

FAIRMONT CITY COUNCIL 2022 BUDGET WORK SESSION

Monday, August 16, 2021, 5:00 p.m.

1. Discuss the 2022 Preliminary Budget



Fairmont City Council
August 16, 2021

Agenda Item: 1

From: Cathy Reynolds
To: Mayor and City Council

Subject: 2022 Budget Work Session

Policy/Action Requested: Discuss the 2022 Preliminary Budget

Vote Required: ___ Simple Majority ___ Roll Call

Recommendation:

Overview:

Each year the city staff prepares a preliminary budget for Council approval. The preliminary budget sets the maximum levy that the City can adopt with the final budget being adopted in December. In previous years council members have been asked to provide priority projects in advance of budget preparation to incorporate into the budget. This year Council completed a strategic planning session and the Strategic Plan adopted by Council has been utilized in preparing the budget.

Staff has prepared a preliminary budget for the General Fund, Economic Development Association (EDA) Fund, Capital Fund, and Debt Service Fund. The General Funds support regular city operations, the EDA Fund supports the economic development activities for the city as well as the Incubator building. The Capital Fund supports capital projects and purchases. The Debt Service Fund is used to make payments on the city's bond obligations. The public utility budgets (water, wastewater, electric) will be prepared and reviewed at a later date. These budgets do not affect the levy.

The General Fund budget is \$9,378,615. This will be funded by local government aid from the state, levy and miscellaneous other revenue sources. The major changes in the general fund levy include the movement of the public works building funding from the general fund to the debt service fund, changes in staffing, a 2.75% general salary increase, benefit premium adjustments, contract services to update the zoning code, automation costs.

The EDA budget is \$247,600. This represents a slight increase to support increased prospecting efforts following the closures of the last 18 months due to COVID.

The Capital Fund budget is \$2,601,750. This budget represents the items staff is recommending to support the city's operations and current services. The capital improvement plan (CIP) provided with this agenda shows the items that make up this budget. We will review these items during the work session.

The debt service budget is \$2,452,534. This represents an increase from last year for the bond for the public works building. The levy amount for this payment was currently located in the general fund and with this budget will move to the debt service fund.

The preliminary budgets will take a levy of \$5,948,233 to support the above listed funds. This levy is a \$280,439 increase from 2021.

In addition to the proposed preliminary budget, staff has provided sections in the CIP documents titled “ideas” or “recommendations”. These are items that come from the Strategic Plan, council member requests, and board recommendations. During the work session we can discuss these projects the budget impact, and corresponding levy impact, of bringing any of the projects into the 2022 budget.

After the work session staff will finalize the preliminary budget and levy and bring it to the September 27, 2021 meeting for approval. The preliminary levy must be submitted to the county by September 30, 2021.

Budget Impact:

Attachments:

Council Action: _____ Date: _____



MEMORANDUM

TO: Mayor and Council
FROM: Paul Hoyer, Finance Director
DATE: August 11, 2021
SUBJECT: 2022 Budget Highlights

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City staff and Council held a strategic planning session on April 13th where we established a new vision for the City of Fairmont and discussed the goals that we wanted to see accomplished in the future. We have used that information to help guide the 2022 budget preparation and to update the City’s 5 Year Capital Improvement Program which we have included for your review. This is a comprehensive list of all the capital projects that city staff has identified that will need to be funded within the next five years. All the projects identified in 2022 have been included and funded in the 2022 proposed budget. All the projects that are listed as “Ideas and Requests” are new projects that have been included in the CIP coming from our strategic plan or they have been recommended by a council member, city staff or city board. These projects have not been included in the 2022 budget and are there for Council consideration.

There are several factors that have impacted the 2022 budget including;

- Small increase in Local Government Aid
- Cost of living increase of 2.75%
- Expected increase in health care and work comp costs
- Additional FTE in the Engineering Department
- Reduction of a FTE in the Building Inspection Department, replaced with a contract for service that will be used as needed.
- Included funds to complete an update to the City Zoning Code.
- Increased the IT budget for additional software that will help with operational efficiencies.

To fund these items and the projects in the CIP, we would need a 4.9% levy increase. We have included a levy sheet showing the breakdown of the levy and the changes from 2020. We will be working with the County to determine what the impact will be on the city’s tax rate and updating the tax impact on the levy sheet for our budget meeting on September 13th.

