

**Personnel/Budget Committee
Meeting Agenda
City Council Chambers
August 9, 2021 - 4:30 p.m.**

1. Personnel Budget Committee August 9, 2021 4:30 p.m.
2. Consider update to Annual Budget policy.
3. Review 2022 Budget Process / Goals.
4. Discuss CCTV Administration:
 - A. Position Vacancies
 - B. Compensation for interim administration
5. Develop input to Charter Commission
6. Consider developing a recommendation regarding the LELS proposal.
7. Discuss potential allocation of American Recovery Plan funds.

Members Present: Councilors Paul Novotny & Mike Urban

Members Absent: None

Others Present: Kay Coe, Brian Burkholder, Shane Fox, Joel Young.

2022 Budget Process: The committee reviewed the preliminary budget that has been prepared for the 2022 city budget. They also reviewed the goals that will guide the development of the budget. At this point, the preliminary levy would be increased by approximately 7.75%. Additional work will continue to be made on the budget will more information to be provided at the August meeting.

American Rescue Plan Funds: No additional information has been received so no decisions could be made.

PURPOSE

To provide a stable financial environment for the City of Chatfield's operations that allows the City to provide quality services to its residents in a fiscally responsible manner designed to keep services and taxes as consistent as possible over time. This annual budget policy is meant to serve as the framework upon which consistent operations may be built and sustained.

The primary goals in preparing the City's Operating and Capital Budgets are.

1. Maintain a steady, predictable, local tax rate, with a long-term goal of reducing the tax rate over time.
2. To maintain the City's debt per capita at \$3,500 or lower.
3. Maintain positive reserves in the City's enterprise funds (sewer and water).
4. Develop a budget based on specified needs and goals.
5. Develop work plans based on specific outcomes in an effort to develop result-based budgets.
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.

OPERATING BUDGET POLICIES

Scope - It is the City's policy to budget for all governmental and enterprise funds. The City considers our operating budget to consist solely of the General Fund. The City is required to report levy and expenditure amounts for our Debt Service Fund for Truth-in-Taxation (TNT) purposes, but these levies and expenditures are usually related to capital spending decisions and are therefore excluded from the operating budget policy.

Accounting - The General Fund uses the modified accrual basis of accounting for budgeting and reporting purposes. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Stakeholder Input. The annual budget process is intended to weigh all competing requests for City resources within expected fiscal constraints. Requests for new programs made outside the annual budget process are discouraged. The City will provide ample time and opportunity for public input into its budget process every year, including the use of the required TNT (truth in taxation) hearing. The City provides opportunity for public input into its budget process every year, including the required TNT (Truth in Taxation) hearing.

Balanced Budget Adoption - The operating budget (General Fund) for the City will be balanced. The City will not use internal or external short-term borrowing, asset sales, or one-time accounting changes to balance the General Fund budget. The balanced budget will include a reasonable annual appropriation for contingencies.

Budgetary Controls - The legal level of budgetary control is at the department level within the General Fund even though budgetary data is presented at lower levels (e.g. Operating Supplies, Small Tools & Minor Equipment, Other Professional Services, and Capital Outlay). Expenditures may not legally should not exceed budget appropriations for the department unless offset by increases in revenues or unless the purchase was made in accordance with the City's Equipment Replacement / Capital Improvement Plan. All unencumbered appropriations lapse at year-end.

The City Clerk may approve budgetary transfers. The City Council may approve supplemental purchases.

Monitoring - Department heads are responsible for administration of their respective department budgets. Such responsibility includes reviewing monthly financial reports to detect errors and assess progress, staying within budget authorization, and submitting requests for budget adjustments, when required.

REVENUE POLICIES

Policies - The City will endeavor to maintain a diversified and stable revenue system to shelter programs and services from short-term fluctuations in any single revenue source.

Property Taxes - It is beneficial for residents and for the City to keep tax rates competitive and consistent from year to year. The City will strive to proactively avoid large increases in the tax rate.

Fees and Charges - The City will consider policy objectives and market rates when setting fees.

Investment Income - The City will reasonably budget for investment revenue in our operating budget based on the conservative investment strategy outlined in our investment policy (under separate cover).

Adopted by City Council September 08, 2008

Revisions: _____, 2021

MEMORANDUM

TO: PERSONNEL BUDGET COMMITTEE
FROM: JOEL YOUNG, CITY CLERK
SUBJECT: 2022 BUDGET PROCESS & GOALS
DATE: 6/10/2021
CC:

Action Requested: Review the attached budget development timeline and the following budget goals and provide direction.

