Committee of the Whole
Monday, August 23, 2021
City Council Chambers

1. Committee of the Whole   <mark>5:30 p.m.</mark>   Monday, August 23, 2021

2. Review preliminary 2022 Budget.

3. Granicus University
   A. Working with Agendas in iLegislate - https://www.screencast.com/t/OAihzmyY
   B. Working with Attachments in iLegislate - https://www.screencast.com/t/wRXdyzt6
   C. Working with Bookmarks, Notes & Videos - https://www.screencast.com/t/p50kx73LW8T

Committee of the Whole Meeting Notes   **June 28, 2021**

Members Present: Mayor Russ Smith, Councilors Mike Urban, Pam Bluhm and Josh Broadwater.

Members Absent: Paul Novotny and John McBroom.

Others Present: Robert Vogel, Chris Giesen, Myrthis Griffith, Ben Frederichs, Sara Sturgis and Joel Young.

The purpose of this meeting was for members of the Heritage Preservation Commission (HPC) and the City Council to discuss issues of importance relative to preservation activity. Chris Giesen reported that the HPC has been operating at full strength for several months, that meetings are being held monthly and full attendance is experienced at most every meeting. He provided a review of the most recent annual Certified Local Government report that had been submitted, noting that several properties are listed in the National Historic Register. Giesen also pointed out that the Commission is actively working to develop plans in regard to interpreting the Haven Wall while, at the same time, is about to complete the installation of several interpretive signs in the downtown area.

Each member of the HPC described how they value their participation on the HPC, noting how important a community's culture can be to the residents. They saw their role as being supportive to those people who own properties of significance within the community.

Members of the city council commended the members of the Commission for their work this past year, praising them for their commitment. The city council members stated that they valued the discussion and would look forward to a similar discussion in 2022.

MEMORANDUM

TO: CHATFIELD CITY COUNCIL

FROM: JOEL YOUNG, CITY CLERK

SUBJECT: 2022 BUDGET & TAX LEVY

DATE: 08/17/2020

CC:

City Clerk's Budget Message for Fiscal Year 2022

Honorable Mayor and Members of the Common Council of the City of Chatfield:

As City Clerk of the City of Chatfield, I'm honored to provide this information regarding the proposed tax levy and budget for 2022. The guiding principles 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 principles 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, goals and benchmarks that guide the development of the community, and the evaluation of services provided by the City.
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. The primary cost drivers are expected to be in the areas of equipment, technology, insurance, personnel and inflation, while the cost of operating the swimming pool is not yet fully understood. Special projects associated with community marketing and development will also drive up the cost of operating the city. A list of departmental goals for 2022 is attached.

Capital Improvements:
Improvements to the City's water system will be installed at various locations throughout the community. This project will be funded via issuance of revenue bonds that will be repaid by water revenues. The improvements will include improvements to all four of the City's water storage facilities, the addition of generators to Well #2 and the Booster Pump Station, the addition of a chemical room at Well #2, and the installation of a SCADA system to more efficiently monitor and operate the water system. These improvements are expected to cost approximately $1,125,000.00.

Streambank improvements will be installed in Mill Creek, through Groen Park. These improvements will stabilize the streambanks, reduce the erosion of parkland and improve trout habitat. This project will provide the opportunity to install a pedestrian bridge that will link the park property from one side of the creek to the other side. The improvements will be installed by a third party and, except for the cost of the bridge, the cost of the improvements will be covered by the State of Minnesota and other parties.

Approximately $8,7000,000 of improvements will be installed at the Chatfield Center for the Arts, funded by a grant from the State of Minnesota.

Approximately $55,000 of improvements will be made to Lone Stone Park, primarily in the form of updated playground equipment. $25,000 of the funding for this project will be provided by a grant from the State of Minnesota.

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 2.0% respectively. There are no fee changes anticipated for the garbage service.

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 2%, 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 2021 has yielded 7 new homes and one new apartment to date, adding approximately $1,350,000 in residential value. 8 new homes were constructed 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 $_____, an increase of ___% over 2020.

While the current proposals to remodel the former Pope & Young Club into the Joy Ridge Event Center or the proposals to construct a hotel and apartment buildings will not occur in time to impact the 2022 tax revenues, these development prospects, along with other projects under consideration, are positive signs for the community's future. Additionally, the Lone Stone tax increment district obligations are almost met. At this time, it is expected that these

obligations will be met sometime in 2023, which will result in the tax capacity of virtually all of those homes to be included in the general tax levy calculations in 2024 and thereafter.

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. In fact, based on that analysis, it is recommended that the City eliminate the subsidy that the General Fund makes to the debt service fund associated with the wastewater treatment plant. If this recommendation is implemented, the 2022 tax levy will be $75,000 less than it would be otherwise. Further tax levy savings will be achieved in 2023 in the amount of $47,000 while yet other tax levy savings are likely to be achieved, as well. Furthermore, the analysis indicates that it might be possible to reduce the amount of money that the Water and Sanitary Sewer Funds contribute to the debt service funds, resulting in less need to increase water and sewer user rates.

