

**Personnel/Budget Committee
Meeting Agenda
Fillmore Conference Room
May 9, 2022 - 4:30 p.m.**

1. Personnel Budget Committee May 9, 2022 4:30 p.m.
2. SE MN Together Fiscal Host
3. Review proposed Fund Balance policy update.
4. Polco Renewal
5. Seasonal Help

Members Present: Councilor Mike Urban & Paul Novotny.

Members Absent: None.

Others Present: Kay Wangen, Brian Burkholder & Joel Young.

Electric Vehicle Charging Station: It was suggested to find out what other area communities are charging for re-charging vehicles.

Consider adding a First Response Vehicle: According to the projections, the addition of the emergency response vehicle to the ambulance fleet doesn't make a significant difference in the long-term financials. However, Burnett reported that the police administrative vehicle won't be available until mid-2023 so he suggested that this is not a good time to closely discuss the addition of a first response vehicle.

In 2021, there were six instances when a third call for service was received when both rigs were already out. There was one time during the year when the second rig was not fully staffed.

Burnett reported that it will be necessary to start paying a few people to be on call more significantly than is the current case if the call volume stays close to 500 per year.

Public Works employee positions: The committee talked about the need to add a full time position for public works. This would eliminate one seasonal position so the additional cost of this full-time position would be approximately \$30,000 - \$50,000, depending on the health insurance needs of the employee. It was noted that the current budget has \$20,000 of unallocated dollars in the budget, which might help transition into this position.

Two people have applied for the seasonal positions. Burkholder is recommending the hire of Kevin Koch for one of the positions and he is talking with a few others who are interested in the other position. He is looking to hire Koch as soon as possible and will bring another recommendation as soon as possible.

There are two applications in the door for the replacement of the position that focuses on parks and building maintenance.

MEMORANDUM

TO: PERSONNEL BUDGET COMMITTEE
FROM: JOEL YOUNG, CITY CLERK
SUBJECT: SE MN TOGETHER FISCAL HOST
DATE: 04/18/22
CC:

Action Requested: Develop a recommendation regarding the request of SE MN Together to provide Fiscal Host duties.

Background Information: As a result of a variety of initiatives over the past ten years or so, a proposal has been developed to create a Transportation Management Organization (TMO) that would focus on helping people move about the region more efficiently than is currently the case. This proposal is based on the 2018 Southeast Minnesota Economic Impact Forecasting Study which identified regional transit as a significant issue for communities to encourage workforce participation. The Study found a great need for improved transportation options among the clients of the health and human services programs, for employees in the regional businesses, for employees and students in the regional educational system and for employees and customers in the region's hospitality and tourism industry.

Recently, cities, counties and other interested parties have been asked to contribute money to hire staff and create a formal TMO. Since the organization does not yet exist, a fiscal host is needed to provide the treasury functions associated with receiving and investing funds, paying bills and otherwise being responsible for the management of the money. As such, the City of Chatfield has been asked to provide these services until such time as when the TMO is formally created and capable of handling its own money, which is expected to be within 18 months or so.

Since this is an emerging effort, it isn't easy to determine exactly how much time or effort will be involved but it is anticipated that the amount of work will not be significant. Based on what we know at this time, both Kay Wangen and I think that we can take on these duties without creating an undue burden on anyone in particular. If the City does agree to provide these services, we will get whatever advice might be needed from the City Auditor and City Attorney to ensure that the proper practices are established.

Finally, SE MN Together has made it clear that they intend to compensate the City for these services. The amount of compensation has not been determined at this time but is expected to reflect

the amount of work and responsibility involved. As for the use of any revenue this would provide to the City, I would ask that the City dedicate those dollars to be used for personal/professional development programming for staff, to be determined at a later date.



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To: Joel Young
From: Kay Wangen, kwangen@ci.chatfield.mn.us | 507-867-1514
Subj: Financial Policy – Fund Balance
Date: April 29, 2022

An updated draft of the Fund Balance Policy is attached for consideration.

