

***Personnel/Budget Committee Meeting Agenda
Monday, September 11, 2023, 4:30 p.m.
Fillmore Conference Room, Thurber Building, 21 Second Street SE***

1. Approve EMT hire
2. 2024 Budget Overview
 - A. Budget at a Glance & Preliminary Tax Levy

INTEROFFICE MEMORANDUM

TO: CHATFIELD CITY COUNCIL

FROM: ROCKY BURNETT

SUBJECT: NEW EMT

DATE: 9/5/2023

CC:

The ambulance service is looking to add an EMT to its roster. Claire Whitemarsh is a RN that has completed a RN to EMT course and is taking her National Registry exam on Friday 9/8. Claire lives outside of city limits but within our response area and would be able to respond from her home.

Desiree and I have met with Claire and believe she would be a great fit to our crew. Therefore, I would like to recommend we hire Claire as an EMT pending her successful National Registry exam.

Thanks for the consideration

Rocky

	Total				Total		
	2023	2023	2024	2024	2024	2024	
	Oper/Trans	Revenues	Operations	Transfers	Oper/Trans	Revenues	
GENERAL FUND							GENERAL FUND
Ad Valorem	\$ -	\$ 1,890,756			\$ -	\$ 1,899,325	Ad Valorem
LGA / PERA Aid	\$ -	\$ 868,530			\$ -	\$ 949,457	LGA / PERA Aid
Interest Income		\$ 12,000				\$ 14,000	
General Services Transfer In		\$ 128,792				\$ 128,792	
Legislative Dept.	\$ 72,556		\$ 70,836		\$ 70,836		Legislative Dept.
Historical Society	\$ 900		\$ 900		\$ 900		Historical Society
Elections	\$ 6,450		\$ 13,700		\$ 8,400		Elections
Clerk/Finances	\$ 559,110	\$ 17,575	\$ 539,021	\$ 20,900	\$ 559,921	\$ 15,675	Clerk/Finances
Planning & Zoning	\$ 70,820	\$ 1,500	\$ 73,450		\$ 73,450	\$ 1,505	Planning & Zoning
Municipal Buildings	\$ 80,700	\$ 300	\$ 55,700	\$ 29,500	\$ 85,200	\$ 1,100	Municipal Buildings
Police Department	\$ 734,254	\$ 63,750	\$ 717,606	\$ 38,225	\$ 755,831	\$ 63,850	Police Department
Building Code	\$ 26,100	\$ 16,525	\$ 26,200		\$ 26,200	\$ 16,525	Building Code
Civil Defense	\$ 2,450		\$ 450	\$ 2,000	\$ 2,450		Civil Defense
Animal Control	\$ 750	\$ 1,300	\$ 360		\$ 360	\$ 1,500	Animal Control
Street Maintenance	\$ 510,973	\$ 6,700	\$ 414,988	\$ 212,880	\$ 627,868	\$ 7,000	Street Maintenance
Unallocated	\$ -				\$ -		Unallocated
Summer Recreation	\$ 4,300		\$ 4,300		\$ 4,300		Summer Recreation
Swimming Pool	\$ 172,206	\$ 87,200	\$ 181,320	\$ 2,500	\$ 183,820	\$ 94,170	Swimming Pool
Band	\$ 1,600		\$ 1,600		\$ 1,600		Band
Parks	\$ 203,262	\$ 1,950	\$ 177,248	\$ 46,350	\$ 223,598	\$ 1,950	Parks
Property Purchase	\$ 65,000				\$ -		Property Purchase
Heritage Preservation	\$ 14,330	\$ 500	\$ 15,105	\$ 3,000	\$ 18,105	\$ 500	Heritage Preservation
Community Development	\$ 23,100	\$ 7,731	\$ 22,588	\$ 2,100	\$ 24,688	\$ 10,475	Community Development
Public Works Employee Net	\$ 30,000				\$ -		Public Works Employee Net Additional Cost
Transfer to Library Fund	\$ 193,401			\$ 204,880	\$ 204,880		Transfer to Library Fund
Transfer to Ambulance Fund	\$ 79,500			\$ 79,300	\$ 79,300		Transfer to Ambulance Fund
Transfer to EDA	\$ 76,230			\$ 78,517	\$ 78,517		Transfer to EDA
Transfer to Fire Dept.	\$ 70,117			\$ 70,000	\$ 70,000		Transfer to Fire Dept.
Transfer to WWTP Debt Service	\$ -				\$ -		Transfer to WWTP Debt Service
Center for the Arts	\$ 90,000			\$ 90,000	\$ 90,000		Transfer to Center for the Arts
Transfer to CCTV	\$ 17,000			\$ 15,600	\$ 15,600		Transfer to CCTV
Transfers to Other Funds	\$ -				\$ -		Transfers to Other Funds
Transfers to Capital Fund	\$ -				\$ -		Transfers to Capital Fund
General Fund Balance Inc.	\$ -				\$ -		General Fund Balance Inc.
TOTAL GENERAL FUND	\$ 3,105,109	\$ 3,105,109	\$ 2,315,372	\$ 895,752	\$ 3,205,824	\$ 1,306,499	TOTAL GENERAL FUND
		\$ 4,995,865				\$ 3,205,824	Total Revenues with Ad Valorem