Other Revenues:
The City has received approximately $150,000 from the federal government in 2021 and is scheduled to receive approximately $180,000.00 in 2022, through the American Rescue Plan Act. The use of those funds is unknown at the time of writing this document.

The City has just collected the fifth installment of tax abatement revenues from Fillmore County and the Chatfield School District. To date, the City has collected a total of $143,961 from this program. The benefit from this program is expected to grow noticeably each year for the next ten years. The 2022 tax levy will be $35,363 less than it would have been otherwise, due to this program.

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 funds 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.

Respectfully submitted,

Joel A. Young, City Clerk

2022 Budgeting Cycle - Departmental Goals

Ambulance
- Bring new members aboard.
- Update training center materials
- Keep a balanced budget

City Clerk – Finance – IT - Administration
- Build community survey / engagement
- Strategic Planning
- Implement process for departmental review of city website
- Review & update all financial policies and personnel policy

EDA
- Hotel
- Enterprise Drive Lots
- Housing
- Bike Trail
- Downtown Business & Manufacturing
- Renew Chatfield Center for the Arts Lease Agreement

Library
- We will eliminate "per day" late fines that accrue when materials are not returned by their due date and waive previously accumulated overdue fines in order to prevent barriers to service that disproportionately affect low -income households. Our motivation is to provide equal access to all patrons, build relationships, and encourage library use. Policy decisions and revisions to support this change will be completed by January 31, 2022.
- By the first pay period of 2022, the Library Board will promote Christy Hyke to Assistant Library Director and provide her with wages commensurate with the experience, knowledge, and responsibilities the position merits.
- We will increase programming for children and adults by at least 100% in 2022, as long as conditions are considered safe. These programs will include weekly storytimes and may involve cooperation with organizations such as the Chatfield Center for the Arts when practicable.

Parks

- Sealcoat walking paths.
- New playground equipment in Lonestone Park.
- MillCreek -Groen Park creek restoration.
- Pedestrian bridge spanning Mill Creek in Groen Park
- Replace roof-MC shelter.
- Replace roof warming house / siding & repairs.
- Replace 72" John Deere mower.

Pool

- Upgrades to zipline feature $1,200.
- Open facility earlier and close later in the summer.

Police Department

- 3RD Squad Computer
- New Radar Unit
- Possible Squad Replacement

Streets

- Replace Toolcat & snowblower attachment
- 2021 Replace John Deere front end loader
- Increase overlay, chipseal, crackfill & storm budgets

Thurber Building

- Replace one HVAC unit

Water Department

- 2022 Water Project
- Replace 3 Hydrants
- Replace Pickup
- Install New Testing – Lead & Copper Rule

Waste Water Department

- Manhole rehab / reconstruction
- Plan reed bed cleaning / Reed options
- Camera sewers / future street projects

- Rebuild pump / influent (1) Liftstation Pumps (2)

Budget cost drivers–

- Insurance costs (Workers Comp. / P&C / Health)
- Personnel costs
- Technology security costs
- Chatfield Alliance Stipend ($23K)
- Small Cities Development Program Matching Funds ($20,000)

GENERAL FUND	Total 2021 Oper/Trans	2021 Revenues	2022 Operations	2022 Transfers	Total 2022 Oper/Trans	2022 Revenues	GENERAL FUND
Ad Valorem	$ -	$ 1,604,439			$ -	$ 1,775,422	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	$ 36,069	$ 689,938	$ 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	$ 942,405	$ 2,954,846	$ 1,179,424	TOTAL GENERAL FUND
		$ 2,761,726				$ 2,954,846	Total Revenues with Ad Valorem

Difference from First Draft:		2018	2019	2020	2021	Proposed 2022	Expenses:
							2022 Note: This levy includes:
	General Levy	$ 1,363,896	$ 1,449,036	$ 1,514,941	$ 1,604,439	$ 1,775,422	1. 3.50% Pay Grid Increase.
							2. Police Capital Goods increased by $5,000
	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	$ 2,412,277	Total Tax Levy
	T.L. Change		$ 390,340	$ 129,652	$ 86,101	$ 164,488	Increase in Tax Levy
		5.85%	23.777%	6.380%	3.983%	7.318%	% 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	08.12.21

Item	2021	2022	2023	2024	2025	2026	2027
Ambulance Replacement					$ 232,000		
Ambulance Service Door (2)					$ 2,000		
Ambulance Stairchair (2)					$ 14,000		
Ambulance Suction Unit							
Ambulance Training Tables (10)							
Ambulance Truck Radios (2)					$ 5,300		
Ambulance Window Coverings					$ 1,600		
Ambulance Total	$ -	$ 12,000	$ -	$ 5,800	$ 260,200	$ -	$ 7,000

