



2022 Levy and Budget

City of Fergus Falls

Timeline

May 2021
Budget Process
Begins

September 15, 2021
Proposed Levy and
Budget Presentation

September-December 2021
Tax Levy Committee
Consideration

July 2021
Tax Levy Committee
Meetings

September 20, 2021
Council Approves
Proposed Levy and Budget

December 6, 2021 6pm
Public Meeting
and Comments

Budget Assumptions

Increases

Wages	2022-3.2%, 2023-2.9%, 2024-2.8%
Health	3.25%
Electric	3.0%
City Utilities	3.0%
Natural Gas	6.0%
Liability Insurance	5.0%
Property Insurance	7.0%
Auto Insurance	5.0%
Worker's Comp.	13.0%

Budget Highlights

2022
Proposed
Revenues
\$45,036,456

2022
Proposed
Expenditures
\$43,480,407

2022
Proposed
Tax Levy
\$7,058,500

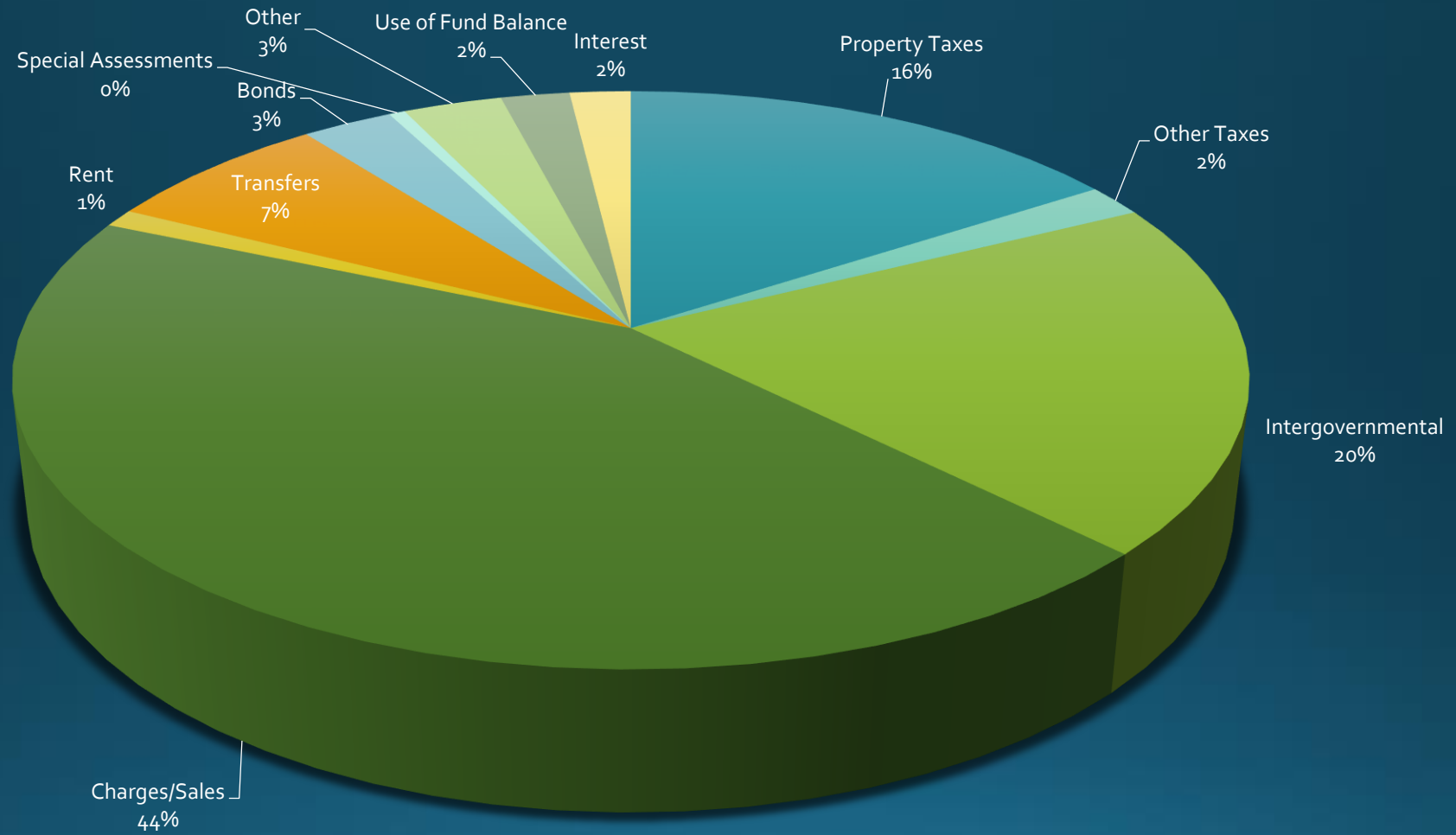
\$453,716 or 6.87%
change from 2021

Tax Capacity Rate
2021: 55.998%
