

City of Fergus Falls Budget & Levy 2025



Timeline

- **May**

Staff budget process begins. Tax Levy Committee begins meeting.

- **September**

11th 2025 proposed budget and levy presentation

16th City Council approves 2025 proposed budget and levy

30th Certify 2025 proposed property tax levy to Otter Tail County

- **September–December**

Tax Levy Committee continued consideration

Note: levy may decrease, but not increase after September

- **December**

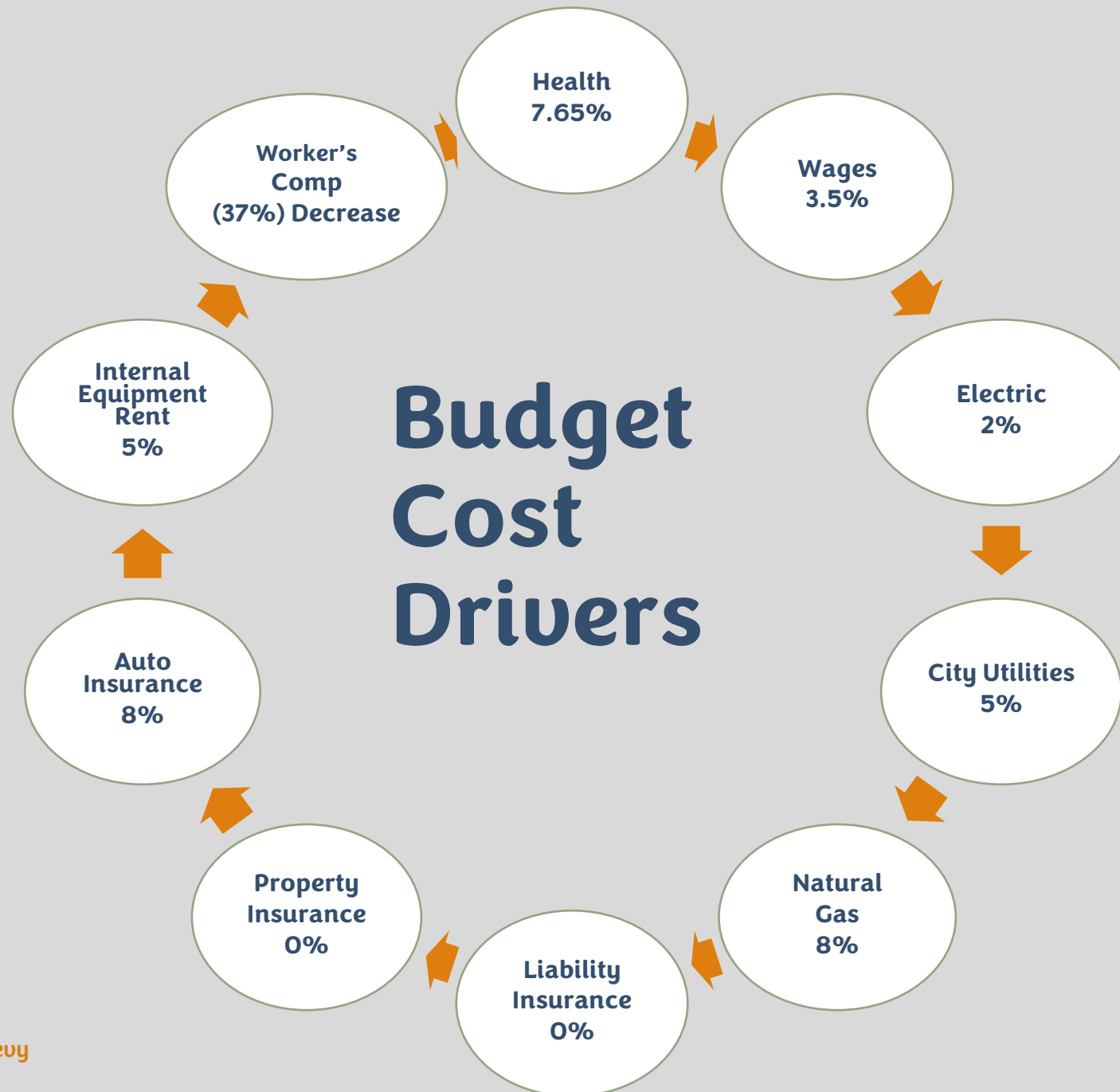
2nd Public meeting and comments;

16th Continuation of December 2nd public meeting; City Council adopts 2025 final budget and levy

30th Certify 2025 final property tax levy to Otter Tail County

Budget Changes Subsequent to December 2, 2024

- Insurance Changes:
 - Workers' compensation premiums are decreasing 37% from 2024 to 2025
 - Reduced the workers' compensation insurance budgets \$213,846 (City-wide)
 - Property and Liability insurance premiums are estimated to decrease for 2025.
 - Reduced the property and liability insurance budgets \$28,561 (City-wide)
- Reduced the 2025 property tax levy \$70,000
- Increased the Fire Truck capital outlay \$100,000
- Eliminated a training grant and related expenditures – \$12,770