Difference from First Draft:		2020	2021	2022	2023	Proposed 2024	Expenses:
General Levy	\$ 1,514,941	\$ 1,604,439	\$ 1,698,522	\$ 1,890,756	\$ 1,899,325	Note: This levy includes:	1. 4.00% Pay Grid Increase.
Special Levy							2. Includes additional Public Works Employee
2012A	\$ 20,601	\$ 19,000	\$ -	\$ -			3. Did not increase General Services Charge
2014A	\$ 110,000	\$ 110,000	\$ 110,000	\$ 63,000	\$ 42,000		4. 2014A DS reduced by \$21,000
2016A	\$ 114,345	\$ 112,350	\$ 110,355	\$ 99,000	\$ 102,000		
2017A	\$ 47,000	\$ 46,000	\$ 36,000	\$ 36,000	\$ -		5. 2017A DS reduced by \$35,000 due to SCA
2018A	\$ 319,000	\$ 319,000	\$ 318,000	\$ 318,000	\$ 317,000		
2019A	\$ 35,801	\$ 37,000	\$ 38,000	\$ 38,000	\$ 38,000		
2022B							6. Includes \$-0- Unallocated
2023A					\$ 190,000		7. Includes \$-0- HPC Initiative
Difference from Preliminary:	Special Levy T	\$ 646,747	\$ 643,350	\$ 612,355	\$ 554,000	\$ 689,000	
Total Levy	\$ 2,161,688	\$ 2,247,789	\$ 2,310,877	\$ 2,444,756	\$ 2,588,325		Total Tax Levy
T.L. Change	\$ 129,652	\$ 86,101	\$ 63,088	\$ 133,879	\$ 143,569		Increase in Tax Levy
	6.380%	3.983%	2.807%	5.793%	5.873%		% increase in tax levy
Net Taxable Tax Capacity	\$ 2,040,768	\$ 2,143,126	\$ 2,281,405	\$ 2,722,943			Net Taxable Tax Capacity
	\$ 227,573	\$ 102,358	\$ 138,279	\$ 441,538	\$ (2,722,943)		Increase in Tax Capacity
	12.551%	5.016%	6.452%	19.354%	-100.000%		% increase in tax capacity
City Tax Rate	106%	105%	101.292%	90%	#DIV/0!		City Tax Rate
	2020	2021	2022	2023	2024		08.22.23

Note #1 - Due to the increase in Market Value Exclusion rates, the City will lose Tax Capacity, which will result in an increase in the tax rate of some amount.

Note #2 - The decertification of the Lonestone and EZ Fabricating TIF Districts will add ~\$150,000 in tax capacity, which is = to ~ 6% increase in tax levy.

MEMORANDUM

TO: PERSONNEL BUDGET COMMITTEE
FROM: JOEL YOUNG, CITY ADMINISTRATOR
SUBJECT: 2024 BUDGET & TAX LEVY
DATE: 08/14/2023
CC:

Budget Goals for Fiscal Year 2024

1. Maintain a steady, predictable, local tax rate.
2. Maintain the City's debt per capita at \$3,500 or lower.
3. Maintain positive reserves in the City's enterprise funds (sewer, water and garbage)
4. Develop a budget based on specified needs and goals.
5. Develop work plans based on specific outcomes; i.e. "chip-sealing all streets every seven years," in an effort to develop a result-based budget.
6. Maintain public safety and public works programming that reasonably assures the public of their personal safety, convenience, and maintenance of property value.
7. Develop and maintain technology, communication, and administrative services that allow all interested parties to be well informed, while protecting the City's critical data and operating systems.