PH

Preliminary Property Tax Levy Increase



2021 Levy	Debt Service	1,167,495
	Operations	3,656,899
	Capital	743,400
	EDA	100,000
	Total	5,667,794

2022 Levy	Debt Service	1,457,083
	Operations	3,530,450
	Capital	860,700
	EDA	100,000
	Total	5,948,233

Levy Increase: \$280,439 4.9%

2022 Property Tax Impact -

Residential Property

	\$95,000	\$150,000	\$250,000
2022 City Tax	0.00	0.00	0.00
2021 City Tax	577.09	911.19	1,518.65
	-577.09	-911.19	-1,518.65

Commercial/Industrial Property

	\$500,000	\$1,000,000	\$2,000,000
2022 City Tax	0.00	0.00	0.00
2021 City Tax	5,619.01	11,693.61	23,842.81
	-5,619.01	-11,693.61	-23,842.81

PROJECTS & FUNDING SOURCES BY DEPARTMENT

Department	Project#	2022	2023	2024	2025	2026	2027+	Total
AIRPORT								
	Tractor Mower (rough cut) - Snow blower			125,000				125,000
	Main Hangar demolition					50,000		50,000
	Main Hangar upgrades					75,000		75,000
	Rehab Terminal building exterior		65,000					65,000
	Replace SnoGo snow blower				600,000			600,000
	Rehab runway 13/31			175,000				175,000
	Main terminal space planning							-
	Main terminal interior renovations	35,000	25,000					60,000
	Paint blue/yellow hangars	15,000						15,000
	Contingency		5,000	5,000	5,000			15,000
								-
								-
								-
	Airport Total	50,000	95,000	305,000	605,000	125,000	-	1,180,000

Funding Sources								
	Aeronautics Fund	15,000	49,500	60,000	50,000	50,000		224,500
	Federal Grants			157,500				157,500
	State Grants		45,500	87,500	420,000			553,000
	Capital Reserve Fund							-
	Go Revenue Bonds							-
	Liquor Store Fund	35,000			135,000	75,000		245,000
	Airport Total	50,000	95,000	305,000	605,000	125,000	-	1,180,000

PROJECTS & FUNDING SOURCES BY DEPARTMENT

Department	Project#	2022	2023	2024	2025	2026	2027+	Total
Data Processing								
Engineering Computers								-
Laptop/Computer Replacement		19,250	21,000		22,750			63,000
Firewall		6,000						6,000
Wireless Access Points		10,000						10,000
SMEC Wireless Access Points		14,000						14,000
City Network Cameras		12,000						12,000
City Hall Copier		9,000						9,000
Community Development Software Implementation		15,000						15,000
Data Processing Total		85,250	21,000	-	22,750	-	-	129,000

Data Processing Ideas								
Website Redesign		80,000						80,000
Data Processing Total		80,000	-	-	-	-	-	80,000

Funding Sources								
General Fund								-
Federal Grants								-
Data Processing		85,250	21,000		22,750			129,000
Utility Funds								-
SMEC								-
Data Processing Total		85,250	21,000	-	22,750	-	-	129,000

PROJECTS & FUNDING SOURCES BY DEPARTMENT

Department	Project#	2022	2023	2024	2025	2026	2027+	Total
GENERAL GOVERNMENT BUILDINGS								
	Humane Society Roof	25,000						25,000
	Facility Assessment Phase 1	50,000						50,000
	Incubator Building Repairs							-
	SMEC Interior Renovation							-
	SMEC A/C							-
Library								
	Furniture	2,000	2,000	2,000	2,000	2,000	2,000	12,000
	Roof		177,500					177,500
	HVAC							-
	General Gov't Total	77,000	179,500	2,000	2,000	2,000	2,000	264,500
GENERAL GOVERNMENT IDEAS								
	IT Director						113,000	113,000
	Communications Coordinator						84,000	84,000
	Community Development Director						124,000	124,000
	Human Resources Coordinator						73,000	73,000
	General Gov't Total	-	-	-	-	-	394,000	394,000
Funding Sources								
	General Fund	77,000	179,500	2,000	2,000	2,000	396,000	658,500
	Federal Grants							-
	State Grants							-
	Utility Funds							-
	Go Revenue Bonds							-
	Economic Dev.							-
	Liquor Store							-
	General Gov't Total	77,000	179,500	2,000	2,000	2,000	396,000	658,500