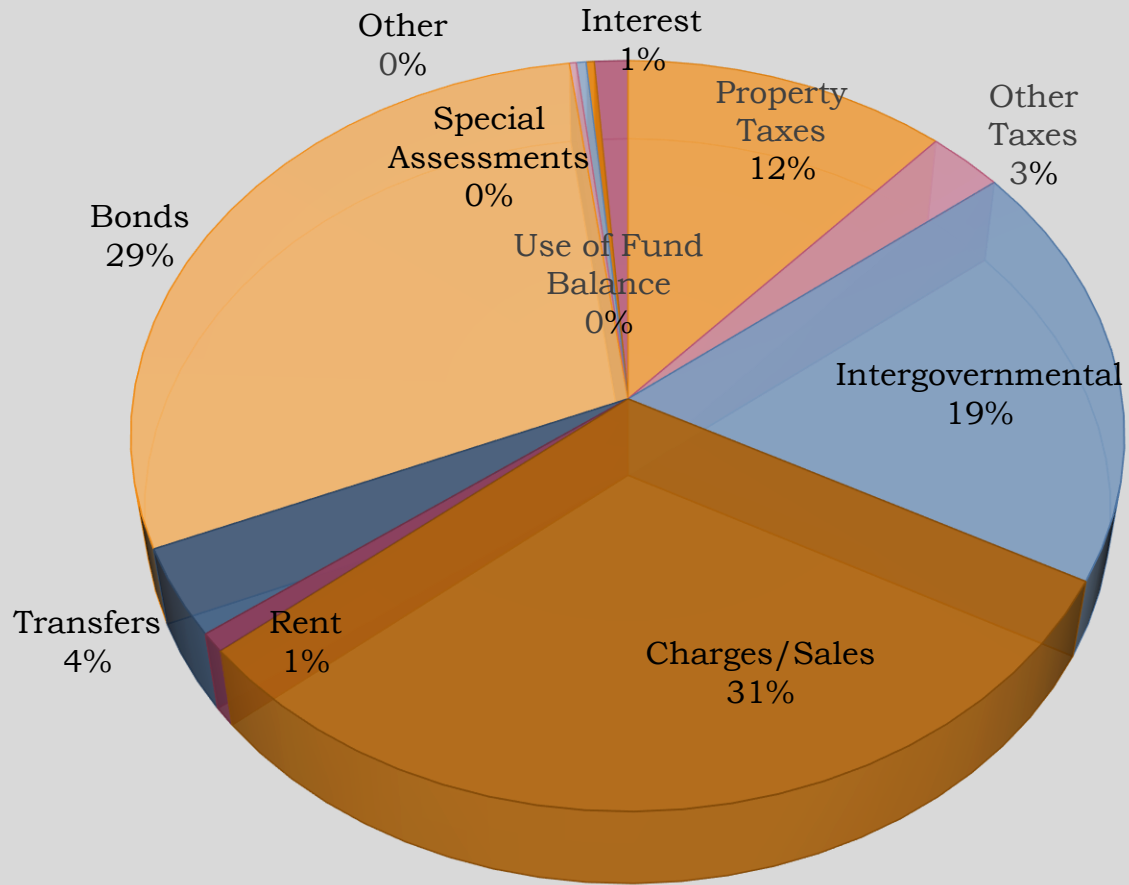
2025 Budget Highlights

	Sept 16, 2024	Dec 2, 2024	Dec 16, 2024
Proposed Revenues	\$55,264,191	\$56,235,651	\$56,151,331
Proposed Expenditures	\$53,623,237	\$54,091,320	\$53,936,049
Proposed Tax Levy	\$8,941,000	\$8,620,000	\$8,550,000
Change from 2024	\$794,000	\$473,000	\$403,000
Increase %	9.75%	5.81%	4.95%

2025 Proposed Budget

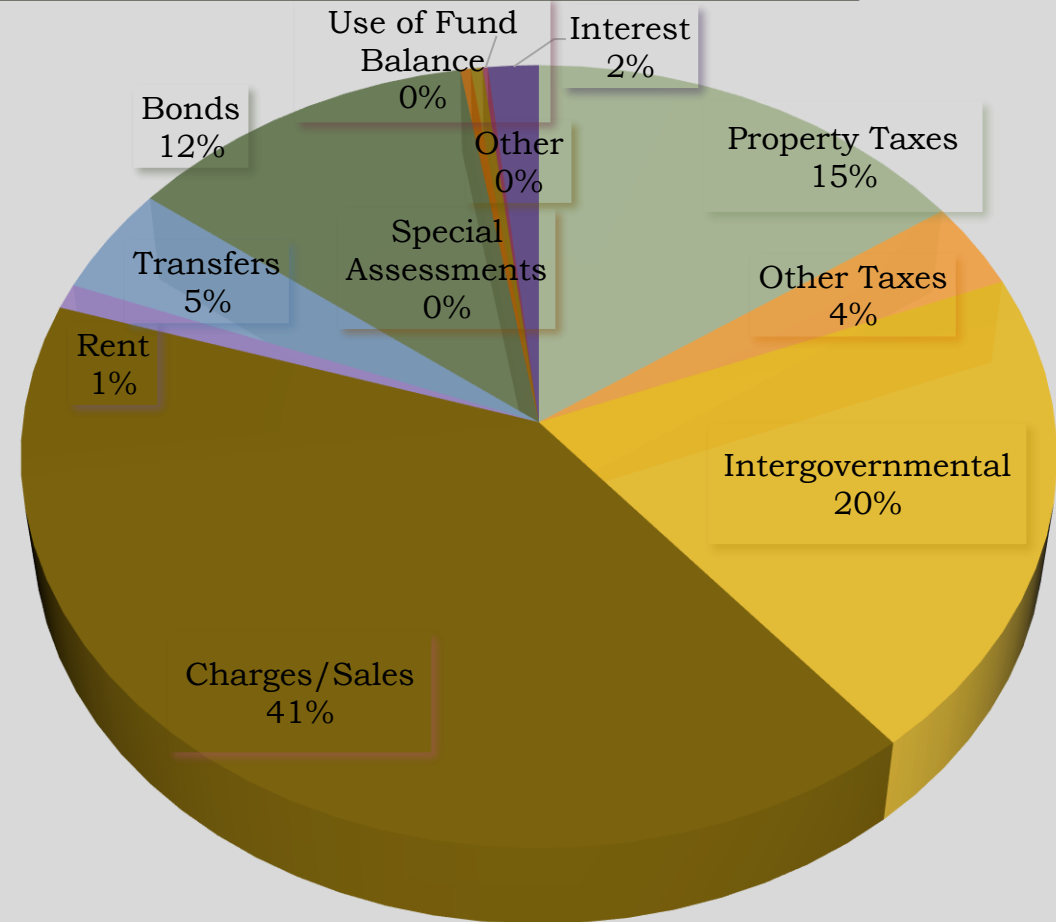
	Revenues	Expenditures
General Fund	\$16,110,715	\$16,110,715
Special Revenue	\$2,212,303	\$2,118,640
Debt Service	\$3,016,414	\$2,887,083
Capital Projects	\$12,993,333	\$12,810,947
Enterprise	\$19,046,742	\$17,334,533
Internal Service	<u>\$2,771,824</u>	<u>\$2,674,131</u>
Total	\$56,151,331	\$53,936,049

