

**FAIRMONT CITY COUNCIL
2023 BUDGET WORK SESSION**

Monday, August 8, 2022, 4:30 p.m.

1. Discuss the Preliminary Budget



CITY OF FAIRMONT – 100 Downtown Plaza – Fairmont, MN 56031
www.fairmont.org

Phone (507) 238-9461

Fax (507) 238-9469

MEMORANDUM

TO: Mayor and Council
FROM: Paul Hoyer, Finance Director
DATE: August 4, 2022
SUBJECT: 2023 Budget Highlights

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City staff and Council held a strategic planning session on 4/13/2021 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 2023 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 2023 have been included and funded in the 2023 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 2023 budget including;

- Small increase in Local Government Aid
- Slight increase to building permit revenue
- Increase to Public Safety revenue for fire calls and school resource officer reimbursements
- Wage increase to implement the compensation study completed by Abdo
- Expected increase in health care and work comp costs
- Additional FTE for a Community Development Coordinator
- Increased costs for motor fuels and natural gas.

To fund these items and the projects in the CIP, we would need a 6.7% levy increase. We have included a levy sheet showing the breakdown of the levy and the changes for 2023. 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 26th.

PH

Preliminary Property Tax Levy Increase



2022 Levy	Debt Service	1,457,083
	Operations	3,527,525
	Capital	903,612
	EDA	100,000
	Total	5,988,220

2023 Levy	Debt Service	1,457,083
	Operations	3,929,798
	Capital	903,612
	EDA	100,000
	Total	6,390,493

Levy Increase: \$402,273 6.7%

2022 Property Tax Impact - % Increase*

	Residential Property		
	\$95,000	\$150,000	\$250,000
2022 City Tax	595.01	939.50	1,565.83
2023 City Tax	595.01	939.50	1,565.83

	Commercial/Industrial Property		
	\$500,000	\$1,000,000	\$2,000,000
2022 City Tax	5,793.55	12,056.85	24,583.45
2023 City Tax	5,793.55	12,056.85	24,583.45

*Percent increase assumes assessed property valuations remain the same between 2022 and 2023.

PROJECTS & FUNDING SOURCES BY DEPARTMENT

Department	Project#	2023	2024	2025	2026	2027	2028+	Total
WATER DEPARTMENT								
Ground storage tank study/replacement (New I2 tank)		40,000	1,500,000	3,500,000				5,040,000
Chem Co Lime Slaker Rebuild			15,000					15,000
Broom for skid Loader		6,000						6,000
Purchase Enclosed Job Trailer		10,000						10,000
Tilt bed trailer		9,500						9,500
Replace truck 3/4 ton		55,000						55,000
Purchase used Dump truck - Double Axel		75,000						75,000
Water tower inspections				20,000		20,000		40,000
State Street tower control valve				30,000				30,000
Lime press equipment replacement		18,000		18,000		18,000		54,000
Replace backhoe			180,000					180,000
Relocate A/C units at WTP (3)			15,000					15,000
Contract hydrant sandblast and paint			10,000					10,000
Lead service line replacments		25,000	500,000					525,000
Miscellaneous capital items (<\$5,000 ea.)		5,000	5,000	5,000	5,000	5,000		25,000
Radio Replacement		12,500	12,500					25,000
Contingency		20,000	20,000	20,000	20,000	20,000		100,000
								0
								0
2023 Improvement Project -	WTR-2023-OSI	225,000						225,000
2024 Improvement Project -	WTR-2024-OSI		25,000					25,000
2025 Improvement Project -	WTR-2025-OSI			250,000				250,000
2026 Improvement Project -	WTR-2026-OSI				25,000			25,000
2027 Improvement Project -	WTR-2027-OSI					250,000		250,000
	Water Total	501,000	2,282,500	3,843,000	50,000	313,000	0	6,964,500

Funding Sources								
Water Fund		488,500	270,000	343,000	50,000	313,000		1,464,500
Federal Grants								0
State Grants			250,000					250,000
Capital Reserve Fund								0
PFA Note			1,750,000	3,500,000				5,250,000
								0
	Water Total	488,500	2,270,000	3,843,000	50,000	313,000	0	6,964,500

