

Glyndon City Council

9/23/2020

Preliminary Budget Review – 5:00 P.M.

Glyndon Community Center

1. **Call to Order:** Mayor Cecil Johnson called the meeting to order at 5:00 p.m.
2. **Roll Call:** Council Members Present: Dave Owings, Joe Olson (arrived at 5:42), Kimberly Savageau, and Justin Schreiber; City Clerk Wendy Affield; City Attorney Ken Norman; Police Chief Justin Vogel.

As Per Sign in Sheet: City Building Inspector Steven Schroeder.

3. **Budget Discussion** – Mayor Johnson asked to discuss any issues with the General Fund first. Affield said she moved over some of the health insurance and the health savings to half Water and half Sewer. Mayor Johnson asked what other things can be done budget-wise to help with the General Fund? Affield said the best thing to do will be to increase the levy so more revenue can flow in. Schreiber asked for clarification on the property tax final numbers? Affield said Jason Murray from David Drown Associates checked with the County Assessor's office and they did not have a number for him yet. It is looking like closer to November the County will have those figures for us. Affield said each year going forward, the bond amount will go up and the City will need to make these payments somehow. She said there will be another thirty-one thousand dollars (\$31,000) coming due soon. For bonds last year, the City needed two hundred seventy-three thousand dollars (\$273,000), and this year the City is going to need three hundred four thousand dollars (\$304,000). She said these are the extra funds you need to levy for. Affield said back in 2014 when bonds were consolidated to make the 2014A Bond, the City did not at that time have to make any payments until 2017 and did not levy for when those payments would come due. Affield said the City has not set the levy at an amount high enough to cover these payments. She checked with surrounding cities and for 2020, every city but Glyndon had their levy set at five percent (5%) or above. The City only set ours for two percent (2%). Affield said there are only so many times the levy can be at zero before it starts to become an issue getting bond payments made. Affield explained how she has moved part of the health insurance and health savings funds to come out of the water & sewer funds. Jason Murray had stated to Affield to check with the Auditors to see if you can transfer those funds from previous years to help the general budget figures. Schreiber asked for clarification on the difference in projected property tax revenues between this year and next year? Affield said it is from when she put in the funds from the decertification of Centennial. Schreiber said then the City has only received half so far, so this can be doubled and then the next year is a projection? Affield confirmed yes. Schreiber asked about the Stockwood revenue? Affield said this revenue is from the special assessments on those lots. These will now show up next to the property taxes line as 101-41000-31005 instead of 101-51000-31000. Affield said for example, Dollar General did not have to pay taxes on their building, they only had to pay their specials assessments in 2020, next year they will have to start paying on their building. Schreiber then asked to clarify if there are two (2) new households in Southview which will now be paying in property taxes? Affield said yes. Savageau explained, if the house was completely constructed in 2020, then on January 1st of 2021 the County would look at the value that would then be payable in 2022. Savageau reminded Council there is a two-year (2-yr.) tax abatement granted by the City for new homes, and a two hundred thousand-dollar (\$200,000) cap on the value.

Affield said she checked with surrounding communities and said for example, the City of Barnesville has their preliminary levy set at 9.68%, the City of Dilworth may be setting theirs at 7%, the City of Hawley is looking at 5%, and Ulen is at 20%. Schreiber said some of these cities have a lot more commercial business than we do, which does not affect their residents as much. His concern is that the City of Glyndon will have the highest taxes in the county. Savageau asked if this current budget includes the salary for a third Maintenance employee? Affield said yes, it does. Savageau then said she would like to see this salary removed from the budget completely in order to help the budget if there is no intention of hiring a third worker. Affield said these funds come out of Water/Sewer, not the General Fund. Owings said he can understand the idea behind this, but cautioned those funds should stay in the budget in case a new Supervisor is hired at the end of this year. Savageau agreed, and said she had not considered this scenario. Affield said once the Council gets closer to setting the final levy, they can look closer at certain line items and make adjustments. Savageau agreed, and said the preliminary levy amount can always be set high and then lowered.