2024 Revenues



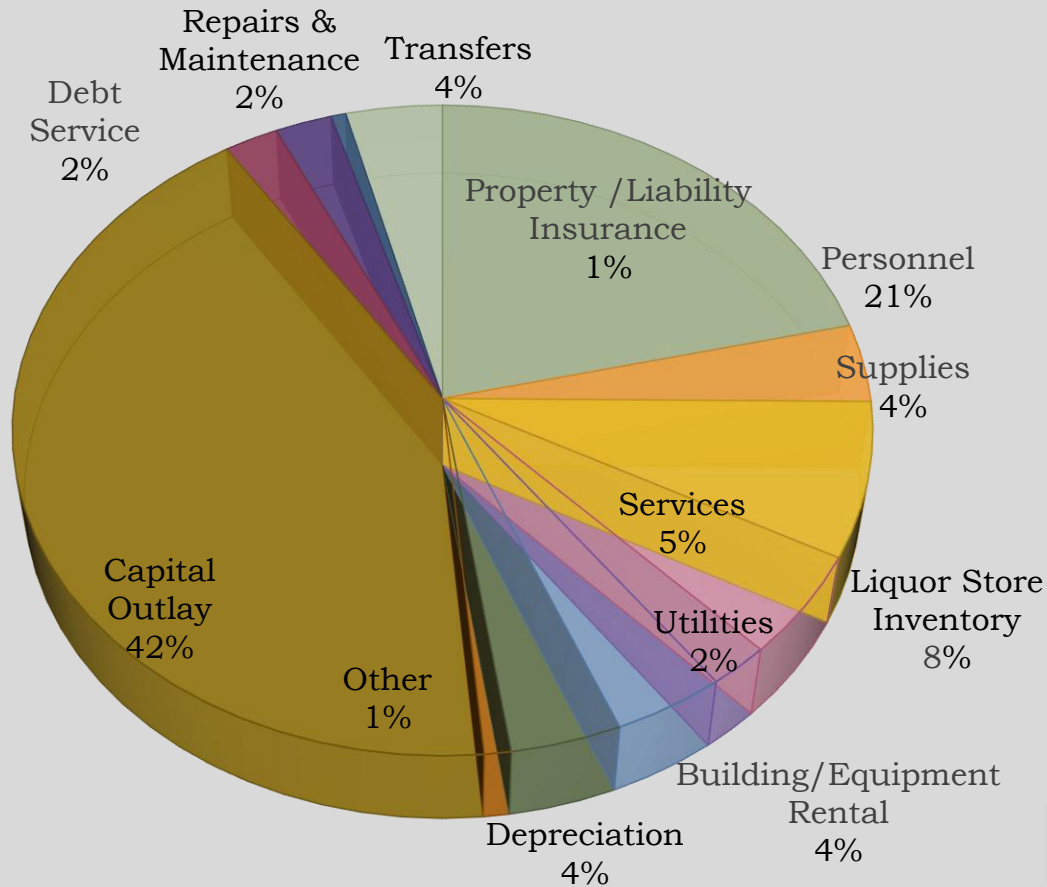
\$69,913,005

2025 Revenues



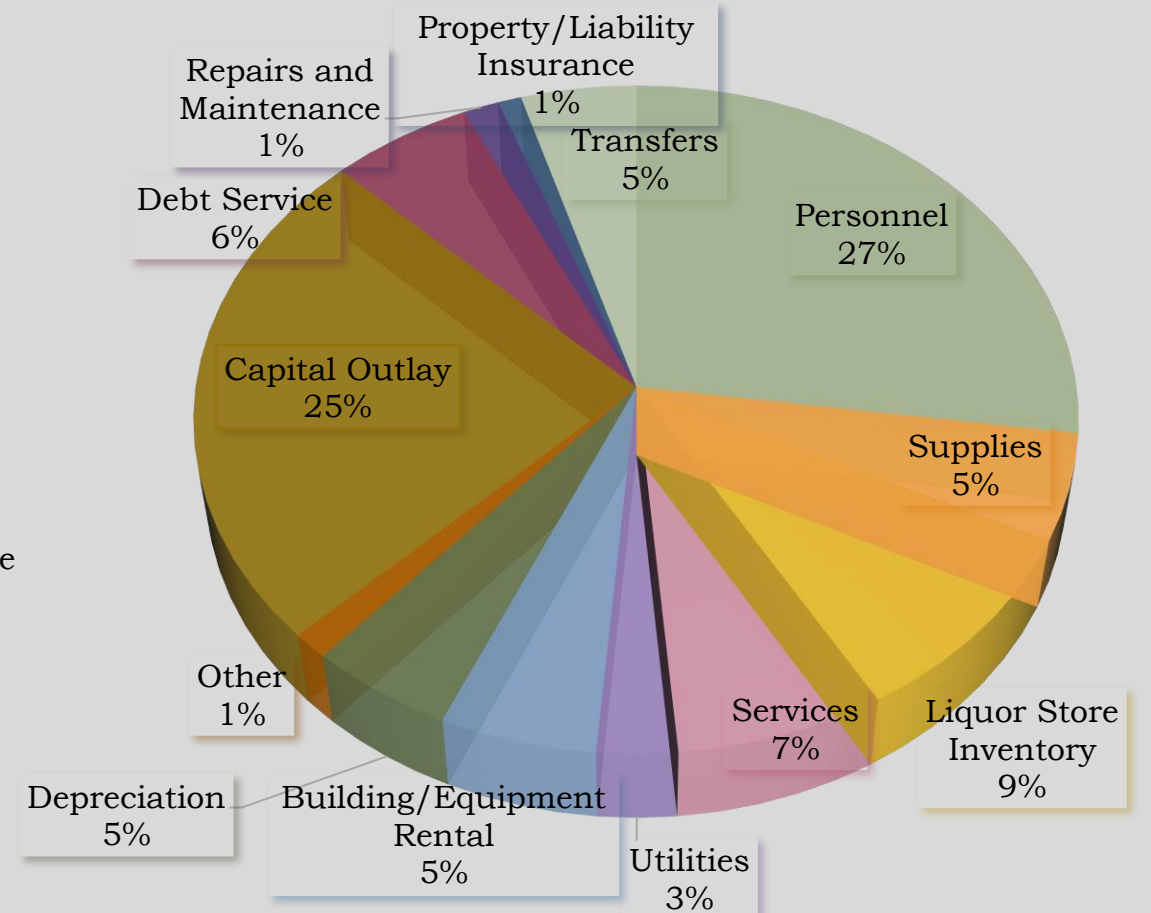
\$56,151,331

2024 Expenditures



\$67,889,149

2025 Expenditures



\$53,936,049

2025 Proposed Levy

\$8,550,000

2024 Levy	\$8,147,000
Difference 2025 to 2024	\$403,000
Percentage Change:	4.95%

Estimated Tax Capacity Rate	57.812%
Change from 2024	5.48%

Fixed Cost Increases

Levy Supported Funds

Personnel (includes W/C \$46,300)	\$321,300
Aquatic Center Operations	\$125,000
Public Safety Aid (One-time use)	\$100,000
Equipment Rental	\$74,000
Bond Debt Service	\$71,600
Insurance	\$31,000
Utilities	\$26,500
Tax Abatement Programs	\$21,000
RTC Maintenance Fund	<u>\$6,900</u>
Net Impact (would be 9.54% levy increase)	\$777,300
Less: Electric Generation Aid	<u>(\$259,000)</u>
Net Impact (would be 6.36% levy increase)	\$518,300

Elimination of Staff Positions

	<u>Wages/Benefits</u>
GIS/Planning	\$124,000
Information Technology Analyst	\$129,000
Rental Registration/Code Enforcement	<u>\$133,500</u>
Total	\$386,500

How are the rates determined?

Otter Tail County Assessor determines market values

Property class rates are established
by the State of Minnesota

Class rates are applied to market value
to establish tax capacity

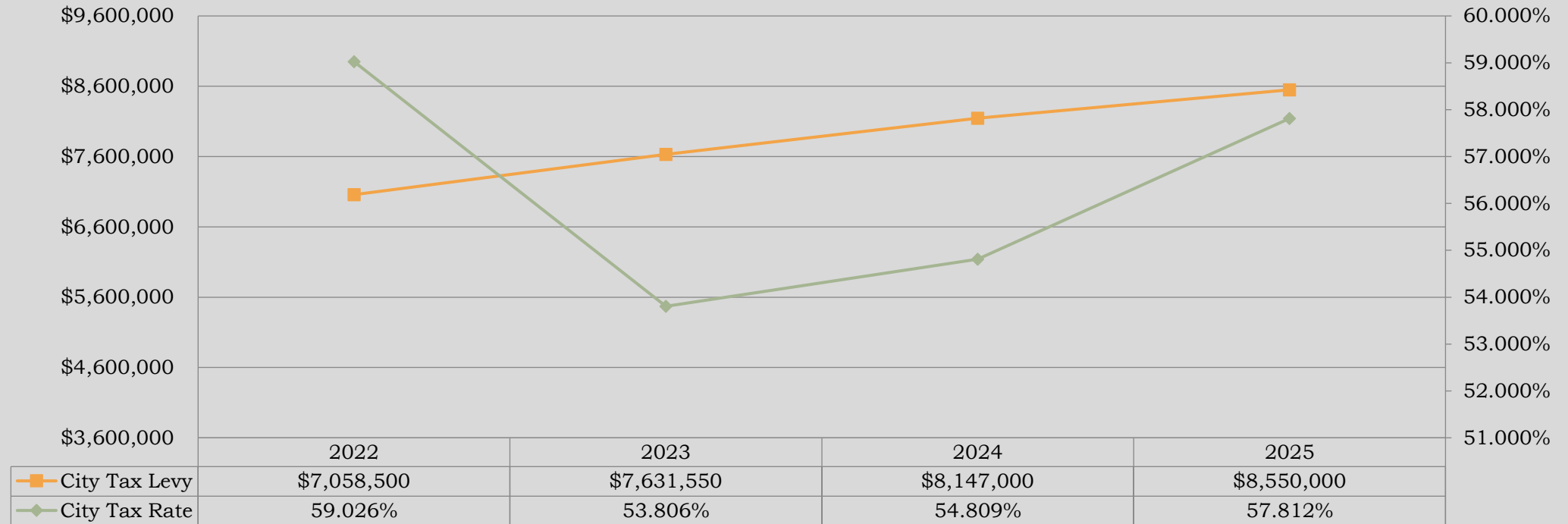
City established property tax levy
\$8,550,000