We will pursue those principles by:

1. Maintaining a Capital Financial Plan and a Capital Improvement Plan to guide spending on capital equipment and improvements.
2. Maintaining short and long-term plans, goals and benchmarks to guide the development of the community, and the services provided by the City.
3. Investing in the personal and professional development of the City's elected officials and its employees.

The proposed budget for 2024 will provide services at a level similar to those provided in 2023, with the exceptions as described in the following paragraphs. The primary cost drivers are expected to be the new debt service for the 2023 street improvement project, equipment, the cost of an additional full-time public works employee, technology, insurance, and personnel, most of which is driven by inflation. Inflation is a serious consideration in its own right. A list of departmental goals for 2024 is attached.

One service enhancement embodied in this budget is the addition of a full-time public works employee, which will replace some part-time public works staff. This will result in a net increase of approximately \$50,000 in personnel cost but should result in more dependable service than might be the case with new part time employees each year. While the structural cost of the City will increase by the amount noted above, the impact on the 2024 tax levy is negligible, as these costs were embedded in the 2023 tax levy and used for other purposes.

The Local Tax Rate: The local tax rate has decreased significantly over the past several years, to the extent that the goal of reducing the tax rate down to 90 has essentially been. Relative to some other communities, though, Chatfield's tax rate continues to be relatively high but the City does provide a menu of services that is broader than some of those other communities. Some of those services include 24-hour police protection, a Class B ambulance service, library services, an art center, a local cable television service (CCTV-Channel 11), heritage preservation services, a modern city hall, modern swimming facilities and modern drinking water facilities and a modern Class B wastewater treatment facility.

Note: Since the Minnesota Legislature adjusted the formula to calculate the market value exclusion, that adjustment will shift the tax burden from single-family residences to other classes of property. It will also increase the City's tax rate.

Debt per Capita: Just as the City was successful in reducing its tax rate over the past several years, it has also lessened the debt per capita to a point that it is near or under \$3,500, which is considered Moderate in the industry. Based on the City's financial plan, it should be possible to maintain this level of debt into the future.

A Budget Based on Needs, Goals & Outcomes, Maintaining Public Safety, Public Works and Public Services Programming: The 2024 budget has been developed based on a long-standing history of providing services to maintain the safety and convenience of the residents of the community. Services are embedded in this budget to ensure the continued maintenance of the streets, water system, sanitary sewer system and other aspects of the city's infrastructure along with the continued safety services provided through the police, ambulance, fire and building code departments.

Data Security, Communications and Technology: The 2024 budget includes funding and services necessary to reasonably protect the City's data and to train the City's employees in that regard. The work plan within the budget also includes efforts to actively communicate with the general public in a way that facilitates a free flow of information and decision making.

Capital Improvements: The City has recently purchased property within the historical downtown area to provide storage for and otherwise house the Public Works Department. The long-term vision is to construct a completely new facility for the Department at another location, however, the property in question will fit the needs of the department for the next several years. Acquisition of this property was in lieu of constructing a building that the Capital Improvement Plan anticipated in 2024. When a facility is constructed for the Public Works Department at some point in the future, this property would be sold for development purposes.

Improvements to the Grand / Hawley Street area are planned for 2023. This project will include replacement of certain water and sanitary sewer main in the area, along with street reconstruction. A number of blocks of street overlay will also be installed during this project. This project is expected to cost approximately \$1.7 million and is part of the City's long term capital improvement program.

Streambank improvements are planned to be installed in Mill Creek, through Groen Park. These improvements will stabilize the streambanks, reduce the erosion of parkland and improve trout habitat. The improvements will be installed by a third party and the cost of the improvements will be covered by the State of Minnesota and other parties.

A pedestrian bridge will be installed in Groen Park, spanning Mill Creek to connect the two parcels of the park. The cost of the bridge will be funded in part by an Outdoor Recreation grant that has been awarded from the Department of Natural Resources.