2022: 58.945%
5.26% increase

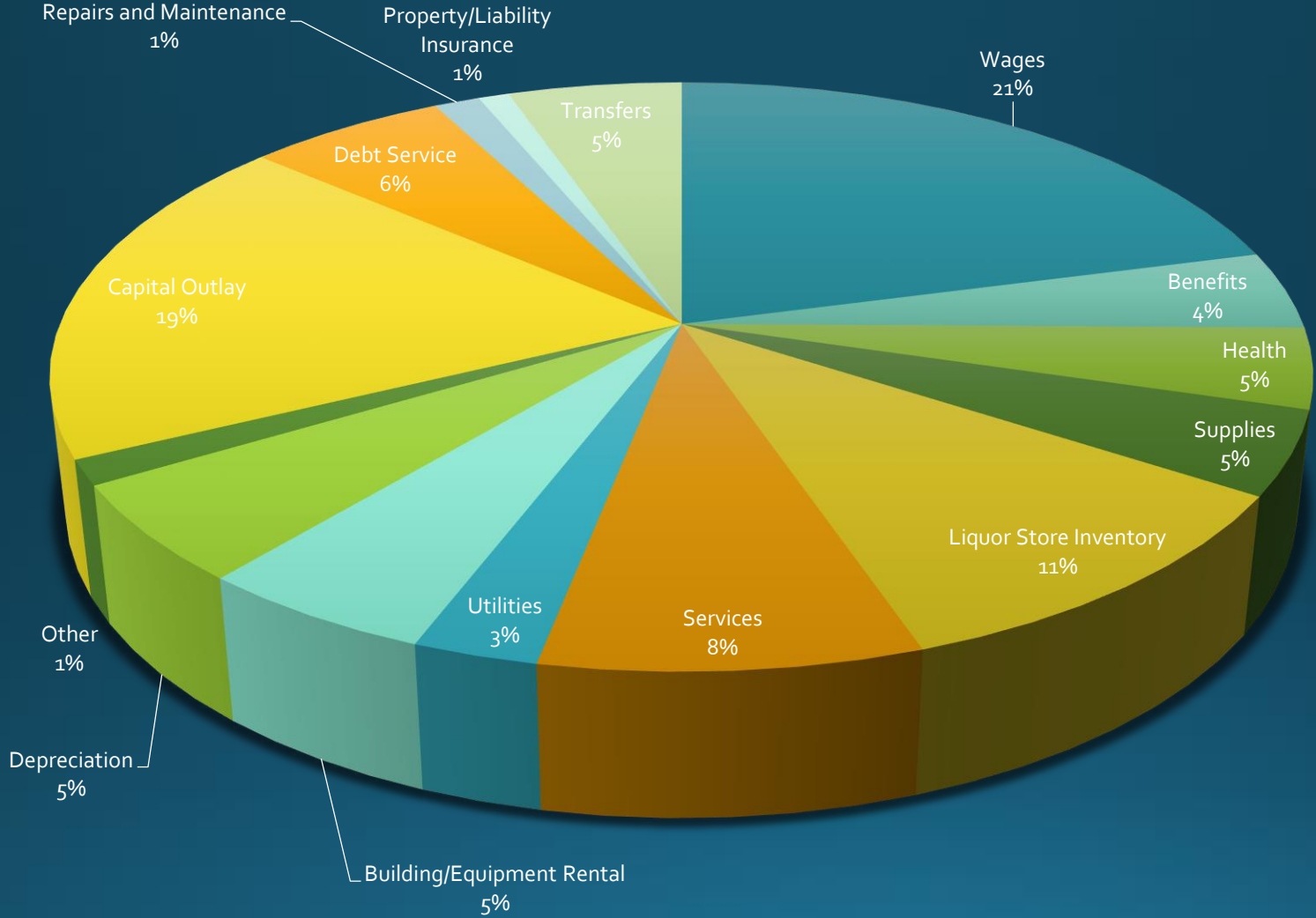
2022 Proposed Budget

	REVENUES	EXPENDITURES
GENERAL FUND	\$13,382,836	\$13,382,836
SPECIAL REVENUE	\$2,398,423	\$2,320,520
DEBT SERVICE	\$2,378,118	\$2,273,237
CAPITAL PROJECTS	\$8,091,504	\$7,973,230
ENTERPRISE	\$16,494,705	\$15,396,985
INTERNAL SERVICE	<u>\$2,290,870</u>	<u>\$2,133,599</u>
TOTAL	\$45,036,456	\$43,480,407

2022 Revenue



2022 Expenditures



Proposed Levy

2022 Proposed Levy	\$7,058,500
2021 Levy	\$6,604,784
Difference from 2021 to 2022	\$453,716
Percentage Change from 2021 to 2022	6.87%

Note: Due to the impacts of COVID-19, the city did not increase the property tax levy from 2020 to 2021

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

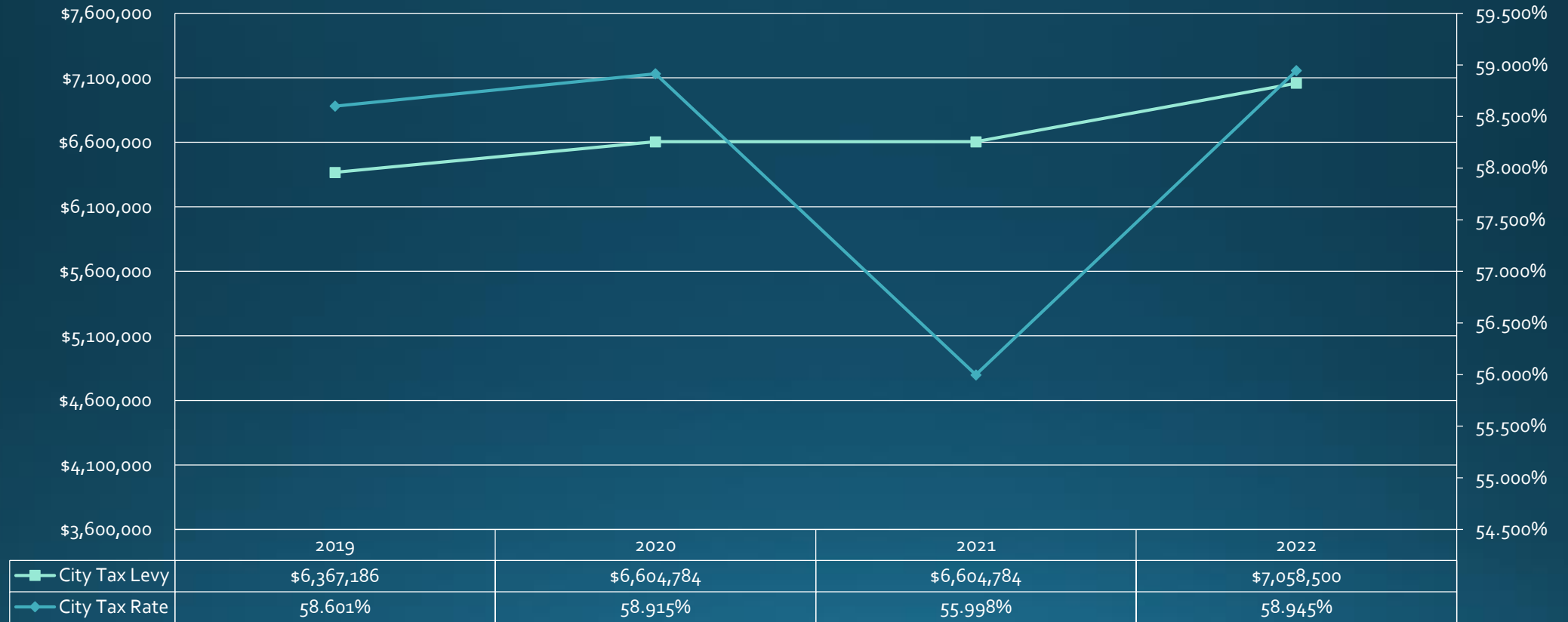
City establishes property tax levy \$7,058,500