The tax levy is divided by the tax capacity value
to determine the tax rate

Tax rate multiplied by individual tax capacity
to determine property taxes owed

Tax Levies and Tax Rate

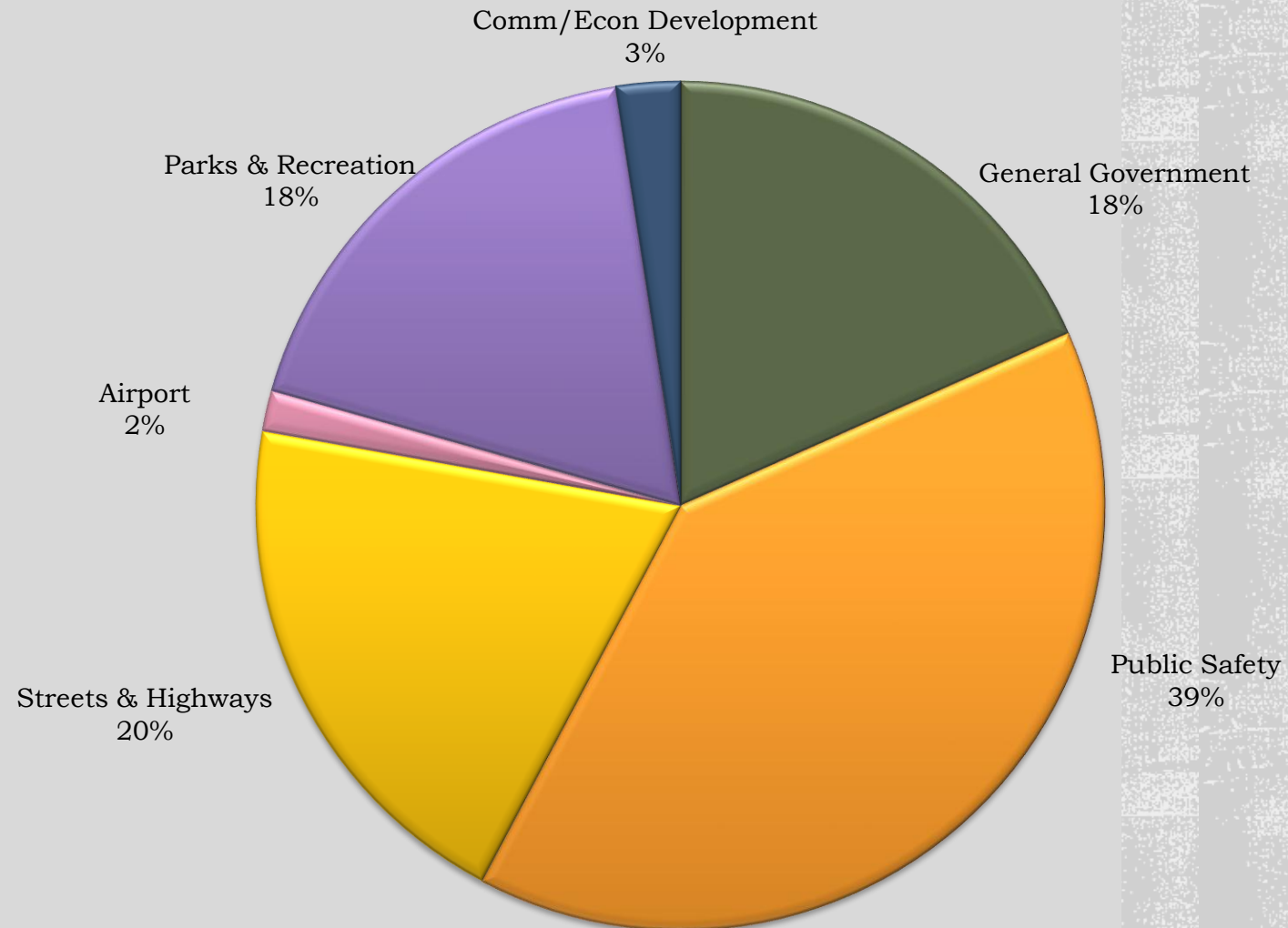
Tax Levies and Tax Rates



Taxes and State Aid

- 2025 Property Tax Levy \$8,550,000 (4.95% increase)
 - 3.73% or \$303,500 of the levy increase is for the General Fund, Port Authority, & Library operations.
 - .88% or \$71,600 of the levy increase is for debt service on bonds. \$78,000 for 2023 & 2024 street improvement projects and a (\$6,400) decrease for other existing bonds.
 - 0.26% or \$21,000 of the levy increase is for tax abatement levies (captures the new constructed value of the abated property)
 - 0.08% or \$6,900 of the levy increase is for ongoing maintenance costs of the RTC
- 2025 Local Government Aid \$4,421,887 (increase of \$6,242 over 2024)
- 2025 Electric Generation Transition Aid – estimated to be \$259,000. The aid will phase-out at 5% per year.
- City received one-time public safety aid of \$614,500 at the end of 2023
 - \$145,000 was included in the 2024 intergovernmental revenue, \$45,000 included in use of fund balance in 2025.
 - Police and Fire Departments have allocated the remaining balance to allowable uses

2025 General Fund Expenditures



General Government

- **General Government expenditures are decreasing from 2024 to 2025:**
 - Staff reductions in Planning, GIS, Information Technology, General Government Buildings, and Payroll (2024 phased retirement).
 - No elections scheduled in 2025.
- The City is experiencing the impacts of inflation throughout all areas of the City, but insurance costs are decreasing.
- Employee contracts settled with bargaining units for 2025 at 3.5%.
- Legal fees for prosecutions are increasing based on a 3-year phase in market adjustment.
- Included \$20,000 for annual legislative consulting services (reduced from annual \$43,420).
- Implementing new information technology system during 2025
 - Initial Cost \$235,000 (paid over 3 years without interest starting in 2024)
 - Annual hosting, updates, support \$45,775

Public Safety

- **2025 Police Department – \$4,958,878**
 - 24 officers (includes high school resource officer)
 - 1 elementary school resource officer (funded from Public Safety Aid)
 - 5 office staff
- **2025 Fire Department – \$1,099,713**
 - 3 full-time staff and 37 paid on-call members
 - Reallocated a portion of staff time to the Rental Registration program
 - 3 engines, 1 rescue, 1 ladder, 1 tanker, 2 wildland engines, 3 support vehicles, 1 boat, & 1 Ranger
 - Increased building, equipment, and fire truck capital funding \$130,000
- **Rental Registration and Code Enforcement – Reduced staff**

Note: Police and Fire Departments continue to budget for future capital maintenance needs.