Enterprise Fund Activity: Due to the high cost of constructing a new wastewater treatment facility, a water tower and booster station, some years ago, the Water and Sanitary Sewer Funds have been operating in a deficit. Over the years, user rates have been adjusted upwards in an incremental fashion while cash reserves were used to manage the deficit. It appears that the increase in user rates that went into effect in early 2019 has stabilized the Sanitary Sewer Fund so there are no increases in sewer user rates projected for the near future. It also appears that increases to water rates should be relatively small, except for any increase needed to support the 2022 Water Improvement Project. At this point, the preliminary recommendation would be to increase the sewer and water rates by 0.0% and 5.0% respectively. Garbage costs are not expected to increase unless tipping fees increase at the transfer stations/landfill.

The City's utility bill includes charges for water, sanitary sewer, and garbage services, with water fees accounting for a rather minimal portion of the bill. As such, if there is no increase in fees for sewer or garbage services, and if the water fees are increased by 5%, the monthly utility bill will increase by less than 1.0%.

Construction Activity: Each year, construction activity provides additional tax capacity to the community, which softens the effects of an increase in the tax levy. Construction activity in 2023 has yielded four homes, adding approximately \$778,000 of residential value. 2022 produced 2 homes, adding approximately \$359,000 in residential value. 11 new homes constructed in 2021, 8 new homes in 2020, 7 new homes in 2019, and 20 new homes were constructed in 2018, all of which provide additional tax capacity to the City. **According to Fillmore County, the City's tax capacity has grown by \$627,000, an increase of 27% over 2021.**

Debt Service Fund Analysis: A detailed analysis of the City's tax-levy-related debt service funds has been completed and each of the funds have been found to be financially healthy.

An analysis of the debt service fund relating to the Enterprise Drive improvement project results in another recommendation to reduce the tax levy support to this Fund by \$35,000, eliminating tax levy support for this Fund. This is made possible due to the additional Small City Assistance from the State of Minnesota.

Other Revenues: The City has just collected the sixth installment of tax abatement revenues from Fillmore County and the Chatfield School District. To date, the City has collected a total of \$221,793 from this program. The benefit from this program is expected to grow noticeably each year for the next nine years. The 2024 tax levy will be \$42,469 less than it would have been otherwise, due to this program.

The Lone Stone tax increment financing district obligations will be met in 2023 and, as such, the captured tax capacity will be made available for general tax collections in 2024. This represents approximately \$125,000 of new tax capacity. The EZ Fabricating tax increment financing district obligations will also be met in 2023, which will add another \$11,000 of new tax capacity for taxes collected in 2024. This additional tax capacity will soften the impact of any increase to the tax levy in 2024, as this tax capacity represents an increase in the tax levy of approximately 5.5%.

Public Safety Aid: The Minnesota Legislature allocated \$131,715 of Public Safety Aid to the City in 2024. This is a one-time allocation of money that can be used for community violence prevention and intervention programs;

community engagement; mental health crisis responses; victim services; training programs; first responder wellness; equipment related to fire, rescue, and emergency services; or to pay other personnel or equipment costs.

Small City Assistance: The Minnesota Legislature allocated approximately \$61,000 to the City over the next two years. Although we don't know exactly how much will be received in 2024, we are estimating \$18,954 to the City in 2024. This money is to be used for roads/streets/transportation and the amount will increase over the course of the next few years as the program develops at the State level. The City Council dedicated these dollars to the Enterprise Drive Debt Service Fund until those obligations are met, which will reduce the tax levy by the same amount.

Long-term General Fund Revenue Opportunity: In an effort to keep sewer user rates from increasing any more than they would otherwise, the City's General Fund provided additional support of \$1,215,000 between 2011 and 2021. The City will have an opportunity to have these dollars repaid to the General Fund after the Sanitary Sewer Fund makes its final payment to the debt service fund in 2026. While there will be multiple alternatives for this to happen, one scenario would be for the Sanitary Sewer Fund to make an annual payment to the General Fund, or to a debt service fund that would otherwise be supported by tax payments, in the amount of \$100,000 for twenty-three years. In general, the City's financial position is strong and healthy.

Respectfully submitted,

Joel A. Young, City Administrator

2024 Budgeting Cycle - Departmental Goals

Ambulance

- Recruitment & Retention of EMTs.
- Develop solutions to fill staffing gaps.
- Involve Desiree more deeply with Training Institute.

