

## ***Message From The Mayor***

Like many of you, the City has been faced with many financial challenges over the last couple of years. The slowdown in new construction, loss of State aid and increasing debt obligations all occurring at the same time have created the “perfect storm” and forced us to make many hard decisions over the last year and a half. I wanted to share with you the efforts of the City Council and staff to minimize the impact on the tax payers.

In late 2008 we began implementing changes that included reduction in spending and a freeze on any projects going forward that did not have newly identified sources of revenue to complete. The exception was the Bridge project which has been the top priority for the City for over ten years.

In early 2009 we reduced the budget \$702,302 of which \$565,084 was from the General Fund. This was accomplished by:

- Reduction of six staff through early retirement, layoff, reorganization of duties and leaving vacant positions unfilled
- No salary increases for performance or steps
- Delay in equipment purchases
- Reduction in expenditure budgets across the City. The Public Works Department felt the largest impact through reductions to road maintenance items.
- Refinancing of current debt at lower interest costs
- Restructuring of wastewater debt for 2009/2010

In late 2009 we had to refinance the debt on the industrial property at ESSBY and Olson Trust. The refinancing was structured to minimize the impact to the residents with plans to utilize proceeds from future land sales to reduce the debt over the term of the bond. When fully developed the investment we are making today will have a long-term benefit to the City in expanded tax base and job creation. The City Council has worked very hard to identify further cuts to the 2010 budget to offset the new levy for this debt. A business plan was developed with sale of land for industrial development being the top priority.

When working on the 2010 budget, we reduced the preliminary levy \$551,000 of which \$506,000 was from the General Fund. This was accomplished by:

- Leaving the vacant positions unfilled or delaying replacement
- Reduction in expenditure budgets across the City
- No salary increases with the possibility of implementing furloughs if necessary
- Delay in equipment purchases

While these reductions have improved our cash flow, we know that the challenges are not over. We continue to carefully manage our tight cash flow, keep land sales as a top priority, monitor our utility funds to minimize the impact on user fees, while continuing to provide the level of service you deserve. We are committed to continuing to improve the City’s financial health, while respecting the impacts our decisions have on you, the tax payers.

Amy Oehlers, Mayor