Streets & Highways

2025 Street Operations and Maintenance – \$2,978,689

- 2025 street maintenance budgets include a 3%-4% increase for street materials, bituminous overlays, and sealcoat projects, as well as general inflationary increases.
- The street lighting contracts with Otter Tail Power were increased for the new streetlights included with the Stanton Avenue and the Riverfront Splashpad projects.
- 2025 also includes proposed street and utility reconstruction projects, which are included within the Capital Project Fund budgets. The proposed projects would result in new levies for bond payments starting in 2026. The projects will be discussed further with the City Council along with the Capital Improvement Plan during the first quarter 2025.
- Included \$50,000 for replacement of the traffic signal control cabinet located at Lincoln/Union.

Parks and Recreation

- **2025 Parks and Recreation - \$2,815,508**
 - 29 parks on 551 acres
 - **New Aquatic Center operations:**
 - 2025 estimated expenditures - \$240,142
 - 2025 estimated revenues - \$114,500
 - 2025 City contribution (tax levy) - \$125,642
 - No longer funding lifeguards at Pebble Beach
 - **New Campground operations (projected operation 1/3 season):**
 - 2025 estimated revenues - \$52,000
 - 2025 estimated expenditures - \$25,200
 - 2025 estimated revenue over expenditures - \$26,800
 - **2025 Kids Camp:**
 - 2025 estimated revenues - \$76,520 (Increase from \$190 to \$225 per 2-week session)
 - 2025 estimated expenditures - \$76,518 (included new charges for arena use - \$11,000)
 - Including \$50,000 for Pebble Lake Golf Club according to letter of intent to purchase or lease extension.
 - Including an additional 1/2-time position for Park Maintenance - \$49,000

Economic & Community Development

Economic Development:

- \$50,000 Greater Fergus Falls
- \$20,000 economic development services
- The budget includes various tax increment and tax abatement districts
- Revolving loan programs

Community Development:

- Community Development Department
- Visit Fergus Falls – Funded with lodging tax

Port Authority

- Port Authority 2025 levy of \$67,000, down from \$72,000 in 2024. The property tax levy is used for operations.
- Continues to collect lease revenues from the State of Minnesota for the operation and maintenance of the Community Behavioral Health Hospital.
- Continues to collect lease revenues from Lakes Country Service Cooperative to pay the debt service on the Series 2019A Bonds (LCSC Level IV Education Facility).
- Port Authority owns industrial park and residential development property as well as the old dairy property along the river.
- The City is levying \$90,800 for the 2025 debt service payments for the DEED Dairy Demolition Loan and DEED Cleanup Revolving Loan Fund bonds.

Public Library

2025 Public Library Budget – \$1,079,431

- **Property Tax Levy – \$938,800**
- **Regional Library Aid – \$98,000**
- **Operations remain stable with inflationary increases included within the expenditure budgets.**

Bigwood Event Center

2025 Bigwood Event Center Budget

- Estimated event revenues/interest - \$206,000
- Estimated operating expenditures - \$357,750
- Funding transfer required from Liquor Store - \$151,750
- Additional staff shared with the Liquor Store added in 2024 (necessary for event staffing)
- Additional marketing campaign included for 2025 - \$15,000
 - Would City Council choose to keep the funding within the 2025 budget, but come back to a Committee meeting to decide how to market the Bigwood Event Center?

Capital Improvements

2025 Proposed Projects:

- Street projects \$7,427,000 (Bonds/Levy/Specials/State Aid)
- Dairy Property \$4,000,000 (State Grant Funded)
- RTC Preservation \$380,000 (State Grant Funded)
- Sidewalks \$202,000 (Annual Levy & Grant Funding)
- Total \$12,009,000

Capital Improvements

2025 Proposed Street Projects \$7,427,000:

- Arlington/Sheridan Area Reconstruction \$1,729,000
- Cleveland Avenue: Fir to Franklin Reconstruction \$3,705,000
- Fir/Friberg Roundabout \$700,000 (State Aid Funded)
- Junius Avenue: Union to Cascade Reconstruction \$903,000
- Shoreview Paving \$290,000
- Parking Lot – Red River Mill \$100,000

Estimated Funding:

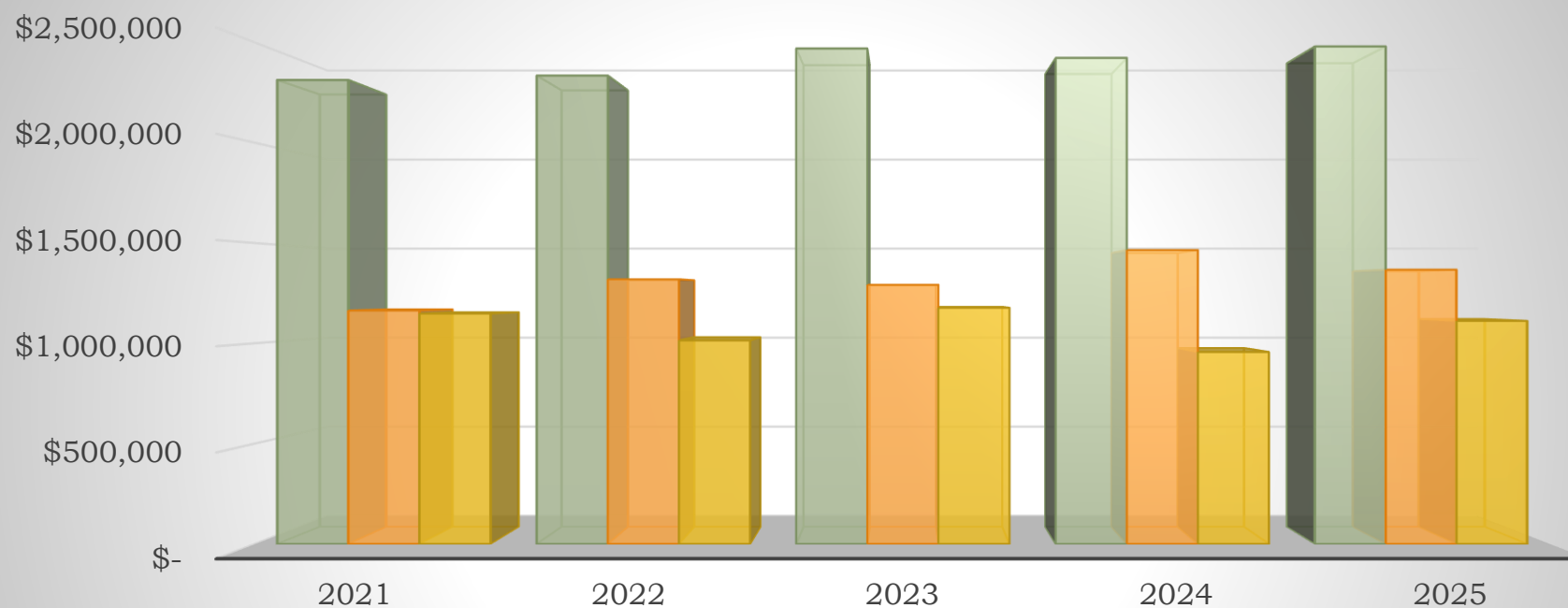
- State Aid \$700,000
- Special Assessments: \$923,500
- General Obligation Bonds: \$5,803,500

Note: Potential 2026 impact – G.O. Bond Levy \$521,000 for 15 years. 6.09% increase over the 2025 proposed property tax levy.