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 Rates

Tax Levies and Tax Rates



	2019	Annex Woodland 2019	2020	Annex Woodland 2020	2021	Annex Woodland 2021	2022	Annex Woodland 2022
City and Port Authority Tax Rate	58.601%	19.533%	58.915%	29.788%	55.998%	37.501%	58.945%	49.202%
Estimated City Tax:								
\$125,000 Home	\$580	\$193	\$583	\$295	\$554	\$371	\$584	\$487
\$500,000 Business	\$5,421	\$1807	\$5,450	\$2,755	\$5,180	\$3,469	\$5,452	\$4,551
Trends:								
City and Port Authority Tax Rate	58.601%	19.533%	58.915%	29.788%	55.998%	37.501%	58.945%	49.202%
OTC Tax Rate	40.791%	40.834%	43.133%	41.175%	40.063%	40.103%	40.271%	40.310%
ISD #544 Tax Rate	22.620%	22.680%	22.356%	22.414%	19.816%	19.871%	17.961%	18.016%
HRA Tax Rate	1.622%	1.622%	1.628%	1.628%	1.634%	1.634%	1.649%	1.649%
Total Tax Rate	123.634%	84.669%	124.032%	95.005%	117.511%	99.109%	118.826%	109.177%
ISD #544 RMV Rate	0.15948%	0.15948%	0.16736%	0.16736%	.17179%	.17179%	.15389%	.15389%

Taxes and State Aid

2021 Budget Recap:

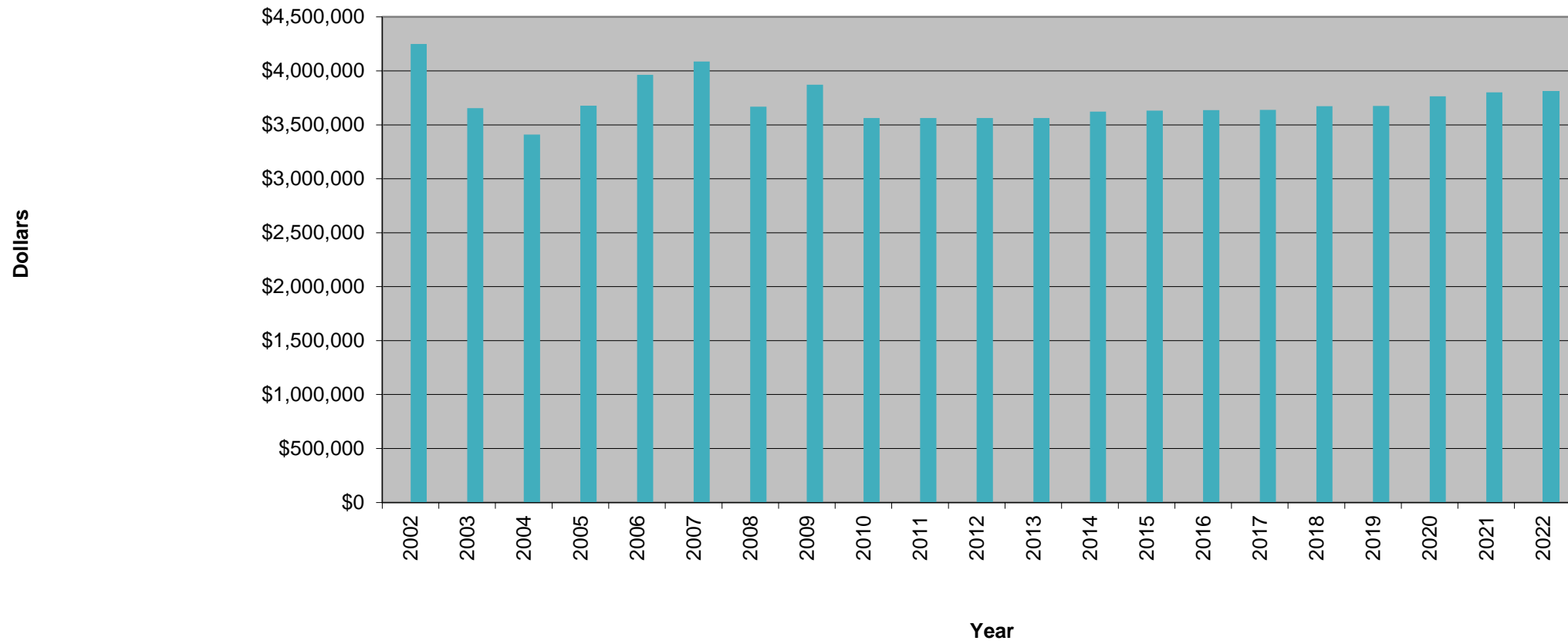
- No property tax levy increase for 2021 – City Council held stable
- Assumed 20% reduction to Local Government Aid (did not materialize)

2022 Budget:

- Property tax and State Aids are the main funding sources for Governmental funds
- City experiences annual inflationary increases to expenditures
- Property tax levy increased to \$7,058,500 (6.87%)
- 2022 Local Government Aid \$3,808,902 (\$8,463 increase or 0.22%)



Local Government Aid



General Fund

2021 Budget Recap:

- Assumed 20% LGA Decrease – did not materialize
- Included \$600,000 LCCMR grant for Dairy
- \$300,000 use of fund balance – did not materialize
- \$200,000 transfer from the Liquor Store – will not be required
- Use of 2020 bond proceeds for fire truck purchase

