



# Open Council Workshop

To: **Mayor and City Council**  
 Through: **Nate Burkett, City Manager**  
 From: **Char Stark, Finance Director**  
 Date: **August 9, 2021**

## Preliminary 2022 and Preliminary Conceptual 2023 Budget

### BACKGROUND INFORMATION:

Council please recall at the December 14 Council meeting the Conceptual budget of 2022 was accepted during the adoption of the 2021 Budget. Since then the City Management has been working on updating the Preliminary 2022 Proposed Budget as well as creating the Preliminary Conceptual Budget for 2023.

Comparison of the Conceptual Budget and the current proposed 22 Budget is below:

	Final 2021	Conceptual 2022	Proposed Preliminary 2022	Conceptual 2023
Total Budget	\$45,914,694	\$36,955,847	<b>\$38,881,785</b>	<b>\$37,164,867</b>
Levy	\$17,744,425	\$18,642,179	<b>\$18,567,222</b>	<b>\$19,796,445</b>
% Increase-2021		+ 5.06%	<b>+ 4.23%</b>	<b>+ 5.94%</b>
Tax Rate	69.426%	71.077%	<b>69.515%</b>	<b>72.115%</b>

### 2021-2023 Summary Budget City and EDA Levy

Highlights	2021 Budget	2022 Budget	Change to Net City Cost	% Change	2023 Forecast	Change to Net City Cost	% Change
Salaries/Benefits	10,758,093	11,443,793	685,700	6.37%	12,590,641	1,146,848	10.02%
Supplies	893,625	914,545	20,920	2.34%	940,725	26,180	2.86%
Other Charges and Services	10,801,864	11,024,309	222,445	2.06%	11,429,966	405,657	3.68%
<b>Total Operating Budget</b>	<b>22,453,582</b>	<b>23,382,647</b>	<b>929,065</b>	<b>4.14%</b>	<b>24,961,332</b>	<b>1,578,685</b>	<b>6.75%</b>
Capital Outlay	17,564,420	10,167,394	\$(7,397,026)	-42.11%	7,124,544	(3,042,850)	-29.93%
Other Financing Uses - Transfers Out	600,000	650,000	50,000	8.33%	650,000	-	0.00%
Debt Service-Enterprise Funds	732,179	848,124	115,945	15.84%	973,599	125,475	14.79%
Debt Service-Governmental Funds	4,564,513	3,833,620	(730,893)	-16.01%	3,455,392	(378,228)	-9.87%
<b>Total Capital and Debt Budgets</b>	<b>23,461,112</b>	<b>15,499,138</b>	<b>-7,961,974</b>	<b>-33.94%</b>	<b>12,203,535</b>	<b>(3,295,603)</b>	<b>-21.26%</b>
<b>TOTAL BUDGET</b>	<b>45,914,694</b>	<b>38,881,785</b>	<b>(7,032,909)</b>	<b>-15.32%</b>	<b>37,164,867</b>	<b>(1,716,918)</b>	<b>-4.42%</b>

## **Break down of 2022 Budget**

Below is a detail of the 2022 budget by expense categories.

### Personnel Costs

- Salaries budgeted with 3% increase, 4% lane changes and merit pay for Directors and managers.
- Health insurance at 20%
- PERA no change from 2021. 7.5% for Coordinated, Police & Fire 17.7% and defined Contribution @ 5%.
- New Requests:
  - 2 officers hired in July
  - IT technician hired in April
  - Police administrative positions moved from 32 hours to 40 hours
  - Internal promotion of Marketing and Communications manager to Assistant City Manager
  - Assistant Ice Arena from 32 hours to 40 hours
  - Additional Parks and Rec programmer hired in April

### Other Charges for Services

- 5% increase to Fire contract
- 2% increase to DCC from actual 2021. (Budget was higher than needed in 2021.)
- Increases for maintenance agreements for City-wide applications
- New change in cell phone carriers from T Mobile to I-Net.
- New part-time cleaning services for City facilities.
- Continued allocation for neighborhood streets.
- Continued allocation for sidewalks and trails

### Capital Outlay

- City hall remodel on the administrative side
- Marthaler Park redevelopment plan 2022-2024
- Increased budget for Park equipment replacement
- Increased budget for Technology replacements
  - Increased security cameras
  - Data Center Licensing-2 year plan
  - Petro Van-Public Works
  - HVAC software-Public Works
  - Badge Printer
  - Plotter Printer
  - Portable projector and screens

### Vehicle and Equipment

- Increase for squad change over costs
- Replace Vehicle Counter/Radar

- Scenario Based Training Equipment
- Secured cargo Storage for squads
- Electronic Speed Signs
- Our share of ladder truck for SMFD
- Dump trucks (2)
- Water tank
- Plow
- Diesel Mower 16'
- 60" Rider Mower
- 44" Mower

#### Street Program

- Crusader
- Oakdale/Thompson Round about (Dakota County led project)