The budget development timeline:

Budget Development Process 2021	
3-Jun	Distribute Budget Worksheets to Department Leaders
June 14 - 22	Submission of Worksheets to Kay
June 22 - 30	Inputting of submitted data
July 1 - 30	Revise and refine numbers
5-Aug	Distribute preliminary budget to Committee
9-Aug	Committee provide input
August 10 - 18	Revise and refine numbers
19-Aug	Distribute preliminary budget to Committee
23-Aug	Committee of the Whole review
13-Sep	City Council discuss preliminary budget
27-Sep	City Council adopt preliminary budget
10/25/2021	Capital Improvement Plan Workshop with Bubany
11/18/2021	Personnel-Budget Committee Input
13-Dec	Adoption of Final Tax Levy

The primary goals in preparing the City's 2022 Operating and Capital Budget are as follows:

1. Maintain a steady, predictable, local tax rate, with a long term goal of reducing the tax rate over time.
2. Reduce the City's current debt per capita level of approximately \$4,400 to \$3,500 or lower, over a period of years.
3. Maintain positive reserves in the City's enterprise funds (sewer and water)
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 result-based budgets.
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 goals by:

1. Maintaining an updated Capital Improvement Plan and Capital Goods Replacement Plan to guide spending on capital equipment and improvements.
2. Developing short and long-term plans and benchmarks that guide the development of the community, and the services the City provides.
3. Investing in the personal and professional development of the City's elected officials and its regular employees.

The proposed budget for 2022 will provide services at a level similar to those provided in 2021, although capital improvements will be made through a planned Water Improvement Project and the replacement of the Highway 30 bridge. While there will be many relatively minor changes throughout the City's budget, the primary cost drivers are expected to be in the areas of equipment, technology, insurance, personnel, and inflation. Two notable factors on the revenue side of the budget would be funds from the American Rescue Plan Act and payments from Fillmore County and the Chatfield Public Schools in regard to the 2008 Improvement Project. As it relates to the City's utilities, it is expected that any rate adjustments will be minimal. The cost of operating the new swimming pool is still somewhat unknown, given that the facility has not had a typical year in which to operate.

	Total				Total		
	2021	2021	2022	2022	2022	2022	
	Oper/Trans	Revenues	Operations	Transfers	Oper/Trans	Revenues	
GENERAL FUND							GENERAL FUND
Ad Valorem	\$ -	\$ 1,604,439			\$ -	\$ 1,770,422	Ad Valorem
LGA / PERA Aid	\$ -	\$ 841,946			\$ -	\$ 849,832	LGA / PERA Aid
Interest Income		\$ 12,000				\$ 12,000	
General Services Transfer In		\$ 127,316				\$ 128,792	
Legislative Dept.	\$ 54,513		\$ 62,196		\$ 62,196		Legislative Dept.
Historical Society	\$ 900			\$ 900	\$ 900		Historical Society
Elections	\$ 5,000		\$ 5,300		\$ 5,300		Elections
Clerk/Finances	\$ 509,984	\$ 14,275	\$ 515,190	\$ 7,520	\$ 522,710	\$ 14,075	Clerk/Finances
Planning & Zoning	\$ 37,798	\$ 750	\$ 37,970		\$ 37,870	\$ 750	Planning & Zoning
Municipal Buildings	\$ 85,350	\$ 150	\$ 57,800	\$ 27,656	\$ 85,456	\$ 225	Municipal Buildings
Police Department	\$ 664,595	\$ 54,850	\$ 653,869	\$ 31,069	\$ 684,938	\$ 59,850	Police Department
Building Code	\$ 24,500	\$ 18,800	\$ 25,000		\$ 25,000	\$ 16,400	Building Code
Civil Defense	\$ 2,450		\$ 450	\$ 2,000	\$ 2,450		Civil Defense
Animal Control	\$ 950	\$ 1,300	\$ 750		\$ 750	\$ 1,300	Animal Control
Street Maintenance	\$ 471,179	\$ 7,900	\$ 291,441	\$ 217,061	\$ 508,502	\$ 7,900	Street Maintenance
Other					\$ -		Other
Summer Recreation	\$ 4,200		\$ 4,200		\$ 4,200		Summer Recreation
Swimming Pool	\$ 158,720	\$ 65,400	\$ 166,137	\$ 2,500	\$ 168,637	\$ 75,600	Swimming Pool
Band	\$ 1,600		\$ 1,600		\$ 1,600		Band
Parks	\$ 184,350	\$ 900	\$ 159,308	\$ 43,700	\$ 203,008	\$ 1,400	Parks
Heritage Preservation	\$ 13,378	\$ 1,000	\$ 14,330		\$ 14,330	\$ 1,000	Heritage Preservation
Community Development	\$ 16,300	\$ 10,700	\$ 17,000	\$ 2,100	\$ 19,100	\$ 10,300	Community Development
Parkland Acquisition	\$ -				\$ -		Parkland Acquisition
Transfer to Library Fund	\$ 176,604			\$ 187,509	\$ 187,509		Transfer to Library Fund
Transfer to Ambulance Fund	\$ 71,450			\$ 79,500	\$ 79,500		Transfer to Ambulance Fund
Transfer to EDA	\$ 50,000			\$ 94,000	\$ 94,000		Transfer to EDA
Transfer to Fire Dept.	\$ 65,405			\$ 70,390	\$ 70,390		Transfer to Fire Dept.
Transfer to WWTP Debt Service	\$ 75,000			\$ 75,000	\$ 75,000		Transfer to WWTP Debt Service
Center for the Arts	\$ 71,000			\$ 80,000	\$ 80,000		Transfer to Center for the Arts
Transfer to CCTV	\$ 16,500			\$ 16,500	\$ 16,500		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	\$ 2,761,726	\$ 1,157,287	\$ 2,012,541	\$ 937,405	\$ 2,949,846	\$ 1,179,424	TOTAL GENERAL FUND
		\$ 2,761,726				\$ 2,949,846	Total Revenues with Ad Valorem