2022

- Restored LGA to certified level
- Reduced Liquor Store transfers to normal level - \$607,000
- Use of fund balance as follows (one-time exp.):
 - Bigwood Event Center projected operations - \$107,125
 - Comprehensive Plan - \$75,000
 - New calendar/email system - \$30,000

General Government

- 2022 General Election
- Technology Updates
- Planning Dept. – Comprehensive Plan
- Ongoing maintenance of City buildings



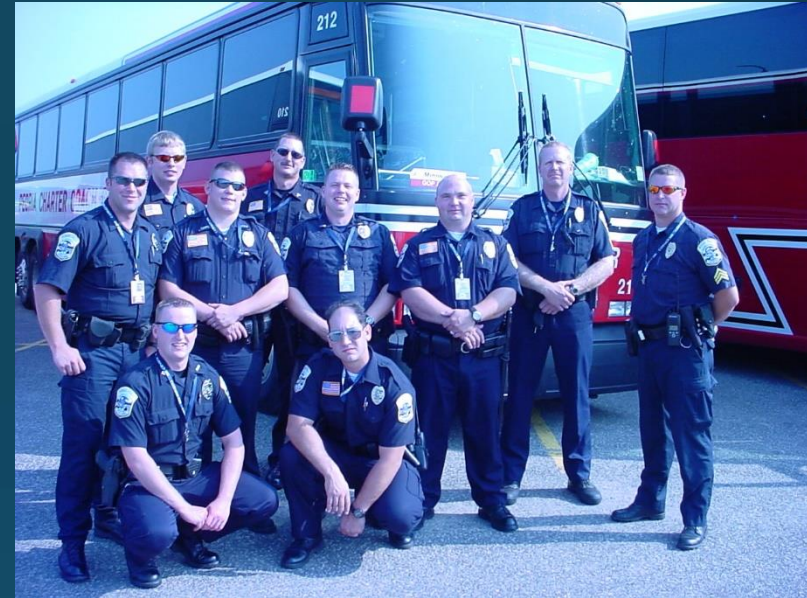
Public Safety

2022 Police Department - \$4,154,345

- Restoring funding to 2019 levels

2022 Fire Department - \$825,251 (decreased \$483,558)

- Fire Engine purchased in 2021
- Continuing to budget for future capital requirements



Rescue Company 3



L to R: FF James Komestakes, Lieutenant Cameron Dean, Driver/Operator Zach Hoyer, FF TI Goulet, Captain Craig Hebert, Assistant Driver/Operator Dan Lipson (not pictured FF Ryan Johnson)

Streets and Highways

The Tax Levy Committee prioritized funding for streets:

- Recommending 10% (\$37,440) increase for annual street maintenance projects within the General Fund
- Seal coat, mill and overlay projects will total \$411,840 for 2022

Street Lighting:

- The City contracted with Otter Tail Power Company for the installation of new LED street lights.
- Phases 1 & 2 of the project are complete and operational
- Otter Tail Power Company will continue with installations in the Downtown Riverfront Project and a portion of Vernon Avenue



Franchise Fees

- A franchise fee would be a pass-through charge added to an electric or natural gas utility bill collected on behalf of the City
- Franchise fees are a viable option for funding street infrastructure and street lighting expenditures
- Franchise fees would spread the cost over all properties within the City (including tax exempt properties)
- City staff will prepare revenue projections and potential project funding for City Council consideration



Parks and Recreation

2022 Parks & Recreation budget is decreasing (\$977,491). The 2021 budget included the purchase of the Dairy (LCCMR) Property from the Port Authority

- \$600,000 LCCMR grant
- \$400,000 General Fund balance
- Closing should occur prior to December 31, 2021

Downtown Riverfront Project: 2022
Port Authority debt service levy -
\$113,000



Economic & Community Development

- Maintained funding to Greater Fergus Falls - \$50,000
- New tax abatement levy of \$26,500 for the Housing Rebate Program
 - 34 homes through June 2021
- Lodging tax collections restored to 2019 level - \$140,000



Port Authority

- Port Authority levy stable at \$60,000
- Continues to collect lease revenues from the State of Minnesota for the operation of the Community Behavioral Health Hospital
- Continues to collect lease revenues to pay the debt service for the Series 2019A Bonds (LCSC Level IV Education Facility)
- Currently in purchase agreements for sale of industrial park lots
- Continues to explore development of existing property



The Port Authority agreed to fund the 2022 levy requirements for the following bonds for the Dairy Property cleanup:

- Series 2020A DEED Demo Loan - \$79,220
- Series 2020B DEED Cleanup Revolving Loan - \$34,615