Enterprise and Internal Service Funds

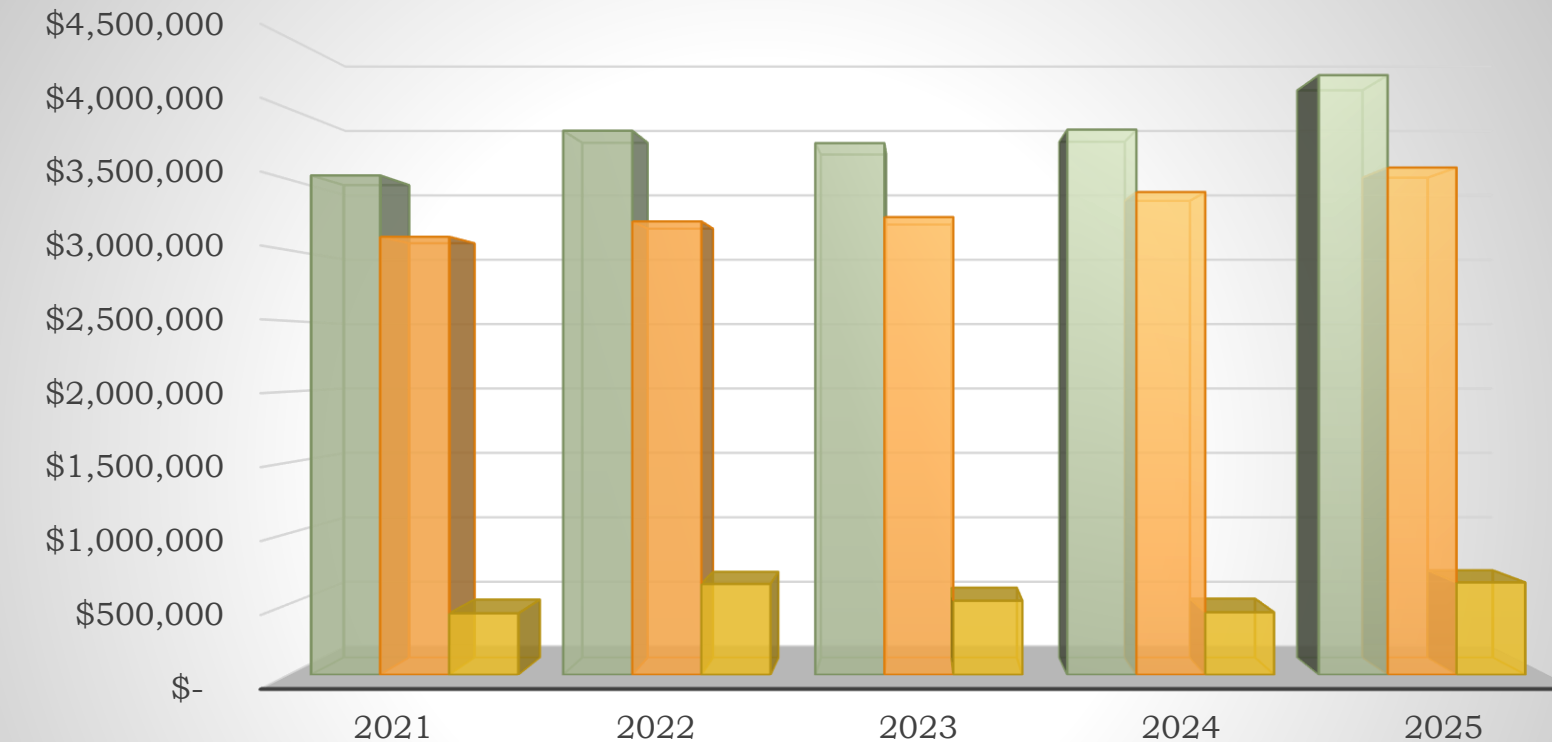
- Refuse Fund rate changes as presented on November 27, 2024, to be approved with this 2025 proposed budget
- The City Council approved Sewer, Water, and Storm Water utility rate changes on March 4, 2024
 - The March 2024 rate analysis was based on an accelerated capital improvement plan (CIP).
 - The 2025 Enterprise Fund budgets continue to include future rate increases based on the accelerated CIP.
- During the first quarter 2025, the City Council will need to have further discussion regarding the CIP
- A separate 2025 rate analysis of the Sewer, Water, and Storm Water Enterprise Funds will be presented to the City Council during the first quarter 2025

Liquor Store Enterprise Fund



	2021	2022	2023	2024	2025
Gross Profit	\$2,311,765	\$2,333,770	\$2,468,628	\$2,421,489	\$2,478,522
Operating Expenses	\$1,163,527	\$1,319,098	\$1,291,695	\$1,464,599	\$1,366,739
Operating Income	\$1,148,238	\$1,014,672	\$1,176,933	\$956,890	\$1,111,783

