

**TO: MAYOR AND CITY COUNCIL**

**FROM: NEIL JENSEN, City Administrator**

**SUBJECT: Adopt Resolution 2502, Approving 2021 Preliminary Budget and Levy**

**MEETING DATE: September 1, 2020**

**BACKGROUND:**

The preliminary budget and levy must be adopted before September 30. As a reminder once the preliminary budget is approved and certified to the county the final budget must be the same or lower but can't be higher.

With that said all the department heads prepared their budgets with Covid 19 and the economic condition that it has presented to all of us in mind. The current deficit that the State of Minnesota has will play into our 2021 budget. The current Local Government Aid certification for 2021 is \$700,111.00. This certification amount for 2021 will likely be a smaller number when the State of Minnesota starts to balance their budget next year. It was imperative that the City of Cannon Falls prepare for a reduced amount of LGA in 2021.

Below are some of the highlights that have taken place during our current budget talks with the Finance Committee meetings and work sessions with the city council.

1. The City Council wanted to hold the tax levy to a 0% increase;
2. A 1% increase in COLA and step increases were included in this budget;
3. Health insurance had a moderate increase of 6.6% (as health insurance goes);
4. Reorganization of the Finance Department resulted in 1.5 reduction in FTE employees and over \$100,000 in savings;
5. Reduction in one FTE in the Police Department mostly responsible for a reduction of almost \$115,000 in the Police Department budget;
6. The janitorial budget will be reduced to a part-time position;
7. The EDA position will continue to be a 3 day a week position contracted to CEDA;
8. The City refinanced the 2011A and 2013A bonds and reduced the overall payment schedule by \$440,000 with a reduction of about \$60,000 per year for those 2 issues;
9. Some bonds had lower levy payments for next year so overall bond payments went down \$161,100 for 2021;
10. The Bituminous Mill and Overlay line item that was created last year was increased to \$150,000 up from \$130,000. This budget item should be reviewed annually and increased to meet the demands of wear and tear on the streets;

11. There will be an increase of \$400,000 in capital funding to be used as a reserve fund until the economy straightens out and the threat of reduced funding from the state subsides;
12. The Fire Department is looking at a new fire truck in the next couple years and will need to prepare for that expenditure today;
13. Motor Vehicle Department has increased its need for levy dollars next year by \$10,000 to support the department. An employee was moved from P/T to F/T to meet the demand of customers;

Please review the attached 2021 levy summary for additional information. The estimated tax capacity numbers are not available at this time.

The proposed levy for 2021 will be \$3,201,739 which is a 0% increase from 2020.

The date for the public hearing is scheduled for December 1<sup>st</sup> and the adoption will be on December 15<sup>th</sup>.

### **STAFF RECOMMENDATION**

Please review the proposed budget and levy request and if you are comfortable approve Resolution 2502.

### **REQUESTED COUNCIL ACTION**

Please make a motion to approve Resolution 2502, Adopting the Preliminary Tax Levy and Budget Collectible in 2021 and setting a public hearing meeting date of December 1<sup>st</sup>.

## 2021 LEVY SUMMARY

<b>Budget 2020</b>	<b>Budget 2020</b>	<b>Preliminary 2021</b>	<b>Difference 2019 to 2020</b>	<b>% Diff 19-20</b>
General Levy	\$ 1,920,814	\$ 2,128,446	\$ 207,632	10.81%
Bond Levy*	\$ 632,850	\$ 473,350	\$ (159,500)	-25.20%
Non-General Fund	\$ 608,475	\$ 557,843	\$ (50,632)	-8.32%
Sub-Total	\$ 3,162,139	\$ 3,159,639	\$ (2,500)	<b>-0.08%</b>
Tax Abatement-Gr	\$ 39,600	\$ 42,100	\$ 2,500	
Total Levy	\$ 3,201,739	\$ 3,201,739		

### \*Breakdown of Bond Levies:

2011A Bonds-Wes	\$ 89,000	\$ 50,000	\$ (39,000)	-43.82%
2012A Bonds-Libra	\$ 41,850	\$ 41,850	\$ -	0.00%
2012B Bonds-Refu	\$ 135,000	\$ 29,500	\$ (105,500)	-78.15%
2013A Bonds-East	\$ 90,000	\$ 77,000	\$ (13,000)	-14.44%
2016A Bonds-Wes	\$ 82,000	\$ 83,000	\$ 1,000	1.22%
2018A Bonds-East	\$ 148,500	\$ 144,000	\$ (4,500)	-3.03%
2018B Cert-Fire Tk	\$ 48,100	\$ 48,000	\$ (100)	-0.21%
Totals	\$ 634,450	\$ 473,350	\$ (161,100)	-25.39%

### \*\*Breakdown of Non-General Fund Levies:

Library Fund	\$ 373,300	\$ 364,358	\$ (8,942)	-2.40%
Fire Dept Operatio	\$ 121,675	\$ 121,675	\$ -	0.00%
Economic Develop	\$ 113,500	\$ 71,810	\$ (41,690)	-36.73%
Totals	\$ 608,475	\$ 557,843	\$ (50,632)	-8.32%

<b>Est.Tax Capacity</b>	\$ 4,532,834	\$ -	
<b>Est.Tax Capacity  </b>	69.761%	#DIV/0!	#DIV/0!

### Est City Taxes on a:

\$150,000 home	\$ 1,046.41	#DIV/0!	#DIV/0!
\$175,000 home	\$ 1,220.81	#DIV/0!	#DIV/0!
\$200,000 home	\$ 1,395.22	#DIV/0!	#DIV/0!
\$250,000 home	\$ 1,744.02	#DIV/0!	#DIV/0!
\$275,000 home	\$ 1,918.42	#DIV/0!	#DIV/0!
\$300,000 home	\$ 2,092.82	#DIV/0!	#DIV/0!

**CITY OF CANNON FALLS  
GOODHUE COUNTY, MINNESOTA**

**RESOLUTION NUMBER 2502**

**A RESOLUTION ADOPTING THE PRELIMINARY TAX LEVY AND BUDGET  
COLLECTIBLE IN 2021 AND SETTING A PUBLIC MEETING DATE**

**WHEREAS**, the City Staff has prepared a preliminary budget for City Council review, and

**WHEREAS**, the City Council and City Staff will continue to review and refine the preliminary budget, and

**WHEREAS**, the City Council recognizes that the preliminary levy must be certified to Goodhue County no later than September 30 of each year; and

**WHEREAS**, the City Council further recognizes that once the preliminary levy is certified it may not be increased, but may be decreased; and

**WHEREAS**, the City Council will hold a public meeting as required by the Charter and other laws to consider the final levy and budget.

**NOW, THEREFORE BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CANNON FALLS, COUNTY OF GOODHUE, MINNESOTA:**

1. That the preliminary budget is approved and the following sums of money may be levied for collection in 2021 upon the taxable property in the City of Cannon Falls, for the following purposes:

General Levy	\$2,686,289
Bond Levy	\$ 473,350
Tax Abatement Levy	\$ 42,100
Total Levy	\$3,201,739

2. That the City Council will hold a public meeting to consider and adopt the final budget and levy on Tuesday, December 1, 2020 at 6:30 p.m. The public will be allowed to speak at this meeting before the final budget and levy is adopted on December 15, 2020.

3. That the City Administrator be hereby instructed to transmit a certified copy of this resolution to the County Auditor of Goodhue County, Minnesota.

Adopted by the Council this 1<sup>st</sup> day of September, 2020.

BY: \_\_\_\_\_  
John O. Althoff, Mayor

ATTEST: \_\_\_\_\_  
Neil L. Jensen, City Administrator