PROJECTS & FUNDING SOURCES BY DEPARTMENT

Department	Project#	2023	2024	2025	2026	2027	2028+	Total
WASTE WATER DEPARTMENT								
Lift Station rehab/repair/monitoring		150,000	150,000	150,000	150,000	150,000		750,000
Lift Station Panel Updates		100,000						100,000
Woodland 229 lift station relocation			50,000					50,000
Sliplining/manhole rehab projects			225,000		225,000		225,000	675,000
Grace lift station renovation				175,000				175,000
Contract jetting of large diameter mains		15,000						15,000
State & Orient sewer relief			100,000					100,000
Smoke test sewers			20,000					20,000
Radio Replacement		7,500	5,000					12,500
Diffuser Replacement / Aeration Basin Cleaning		175,000						175,000
Digester Improvements								-
UV/Solids handling upgrade project		6,000,000	11,000,000	3,000,000				20,000,000
River Eutrophication Standards Upgrades (RES)							18,000,000	18,000,000
Grit Pump Replacement x 2		30,000						30,000
New truck - Service Truck			85,000					85,000
Roof repairs on 2006 buildings				50,000				50,000
Vactor replacment		550,000						550,000
RAS/Scum Pump Replacements		40,000						40,000
Miscellaneous capital items (<\$5,000 ea.)		5,000	5,000	5,000	5,000	5,000		25,000
Contingency		20,000	20,000	20,000	20,000	20,000		100,000
								-
								-
2023 Improvement Project -	WWR-2023-OSI	200,000						200,000
2024 Improvement Project -	WWR-2024-OSI		25,000					25,000
2025 Improvement Project -	WWR-2025-OSI			250,000				250,000
2026 Improvement Project -	WWR-2026-OSI				25,000			25,000
2027 Improvement Project -						250,000		250,000
								-
Waste Water Total		7,292,500.00	11,685,000.00	3,650,000.00	425,000.00	425,000.00	18,225,000.00	41,702,500.00

Funding Sources								
Sewer Fund		500,000	500,000	500,000	425,000	425,000	225,000	2,575,000
Federal Grants								-
State Grants			4,500,000					4,500,000
Capital Reserve Fund		792,500	185,000	150,000				1,127,500
PFA Note		6,000,000	6,500,000	3,000,000			18,000,000	33,500,000
Trade In		(150,000.00)						(150,000)
Waste Water Total		7,292,500.00	11,685,000.00	3,650,000.00	425,000.00	425,000.00	18,225,000.00	41,702,500.00

PROJECTS & FUNDING SOURCES BY DEPARTMENT

Department	Project#	2023	2024	2025	2026	2027	2028+	Total
ELECTRIC DEPARTMENT								
New Transformers		125,000	125,000	140,000	140,000	140,000		670,000
Underground Conductors		100,000	100,000	120,000	120,000	120,000		560,000
Replace high voltage switches		120,000	120,000	100,000	100,000			440,000
Replace Vehicles (Pickups and Vans)					55,000			55,000
AMI - load management devices						500,000		500,000
Downtown lighting/bollard/sign replacement		100,000						100,000
Skid loader EZ spotter attachment & trailer		40,000						40,000
10th Street Sub design		60,000						60,000
10th Street Sub breaker replacement			125,000					125,000
10th Street Sub relay replacement		275,000						275,000
Power Plant switchgear replacement				125,000				125,000
Replace Boring Machine (order 2023)			230,000					230,000
Radio Replacement		12,500	10,000					22,500
Replace Power Plant Transformer (w/SMMPA)		250,000	1,750,000					2,000,000
Rebuild west feeder line/new substation						2,500,000		2,500,000
Replace Wood chipper		55,000						55,000
Infrared camera replacement			20,000					20,000
SCADA replacement				200,000				200,000
Rate Study Update								
Pole trailer					35,000			35,000
Skid loader tamper attachment				25,000				25,000
Skid loader trencher attachment				25,000				25,000
Street Improvement Projects		40,000	10,000	50,000	100,000	50,000		250,000
Contingency		20,000	20,000	20,000	20,000	20,000		100,000
Electric Total		1,197,500	2,510,000	805,000	570,000	3,330,000	0	8,412,500

Funding Sources								
Electric Fund		1,047,500	1,460,000	805,000	570,000	330,000		4,212,500
Federal Grants								0
State Grants								0
Capital Reserve Fund						500,000		500,000
Go Revenue Bonds						2,500,000		2,500,000
SMMPA		150,000	1,050,000					1,200,000
Electric Total		1,197,500	2,510,000	805,000	570,000	3,330,000	0	8,412,500