Refuse Enterprise Fund

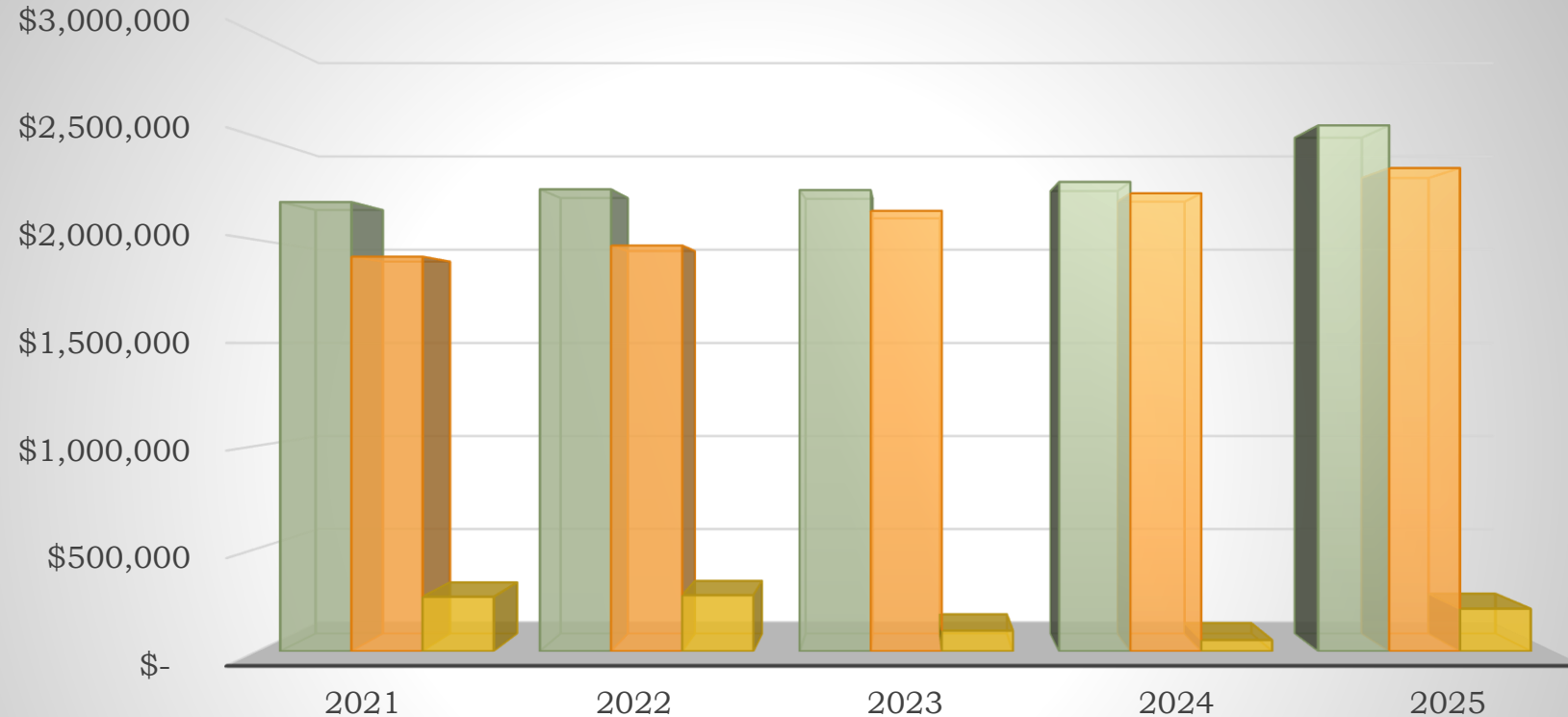


	2021	2022	2023	2024	2025
Operating Revenues	\$3,528,201	\$3,844,437	\$3,756,368	\$3,852,150	\$4,236,415
Operating Expenses	\$3,094,286	\$3,203,064	\$3,233,402	\$3,410,721	\$3,583,763
Operating Income	\$433,915	\$641,373	\$522,966	\$441,429	\$652,652

Refuse Enterprise Fund

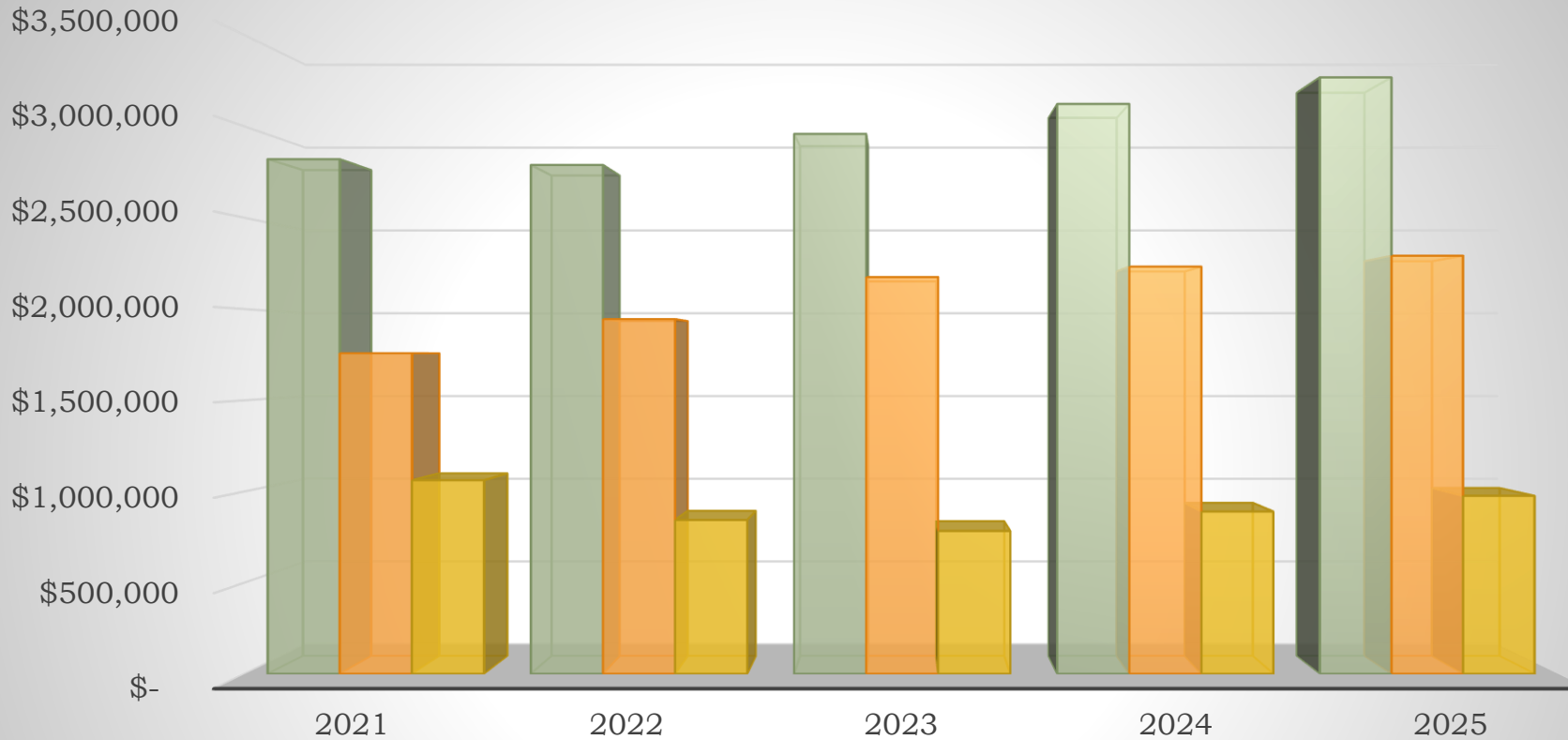
- **Refuse Fund rate changes as presented on November 27, 2024:**
 - Residential/Commercial Collection – 3% increase
 - Disposal (Tipping Fees) – 3.5% increase
 - Recycling – 14.3% increase or \$1 increase for residential (from \$7 to \$8/month)
 - Landfill MSW increase from \$22.50/cubic yard to \$26.00/cubic yard (includes tax)
 - Landfill garbage bags increase from \$4 to \$6/33 gallon bag
 - Dumpsters
 - Monthly rent increase from \$18 to \$20 (per month minimum)
 - Pick fees increase from \$46 to \$50/pick
 - Rolloff fees
 - 20 yard – rent increase from \$22 to \$30 (1-7 days), \$44 to \$60 (8-15 days), \$88 to \$120 (16-31 days)
 - 30 yard – rent increase from \$25 to \$35 (1-7 days), \$50 to \$70 (8-15 days), \$100 to \$140 (16-31 days)
 - Pick fees increase from \$140 to \$200/pick
 - Demolition rate increase from \$33.40/cubic yard to \$47.40/cubic yard (does not include tax)

