

Glyndon City Council

08/24/2022

Regular Budget Meeting – 5:00 p.m.
Glyndon City Hall 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 (joins meeting at 5:42 p.m.), Patric McCoy; Police Chief Justin Vogel; City Clerk Wendy Affield; Water Superintendent Andy Olson.

Attendees: Steven Ring

Virtual Attendees: Council Member Justin Schreiber, Justin Murray (from David Drown & Associates)

3. **Jason Murray on Zoom** – Murray said he wanted to first circle back to the previous Capital Improvement meeting discussion earlier this summer, and it was made clear the vitalness of the City's tax capacity. He said he is first going to go over his summary sheet, and will be referencing the areas highlighted in orange, which show a comparison between 2022 and 2023. He said this is the preliminary tax capacities from the assessor, and for 2023 it is estimated at one-point-two-four million (\$1.24M). To be conservative, Murray said he is setting aside about forty-three thousand (\$43,000) in taxes from the Monsanto TIF district, so that amount needs to be subtracted from the total levy. This comes out to be about two-hundred fifteen thousand dollars (\$215,000) higher than last year in tax capacity, which is a sizeable increase of around fifteen percent (15%). Murray said the next section covers the certified tax capacity rate from last year, and after using some to pay down a debt levy the total came to around five-hundred fifty-six thousand dollars (\$556,000) which equated to a 56.12% tax rate. He said he would like to advise Council on a couple of base points: first, if the same levy amount from last year is used for this year, at the base levy value rate of 1.2, then the City would see a rate drop of 10 basis points. For example, he said this would be if Council keeps everything the same, and knowing that the debt levy requirements for 2023 is about two-hundred fifty-eight thousand (\$258,000), then they would see that 10 basis-point drop. He said this is mainly due to the growth in town, which has been around 17%.

Murray said the last section on this summary sheet is for the levy amount in which to achieve the 2022 rate. If Council keeps everything the same and sticks with the 56.12% rate, then these numbers are what that would equate to. He said in this there are the listed tax capacity values for the *General Fund*, *New Debt Service*, *Fire/Rescue Fund*, and *Current Debt Service*. Murray said on his sheet he has calculated two-hundred ninety-one thousand dollars (\$291,000) for the minimum debt service levy, and will later explain why this is higher than the two-hundred fifty-eight thousand (\$258,000) that Affield has listed for 2023. He explained that in order to keep the same rate is by having an additional tax capacity of fifty-six thousand dollars (\$56,000) and setting a levy at six-hundred seventy-six thousand dollars (\$676,000). Murray said he came up with the two-hundred ninety-one thousand (\$291,000) debt service total by looking at the ten-year outlook of the 2019A bond commitment. He said for the 2023 budget season, the City has two-hundred fifty-eight thousand (258,000) that they are required to levy for debt service, but for 2024 it becomes two-hundred fifty-two thousand (\$252,000) which shows it coming down. However, he cautioned for 2025 the amount jumps back up quite a bit to two-hundred ninety-one thousand dollars (\$291,000). So he explained he is trying to take the ebb and flow out of it and wants Council to focus on not eating up any tax capacity, as it will be easier to plan for down the road and not have to make a huge adjustment in the levy for 2025. Murray said his recommendation is for Council to

reserve the \$291,000 with the idea in mind that this will be setting aside additional debt levy for other purposes or one-time projects that were discussed as Capital Improvements. He said for 2023 and 2024, he is really stressing this amount for Council to remember to offset future debt payments. Mayor Tollefson asked to clarify if the additional thirty-three thousand (\$33,000) set aside for projects is in addition to the already listed fifty-five thousand dollars (\$55,000)? Murray said that is correct, but again he is stressing that just because the \$55,000 will get them by over the next two years, he wants Council to prepare better and have the additional \$33,000 to ease the transition into 2025. He said this will help to keep the City competitive as well, by freeing up funds to pay for various projects which won't be available to use in a couple of years. Murray said if Council decides to hold tight and not do any major projects, then the basis points could drop by five down to 51.5%. Schreiber asked for Murray to clarify again the amount of the levy to keep the same tax capacity for 2023? Murray said the potential to stay at that same rate would be about six-hundred seventy-six thousand, seven-hundred sixty-seven dollars (\$676,767) for the total levy, which works out to be around one-hundred twenty thousand dollars (\$120,000) more than last year. Mayor Tollefson asked if anyone had any additional questions for Murray? There were none.