PROJECTS & FUNDING SOURCES BY DEPARTMENT

Department	Project#	2023	2024	2025	2026	2027	2028+	Total
STORM WATER DEPARTMENT								
	Catch basin vacor	125,000						125,000
	Hengen St Detention Basin						2,500,000	2,500,000
	Margaret Street pond dredging		125,000					125,000
	MS4 compliance projects (street improvement programs)	50,000		50,000				100,000
								-
								-
	Storm Water Total	175,000	125,000	50,000	-	-	2,500,000	2,850,000
LAKE RESTORATION								
	Gomsrud Channel gabion repair			25,000				25,000
	Spring Nitrate biological treatment (LCCMR grant)	10,000						10,000
	Dutch Creek habitat management	25,000	25,000	25,000				75,000
	Wetland Bank management	25,000	25,000	25,000				75,000
	George Lake Dam rehab			75,000				75,000
								-
								-
	Lake Restoration Total	60,000	50,000	150,000	-	-	-	260,000
Funding Sources								
	Storm Water Fund	175,000	125,000	50,000				350,000
	Lake Restoration Fund	25,000	25,000	25,000				75,000
	Wetland Bank	25,000	25,000	25,000				75,000
	State Grants	10,000						10,000
	Capital Reserve Fund							-
	Go Revenue Bonds						2,500,000	2,500,000
	Soil & Water Grant							-
	Storm Water/Lake Restoration Total	235,000	175,000	100,000	-	-	2,500,000	3,010,000

PROJECTS & FUNDING SOURCES BY DEPARTMENT

Department	Project#	2023	2024	2025	2026	2027	2028+	Total
Data Processing								
Laptop/Computer Replacement		21,000		22,750		22,750		66,500
Firewall				8,000				8,000
City Network Cameras (carryover \$12,000 from 2022)		15,000						15,000
Network Switches (Current ones EOL in 2027)					50,000			50,000
AMI Server Cluster				60,000				60,000
City Hall Server Cluster						60,000		60,000
								-
								-
Data Processing Total		36,000	-	90,750	50,000	82,750	-	259,500

Data Processing Ideas								
								-
Data Processing Total		-	-	-	-	-	-	-

Funding Sources								
General Fund								-
Federal Grants								-
Data Processing		36,000		30,750	50,000	82,750		199,500
Utility Funds				60,000				60,000
SMEC								-
Data Processing Total		36,000	-	90,750	50,000	82,750	-	259,500

PROJECTS & FUNDING SOURCES BY DEPARTMENT

Department	Project#	2023	2024	2025	2026	2027	2028+	Total
GENERAL GOVERNMENT BUILDINGS								
	City Hall Security & Accessibility	500,000						500,000
	City Hall Mechanical and Electrical updates		2,800,000					2,800,000
	SMEC			1,800,000				1,800,000
	City Hall Conference Room update	6,000						6,000
	Industrial Park Land Purchase	724,000						724,000
Library								
	Furniture	2,000	2,000	2,000	2,000	2,000		10,000
	Roof	177,500						177,500
	General Gov't Total	1,409,500	2,802,000	1,802,000	2,000	2,000	-	6,017,500
GENERAL GOVERNMENT IDEAS								
								-
								-
								-
								-
	General Gov't Total	-	-	-	-	-	-	-
Funding Sources								
	General Fund	185,500	2,000	2,000	2,000	2,000		193,500
	Federal Grants							-
	State Grants							-
	Utility Funds							-
	General Fund Reserves	500,000						500,000
	GO Bonds		2,800,000	1,800,000				4,600,000
	Economic Dev.	724,000						724,000
	Liquor Store							-
	General Gov't Total	1,409,500	2,802,000	1,802,000	2,000	2,000	-	6,017,500