#### Trails-Sidewalks

- Crusader
- Bidwell (Safe Routes)

### **Breakdown of 2023 Conceptual Budget**

Below is the detail breakdown of the 2023 conceptual budget

#### Personnel Costs

- Salaries budgeted with 3% increase, 4% lane changes. MV increase for salaried employees with the elimination of the annual merit pay.
- Health insurance at 20%
- PERA no change from 2021. 7.5% for Coordinated, Police & Fire 17.7% and defined Contribution @ 5%.
- New Requests:
  - Building Inspector (grant funded for 2 years)
  - Communications/Grant writer
  - Public Works Park/Street Employee

#### Other Charges for Services

- 5% increase to Fire contract with added staff proposal
- 5% increase to DCC
- Increases for maintenance agreements for City-wide applications
- Continued part-time cleaning services for City facilities.
- Increased allocation for neighborhood streets.
- Continued allocation for sidewalks and trails.

#### Capital Outlay

- Continued Marthaler Park redevelopment plan 2022-2024
- Increased budget for Park equipment replacement
- Increased budget for Technology replacements
  - Switch replacement on a regular replacement schedule
  - Council Chamber Retro Fit
  - SCADA upgrade

- 2<sup>nd</sup> year DATA Center Licensing
- Digital signage for conference rooms
- Digital signage for marketing in city facilities

Vehicle and Equipment

- Thermal heat/cool pump units (2)
- 3<sup>rd</sup> Squad replacement
- Electronic Speed Signs
- Front Loader
- Asphalt Hot Box
- Trail Snow Removal Equipment
- Utility Vehicle
- 60” Mower
- Cushman Mower

Street Program

- Annapolis (2 year)
- Delaware Recon (County)

Trails-Sidewalks

- Oakdale/CSAH 73

After a review of the cash goals, some of the funds cash goal have been reevaluated. Since the policy has been in place for a while and the cash has been increasing a review was done to see if there was a need for some of the higher goals set a few years back. A chart below shows the new goals for the funds.

	Goals	New Goal	Change	Previous Rationale
General Fund/Innovation/Communi	8,661,201.00	9,000,000.00	338,799.00	Policy has 60% of next year
Debt Fund	5,000,000.00	5,000,000.00	-	105% of next years debt service payments
Debt Mitigation Fund	4,310,000.00	2,550,000.00	(1,760,000.00)	building cash to redeem early 2021 and 2024.
Vehicle Fund	2,000,000.00	2,000,000.00	-	2 years of average of capital needs
Sewer Fund	4,000,000.00	4,000,000.00	-	1 year of operations plus capital
PD/FD PERA-working to close this fund			-	
Storm Water Fund	1,000,000.00	1,000,000.00	-	1 year of operations plus capital
Regional Athletic Center	3,000,000.00	3,000,000.00	-	year of operations plus LT capital needs
Ice Arena	1,300,000.00	1,300,000.00	-	year of operations plus LT capital needs
Golf Course			-	
Pool	250,000.00	250,000.00	-	
Street Maintenance	700,000.00	700,000.00	-	2 years of operations
TIF			-	
Technology Replacement	300,000.00	200,000.00	(100,000.00)	2 year averal of capital needs
Parks Improvement	2,000,000.00	1,000,000.00	(1,000,000.00)	4 years of average of capital needs
Insurance	500,000.00	500,000.00	-	1 year of operations
EDA-2018 budget adj. for purchase-	1,500,000.00	1,500,000.00	-	1 year of operations plus seed money for projects
Government Facility Capital Project	5,000,000.00	5,000,000.00	-	building cash to build a new facily-50% of facility
Thompson Oaks				
River to River Trail				
	<b>39,521,201</b>	<b>37,000,000</b>	<b>-2,521,201</b>	

With the above changes implemented, there is \$400,000 of LGA/Franchise fee revenues that have not been allocated for 2023. As part of the discussion at the OCWS, direction for this allocation is being requested.

Allocation options to consider:

- A Council directed project from the CIP plan
  - Arena Parking lot
  - Future Pool expansion
  - Sports Center conversion/Skate park
- Increase street maintenance
- Increase Neighborhood street budget
- Increase trail/sidewalk budget
- Reduce the tax levy

Summary

Staff is recommending this two-year budget; we feel the Council’s goals are being met with the budgets as presented.

- Increase spending for street maintenance
- Increase spending for trails/sidewalks
- Maintaining City Infrastructure with the Park redevelopment of Marthaler and the City hall remodel
- Tax rate remains steady for 2022.

**FISCAL IMPACT:**

<b>Fund</b>	<b>Department</b>	<b>Account</b>	<b>Amount</b>

**STAFF RECOMMENDATION:**

Discussion of the 22-23 Budgets.

Proposed Budget/Levy  
EDA Levy  
2023 excess LGA/FF revenue

Attachment:

CIP-CEP Plan  
Graphs