4. **Budget Discussion** – Affield went through the following **Expenditure** funds line by line, but only the funds which show any changes are listed here (decreases marked in red):

General Fund – *Salaries*: increased due to the Step Grid, by \$703; *Full-Time Hourly*: increased by \$200; *Other – EB*: decreased by \$2,400 to \$0.00 due to no election judge payouts for next year. *PERA*: increased by \$100; *FICA*: increased by \$100; *Employer Paid Vision*: increased by \$37, which is if everyone uses it. *Employer Paid Life*: increased by \$30; *LOMC-Workman's Comp*: increased by \$5,000; *Computer Technology*: increased by \$787; *Operating Supplies*: increased by \$200; *Professional Services*: **decreased** by \$3,000. Mayor Tollefson asked if this amount includes the increase requested by the Building Inspector? Affield said it is just a lump sum amount each year and would include the increase. *Auditing/Accounting Services*: increased by \$2,400; *2-Yr Tax Abatement Fee*: increased by \$2,000. Affield said this is just an estimate depending on how many homes are calculated by the County; *Legal Fees*: **decreased** by \$10,000. Mayor Tollefson asked if the decrease was mainly due to finalizing the two vacant properties in town? Affield said yes. *Criminal Legal Fees - Moorhead*: increased by \$330 per the contract; *Telephone*: increased by \$170; *Travel/Mileage Expense*: **decreased** by \$200; *Legal Notice Publication*: **decreased** by \$400; *Xcel Electric/Gas Bill*: increased by \$5,000; *Red River Co-Op*: **decreased** by \$300; *Repairs/Maintenance Buildings*: **decreased** by \$4,000; *Office Equipment Rental*: increased by \$700 due to copy machine lease yearly increase; *Furniture & Fixtures*: **decreased** by \$300; *LOMC General Liability Insurance*: increased by \$6,000. Affield said this covers City buildings and vehicles; *LOMC Membership Dues/Training*: increased by \$1,500 to cover the training for the three new Council Members next February; *Banyon*: increased by \$100; *City Specials Principal*: increased by \$19; *City Specials Interest*: increased by \$67; *Bank Fees/Penalties*: **decreased** by \$80.

Police Department – *Salaries*: increased by \$2,704; *Full-Time Hourly/Overtime*: increased by \$34,643. Mayor Tollefson asked if this line amount is only for three full-time officers? Vogel clarified it is for three-and-a-half, as he is hoping to hire a new officer by next July; *Stipend Pay*: increased by \$338; *PERA*: increased by \$8,334; *FICA*: increased by \$712; *Employer Paid Premium Health*: increased by \$4,481; *Employer Paid Health Savings*: increased by \$1,500; *Special Purchase/Other Equipment*: increased by \$500; *Motor Fuels*: increased by \$5,000; *Cell Phone*: **decreased** by \$700; *Air Cards Squad WiFi*: increased by \$520; *Telephone*: increased by \$50; *New World*: increased by \$629.25; *Motor Vehicles*: **decreased** by \$17,000. Schreiber asked about the cell phone decrease, and wondered if it should be kept the same if an additional officer is hired? Vogel said it can always be added in later on, as it will depend on whether he loses an officer first. He said it can take so long to get a new officer hired, so if everything goes smoothly and no one leaves, then the additional cell phone can just be added later.

Affield went back to the Motor Vehicles line and said this amount reflects what could be used from the ARPA funds. She said there would be \$30,000 to come from ARPA to purchase a vehicle for 2023, but there's been a delay in the ordering process. Vogel said the window to order one for 2023 is ending soon and he is not sure if he will be able to get one.

Community Center – Community Center Enforcement: is a new line, set at \$300. This is for security hired from ASP of Moorhead for any events involving alcohol, and revenue will offset this cost; *Xcel Electric/Gas Bill:* increased by \$1,800, due to high energy usage from the a/c and heating units at the center.

Maintenance – Office Supplies: decreased by \$100; *Mosquito Spraying – RO:* decreased by \$9,500. This charge is on the utility bill, and the charge will likely be decreased as well or other funds moved to a different spot; *Landscaping Materials:* decreased by \$400; *Maintenance Escrow – RO:* increased from \$0 to \$13,500. Olson would like to purchase a snow pusher and trailer with these funds. *Park Equipment – RO:* set at \$15,000. Affield said this is another area in which ARPA funds could be used. She said it could be brought down to \$0 which would help the budget. *Equipment Purchases:* decreased to \$0 from \$14,934. Mayor Tollefson said she was wondering about the overall increases to Maintenance Escrow, Park Equipment, Seal Coating, and with these large increases she wants to see something done with them, so that residents know what the funds are going to. She said the budget for maintenance has increased by \$50,000 since 2021, and wants Council to be mindful of making an actual plan for these funds.