Public Library

Total Operating Budget - \$954,343

- Property Tax Levy - \$820,000
- Regional Library Aid - \$87,150

Big Read Grant for 2022 - \$11,813

Restoring various expenditures to 2019 levels



Bigwood Event Center

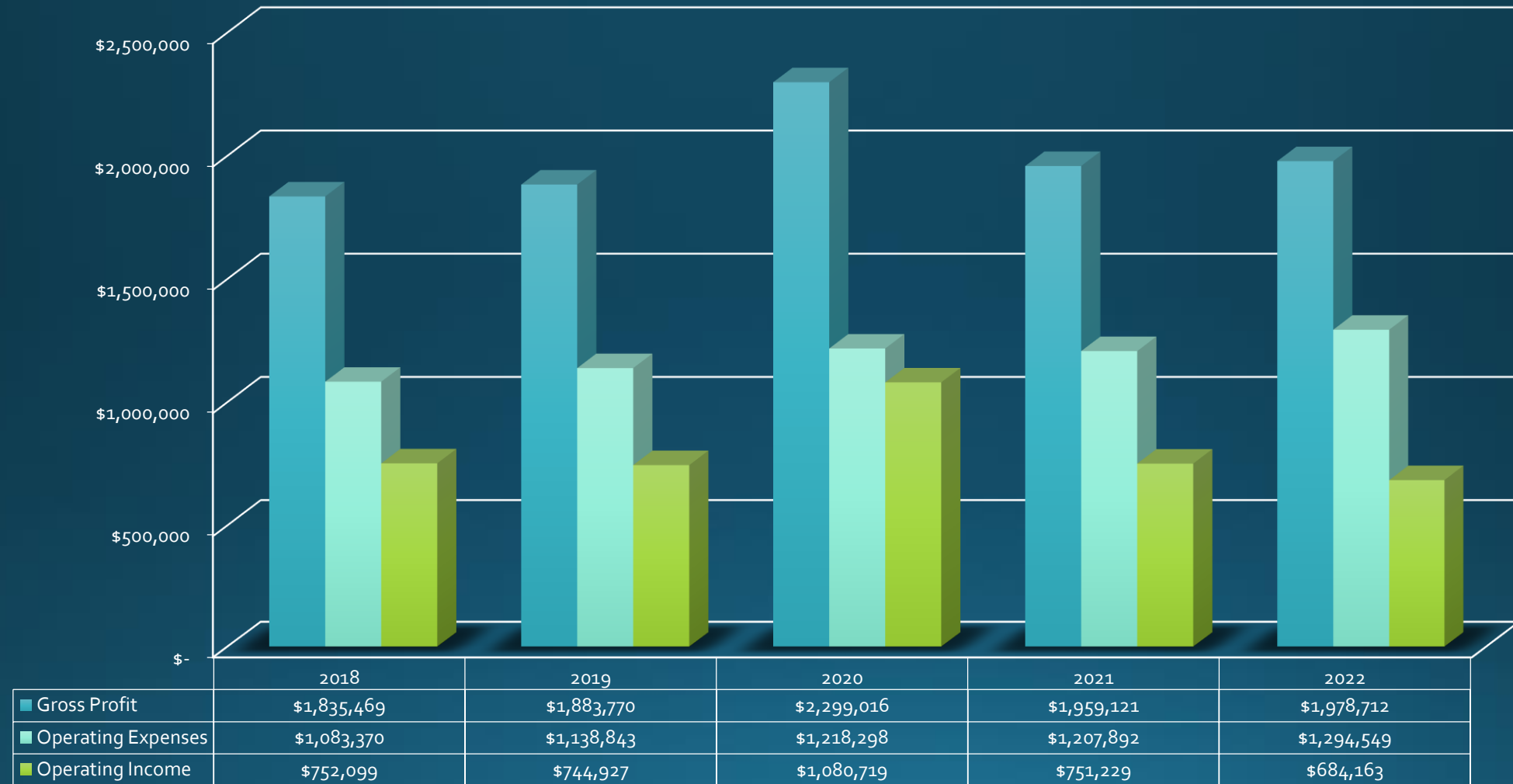
- Constructed in 2000 & opened in 2001
- Operated by contract management for 20 years
- Contract ended and the event center was closed due to COVID-19
- Plan to re-open January/February, 2022 with new management by LHR Hospitality Management and city staff
- Need for technology updates for re-opening (ARPA funding) – February 2022
- Financial estimates indicate losses for the first three years with break-even by year four
 - Management fees funded with ARPA funds
 - Remaining shortfall funded from the General Fund