PROJECTS & FUNDING SOURCES BY DEPARTMENT

Department	Project#	2022	2023	2024	2025	2026	2027+	Total
POLICE DEPARTMENT								
	Training Trailer/Firearms Equipment		6,500					6,500
	Officer Safety Equipment	4,500						4,500
	Community Service Officer Vehicle (Squad 9)		40,000					40,000
	8 Vista Body Cameras and software update	9,500						9,500
	Portable Radio Replacement plan 4 per year		16,000	16,000	16,000	16,000		64,000
	Emergency Management Trailer Update Equipment	8,000						8,000
	1 squad lightbar update		2,900		8,000			10,900
	Replace/update two squad transport cages	6,000						6,000
	Replace SRO squad 8 with Purchase 1 or 6	16,000						16,000
	replace Police Bikes (current ones 20 yrs old)			3,500				3,500
	Update Evidence Equipment		2,500					2,500
	Replace Speed Trailer	8,800						8,800
	Civil Defense Siren Software Upgrade	2,500						2,500
	Squad Car Computer Rotation 2 per year	12,500	12,500	12,500	12,500	12,500		62,500
	replace squad 7 Chrysler	8,000						8,000
	Squad car video camera rotation			16,000	16,000	16,000		48,000
	Justice Center Office Equipment/Misc expenses		55,000					55,000
	Tazer Replacement Rotation/Upgrade			15,000	15,000			30,000
	Squad car Radar unit replacement/rotation			16,000	16,000			32,000
	Replace Squad 11 with purchase of squad 4			16,000				16,000
								-
	Police Sub-total	78,700	132,500	95,000	83,500	44,500	-	434,200
FIRE DEPARTMENT								
	E6/E7 (carryover from 2020 & 2021)	300,000	300,000					600,000
	5 Sets of Bunker Gear	14,000	14,000	14,000	14,000	14,000		70,000
	New face pieces and regulators for air packs	40,000						40,000
	Replace Radios \$3,000 ea.	15,000	9,000	9,000	9,000	9,000		51,000
	Rescue Boat (carryover from 2020)	125,000						125,000
	General Purpose Truck	35,000						35,000
	Ladder Truck Replacement						1,400,000	1,400,000
	Facility Expansion						1,700,000	1,700,000
	Fire Sub-total	529,000	323,000	23,000	23,000	23,000	3,100,000	4,021,000
	Public Safety Total	607,700	455,500	118,000	106,500	67,500	3,100,000	4,455,200
Funding Sources								
	General Fund	207,700	155,500	118,000	106,500	67,500		655,200
	Grant							-
	Fire Relief Gambling Fund	125,000						125,000
	Capital Reserve Fund	300,000	300,000					600,000
	GO Bonds						3,100,000	3,100,000
	Public Safety Total	632,700	455,500	118,000	106,500	67,500	3,100,000	4,480,200

PROJECTS & FUNDING SOURCES BY DEPARTMENT

Department	Project#	2022	2023	2024	2025	2026	2027+	Total
PARKS DEPARTMENT								
	Replace Jeep with plow	35,000						35,000.00
	Replace trucks (1/2-3/4 Ton)		35,000		35,000			70,000.00
	Replace trucks (1 Ton+)			55,000				55,000.00
	72" deck mower w/ trailer	25,000						25,000.00
	Lawn sweeper		25,000					25,000.00
	Replace Garbage Truck (used)	85,000						85,000.00
	Ditch tractor/mower		50,000					50,000.00
	Park Playground replacement (Hengen, E. Side, W. B)	20,000		20,000		20,000		60,000.00
	Skate Park repairs	10,000						10,000.00
	Gomsrud Boat Landing/Multiple Parking Lots	30,000	2,000,000					2,030,000.00
	Hall Lake Boat Landing (Lair Road)			50,000				50,000.00
	Contingency	10,000	10,000	10,000	10,000			40,000.00
	Community Center	3,000,000	33,000,000					36,000,000.00
	Parks Sub-total	3,215,000.00	35,120,000.00	135,000.00	45,000.00	20,000.00	-	38,535,000.00

PARK IDEAS AND REQUESTS								
	Soccer - Concession Gazebo						20,000	20,000
	Soccer - Multi-use trail loop						75,000	75,000
	Baseball - WASC baseball scoreboard						35,000	35,000
	Baseball - WASC baseball enclosed dugouts						75,000	75,000
	Baseball - WASC batting cages						20,000	20,000
	WASC concession canopy						50,000	50,000
	Sylvania Park Band Shell rehab						100,000	100,000
	Veterans Park open air shelter						100,000	100,000
	WASC Playground						75,000	75,000
	Lincoln Park Shelter House							0
	Cedar Creek Park Trail Extension							0
	Martin County Arena							0
	Dog waste management						6,000	6,000
	Beach lifeguards						38,000	38,000
	Ideas Sub-total	0	0	0	0	0	594,000	594,000

AQUATIC PARK								
	Shade structure - Lap Pool Area (quote to be obtained 2022)		10,000					10,000
	Shade structure - Top of Slides	3,800						3,800
	Fans for basketroom & concession area	1,500						1,500
	Replacement of pool pumps/strainers	12,750		6,000				18,750
	Replacement of ADA stairs		4,000					4,000
	Duramax Vacuum		3,500			3,500		7,000
	Updated training equipment(backboards, immobilizers, etc)	3,500						3,500
	Landscaping (Clean up jungle area)	5,000						5,000
	Themed slide & spouts for kiddie pool				11,000			11,000
	Aquatic Park Sub-total	26,550	17,500	6,000	11,000	3,500	-	64,550
	Culture & Rec Total	3,241,550	35,137,500	141,000	56,000	23,500	594,000	39,193,550