City Clerk

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EDA Priorities

- Housing
- Hotel
- Support existing and prospective business development
- Enterprise Drive Lots

Finance & IT

- Server replacement proposal for 2023
- Update website
- Review & re-affirm all financial policies

Library

- We will support grounds maintenance to improve the appearance of landscaped features in order to build aesthetically pleasing extensions of our patrons' indoor experience into the outdoors. Grounds maintenance will boost curbside appeal to attract community interest, provide welcoming, free, inclusive physical spaces, and preserve pride in this historically significant property.
- We will continue to increase the number of programs and workshops we provide for adults to support lifelong learning. These events will help meet the cultural, recreational, and educational needs of the adults, as well as help establish our library as a community hub.
- We will acquire and circulate even more nontraditional library items to meet the needs of a variety of community members (e.g. Adventure Kits, STEAM Kits, etc.). These unique collections will help enrich and make library patrons' day-to-day lives easier by



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providing access to items that they might not be able to purchase due to financial reasons, space restrictions, or simple practicality.

- We will work to meet the goals generated through Library Strategic Planning scheduled to take place with SELCO's assistance in the Fall of 2023.

Are there any expense lines or programs where the department experienced costs savings due to either a planned or unplanned change? (i.e. Snow Removal Modification, Planning & Zoning Administration)

- E 211-45500-414 Automated Operations: SELCO pulled out basic tech fees to try to more closely figure out what it costs to serve each library and we came out owing \$1,000 less in ILS fees due to this!

Please identify the items in your budget that have cost drivers that are beyond our control and quantify that percent or amount if you are aware of the amount (i.e. Property / Casualty Insurance, Workers Compensation Insurance, Health Insurance, Managed IT)

- E 211-45500-136 Employer Paid H.S.A.: Christy will choose family coverage when she gets married. 33% increase needed
- E 211-45500-140 Unemployment Comp (GENERAL): Stab in the dark.
- E 211-45500-151 Worker's Comp Insurance Prem: we're guessing 5% increase of 3 year average, but really have no idea.
- E 211-45500-321 Telephone: Telephone use is necessary and almost everyone is long distance now that most have cell phones. We seem to always be running over budget, so increased about 4.8%.
- E 211-45500-360 Insurance (GENERAL): Cost in 2023 increased by 17.15% from 2022. Increased by 130.31% 2021 to 2022! According to online research: reasons property taxes are increasing: inflation, cost of materials and labor have increased, climate change (risk of catastrophic weather damage increased), Covid led to increased insurance claims, unsustainable loss ratios. Most online articles predict prices will continue to rise, perhaps by 25%. We decided we should budget about a 20% increase of what has already been charged this year
- E 211-45500-380 Utility Services (GENERAL): seem to be trending over budget this year, online sources predict that utility costs will continue to rise even if inflation decreases. We went with a 5% increase here.
- E 211-45500-401 Repairs/Maint Buildings: the age of our building is resulting in more repairs, maintenance, or upgrades required. We doubled the amount budgeted here from last year, but that is because we moved Elevator Maintenance (approx. \$2,000) to this budget line from the Equipment Maintenance budget line.

- E 211-45500-404 Repairs/Maint Equipment: Equipment is required to run the library and we don't have control of those costs, especially as equipment ages. We actually decreased this line by \$2,000 for next year, but that amount was simply moved to Repairs/Main. of Buildings, so is still in the total.

Parks

- 3 -4 campsites in Mill Creek Park)
- Installation of pedestrian bridge in Groen Park
- Replace John Deere WAM (\$33,000)

Pool

- Upgrades to zipline feature \$1,200.

Police Department

- Squad Laptops
- Possible Squad Replacement

Streets

- Complete 2023 Street Project
- Replace Street Sweeper and Snow Pusher

CCTV

- Continue to upgrade equipment/services
- Grow base of advertisers and offerings.

Thurber Building

Water Department

- 2023 Street/Water Project
- Pull Well #2
- Replace 3 Hydrants
- Complete Lead & Copper Compliance Inventory

Waste Water Department Priorities

- Continue electric and water conservation
- Start Reed Bed land application
- Inspect and camera more sewer mains