Water Fund – Salaries: increased by \$2,152; *Full-Time Hourly:* increased by \$5,400; *Full-Time Hourly/Overtime:* decreased by \$1,500; *Stipend Pay:* increased by \$115; *FICA:* increased by \$450; *Office Supplies:* decreased by \$200; *Uniforms:* increased by \$100 to reflect the \$50 each from Water and Sewer for City Hall uniform allowance; *Computer Technology:* decreased by \$713; *Motor Fuels:* increased by \$1,000; *Cell Phone:* increased by \$40; *Postage:* increase not reflected on the sheet, but Affield said she had wanted to increase this by \$100 due to increased mailing of water samples; *Xcel-Electric/Gas Bill:* increased by \$2,000; *Repairs/Maintenance Buildings:* increased from \$0 to \$4,000 Affield said due to any upcoming repairs to the Water Treatment building. Mayor Tollefson asked Olson what repairs might be coming up? Olson said the heater needs to be replaced and other small maintenance items. *Water & Yard Meters:* increase by \$1,000. Affield said this is an offset as revenue gets added back from new construction homeowners having to purchase their yard meters. *Land Rental (BNSF):* increased by \$59.24; *Generator Lease:* Affield said there are two years left, and she thought this also might be a good use of ARPA funds to pay off and then it could be removed from the budget; *Debt Service Bond Interest:* increased from \$0 to \$12,649. Owings asked if there is a surplus at the end of the year, could this amount pay off the generator this year. Affield said yes and she can take a look at that later in the year; *Banyon:* increased by \$100; *2021A Bond Payment:* Affield said this is a new line item, set at \$72,000; The remaining line items are all regarding payments and interest payments for the 2018 PFA and the 2021A bonds. The 2002 PFA bond was paid off this year.

Sewer – Salaries: increased by \$2,152; *Full-Time Hourly:* increased by \$5,400; *Full-Time Hourly/Overtime:* decreased by \$1,500; *Stipend Pay:* increased by \$115; *FICA:* increased by \$450; *Office Supplies:* decreased by \$150; *Uniforms:* increased by \$100; *Computer Technology:* decreased by \$213; *Motor Fuels:* increased by \$1,000; *Cell Phone:* increased by \$40; *Xcel-Electric/Gas Bill:* increased by \$1,000; *Red River Co-Op:* increased by \$2,800, which covers the lift stations at Southview; *Land Rental (BNSF):* increased by \$1,095.46; *Watershed District-BRRWD:* increased by \$7,600.50, as the East Tributary and Ditch 68 projects will be coming up, and this will be a continual payment; *Banyon:* increased by \$100; *Debt Serv Bond Interest:* decreased by \$588.

Garbage & Recycling – Affield said the City gets reimbursed \$22,000 from the County for certain line items, otherwise the rest is paid by the residents on their utility bills. Mayor Tollefson asked if Fuchs Sanitation has mentioned any increase for next year? Affield said no they have not. *Part-time Employees*: increased by \$1; *PERA*: increased by \$3; *FICA*: increased by \$2; *Operating Supplies*: decreased by \$250; *Refuse/Garbage Disposal*: increased by \$3,529; *Clean-Up Week*: increased by \$3,000; *Compost – City of Moorhead*: increased by \$1,000.

Fire & Rescue – (**Fire** line items first) – *Other Pay (General)*: increased by \$950; *FICA*: increased by \$200; *Fire Pension Contributions*: **decreased** by \$1,316.90, and Affield said this amount shows up in the revenue but gets paid out by the City; *Office Supplies*: increased by \$100; *General Training*: increased by \$1,000. Mayor Tollefson asked why? Affield said she presumes there will be more volunteers added or current ones sent for additional training; *Motor Fuels*: increased by \$300; *Professional Services*: **decreased** by \$1,870; *Repairs/Maintenance Buildings*: **decreased** by \$7,000 as some repairs were already made this year; *Dues and Subscriptions*: **decreased** by \$425; *Other Equipment*: **decreased** by \$1,200; Affield said the highlighted line item is the *Fire Dept Escrow*, and Cuchna did not have her put anything in there. She said the Fire Committee will want to take a look at that. Owings asked McCoy when the new fire truck will be required? McCoy said it would likely be 2026, as they usually last around 30 years. Owings asked what the estimated cost might be? McCoy said it will be around \$600,000 for a fully equipped new truck. Affield said Cuchna had also wanted a thermal imager and hose washer which could be paid for with ARPA funds.