Item	2021	2022	2023	2024	2025	2026	2027
CCTV - 2 HD Tricasters					$ 25,000		
CCTV - 3 HD Cameras			$ 10,500				
CCTV - HD Leightronix					$ 13,000		
CCTV Total	$ -	$ -	$ 10,500	$ -	$ 38,000	$ -	$ -

Item	2021	2022	2023	2024	2025	2026	2027
Clerk - Carpet				$ 4,500			
Clerk - Computer Cpu (5) Clerk's Dept.				$ 5,000			
Clerk - Desk Chairs (6)	$ 2,100		$ 1,200				
Clerk - Encoder	$ 5,800			$ 6,200			
Clerk - Transparency / Engagement Software							
Clerk - Finance Office Furniture				$ 7,000			
Clerk - Folding / Stuffing Machine							
Clerk - Laptop						$ 4,500	
Clerk - Monitors			$ 2,000				
Clerk - Printers		$ 1,500			$ 1,700		
Clerk - Tablet		$ 5,000				$ 5,500	
Clerk - Server					$ 18,000		
Clerk - Telephone System							
Clerk - Window Coverings							
Clerk Furniture - Outer Office							
Clerk Total	$ 7,900	$ 6,500	$ 3,200	$ 22,700	$ 19,700	$ 10,000	$ -

Item	2021	2022	2023	2024	2025	2026	2027
Fire - UTV							
Fire Air Compressor/Fill Station							
Fire Bottles		$ 19,000					
Fire Computer Laptop				$ 1,600			
Fire Dri-Flex Suits			$ 4,400				
Fire Exercise Equipment			$ 12,000				
Fire Grass Unit	$ 135,000						
Fire Infrared Heaters				$ 12,500			
Fire Overhead Door Openers							
Fire Overhead Doors							
Fire PPV Fan		$ 3,200					
Fire Pumper							$ 475,000
Fire Radios - HandHeld	$ 5,150	$ 5,300	$ 5,450	$ 5,650	$ 5,800	$ 6,000	$ 6,200
Fire Radios - Truck			$ 22,000				
Fire Rescue Struts							
Fire Rescue Tools						$ 36,000	
Fire Service Doors							
Fire Tanker				$ 90,000			
Fire Tuckpointing					$ 47,000		
Fire Turn Out Gear	$ 13,400	$ 13,800	$ 14,200	$ 14,600	$ 15,000	$ 15,500	$ 15,500
Fire Total	$ 153,550	$ 41,300	$ 58,050	$ 124,350	$ 67,800	$ 57,500	$ 496,700

Item	2021	2022	2023	2024	2025	2026	2027
IT - Labor							
IT - Switches in Core Server Room						$ 9,000	
IT - Website Upgrade / Refresh							
IT - Wireless Upgrade in Thurber							
IT Total	$ -	$ -	$ -	$ -	$ -	$ 9,000	$ -

Item	2021	2022	2023	2024	2025	2026	2027
Legislative - Tablets				$ 5,200			
Legislative Total	$ -	$ -	$ -	$ 5,200	$ -	$ -	$ -

Item	2021	2022	2023	2024	2025	2026	2027
Parks - Pick-up Truck/Dump Box/Tommy	$ 57,000						
Parks - 72" Mower		$ 17,000				$ 20,000	
Parks - Picnic Tables							
Parks - Sealcoating Paths		$ 12,000					
Parks - Groen Parking Lot					$ 35,000		
Parks - Wide Area Mower				$ 33,000			
Parks - LoneStone Play Equip.		$ 35,000					
Parks - Mohawk Play Equip.						$ 24,000	
Parks - Groundcover							$ 21,000
Parks Total	$ 57,000	$ 64,000	$ -	$ 33,000	$ 35,000	$ 44,000	$ 21,000

Item	2021	2022	2023	2024	2025	2026	2027
Police - Admin Vehicle			$ 33,500				
Police - Admin Package			8700				
Police - AED					10500		
Police - Squad		$ 31,000		$ 32,000			$ 35,000
Police Squad Package		$ 12,500		$ 12,500			$ 13,500
Police Squad Radios				$ 5,600			
Police Tasers	$ 7,500						
Police Office Computers			$ 3,300				
Police Speedboard			$ 8,000				
Police Squad Computers	$ 6,000				6800	6900	
Police Roof Repairs		$ 21,000					
Police Total	$ 13,500	$ 64,500	$ 53,500	$ 50,100	$ 17,300	$ 6,900	$ 48,500

Item	2021	2022	2023	2024	2025	2026	2027
San. Sewer - Conference Table/Chairs						$ 2,700	
San. Sewer - Fire Wall with Back-up							
San. Sewer - Jetter / Vac Truck							
San. Sewer - Office Furniture						$ 7,000	
San. Sewer - Pumps @ Lift Station		$ 29,000					
San. Sewer - VFDs (3 each)		$ 16,000				$ 18,000	
San. Sewer Influent Lift Pumps							
San. Sewer SCADA Computers							$ 35,000
San. Sewer Pick-up Truck	$ 26,000						
San. Sewer - WAS Pumps							