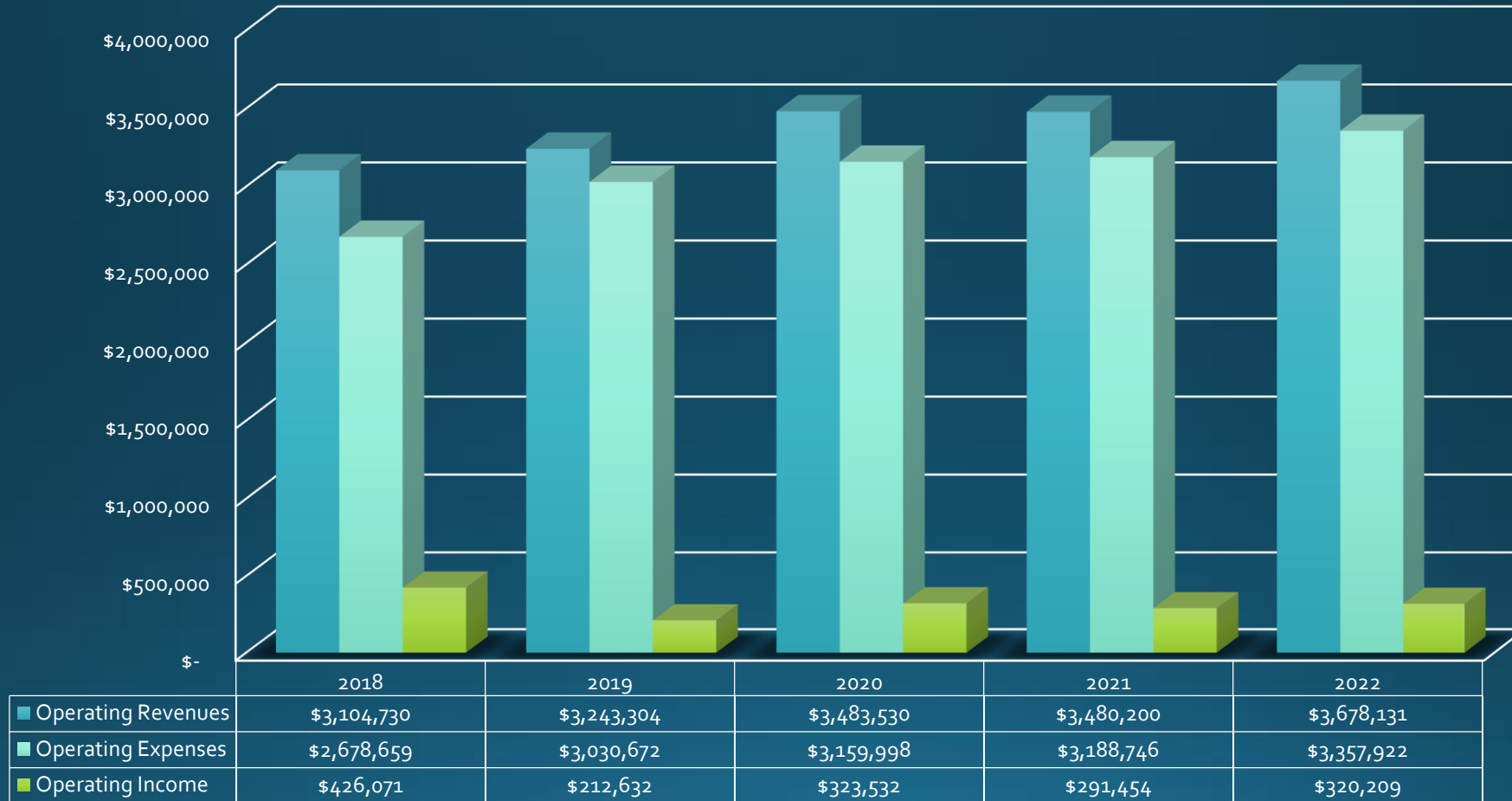
Capital Improvements

<u>Project</u>	<u>Amount</u>
Streets:	
Hampden: Cascade to Sheridan	\$ 250,000
Union: Lincoln to Fir	1,200,000
Stanton: Union to Broadway	600,000
Summit/Linden/Oak St.-Reconstruction	250,000
Total Streets	<u>\$ 2,300,000</u>
 Sidewalk Program	 \$ 30,000
 Buildings:	
RTC Preservation Project	\$ 1,700,000
 Infrastructure:	
Riverfront Phase 2 - East Block	\$ 2,100,000
NP Park Improvements	675,000
Golf Course Storm Water Pond	50,000
Total Infrastructure	<u>\$ 2,825,000</u>
 Totals for 2022 Fund 403 Budget	 <u><u>\$ 6,855,000</u></u>