(All **Rescue** lines remain the same amounts.)

601 Projects Fund-Bonds – Affield said the information for the bonds all come from numbers provided on the packet by Jason Murray.

603 Tax Abatement Note Fund 2016A – Affield explained this is the 2016A Tax Abatement Bond that the City has to pay.

801 MN DOT RD Repair-Reconstruction Assistants – Affield said this is an in-and-out revenue the City receives from MnDOT, and if any funds are not used, they are put into the rollover line. These funds have to be used for street repairs only.

As of now, the final tally for **Revenues** is **\$2,773,296**; the final tally for **Expenses** is **\$2,780,368.09**, showing a deficit of **-\$7,072.09**. Owings said his initial thought is if the generator for the Water Treatment plant can be paid off by December, then the \$7,000 deficit listed would be gone. Affield said that is correct. She said ARPA funds will cover anything for water/sewer, broadband, police, fire, park equipment, SMS text technology. Schreiber asked about the lines in the Rescue Fund, and wondered why those haven't changed amounts and if they just come out of the Fire funds? Affield said that is most likely what happens. She asked if she should change the sheets and show those lines as \$0? Schreiber said that would make more sense. Affield said sometimes the Rescue squad has purchases for different uniforms, and Schreiber agreed that line could be kept and all else moved to \$0. She said she can double check with Nate Paulson from Rescue to ask what he prefers.

Budget Discussion (Continued)– Affield went through the following **Revenue** funds line by line, but only the funds which show any changes are listed here (decreases marked in red):

General Fund – *General Property Taxes*: increased by \$10,000; *Building Permits*: **decreased** by \$3,000. Affield said there has been a slowdown in new builds as compared to last year; *State Grants & Aid*: set as \$0; *Local Government Aid*: increased by \$4,306; *Glyndon Days Donations*: increased by

\$500; *Interest Earnings*: **decreased** by \$25; *Other Rents and Royalties (Water Tower Lease)*: **decreased** by \$1,100. Affield said this is due to MIDCO removing their equipment from the water tower.

Police – State Grants & Aids: increased by \$293.91; *Community Center Enforcement*: set at \$0 as the P.D. is no longer doing the security for alcohol events at the Community Center. Mayor Tollefson asked if the Safe & Sober TZD program will bring in the same next year? Vogel said he is hoping this amount will be increasing a bit, especially due to COVID and more funds becoming available. He puts these funds into his overtime budget.

Savageau asked Affield about the varying differences in the amounts received from the Petro dividend checks? Affield said she is not sure how they calculate the dividends, and so she has left the line amount the same as there is no way of knowing what will actually come in. Mayor Tollefson said maybe Affield should inquire with Petro to see if they can provide their method of calculation? Affield said she can check into it.

Community Center – Enforcement: set at \$300, which offsets the Expenditure line.

Maintenance – Mosquito Fee – RO: decreased by \$9,500 to offset the Expenditure line.

Water Fund – PFA System Replacement Fund: increased by \$1,000. These funds are set aside in reserve from water sales in order to meet the requirements for our PFA ; *Water Sales*: increased by \$18,000; *Water Penalty*: increased by \$1,000; *Water Looping (Service Fee)*: increased by \$310; *NSF Charge*: **decreased** by \$150; *Undistributed Receipts*: increased by \$5,000. These funds get put back into the water sales based on how Banyon Utility Billing treats any accounts with credit balances. *Water Sales*: paid off \$55,358 for the 2002A bond; *Water Sales*: set at \$22,807 for payment to the 2019A Parke Ave bond.

Sewer Fund – Sewer Sales: **decreased** by \$588, transferred to pay 2010B bond; *Sewer Sales*: **decreased** by \$525, transferred to pay 2019A bond.


Garbage & Recycling – Clean Up Week Charges: increased by \$3,000.

Fire & Rescue – Fire Relief Association Funds: **decreased** by \$1,316.90.


5. **Previous Levy Years & 2023 Levy Percentage Amounts -**

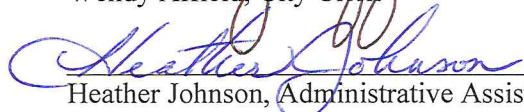
6. **Open Forum –**

7. **Adjournment** - A motion to adjourn at 6:00 p.m. was made by Patric McCoy, seconded by Dave Owings. All in favor.
Motion Carried.



Tracy Tollefson, Mayor



Wendy Affield, City Clerk


Heather Johnson, Administrative Assistant