

Glyndon City Council – 9/22/2021
Regular Budget Review Meeting – 5:00 P.M.
Glyndon Council Chambers

1. **Call to Order:** Mayor Tracy Tollefson called the meeting to order at 5:00 p.m.
2. **Roll Call:** Council Members Present: Dave Owings, Kimberly Savageau, Joe Olson, Justin Schreiber; City Clerk Wendy Affield; Police Chief Justin Vogel; Maintenance Supervisor Andy Olson.

Absent: None.

As Per Sign in Sheet: None.

Virtual Attendees: Jason Murray; Fire Chief Bob Cuchna.

3. **Budget Discussion for 2022 Budget –**

- **List of Budget Changes from the September 8th Meeting –** Affield led discussion by continuing down the list of fund accounts in the budget packet.

Expenditures

General Fund:

Employer Paid Premium Health: Affield removed the Police portion from this line and moved it to the Police Fund. Computer Technology: She has separated these funds into thirds, one-third for each department (General/Water/Sewer). Permit Surcharge: This line was increased by seven hundred dollars (+\$700) in both Revenue and Expenditure. Office Equipment Rental – Copy Machine Lease: This line is now split (Police/General). City Specials Principle: Decreased by two thousand, three hundred dollars (-\$2,300). City Specials Interest: Increased by three hundred dollars (+\$300). Stockwood Transformer Expense: Affield removed the five thousand (-\$5,000) from this line as there will be credit only one transformer credit this year and then the program is finished. She asked if Council wants her to keep this line for the future, or use the remaining funds towards something else like when the electric needs to be put in for the four (4) lots that are left to be sold? No decision was made at this time.

Police:

Air Cards for Squads: Increased by one hundred and eighty dollars (+\$180). Copy Machine Lease: Was moved from the General fund to a new line in the Police fund so it increased by twelve hundred (+\$1,200).

Maintenance:

Motor Fuels: Decreased by fifteen hundred dollars (-\$1,500).

Water:

Full-time Hourly/Overtime: Decreased by five thousand dollars (-\$5,000). Employer Paid Premium Health: Increased by seven hundred sixty dollars (+\$760). Computer Technology: This is a

new line item, set at two-thousand, two hundred thirteen dollars (\$2,213). Cell Phone: Decreased by eight hundred dollars (-\$800).

Garbage/Recycling:

Compost – City of Moorhead: Affield said the City of Moorhead will now be charging for compost services, and this new line has been set at twenty-eight hundred dollars (\$2,800). It may need to be added to the Fee Schedule.

Fire/Rescue:

Repairs/Maintenance Building: Decreased by fifteen hundred dollars (-\$1,500), currently set at thirteen thousand (\$13,000) in case Cuchna needs the extra for certain repairs. Fire Dept Escrow – RO: Twenty thousand was added (+\$20,000) which Council will look at.

Revenues

General:

Building Permit State Surcharge: Increased by seven hundred dollars (+\$700). Interest Earnings: Decreased by two hundred (-\$200). Franchise Fees: Increased by four thousand dollars (+\$4,000), but the number is an estimate as to what will actually come in.

Projects Fund:

MISC Income/Expense – 418 2nd Street SE Purchase: This is a new line, set at fifty-four thousand dollars (\$54,000), we should receive these funds back from the County next year for purchasing the tax forfeited property.

- **2021 Yearly Sewer Fund Amount for Future** – Savageau asked to clarify if the surplus amount of one hundred, forty-nine thousand (+\$149,000) is correct, but one hundred, sixteen thousand (\$116,000) will be the amount going towards future ponds? Affield said yes.

- **Employee COLA Amounts** – Savageau asked to clarify if the steps are included, but not the COLAs. Affield said that is correct, and has listed on the graph the difference between 2% and 3% COLAs. Olson asked if they are going to consider changing the plumbing permit fees for new construction, prior to setting a COLA? Affield said Council would normally change that when they do the Fee Schedule, but it can be looked at now or during the regular meeting. She suggested going with what Dilworth charges, which is \$265 for the water connection, and \$100 for sewer. Savageau agreed with that option, as she would prefer to see more new homes be built. Olson also agreed. Council discussed the change to take effect as of October 1st.

- **Preliminary Levy Percentage Amounts & Past Year Percentages** – Affield said when she spoke with Jason Murray from David Drown & Associates, he had suggested the City set their preliminary tax levy amount at twelve percent (12%). Mayor Tollefson asked why he had recommended such a high number? Affield said it is due to the levy funds needed to pay on the 2019A bond. The City is required to cover the seventy-four thousand (74,000) dollar portion with property taxes and the rest of the payment comes from special assessments. Affield informed Council she visited with Kris Carlson, and he did some high estimates concerning the last project items that will need to be paid with the 2019A bond funds, they would be finishing the Parke Avenue Street work, Quiet Zone on Partridge Avenue and the

turning lane on Highway 10 onto Parke Avenue. With the estimate Carlson believes the City should have around thirty to forty (30-40) thousand dollars that could be used towards the 2019A bond payment. Affield stated a meeting with Carlson and the County will be on Friday to discuss the concrete work on Parke Avenue by the railroad tracks. Affield reminded Council the funds for the 2-Year Tax Abatement also need to be part of the Levy amount. Olson said he won't even remotely consider such a high percentage number and is going to try and stay at five percent (5%). He said Council will simply have to find a different way in the budget to cover the portion they owe. Olson suggested pulling out the payloader to help cut down on the overall budget. Schreiber also suggested decreasing the Fire Dept. Escrow line down to thirteen thousand, five hundred dollars (-\$13,500) to match the Police Department's escrow account.