Liquor Store Enterprise Fund

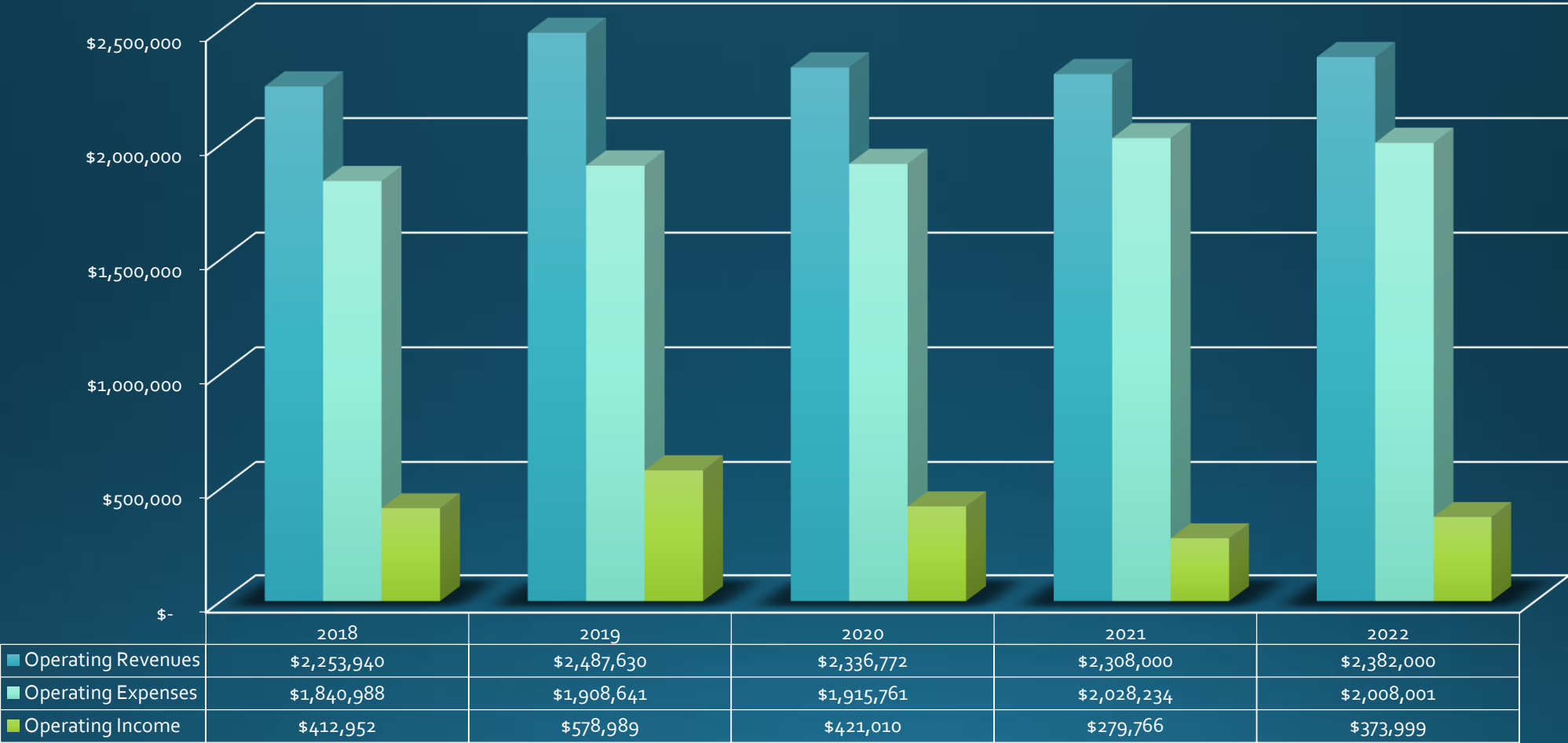


Refuse Enterprise Funds



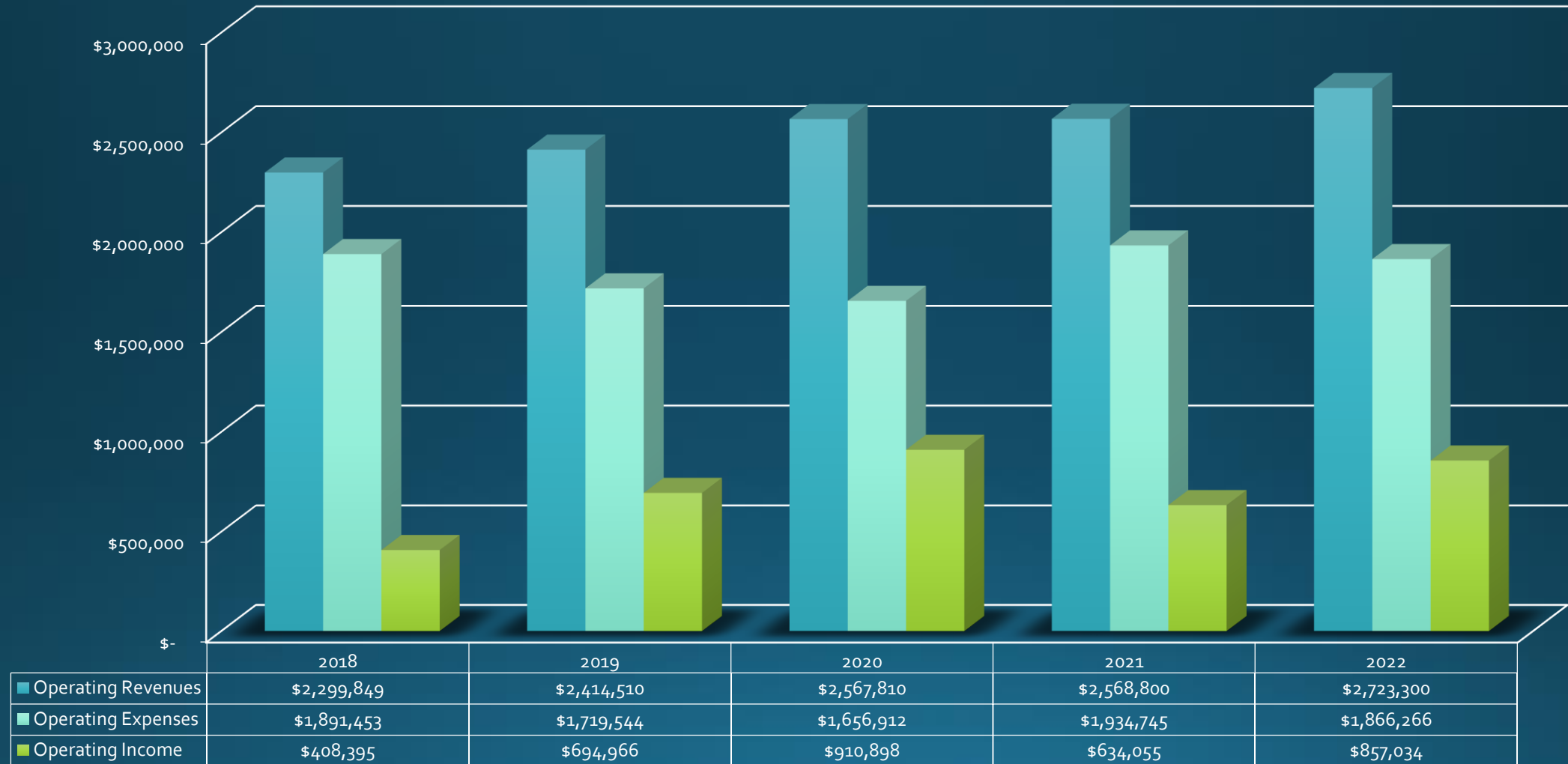
2022 Budget includes a 3% increase in refuse collection fees, a 2.5% increase in refuse disposal fees, an 8.3% increase in recycling fees, and changes in landfill rates (demo from \$25.00 to \$31.00 per cubic yard, MSW from \$20.00 to \$21.50 per cubic yard, and combining soft goods with bypass and increasing rate from \$21.00 to \$25.00 per cubic yard).

Sewer Enterprise Fund



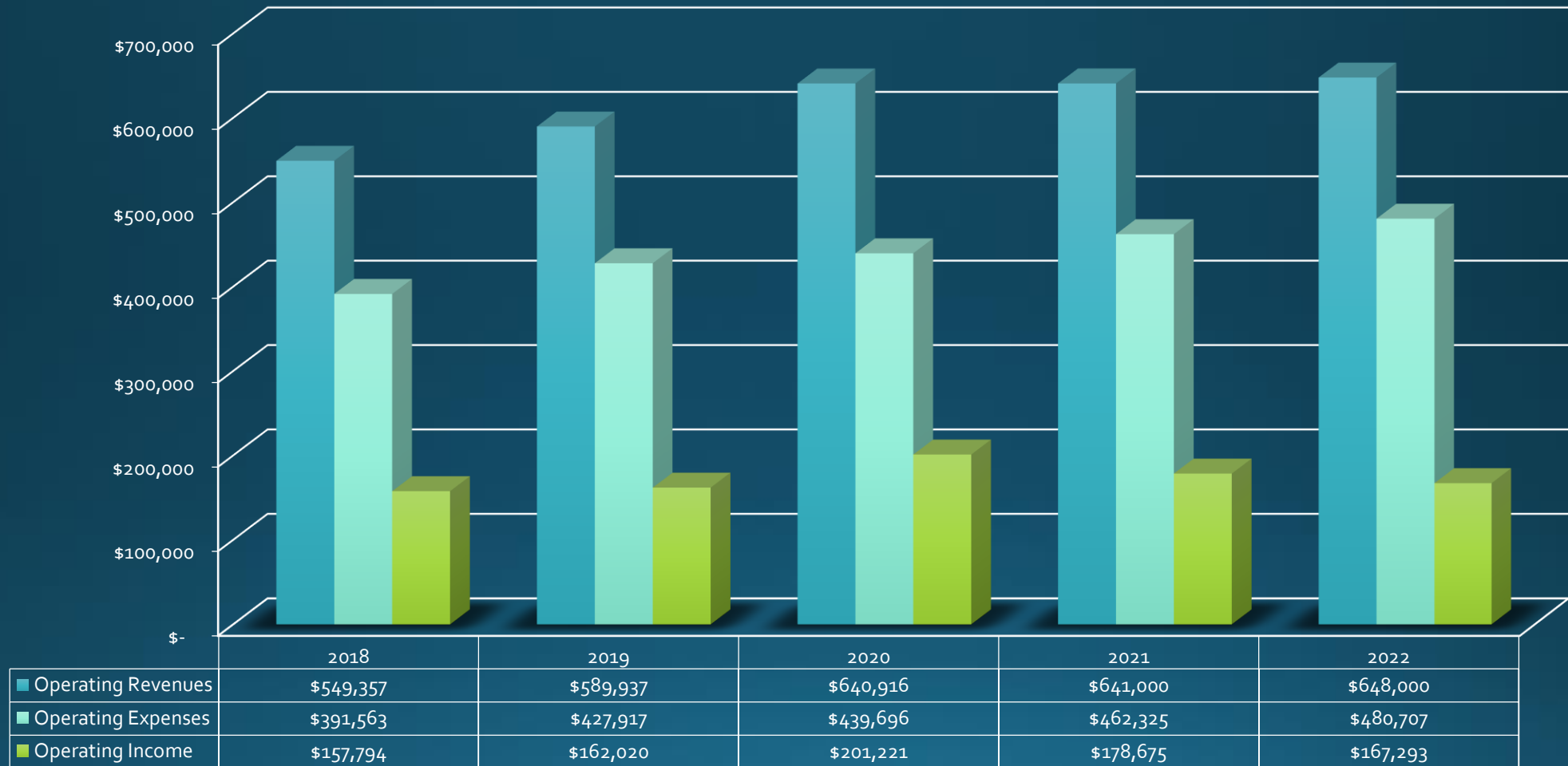
2022 Budget does not include any rate increase.