Difference from First Draft:						Proposed	Expenses:
		2018	2019	2020	2021	2022	2022 Note: This levy includes:
General Levy	\$ 1,363,896	\$ 1,449,036	\$ 1,514,941	\$ 1,604,439	\$ 1,770,422		1. 3.50% Pay Grid Increase.
Special Levy							3. Swimming Pool Experience is yet unknown
2010A	\$ -				\$ -		
2012A	\$ 32,000	\$ 31,000	\$ 20,601	\$ 19,000	\$ 14,500		4. 2012A reduced by \$35,363 T.A.
2014A	\$ 110,000	\$ 110,000	\$ 110,000	\$ 110,000	\$ 110,000		
2016A	\$ 113,000	\$ 111,000	\$ 114,345	\$ 112,350	\$ 110,355		
2017A	\$ 22,800	\$ 47,000	\$ 47,000	\$ 46,000	\$ 46,000		5. 2017A reduced by \$10,000 - Storm Water
2018A		\$ 284,000	\$ 319,000	\$ 319,000	\$ 318,000		
2019A		\$ -	\$ 35,801	\$ 37,000	\$ 38,000		
Difference from Preliminary:	Special Levy T	\$ 277,800	\$ 583,000	\$ 646,747	\$ 643,350	\$ 636,855	
Total Levy	\$ 1,641,696	\$ 2,032,036	\$ 2,161,688	\$ 2,247,789	\$ 2,407,277		Total Tax Levy
T.L. Change		\$ 390,340	\$ 129,652	\$ 86,101	\$ 159,488		Increase in Tax Levy
	5.85%	23.777%	6.380%	3.983%	7.095%		% increase in tax levy
Net Taxable Tax Capacity		\$ 1,813,195	\$ 2,040,768	\$ 2,143,126			Net Taxable Tax Capacity
			\$ 227,573	\$ 102,358			Increase in Tax Capacity
			12.551%	5.016%			% increase in tax capacity
City Tax Rate		112	106	105			City Tax Rate
		2019	2020	2021	2022		07.27.21

MEMORANDUM

TO: PERSONNEL BUDGET COMMITTEE

FROM: JOEL YOUNG, CITY CLERK

SUBJECT: CCTV ADMINISTRATION

DATE: 08/05/21

CC:

Action Requested: Determine next steps to hire CCTV personnel and discuss compensation for interim administrator.

Background: At the May meeting of this committee, staff was authorized to publish advertisements for people willing to fill various positions for the operation of CCTV. Those positions were Administrator, Seasonal Event Coordinator, Marketing, and Technical Support. We advertised for the Administrator position first, thinking that that person would like to be involved in hiring the other positions. To date, no one has applied for the Administrator position. Perhaps, it would make sense to advertise for the other positions so that some help is in place to assist the interim administrator.

At that same meeting, the committee discussed the need to compensate Damon Lueck for effectively being the Interim CCTV Administrator, as he has rallied volunteers to keep the service operating these past several months. While the Committee supported some level of compensation, the Committee thought it would be best to wait until others are hired so that the compensation could fit the time period involved. Perhaps, some compensation should be provided at this time to recognize the efforts to date.