Sewer Enterprise Fund



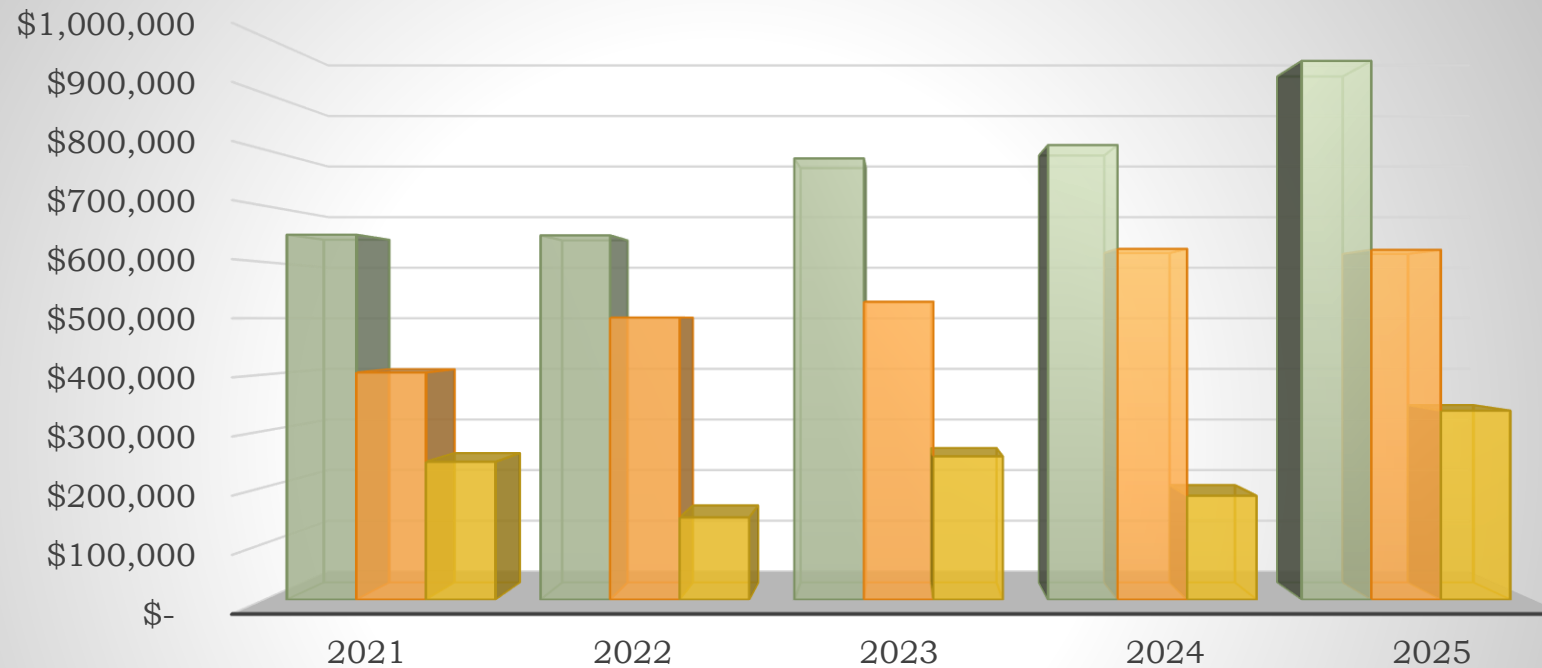
	2021	2022	2023	2024	2025
Operating Revenues	\$2,183,871	\$2,245,650	\$2,241,797	\$2,281,500	\$2,555,700
Operating Expenses	\$1,918,934	\$1,972,826	\$2,141,284	\$2,226,517	\$2,348,720
Operating Income	\$264,937	\$272,824	\$100,513	\$54,983	\$206,980

Water Enterprise Fund



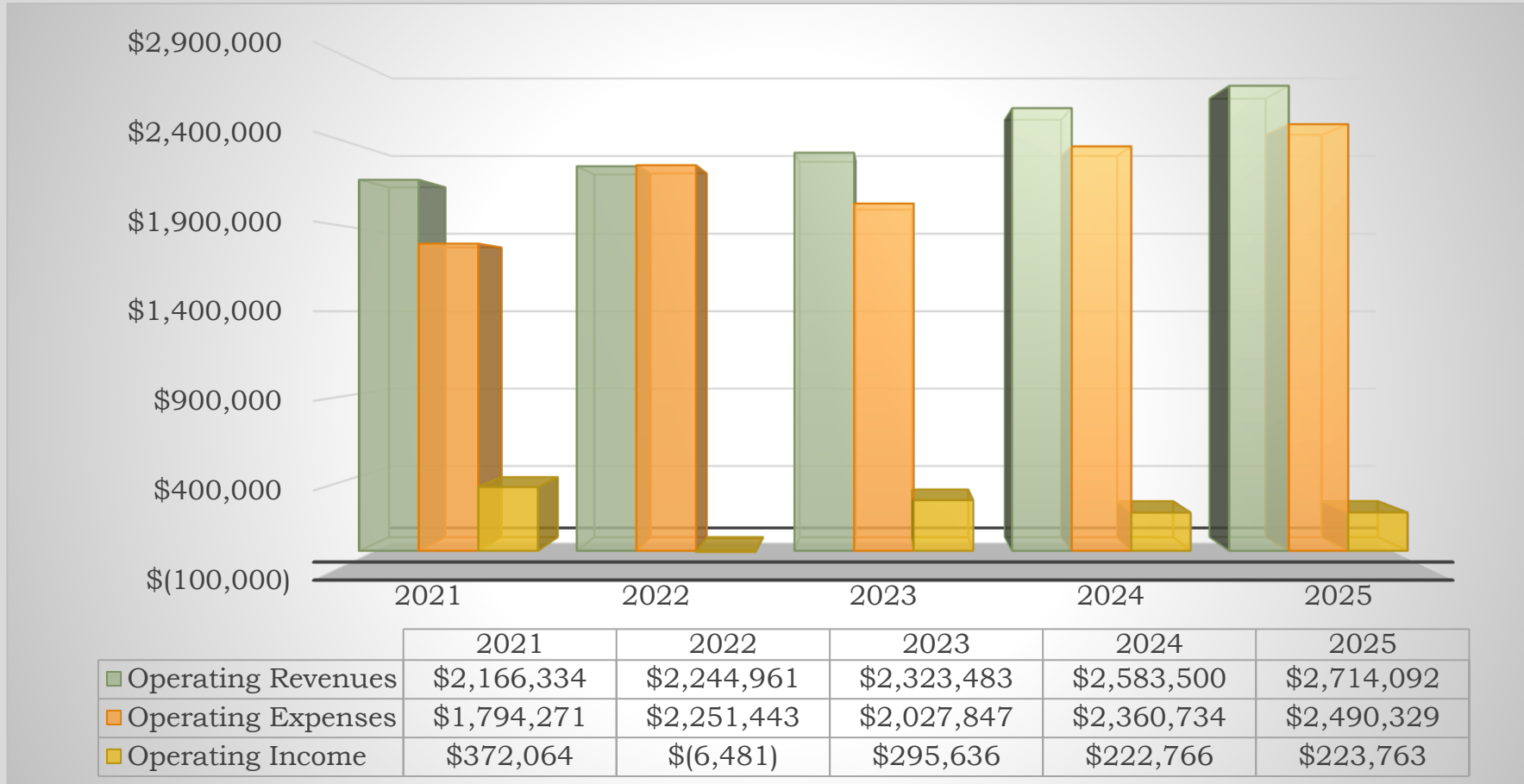
	2021	2022	2023	2024	2025
Operating Revenues	\$2,820,341	\$2,788,638	\$2,958,578	\$3,122,536	\$3,268,100
Operating Expenses	\$1,758,735	\$1,945,008	\$2,175,057	\$2,232,322	\$2,291,881
Operating Income	\$1,061,605	\$843,631	\$783,521	\$890,214	\$976,219

Storm Water Enterprise Fund



	2021	2022	2023	2024	2025
Operating Revenues	\$648,558	\$647,337	\$784,129	\$808,000	\$957,550
Operating Expenses	\$403,567	\$501,264	\$529,531	\$623,375	\$621,689
Operating Income	\$244,991	\$146,073	\$254,597	\$184,625	\$335,861

Equipment Fund



2025 Budget includes a 5% increase in rental charges to city departments. 2025 anticipated equipment purchases/replacements & building repairs \$962,000.

Next Steps

December 2

- Public meeting and comments

December 16

- Continuation of December 2 public meeting
- Council action to adopt 2025 levy and budget

December 30

- Certify 2025 final property tax levy to Otter Tail County