Water Fund



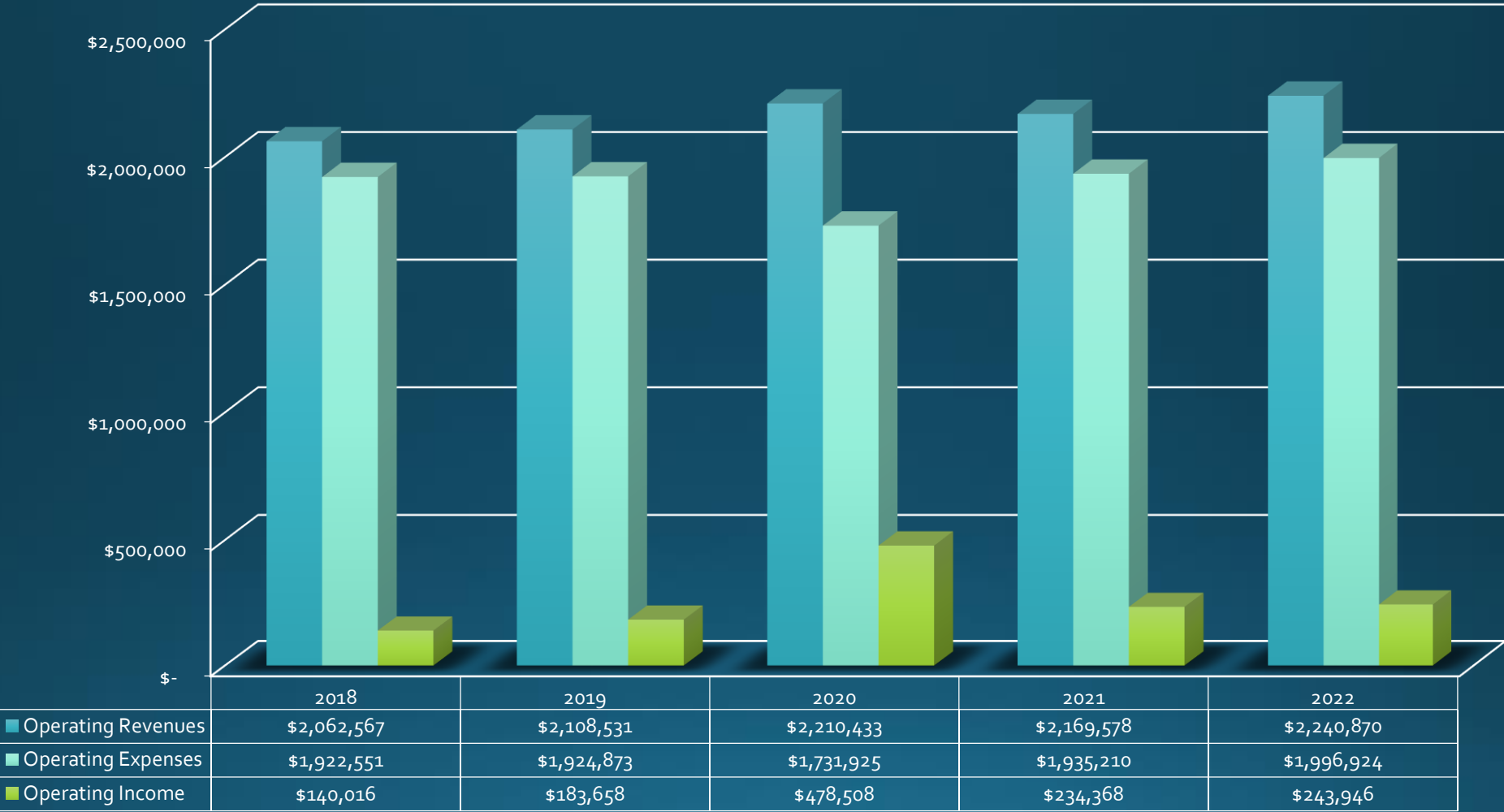
2022 Budget includes a 3% increase in flat charges and a 3% increase in flow charges.

Stormwater Enterprise Fund



2022 Budget does not include any rate increase.

Equipment Fund



Next Steps

December 6, 2021, 6:00 pm

- Public meeting and comments
- Council action to adopt levy and budget
 - Includes the rate changes within the utility funds

December 28, 2021 – Certify final 2022 property tax levy to Otter Tail County

Franchise fee evaluation