Jason Murray from DDA joins the meeting via Zoom

Affield welcomed Murray to the meeting, and told him she has updated Council on his recommendation to set the preliminary tax levy percentage at twelve percent (12%). Murray said per his summary, there is a projection of tax capacity which will not be released by Clay County until November and so he has used past years to do an estimate. For purposes of this budget, he used an estimate of five percent (5%) growth in tax capacity from 2021. He said the City was able to offset the debt service due to the Wheelage Tax this year, which in turn kept the rate down. Murray stated if the City wishes to stay at the same general rate, this will affect the General fund putting it to about two-hundred, twenty-three thousand dollars (\$223,000), which would be a significant reduction. Based on the proposed budget numbers, the City will not have the same wheelage tax revenue from last year in order to drive down the debt service they have committed to with the upcoming bond payments. Schreiber asked if the City's rate of fifty-four percent (54%) is considered good? Murray stated similar surrounding cities are right around the forty-to-sixty percent (40%-60%) range. Savageau said typically the City is higher than other cities, but since 2016 the rate has been declining. Savageau asked if it is typical to receive the tax capacity from the Auditors office in November. Jason Murray stated most counties will release a preliminary number by now for cities to use for calculating their budgets. If this number was available, it would tell the city what their new growth impact would be. Jason Murray reminded Council they can set it higher and come down, but they cannot go up from what is set for their preliminary levy percentage. Council feels the residents only look at the number on the first sheet of their estimated taxes, not the final number once it is set in December. Council likes to be close to the actual amount they are going to go with instead of setting it high and coming way down. Council thanked Murray for his presentation and for joining them today.

4. Capital Request for 2022 Budget

- **Maintenance Department – Andy Olson** – Affield said it would be her recommendation, based on A. Olson's list of priorities, to keep the payloader in the budget and remove the new pickup truck. A. Olson agreed, and said overall the payloader is more beneficial to the City, as the pickup would simply be an upgrade. He said snow removal, getting cul-de-sacs cleared faster, are of more importance to the City, which is why he listed it as his #1 priority budget item. Savageau asked if the total amount of the loader was included in the budget numbers? A. Olson said no, only twenty-thousand dollars (\$20,000) of it is included, as the rest would be leased out. Affield said they could even choose a longer lease option to extend it out a bit and bring down the yearly cost. Savageau asked what the lifespan is for a loader? A. Olson said this would be a 2022 loader, and he estimates it would last fifteen years or more with good maintenance. She asked where it would be stored? He said they have made room in the existing shop to fit a loader of this size. Mayor Tollefson asked if there is a chance the cost could go up due to over-usage, or going over a specific mileage? A. Olson said this is a lease-to-own option. Savageau is requesting the cost comparison between a four-year or a six-year lease, just to see how the interest would break down. A. Olson said he would look into that with the dealer, but also

wanted to point out that he decreased his Professional Services line by fifteen thousand dollars (\$15,000) in order to help alleviate the budget numbers towards this payloader. Council Member Olson said he wanted to mention here that he for sure wants to include a 3% COLA for employees. He said he is willing to make adjustments elsewhere, but he wants to stick with this in the budget as he considers it money well spent. Mayor Tollefson asked to clarify the Fire Dept. Escrow will be reduced to thirteen thousand, five hundred dollars (\$13,500)? Schreiber said yes.

Fire Chief Bob Cuchna joins the meeting via Zoom

Mayor Tollefson brought Cuchna up to speed on the discussion, and relayed the deduction of the escrow account. Cuchna said the funds in escrow do not affect his operating budget, so he is fine with it. Affield told Cuchna the line amount for Building Repairs has been changed to thirteen thousand dollars (\$13,000) instead of ten thousand dollars (\$10,000). Cuchna said he is okay with that, too. Schreiber said the pickup truck for Maintenance is basically a wash with the 3% COLA.

- **Police Department – Justin Vogel** – Olson said Council needs to discuss the union negotiations, and the adjustment of wage steps. Vogel asked to defer this discussion until the closed-door session. Council agreed. Olson asked to clarify if the COLA percentage can be decided prior to negotiations? Vogel said no, as that will be part of the negotiating and also the closed-door meeting. Affield said the preliminary levy percentage will also have to be decided as part of the regular Council meeting.

Jason Murray asked Affield and A. Olson to let him know concerning the payloader lease percentage rate from the dealership as he believes the city could get a general obligation equipment certificate for a much lower interest rate.

5. 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.*

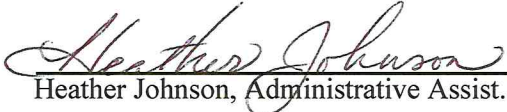
6. Adjournment – A motion to adjourn the budget meeting at 5:48 p.m. was made by Kimberly Savageau, seconded by Joe Olson. All in favor.
Motion Carried.



Tracy Tollefson, Mayor



Wendy Affield, City Clerk



Heather Johnson, Administrative Assist.

September 22, 2021 Regular Budget Meeting Minutes