Background: In September 2008 Council adopted a set of Financial Management Policies including, Annual Budget, Capital Goods, Debt Management, Fund Balance and Investment Management. These policies were created based on information from the MN State Auditors Office, the City of Edina, and were reviewed by Mike Bubany from David Drown and Associates as well as Kali Olstad from Smith Schafer & Associates.

Update: We are now implementing an annual review process to build awareness of our fiscal responsibilities and implement best practices to keep our policies current.

The attached draft was created by reviewing our policy and updating it with the City of Edina's most recent policy, as well as our 2021 Financial Statement.

The plan is to review each policy between now and June of 2022.

Note:

- Text highlighted in yellow indicates a recommended update to the language.
- Text with ~~strike through~~ indicates text recommended to be removed

Thank you.

I. ~~Background~~

~~In August 2007 (reviewed January 2008), The Office of the State Auditor issued a Statement of Position on Fund Balances which provided recommendations on Fund balance policies to be adopted by local governments. This statement of position is based on generally accepted accounting principles (GAAP).~~

~~At the end of February 2008, the Governmental Accounting Standards Board (GASB) released an exposure draft (ED) that proposes to substantially change how fund balance is categorized. It also proposes guidance that would modify how some of the governmental fund types are used.~~

~~This policy will provide a cross reference between the Current Classification of Fund Balance and the Proposed Classifications of Fund Balance.~~

Fund Balance Classifications: Current and Proposed

~~Current Classifications of Fund Balance~~

Proposed Classifications of Fund Balance

Fund Balance	Reserved Non-spendable	Not available for appropriation Not available for spending, either now or in the future, because of the form of the asset (e.g., inventories) or a permanent legal restriction (e.g., principal of an endowment)	
	Unreserved Spendable	Designated Restricted	Available for appropriation but intended for a specific use. Constraints on spending that are legally enforceable by outside parties.
		Designated Limited	Constraints on spending that the government imposes upon itself by high-level formal action prior to the close of the period. Resources intended for spending for a purpose set by the governing body itself or by some person or body delegated to exercise such authority in accordance with policy established by the board.
		Undesignated Assigned	Available for appropriation.

		Unassigned	Residual (general fund only)
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FUND BALANCE POLICIES

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 fund balance policy is meant to serve as the framework upon which consistent operations may be built and sustained.

Definitions & Policies

Fund Balance - Describes the difference between assets and liabilities in the governmental funds (general fund, special revenue funds, capital project funds, debt service funds and permanent funds). This policy covers the general funds and special revenue funds unreserved fund balances.

In accordance with Government Accounting Standards Board 54, governmental fund balances are classified as follows:

- NONSPENDABLE (GAAP—Reserved)**
Definition – The nonspendable fund balance consists of amounts that cannot be spent either because it is not in spendable form or because of legal or contractual restraints, such as prepaid items. Describes the amount of a fund balance that is associated with resources such as inventories or permanent legal restrictions such as principal of an endowment.
Policy - At the end of each fiscal year, the City will report the portion of the fund balance that is not available for spending (defined by the State of Minnesota Office of the State Auditor Statement of Position on Fund Balances and the GASB Exposure Draft on Fund Balances).
- Spendable— RESTRICTED - (GAAP Part of Reserved & Unreserved— Designated)**
Definition - The amount is restricted by external creditors, grantors, contributors, laws, or regulations of other governments. fund balance category includes the portion of the spendable fund balance that reflects constraints on spending because of legal restrictions stipulated by outside parties (e.g., encumbrances for goods or services with outside parties-creditors, grantors outstanding at the end of the year, or restricted by state statutes or grant requirements placed on the use for specific purposes), Also, any legal restrictions from state statutes or grant requirements placed on the use for specific purposes.
Policy - At the end of each fiscal year, the City will maintain a Spendable-restricted fund balance equal to the amounts required to accommodate; prepaid expenditures, encumbrances or funds restricted by enabling legislation,
- COMMITTED Spendable— Limited (GAAP Unreserved— Designated)**

Definition - The ~~limited~~ fund balance **amounts** classification includes the portion of the spendable fund balance that are constrained for specific purposes that are internally imposed by the City Council through formal action and remain binding unless removed by the City Council by subsequent formal action. ~~reflects constraints that the city has imposed upon itself by a formal action of the city council~~ (for example, an ordinance or resolution passed by a city council).