PROJECTS & FUNDING SOURCES BY DEPARTMENT

Department	Project#	2023	2024	2025	2026	2027	2028+	Total
POLICE DEPARTMENT								
	Training Trailer/Firearms Equipment		7,500					7,500
	Repalce one Outdoor Emergency Siren State/Tilden		19,000					19,000
	Replace CSO Vehicle and Equipment (Squad 9)		47,000					47,000
	Repalce Squad 11 with purchase of 5 or 10	19,000						19,000
	Portable Radio Replacement Plan 4 per year	16,000	16,000	17,000	17,000			66,000
	Replace Police Bikes (current ones 20 years old)		3,500					3,500
	Replace/Update Evidence Equipment	2,500						2,500
	Squad Car computer/printer rotation (2 per year)	14,000	14,000	15,000	15,000			58,000
	Squad Car video camera rotation (2 per year)	16,000	16,000	17,000	17,000			66,000
	Justice Center Office Equipment/Misc Expenses		60,000					60,000
	Taser Replacement Rotation/Upgrade		16,000	16,000	16,000			48,000
	Squad Car Radar Unit Replacement/Rotation		16,000	16,000	16,000			48,000
	Replace Officer Ballistic Vests (7) partial grant	10,500						10,500
	Replace current Strion Falshlights (25)	3,500						3,500
	Replace two current ballistic shields	6,000						6,000
								-
								-
								-
								-
								-
	Police Sub-total	87,500	215,000	81,000	81,000	-	-	464,500
FIRE DEPARTMENT								
	5 Sets of Bunker Gear	16,500	16,500	16,500	16,500	16,500		82,500
	New face pieces and regulators for air packs(carryover 2022)	40,000						40,000
	Replace Radios \$3,400 ea	13,600	9,600	9,600	9,600	9,600		52,000
	Ladder Truck Replacement			1,500,000				1,500,000
	Facility Expansion						1,700,000	1,700,000
	Fire Sub-total	70,100	26,100	1,526,100	26,100	26,100	1,700,000	3,374,500
	Public Safety Total	157,600	241,100	1,607,100	107,100	26,100	1,700,000	3,839,000
Funding Sources								
	General Fund	208,100	190,600	107,100	107,100	26,100		639,000
	Grant							-
	Fire Relief Gambling Fund							-
	Capital Reserve Fund							-
	GO Bonds			1,500,000			1,700,000	3,200,000
	Public Safety Total	208,100	190,600	1,607,100	107,100	26,100	1,700,000	3,839,000

PROJECTS & FUNDING SOURCES BY DEPARTMENT

Department	Project#	2023	2024	2025	2026	2027	2028+	Total
STREET DEPARTMENT								
New Plow/Dump Truck			250,000					250,000
Replace vehicles		45,000			50,000			95,000
Motor grader						330,000		330,000
Self-propelled paving machine w/ trailer (order 2022)		140,000						140,000
Replace Wood chipper		55,000						55,000
Asphalt roller (48")			60,000					60,000
Radio Replacement \$2,500 ea		10,000	10,000					20,000
Stump grinder		60,000						60,000
Tub grinder (tree area)							250-600K	-
Pulverizer bucket		12,000						12,000
Front end loader				250,000				250,000
Replace snow tub			20,000		22,000			42,000
Skidloader rock bucket attachment			10,000		22,000			32,000
Mini Hydro-seeder		10,000						10,000
Concrete saw		10,000						10,000
Loader forks			8,000					8,000
Contingency		20,000	20,000	20,000	20,000	20,000		100,000
								-
								-
Street Dept Sub-total		362,000	378,000	270,000	114,000	350,000	0	1,474,000
STREET IMPROVEMENT PROGRAM								
2023 Street Improvement	STR-2023-0SI	3,000,000						3,000,000
2024 Street Improvement	STR-2024-0SI		185,000					185,000
2025 Street Improvement	STR-2025-0SI			2,000,000				2,000,000
2026 Street Improvement (Blue Earth Ave)	STR-2026-0SI				3,000,000			3,000,000
2027 Street Improvement	STR-2027-0SI					2,000,000		2,000,000
Memorial Drive bridge replacement		500,000						500,000
Street Imp Sub-total		3,500,000	185,000	2,000,000	3,000,000	2,000,000	0	10,685,000
ENGINEERING DEPARTMENT								
Survey vehicle replacement		55,000						55,000
Radio Replacement		2,500	2,500					5,000
Engineering Sub-total		57,500	2,500	0	0	0	0	60,000
CENTRAL GARAGE								
Radio Replacement		5,000						5,000
Central Garage Sub-total		5,000	0	0	0	0	0	5,000
Public Works Total		3,924,500	565,500	2,270,000	3,114,000	2,350,000	0	12,224,000

Funding Sources								
General Fund		424,500	380,500	270,000	114,000	350,000		1,539,000
Gas Franchise								0
Federal Grants					1,000,000			1,000,000
State Grants		400,000	185,000					585,000
Capital Reserve Fund		100,000						100,000
Special Assessment Bonds		3,000,000		2,000,000	2,000,000	2,000,000		9,000,000
GO Bonds								0
Utility Funds								0
Central Garage								0
Public Works Total		3,924,500	565,500	2,270,000	3,114,000	2,350,000	0	12,224,000

