund can be used for capital maintenance within parks as well.

Councilmember Musgrove commented that she would like to see more funds allocated to the PIR Fund for road funding but was unsure if that would be the appropriate fund.

Finance Director Lund confirmed that there is the Pavement Management Fund. She explained that the PIR Fund is used for overall road improvements whereas the Pavement Management Fund

is restricted to overlays and reconstructions. She stated that the PIR Fund is used for new improvements, such as paving dirt roads.

Councilmember Musgrove asked if the Pavement Management Fund should be added to increase road funding.

Councilmember Heineman stated that it appears the City has budgets for each of the funds which is being spent and when there is excess revenue it is appropriately divided into the funds for expenses which are not budgeted. He asked which projects are relying on these funds.

Finance Director Lund reviewed some of the excess revenue totals from previous years. She stated that 30 percent of the excess funds are allocated to the Equipment Revolving Fund which will be used to offset equipment purchases in the 2022 budget. She stated that without those dollars, the City would need to issue additional equipment certificates or place that cost on the property tax levy. She provided additional explanation related to fund balance needs and how those funds are used to offset future budget costs.

Councilmember Heineman appreciated the clarification. He asked if the funds would be allocated to the fund but not spent at this time. He asked if reallocating the funds would defund a purchase.

Finance Director Lund confirmed that this would close out the accounts from the previous year and allocate those funds per the City policy. She confirmed that the funds cannot be committed to anything at this time because the balance was unknown before this transfer takes place.

Councilmember Heineman agreed that the priority of Ramsey and its residents is to improve its roads as it fell behind even with the Franchise Fee. He stated that he would like to see a larger portion of this, if not all of it, allocated to the Pavement Management Fund. He stated that he would prefer to table this discussion and continue in a worksession to discuss how allocations could be done in that manner.

Mayor Kuzma commented that it is his understanding that this is excess money received because of the CARES Act funds and if those funds would not have been received the City would have ended the year in a deficit.

Finance Director Lund replied that is correct. She commented that if the City would not have received CARES Act funds, it would have pulled from these respective funds in excess of \$100,000. She stated that when the budgeting discussions begin, if there are zero dollars allocated to capital equipment, there will be an impact to the budget for squad cars and other equipment which will carry over to the property tax levy. She stated that this cannot be tabled as she needs to allocate those funds tonight. She stated that the Council can review the policy at a later discussion but would urge that to occur in conjunction with the budgeting discussions so that the Council is aware of the needs.

Councilmember Woestehoff acknowledged that this is an anomaly year as most years have \$100,000 to \$180,000 in excess. He stated that he is not in support of allocating funds to the Pavement Management Fund because if there was a deficit the City would need to pull from that

fund. He explained that the Franchise Fee was enacted to ensure those funds would be restricted for road use.

Councilmember Riley commented that it is disappointing that the decision needs to be made tonight because it would make sense to discuss this in worksession. He stated that the policy was setup to handle a normal amount and this is an extra amount, therefore he could have supported a one-time allocation towards roads. He stated that he likes that the Pavement Management Fund has one source and one use that is protected. He commented that something needs to be passed tonight and the recommendation fits the City policy. He stated that these would be brought back at the time of budget discussions and reallocation can occur at that time. He stated that the policy can be revisited as part of the budget discussions.

Motion by Councilmember Riley, seconded by Councilmember Musgrove, to Adopt Resolution #21-073 Approving the Transfer of Excess General Fund Revenues to the Equipment Revolving Fund, Facilities Construction Fund, Capital Maintenance Fund and Public Improvement Revolving Fund (PIR).

Motion carried. Voting Yes: Mayor Kuzma, Councilmembers Riley, Howell, Musgrove, Specht, and Woestehoff. Voting No: Councilmember Heineman.

Councilmember Musgrove thanked Finance Director Lund for the thoughtful manner in which she laid out the case and related information.

## **8. MAYOR, COUNCIL AND STAFF INPUT**

City Administrator Ulrich announced upcoming meetings and events.

Councilmember Heineman commented that his vote related to the MRAP was not in opposition to protecting the Officers, but in that he wanted to talk more about options to provide more of a community vehicle look and feel. He commented that he does support the protection of the Officers.

Councilmember Riley commented that he does not want people to have the perception that the City paid \$800,000 for the vehicle as there was not a cost for the vehicle.

Councilmember Musgrove encouraged everyone to visit the Anoka County website related to the Bunker Lake Boulevard project.

## **9. ADJOURNMENT**

Motion by Councilmember Musgrove, seconded by Councilmember Specht, to adjourn the meeting.

Motion carried.

The regular meeting of the City Council adjourned at 10:15 p.m.