Joel Young

From: Joel Young
Sent: Friday, July 2, 2021 2:37 PM
To: Mayor Russell Smith; Smith, Russell
Subject: Charter Commission Request
Attachments: Charter Amendment Ordinance - 2020.pdf

MEMORANDUM

TO: MAYOR SMITH AND CITY COUNCIL MEMBERS
FROM: JOEL YOUNG, CITY CLERK
SUBJECT: CHARTER COMMISSION REQUEST
DATE: 07/02/21
CC:

Charter Commission Chair Curt Sorenson has informed me that he intends to convene the City Charter Commission for a meeting in September. To prepare for that meeting he has asked me to ask you two basic questions:

1. List any issues that you would like the Commission to consider. Currently, the only issue I have sent his way is to consider the elimination of the City Health Officer.

Request: Consider a request to review the position of City Health Officer as required by the City Charter. Determine if this position should be continued and, if so, determine if the Charter should be more clear in terms of the qualifications for and the responsibilities of the position.

Background: At a recent meeting of the City Council, the City Council members discussed the fact that the City has not appointed anyone to the post of Health Officer for several years. After experiencing the impact of a pandemic this past year, the members pointed out that there are a lot of resources available to the City in regard to getting advice related to public health, including the county health departments, the State of MN and the Centers for Disease control. The City Council respectfully requests that the City Charter Commission study this issue to determine if this position is still necessary to maintain and, if so, what might be expected in that regard.

The City Charter clause:

Sec. 21. - Health officer.

The city council shall appoint a health officer for a term of two years commencing on the first day of February in each odd-numbered year, who shall perform the duties imposed upon health officers by law or pursuant to the provisions of the city's Charter or administrative code.

2. The second question that Curt had is relative to the proposal made last year to establish a City Manager position. He would like to know what each of you think on that point. The ordinance that was proposed at the time is attached for your review.

You can send your thoughts and input to me, if you wish, and I will relay to Curt. Alternatively, you can also send your thoughts directly to Curt at csorenso@amfam.com or 507-261-9321. Thank you!

Q5. What are eligible uses of these funds?

A5. Eligible uses include:

- Responding to the public health emergency. Expenses may include vaccination programs; medical care; testing; contact tracing; support for isolation or quarantine; supports for vulnerable populations to access medical or public health services; public health surveillance (e.g., monitoring case trends, genomic sequencing for variants); enforcement of public health orders; public communication efforts; enhancement to health care capacity, including through alternative care facilities; purchases of personal protective equipment; support for prevention, mitigation, or other services in congregate living facilities (e.g., nursing homes, incarceration settings, homeless shelters, group living facilities) and other key settings like schools; ventilation improvements in congregate settings, health care settings, or other key locations; enhancement of public health data systems; and other public health responses. Capital investments in public facilities to meet pandemic operational needs are also eligible, such as physical plant improvements to public hospitals and health clinics or adaptations to public buildings to implement COVID-19 mitigation tactics.
- Responding to the negative economic impacts of the pandemic. Eligible uses in this category include assistance to households; small businesses and non-profits; and aid to impacted industries. Assistance to households includes, but is not limited to: food assistance; rent, mortgage, or utility assistance; counseling and legal aid to prevent eviction or homelessness; cash assistance; emergency assistance for burials, home repairs, weatherization, or other needs; internet access or digital literacy assistance; or job training to address negative economic or public health impacts experienced due to a worker's occupation or level of training. Assistance to small business and non-profits includes, but is not limited to:
 - Loans or grants to mitigate financial hardship such as declines in revenues or impacts of periods of business closure, for example by supporting payroll and benefits costs, costs to retain employees, mortgage, rent, or utilities costs, and other operating costs.
 - Loans, grants, or in-kind assistance to implement COVID-19 prevention or mitigation tactics, such as physical plant changes to enable social distancing, enhanced cleaning efforts, barriers or partitions, or COVID-19 vaccination, testing, or contact tracing programs; and
 - Technical assistance, counseling, or other services to assist with business planning needs
- Premium pay for essential workers.
 - An amount up to \$13 per hour that is paid to an eligible worker in addition to wages the worker otherwise received, for all work performed by the eligible worker during the COVID-19 public health emergency. Such amount may not exceed \$25,000 per eligible worker.
 - Essential workers are those in critical infrastructure sectors who regularly perform in-person work, interact with others at work, or physically handle items handled by others.