Funding Sources								
	General Fund	155,000	120,000	65,000	45,000			385,000
	State/Federal Grants							-
	Capital Reserve Fund							-
	Liquor Store Fund	86,550	17,500	76,000	11,000	23,500	594,000	808,550
	Go Bonds	3,000,000	35,000,000					38,000,000
	Inclusive Playground Fundraising							-
	Culture & Rec Total	3,241,550	35,137,500	141,000	56,000	23,500	594,000	39,193,550

PROJECTS & FUNDING SOURCES BY DEPARTMENT

Department	Project#	2022	2023	2024	2025	2026	2027+	Total
STREET DEPARTMENT								
	New Plow/Dump Truck (2)	200,000		220,000				420,000
	Replace vehicles		35,000					35,000
	Tar Kettle w/ heat lance (crack filling)	50,000						50,000
	Motor grader						300,000	300,000
	Self-propelled paving machine w/ trailer (\$125K total)	125,000						125,000
	Replace dump box on truck	15,000						15,000
	Wood chipper		35,000					35,000
	Asphalt roller (48")		50,000					50,000
	Stump grinder	40,000						40,000
	Tub grinder (tree area)				200,000			200,000
	Pulverizer bucket		10,000					10,000
	Front end loader				200,000			200,000
	Replace snow tub	18,000		18,000		18,000		54,000
	Mini Hydro-seeder		10,000					10,000
	Pavement Jointer/Router	10,000						10,000
	Concrete saw		6,000					6,000
	Loader forks		6,000					6,000
	Contingency	10,000	10,000	10,000	10,000	10,000		50,000
	Street Dept Sub-total	468,000	162,000	248,000	410,000	28,000	300,000	1,616,000
STREET IMPROVEMENT PROGRAM								
	2022 Street Improvement	150,000						150,000
	2023 Street Improvement		3,000,000					3,000,000
	2024 Street Improvement			185,000				185,000
	2025 Street Improvement				3,000,000			3,000,000
	2026 Street Improvement					200,000		200,000
	Memorial Drive bridge replacement	650,000						650,000
	Street Imp Sub-total	800,000	3,000,000	185,000	3,000,000	200,000	0	7,185,000
ENGINEERING DEPARTMENT								
	Survey vehicle replacement		40,000					40,000
	Engineering Sub-total	0	40,000	0	0	0	0	40,000
CENTRAL GARAGE								
	Bi-Annual equipment replacement (Balancer, welder, etc.)			10,000		10,000		20,000
	Central Garage Sub-total	0	0	10,000	0	10,000	0	20,000
	Public Works Total	1,268,000	3,202,000	443,000	3,410,000	238,000	300,000	8,861,000

Funding Sources	2022	2023	2024	2025	2026	2027+	Total
General Fund	468,000	202,000	248,000	410,000	28,000	300,000	1,656,000
Gas Franchise	130,000						
Federal Grants							0
State Grants	670,000	725,000	185,000	750,000	200,000		2,530,000
Capital Reserve Fund							0
Special Assessment Bonds		1,775,000		1,750,000			3,525,000
GO Bonds							0
Utility Funds		500,000		500,000			1,000,000
Central Garage			10,000		10,000		20,000
Public Works Total	1,268,000	3,202,000	443,000	3,410,000	238,000	300,000	8,731,000

PROJECTS & FUNDING SOURCES BY DEPARTMENT

Department	Project#	2022	2023	2024	2025	2026	2027+	Total
STORM WATER DEPARTMENT								
	Minor storm sewer/catch basin repairs (citywide)	75,000		50,000				125,000
	Catch basin vacor		100,000					100,000
	Hengen St Detention Basin					2,500,000		2,500,000
	Margaret Street pond dredging			100,000				100,000
	MS4 compliance projects		50,000					50,000
	4th St/Fairview storm replacement	25,000	50,000					75,000
	Storm Water Total	100,000	200,000	150,000	-	2,500,000	-	2,950,000
LAKE RESTORATION								
	Spring Nitrate biological treatment (LCCMR grant)	12,500						12,500
	Dutch Creek wetland/hab. restoration (LSOHC grant)	40,000						40,000
	George Lake Dam rehab	25,000			75,000			100,000
	Gomsrud Park boat landing/water quality imp.		100,000					100,000
	Invasive Species Projects (Gomsrud)		25,000					25,000
	Lake Restoration Total	77,500	125,000	-	75,000	-	-	277,500
Funding Sources								
	Storm Water Fund	100,000	200,000	150,000				450,000
	Lake Restoration Fund	25,000	125,000		75,000			225,000
	State Grants	52,500						52,500
	Capital Reserve Fund							-
	Go Revenue Bonds					2,500,000		2,500,000
	Soil & Water Grant							-
	Storm Water/Lake Restoration Total	177,500	325,000	150,000	75,000	2,500,000	-	3,227,500