Policy - At the end of each fiscal year, the City will maintain a **committed** ~~Spendable-Limited~~ fund balance for long-term loan receivables such as advances to other funds or otherwise constrained for specific purposes by City Council.

- ~~Spendable~~ **ASSIGNED** (~~GAAP Unreserved – Designated~~)

Definition - The assigned fund balance includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. The City Council, my majority vote, may assign fund balances to be used for specific purposes when appropriate. The council also delegates the power to assign fund balances to the city clerk. This is the portion of the ~~spendable fund balance~~ that reflects funds intended to be used by the government for specific purposes assigned by more informal operational plans (e.g. capital goods replacement - the constraint on use is not imposed by external parties or by formal council action). In governmental funds other than the general fund (special revenue funds, capital project funds, debt service funds and permanent funds), assigned fund balance represents the amount that is not restricted or committed.

Policy –

Capital Goods Replacement - At the end of each fiscal year, the City will maintain ~~Spendable~~—A assigned fund balances portion for equipment replacement according to the City's Capital Improvement Plans. This includes funds; 801 for the general fund departments, 212 for the library, 221 for the fire department, 231 for the ambulance, 615 for CCTV as well as balances in 601 for the water department and 602 for the wastewater department.

Special Revenue Funds Cash Flow - At the end of each fiscal year, the City will maintain ~~Spendable~~— an assigned portion of the fund balance for cash flow in a range equal to 20 – 40% of the subsequent **following** year's budgeted revenues.

- ~~Spendable~~ **UNASSIGNED** (~~GAAP Unreserved – Undesignated~~)

Definition – The unassigned fund balance is the residual classification for the positive fund balance within the General Fund which has not been classified within the above-mentioned categories as well as the negative fund balances in other governmental funds. This is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications and, therefore, not subject to any constraints. Unassigned amounts are available for any purpose. These are the current resources available for which there are no government self-imposed limitations or set spending plan. Although there is generally no set spending plan for the undesignated portion, there is a need to maintain a certain funding level. Undesignated fund balance is commonly used for emergency expenditures not previously considered. In addition, the resources classified as undesignated can be used to cover expenditures for revenues not yet received.

Policy -

Cash Flow - At the end of each fiscal year, the City will maintain ~~Spendable~~— an unassigned portion of the fund balance for cash flow in a range equal to 40 – 60% of the subsequent following year's budgeted tax revenue (Tax Levy, Local Government Aid & Market Value Credit). In addition to cash flow needs this accommodates compensated absence liability and emergency contingency concerns.

In the event that amounts designated for cash flow fall above or below the desired range, the City Clerk shall report such amounts to the City Council as soon as practical after the end of the fiscal year. Should the actual amount designated for Cash Flow fall below the desired range, the City shall create a plan to restore the appropriate levels. Should the actual amount designated for cash flow rise above the desired range, any excess funds will remain undesignated pending the Council's final decision concerning transfer to another fund. It is the policy of the City that, to the extent possible, such excess funds will be transferred to the Special Projects Fund.

~~SPENDABLE (GAAP UNRESERVED)~~

~~Describes the amount of a cash fund balance that is available for appropriation based on the constraints that control how specific amounts can be spent. Typically, a significant portion of a government's spendable resources can be spent only for specified purposes. The following categories (designations) define the revenue source and the force of the constraint on spending.~~

~~Designations should be supported by actual plans approved by either the governing body, an appropriate officer, grant providers or enabling legislation.~~

Adopted by City Council September 08, 2008.

