

**Personnel/Budget Committee
Meeting Agenda
City Council Chambers
September 13, 2021 - 4:30 p.m.**

1. Personnel Budget Committee September 13, 2021 4:30 p.m.
2. Consider proposal to change pay to Fire personnel.
3. Review 2022 Budget Process / Goals.
 - A. Small City Aid Resolution
 - B. Pay Grid Resolution for 2022
4. National Community Survey / Strategic Planning Update
5. Discuss potential allocation of American Recovery Plan funds.

Members Present: Councilors Paul Novotny & Mike Urban

Members Absent: None

Others Present: Kay Wangen, Chris Giesen, Brian Burkholder, Shane Fox, Joel Young.

Annual Budget Policy Review: Kay Wangen suggested a variety of modifications to the City's Annual Budget Policy and pointed out that the most significant change is the inclusion of goal statements within the policy. She also reported that the City's other financial policies would be reviewed during the upcoming months. The committee members indicated support for the updates to the Annual Budget Policy.

2022 Budget Process: Young presented another draft of the preliminary budget for 2022. He pointed out that the previous version would have had a tax levy increase of about 7.75% whereas the current version is at 7.06%. Young said that the inclusion of \$20,000 for matching the Small Cities Development Grant, along with some IT costs caused some challenges since the last meeting, so other modifications have been made to the budget. Young then led the committee members through a review of the tax-levy related debt service funds. Young pointed out that those debt service funds are projected to have surpluses at the end of their debt schedule and suggested ways to use that anticipated surplus to reduce stress on the tax levy and on the utility funds. It was also pointed out that there is no longer any need to provide the \$75,000 general fund support to the wastewater debt service fund. The committee members expressed support for the recommendations that would provide some relief to the general tax levy and to the utility funds.

CCTV Administration: Young reported that no one has applied for the Cable Television Administrator position, and that the City has not yet tried to recruit people for the other positions. Young said that there is some interest in coordinating the football season, the volleyball season and for providing technical support. The committee indicated that the City Council could approve these contracts as qualified people are found for each position. The committee also indicated that it would be appropriate to determine a level of compensation to pay for the interim administration work that has been provided since the previous administrator vacated the position.

Charter Commission Input: The committee members discussed the request of the Chair of the Charter Commission which asked for their input regarding the proposal to create a position of City Administrator/Manager. The members expressed support for the basic concept and one member said that he would contact the Chair to provide his input directly.

LELS Proposal: The committee indicated that they would support staff's recommendation to complete negotiations with the patrol officers' union.

American Rescue Plan Funds: The committee briefly reviewed the eligible uses of the ARPA funds. Discussions will continue as the eligibility of expenses become more clear.

Joel Young

From: Lucas Thieke <lucasthieke@gmail.com>
Sent: Tuesday, August 24, 2021 8:27 AM
To: Joel Young
Subject: Fire dept paroll

Was looking into raising the fire department's pay. We have not had a pay increase for five years, also looking to get included on the annual pay raise schedule.

2017 till present payroll looks like this:

Chief \$4000

asst. 1 \$1000

asst 2 \$1000

capt. \$750

capt \$750

Train \$750

Safe \$750

All firefighters \$10 per hour on duty, \$10 for training

My proposed raise would look like this:

Chief \$5000

asst. 1 \$1200

asst 2 \$1200

capt. \$850

capt \$850

Train \$850

Safe \$850

All firefighters \$12 per hour on duty, \$12 for training

This would increase annual payroll approximately \$5000 depending on call volume.

Thanks
Luke Thieke
Fire Chief

GUIDING BUDGET PRINCIPLES

- **Maintain a steady, predictable, local tax rate.**
- **Reduce the City's current debt per capita to \$3,500 or less.**
- **Maintain positive reserves in the City's Enterprise Funds**
- **Budget is based on specified needs & goals.**
- **Work plans are based on specific outcomes for results-based budgeting.**
- **Maintain public safety and public works programming that reasonably assures the public of their personal safety, convenience, and maintenance of property value.**
- **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.**
- **Maintain the city's strong bond rating and financial position. (AA)**
 - The City's AA bond rating ranks Chatfield among the upper tier of cities in the State relative to its credit rating.