PROJECTS & FUNDING SOURCES BY DEPARTMENT

Department	Project#	2023	2024	2025	2026	2027	2028+	Total
PARKS DEPARTMENT								
Replace Jeep with plow		45,000						45,000.00
Replace trucks (1/2-3/4 Ton)			45,000		45,000			90,000.00
Replace trucks (1 Ton+)				65,000				65,000.00
UTV (WASC)		15,000						15,000.00
Turf tractor mower				85,000				85,000.00
Toolcat					90,000			90,000.00
Lawn sweeper			40,000					40,000.00
Radio Replacement		17,500	17,500					35,000.00
Replace Garbage Truck (used)		110,000						110,000.00
Ditch tractor/mower			90,000					90,000.00
Park Playground replacement (Hengen, E. Side, W. Bell)			20,000		20,000			40,000.00
Skate Park repairs		20,000		20,000				40,000.00
Gomsrud Boat Landing/Multiple Parking Lots		2,250,000						2,250,000.00
Yard Waste Site storage shed				75,000				75,000.00
Contingency		10,000	10,000	10,000	10,000	10,000		50,000.00
Community Center		10,000,000	8,000,000	2,000,000				20,000,000.00
								-
								-
Parks Sub-total		12,467,500.00	8,222,500.00	2,255,000.00	165,000.00	10,000.00	-	23,120,000.00

PARK IDEAS AND REQUESTS								
Soccer - Concession Gazebo								0
Soccer - Multi-use trail loop							75,000	75,000
Baseball - WASC baseball scoreboard							40,000	40,000
Baseball - WASC baseball enclosed dugouts							80,000	80,000
WASC concession canopy								0
Sylvania Park Band Shell rehab							450,000	450,000
Veterans Park court resurfacing							125,000	125,000
Skate Park resurfacing								0
Veterans Park open air shelter								0
WASC Playground							75,000	75,000
Lincoln Park Shelter House							300,000	300,000
Cedar Creek Park Trail Extension							550,000	550,000
Martin County Arena							1,500,000	1,500,000
								-
Ideas Sub-total		0	0	0	0	0	3,195,000	3,195,000

AQUATIC PARK								
Shade structure - Lap Pool Area (quote to be obtained 2022)			25,000					25,000
Replacement of pool pumps/strainers			14,500			6,000		20,500
Replacement of strainer basket		8,000						8,000
Replacement of ADA stairs				4,000				4,000
Duramax Vacuum			3,500			3,500		7,000
Landscaping (Clean up jungle area)		7,500		7,500				15,000
								-
Aquatic Park Sub-total		15,500	43,000	11,500	-	9,500	-	79,500
								-
Culture & Rec Total		12,483,000	8,265,500	2,266,500	165,000	19,500	3,195,000	26,394,500

Funding Sources								
General Fund		237,500	162,500	235,000	145,000	10,000		790,000
State/Federal Grants								-
Capital Reserve Fund								-
Liquor Store Fund		1,310,500	63,000	31,500	20,000	9,500	3,195,000	4,629,500
FACC Donation		6,000,000						6,000,000
Go Bonds								-
Lake Restoration		125,000						125,000
Sales Tax		4,850,000	8,000,000	2,000,000				14,850,000
								-
Culture & Rec Total		12,523,000	8,225,500	2,266,500	165,000	19,500	3,195,000	26,394,500

PROJECTS & FUNDING SOURCES BY DEPARTMENT

Department	Project#	2023	2024	2025	2026	2027	2028+	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
	Sanitary system upgrades		30,000					30,000
	Replace SnoGo snow blower						600,000	600,000
	Rehab runway 13/31				175,000			175,000
	Taxiway edge lighting/signs (pending IJAA funds)	360,000						360,000
	Main terminal interior renovations	200,000						200,000
	Airfield pavement maintenance		150,000					150,000
	Airport Layout Plan		350,000					350,000
	Replace MALSR system			1,075,000				1,075,000
	Paint blue/yellow hangars	15,000						15,000
	Radio Replacement	2,500						2,500
	Contingency	5,000	5,000	5,000	5,000	5,000		25,000
								-
								-
	Airport Total	582,500	535,000	1,205,000	305,000	5,000	600,000	3,232,500

Funding Sources								
	Aeronautics Fund	20,000	20,000	20,000	20,000	5,000		85,000
	Federal Grants		150,000		150,000			300,000
	State Grants	324,000	285,000	725,000			420,000	1,754,000
	Capital Reserve Fund						180,000	180,000
	Go Revenue Bonds							-
	Liquor Store Fund	238,500	80,000	460,000	135,000			913,500
								-
	Airport Total	582,500	535,000	1,205,000	305,000	5,000	600,000	3,232,500