Revisions Adopted by City Council Month, Day 2022

Adopted by the Chatfield City Council on this 8th day of September, 2008.

Curt Sorenson, Mayor

Attest:

Joel Young, City Clerk

Chatfield, MN - 2022 & 2023

Chatfield, MN

Chatfield, MN 55923

United States

Joel Young

City Clerk

jyoung@ci.chatfield.mn.us

1 5078671518

Reference: 20220406-082938021

Quote created: April 6, 2022

Quote expires: June 5, 2022

Quote created by: Alec Vice

Account Executive

avice@polco.us

+1 (608) 469-4467

Products & Services

Item & Description	Quantity	Unit Price	Total
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Polco Premium Plan

1

\$5,500.00

\$0.00

Polco Premium - 2022

after \$5,500.00

The Polco Premium Plan allows you to engage with residents in a way that is convenient for them to ensure more voices engage, and that they engage in a civil way. You can create as many of your own short surveys or polls as you would like and build a following to allow for quick input and continued engagement. You can have up to 10 administrators on Polco and we would encourage you to share administrative seats with other departments and especially those on your communications team.

discount

for 1 year

- Premium Features

- Custom Profile

- Unlimited Content

- 10 Administrator Seats

- Resident Verification

- Guest Responses

- Demographic breakdowns

- Geographic Maps

- Access to Full Library of Polls and Surveys

- Results Filtered by Verification Status

- Advanced Survey Creation Options

- Custom Geographic Areas

Polco Performance Plan (Level 2)

1

\$15,500.00 / two

\$15,500.00 / two

The National Community Survey - 2023

years

years

All Polco Premium Features are available to you during your subscription term to engage with your target audiences. Respondents answer

for 2 years

questions via Polco's civic surveying and engagement platform which includes real time results and the option to have respondents verified against voter lists. As participants respond they become part of your community's digital panel available for follow up questions, surveys, polls, and other engagement.

The Performance plan includes 1 benchmark survey per 12-month period. Your online report will include comparisons to our National Benchmarks, and demographic and geographic comparisons (if response is sufficient by subgroup). Our client success team will guide your benchmark survey process to ensure smooth implementation.

Level 2

A representative sample of residents (or other appropriate stakeholders) will be invited to complete the survey to ensure statistically significant response and results. We will use statistically appropriate methodologies to garner community-wide representativeness with at least a 6% margin of error (4-6% is typical and meets best practices for performance measurement, about 250-450 responses) per local jurisdiction. The invitations will contain an introduction outlining the importance of the survey and instructions for completing it. To supplement this effort, the client will be asked to participate in outreach efforts with guidance on best practices from Polco. Responses will be statistically weighted to ensure the best representation of your community (or stakeholder group, if applicable).

Subtotals

Per two year subtotal	\$15,500.00
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One-time subtotal	\$0.00
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after \$5,500.00 discount

Total	\$15,500.00
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Questions? Contact me



Alec Vice

Account Executive

INTEROFFICE MEMORANDUM

TO: Personnel/Budget Committee
FROM: Brian Burkholder, SCS
SUBJECT: 2 Summer help & 1 spring/fall optional mower
DATE: 5/4/2022

Action Requested: To consider the hiring of Ryan Nosbisch and Gage Bartels for the summer help positions and David Sladek as a back-up mower "as needed" for the months of May, Sept, and Oct.

Background: After placing an ad in the papers for 2 weeks, announcement at the High School, city website and the Choose Chatfield page, I received 6 applications for the June through August position and 2 for the May through October mowing position. One of which is Kevin Koch that plans to return this year. I interviewed both the 2 seasonal applicants and 5 out of 6 June- August applicants.

I recommend hiring Ryan Nosbisch and Gage Bartels for the 2 summer positions and David Sladek for an "as needed" back-up mower for the months of May, Sept, and Oct.

Thank you for your time,
Brian Burkholder