A Resolution Regarding Small City Aid

Whereas, the State of Minnesota provides funding to cities with population of less than 5,000 for the purpose of maintaining and improving the City's streets, and

Whereas, one of the goals of the Small City Assistance program is to lessen the property tax burden associated with maintaining and improving city streets, and

Whereas, the City of Chatfield installed improvements to Enterprise Drive based in part on the funding from the Small City Assistance program, and

Whereas, the City received \$53,000.00 in Small City Assistance in 2021, and

Whereas, the dedication of that money to the debt service fund associated with the Enterprise Drive improvements will, in fact, have assisted in making the improvements to the City's street system while also providing an opportunity to relieve the property taxpayers in that same amount,

NOW THEREFORE BE IT RESOLVED that the Common Council of the City of Chatfield authorizes the deposit of the Small City Assistance funds received in 2021 to the 2017A Debt Service Fund and **BE IT FURTHER RESOLVED** that future tax levies for that debt service fund be lessened in a pro rata fashion.

**A Resolution to Set the Pay Grid of
The City of Chatfield Effective January 1, 2022**

Whereas, it is the practice of the City of Chatfield (City) to maintain a compensation system that fairly compensates its employees for services rendered, and

Whereas, the City of Chatfield maintains a compensation system that includes pay steps and pay grades (pay grid) for the various employee positions of the City, and

Whereas, the City of Chatfield intends for the pay grid to maintain its position in the marketplace, which means that adjustments to the pay grid must be made from time to time to recognize the effect of inflation on the pay grid, and

Whereas, the City has regularly consulted the Chained Consumer Price Index for All Urban Consumers (C-CPI-U), and has used that rate to adjust pay rates each year, for the fifteen years ending 2016, and

Whereas, salary surveys that were conducted over those fifteen years found that employee pay was substantially below the market rates of pay for those employees, resulting in larger than normal pay increases on two separate occasions, and

Whereas, the City Council's Personnel/Budget committee determined that a new method of calculating the annual pay adjustment was needed in order to avoid occasions on which a larger than normal pay increase is necessary, and

Whereas, that Committee has determined that it would be more appropriate to consider both the City's most recent experience of pay adjustments together with the current market conditions, including input from LELS Local 290, and

Whereas, the wage comparisons conducted by LELS indicate that an adjustment of 3.50% would maintain the City's position within the market, which is slightly below the average pay for similarly sized and similarly situated cities,

NOW THEREFORE BE IT RESOLVED BY THE COMMON COUNCIL OF THE CITY OF CHATFIELD that all employee classes, full time and part time, receive a pay increase of 3.50%, effective January 1, 2022.

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.

CARES Funds 2021			Allocation	\$ 322,000
			Replacement	
		Location	Date	Cost
Thurber Building	RTU-1	2002 Addition	2024	\$ 25,000
	RTU-2	Senior Room	2022	\$ 14,000
	RTU-3	Council Chambers	Decommissioned	\$ 14,000
	Furnace-3	Mayor's Suite	2025	\$ 6,000
	AV System			\$ 70,000
	HVAC System with roof top solar panels			
	Operable windows in offices			
Water	SCADA		2022	\$ 80,000
	Generator	Well #2		\$ 115,000
	Generator	Booster Station		\$ 140,000
Clerk		Billing Software, etc???		
		Air Purifiers @ \$595 each		
		Training & Creation of online forms / applications / permits on website		
		Employment / Building Permit / Pet Licenses		
		New hire / training manuals / US Bank / On call schedules		
		Website GovDelivery expansion for community notifications text and email		
		Digital phone handsets to allow remote work as in the office		
Revenue Recapture		Swimming Pool / CCA		
Small Cities Development Program Grant Match				\$ 20,000
Ambulance	Power Lifts			\$ 35,000
	Power Lifts			\$ 35,000
			Total	\$ 554,000
Water & Sewer to open new areas for development:				
	Division Street, west of Mill Creek Road			
	Burr Oak Avenue Extension			
	Well on County Road 10, extending pipe to MN-74			
	Extension of water and sewer south on St. Albans			

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