- Critical infrastructure sectors include healthcare, education and childcare, transportation, sanitation, grocery and food production, and public health and safety, among others, as provided in the Treasury guidance. Governments receiving Fiscal Recovery Funds have the discretion to add additional sectors to this list, so long as the sectors are considered critical to protect the health and well-being of residents.
- The Treasury guidance emphasizes the need for recipients to prioritize premium pay for lower income workers. Premium pay that would increase a worker's total pay above 150% of the greater of the state or county average annual wage requires specific justification for how it responds to the needs of these workers.
- Treasury encourages recipients to consider providing premium pay retroactively for work performed during the pandemic, recognizing that many essential workers have not yet received additional compensation for their service during the pandemic.
- Revenue replacement for the provision of government services to the extent the reduction in revenue is due to the COVID-19 public health emergency relative to revenues collected in the most recent full fiscal year prior to the emergency (see additional questions below for definitions and calculations).
 - General revenue includes revenue from taxes, current charges, and miscellaneous general revenue. It excludes refunds and other correcting transactions, proceeds from issuance of debt or the sale of investments, agency or private trust transactions, and revenue generated by utilities and insurance trusts. General revenue also includes intergovernmental transfers between state and local governments, but excludes intergovernmental transfers from the Federal government, including Federal transfers made via a state to a locality pursuant to the Coronavirus Relief Funds (CRF) or the Fiscal Recovery Funds.
 - Cities should calculate revenue on an entity-wide basis. This approach minimizes the administrative burden for cities, provides for greater consistency across all recipients, and presents a more accurate representation of the net impact of the COVID-19 public health emergency on a city's revenue, rather than relying on financial reporting prepared by each city, which vary in methodology used and which generally aggregates revenue by purpose rather than by source.
 - Cities are permitted to calculate the extent of reduction in revenue as of four points in time: Dec. 31, 2020; Dec. 31, 2021; Dec. 31, 2022; and Dec. 31, 2023. This approach recognizes that some recipients may experience lagged effects of the pandemic on revenues. Upon receiving Fiscal Recovery Fund payments, recipients may immediately calculate revenue loss for the period ending Dec. 31, 2020.
 - The Treasury has released FAQs about Fiscal Recovery Funds, and they include a formula for calculating revenue loss. [Read the Coronavirus State and Local Fiscal Recovery Funds FAQs \(pdf\)](#).
 - Please note: Treasury is disallowing the use of projections to ensure consistency and comparability across recipients and to streamline verification. However, in estimating the revenue shortfall using the formula above, recipients may incorporate their average annual revenue growth rate in the three full fiscal years prior to the public health emergency. (Treasury FAQ 5/10/21)

- Investments in water, sewer, and broadband infrastructure.
 - Under the Drinking Water State Revolving Fund (DWSRF), categories of eligible projects include: treatment, transmission, and distribution (including lead service line replacement), source rehabilitation and decontamination, storage, consolidation, and new systems development. [See a list of eligible projects from the Environmental Protection Agency \(EPA\).](#)
 - Under the Environmental Protection Agency's Clean Water State Revolving Fund (CWSRF), categories of eligible projects include: construction of publicly owned treatment works, nonpoint source pollution management, national estuary program projects, decentralized wastewater treatment systems, stormwater systems, water conservation, efficiency, and reuse measures, watershed pilot projects, energy efficiency measures for publicly-owned treatment works, water reuse projects, security measures at publicly-owned treatment works, and technical assistance to ensure compliance with the Clean Water Act. [See a list of eligible projects from the EPA.](#)
 - As mentioned in the Treasury guidance, eligible projects under the DWSRF and CWSRF support efforts to address climate change, as well as to meet cybersecurity needs to protect water and sewer infrastructure. Given the lifelong impacts of lead exposure for children, and the widespread nature of lead service lines, Treasury also encourages recipients to consider projects to replace lead service lines.
 - Costs for construction on eligible water, sewer, or broadband infrastructure projects must be obligated by Dec. 31, 2024. The period of performance will run until Dec. 31, 2026, which will provide recipients a reasonable amount of time to complete projects funded with Fiscal Recovery Funds.
 - Broadband improvements require eligible projects to reliably deliver minimum speeds of 100 Mbps download and 100 Mbps upload. In cases where it is impracticable due to geography, topography, or financial cost to meet those standards, projects must reliably deliver at least 100 Mbps download speed, at least 20 Mbps upload speed, and be scalable to a minimum of 100 Mbps download speed and 100 Mbps upload speed. Projects must also be designed to serve unserved or underserved households and businesses, defined as those that are not currently served by a wireline connection that reliably delivers at least 25 Mbps download speed and 3 Mbps of upload speed.

The items listed are not exclusive. Other expenses may be eligible.