Mayor Johnson asked if Affield has spoken with David Drown? Affield said no, as Drown still owns the company but is semi-retired at this point. She said it is Jason Murray who is the main point of contact now. Murray has cautioned Council to not set the final levy at anything lower than 7%, and had suggested going as high as 8-9% in order to avoid double-digits. Owings said since Council does not yet have the final numbers for the property tax revenue, then it could be the City is within thirty thousand dollars (\$30,000) of balancing the budget? Affield agreed. She said she had thought about the sixteen thousand dollars (\$16,000) which has already been set aside for seal coating, and wondered if it could be used this year along with the sixty-six thousand dollars (\$66,000) from the Wheelage Tax? Mayor Johnson asked if City Engineer Kris Carlson could tell us how long seal coating can be put off? Owings said he does not want to see the City go backwards on this, as they have already seen the benefits of seal coating on the other roads. Affield also said there is thirty-six thousand dollars (\$36,000) in the Street Maintenance Escrow line, which can be combined with the amount from 2019 and 2020. These would cover what will be in General next year. Chief Vogel offered to lower the amount in his budget for General Training? Both Owings and Savageau said they did not want to see this lowered. Owings suggested pulling the funds set aside for seal coating, and combine this with the funds from the Wheelage Tax, and leave alone the escrow funds. Affield said the payment for the 2019 Improvement Bond for Parke Avenue, which is seventy-five thousand, four hundred sixty dollars (\$75,460) would come out of property taxes, she suggested the Wheelage Tax amount be applied toward this first payment. She said this would leave about seventy-five thousand dollars (\$75,000) more for the General Fund. Schreiber and Owings both agreed this is a much better option. Savageau said after the previous meeting, Carlson sent her an email stating the Centennial Addition and the remainder of 9th Street which was not finished, would be about fifty thousand dollars (\$50,000) for seal coating. Affield said there will be thirty-two thousand dollars (\$32,000) already, and another thirty-six thousand dollars (\$36,000) in the MnDOT escrow which will help pay for the seal coating. Savageau said Carlson also said Southview's roads will be good until 2023. Owings said this change will have a huge impact on the budget. Affield said yes, and next year there will be more available for the General Fund. Owings said based on this, Council should make a special note in the budget regarding these changes. Affield agreed this would be a good idea. Council agreed to do a motion at the regular meeting.

Schreiber said he would rather see Council get creative with the budget rather than set the levy too high. He suggested looking into the process of implementing a City sales tax in order to increase revenue. Owings said this has been previously looked into in years past, but the City Attorney had said it was not a good idea. He remembered the sales tax could not be applied to fuel, but only on the goods and services sold from local businesses. Affield asked Steve Schroeder if Monsanto/Bayer added on or built a new building this year? Schroeder replied, yes. Those property taxes will show up in 2022. Savageau

said the City is about halfway through the TIF for Monsanto, which will also help. Affield also said this year was the last payment made to the township, which was around eleven hundred dollars (\$1,100). Savageau said the levy percentage will need to go up at that time to capture the TIF being decertified in order to absorb the benefit of going on the tax roll. Schreiber asked if TIF payments affect the residents as much? Savageau said no, these do not affect property taxes since it is a TIF district.


Owings said looking at the original surplus amount of roughly sixty-three thousand dollars (\$63,000), plus the funds from the Wheelage Tax, he feels the budget is now looking pretty good. Affield said the only item not included would be a cost-of-living increase, if the Council chooses to give one. Owings asked if Jason Murray is making his levy recommendation based on a specific dollar amount goal to be added to the General Fund? Affield said no, just based upon prior audit information. She said it is difficult to determine sometimes because the auditors also loop together the Garbage and Fire funds into the General Fund. Schreiber asked if Murray is essentially wanting the City to make up the thirty-one thousand (\$31,000) in the levy? Affield said yes, and if Council decides to go with the seven percent (7%) then it will end up being thirty-four thousand, nine hundred seventy-four dollars and fourteen cents (\$34,974.14). Schreiber asked if the thirty-one thousand (\$31,000) is a consistent dollar amount from year to year? Affield said if you look at the 2019A Bond, it will show the payment amounts needing to be made each year. She said it will go down a little in 2022, and then it starts to go back up. Come 2025, the City will be looking at a payment of two hundred ninety-one thousand, eight hundred fifty-five dollars (\$291,855) in tax levy for Bond 2019A. Schreiber asked if any other bond payments drop off before then? Affield said the tax abatement bond will be done in 2022. Affield said Council will need to start banking funds in order to cover the hike in payments.

Mayor Johnson asked the rest of Council their thoughts on what the preliminary levy should be set at? Owings stated he would go with seven percent (7%) at the recommendation of Jason Murray from DDA. He asked again what the surrounding cities were looking at again, percentage-wise? Affield said Dilworth is thinking about 7%, Barnesville is 9.68%, Hawley is at 5%, and Ulen is at 20%. Owings said he is hopeful that with certain changes to the budget the levy can come down from 7%. Olson said he feels the final levy number should be at four or five percent (4-5%) at the lowest. He does not want to see the City short itself, but feels the tax levy should not be too high, either.

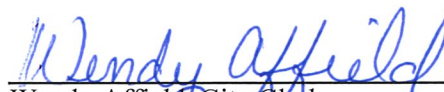
4. Open Forum - **this is the time for the General Public to address the Council regarding this topic. The Open Forum shall not be used to make political statements, political endorsements or for any political campaign purposes.*

5. Adjournment – A motion was made by Dave Owings to adjourn at 5:51 p.m., seconded by Justin Schreiber. All in favor.


Motion Carried.



Cecil Johnson, Mayor



Wendy Affield, City Clerk



Heather Johnson, Administrative Assist.

September 23, 2020 Preliminary Budget Meeting Minutes