

CITY OF FERGUS FALLS

2023 LEVY AND
BUDGET

Timeline

May	July	September 6	September 19	September-December	December 5
Budget Process Begins	Tax Levy Committee Meetings	Proposed Budget & Levy Presentation	Council Approves Proposed Budget & Levy	Tax Levy Committee Consideration	Public Meeting & Comments

Budget Assumptions

Increases

Wages	2023-2.9%, 2024-2.8%
Health	6.58%
Electric	7.0%
City Utilities	4.0%
Natural Gas	110.0%
Liability Insurance	7.0%
Property Insurance	6.0%
Auto Insurance	7.0%
Worker's Comp.	13.0%

Budget Highlights

2023
Proposed
Revenues
\$51,253,693

2023
Proposed Expenditures
\$50,899,563

2023
Proposed
Tax Levy
\$7,631,550

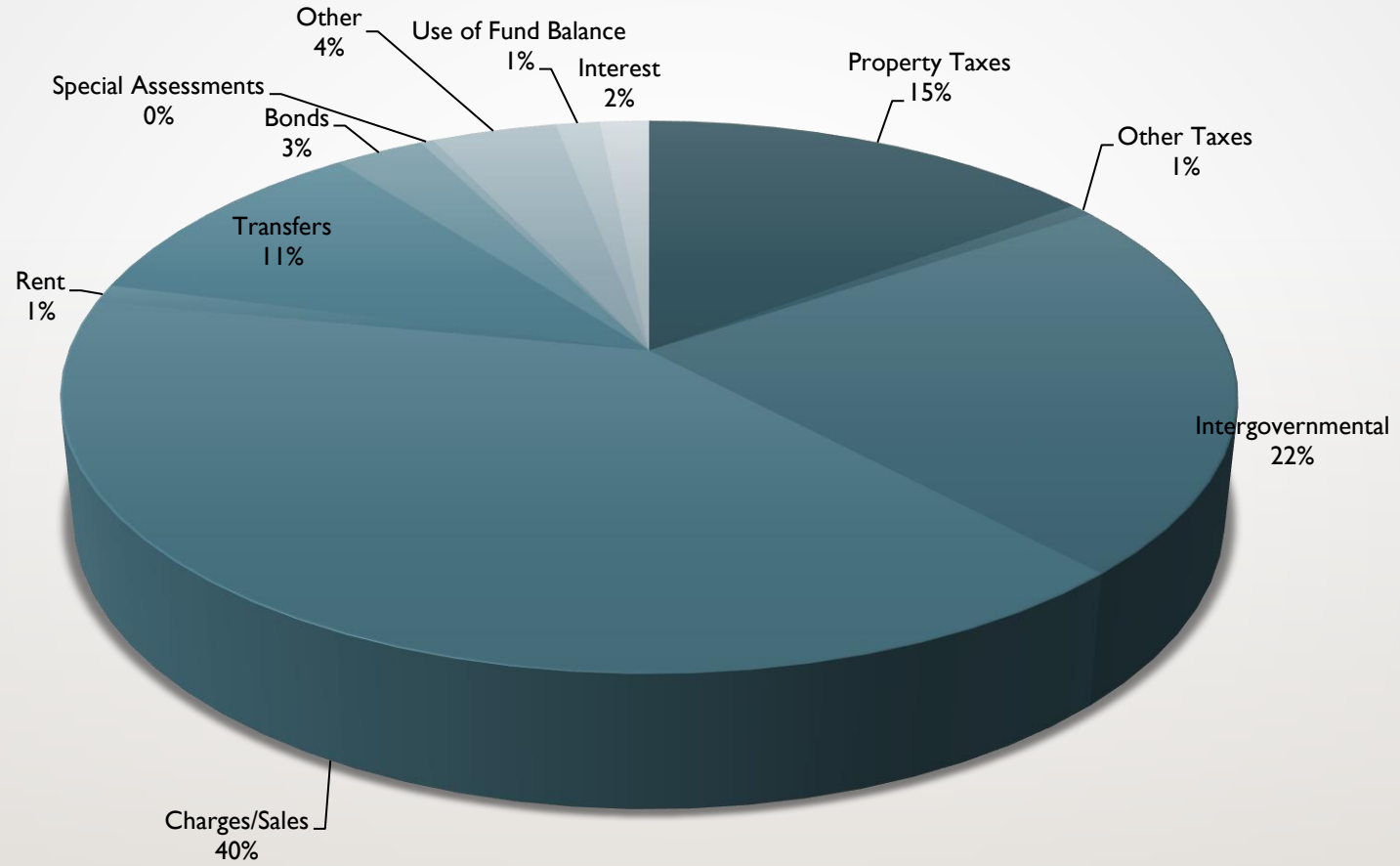
\$573,050 or 8.12%
change from 2022

Tax Capacity Rate
2022: 59.026%
2023: 53.851%
8.77% decrease

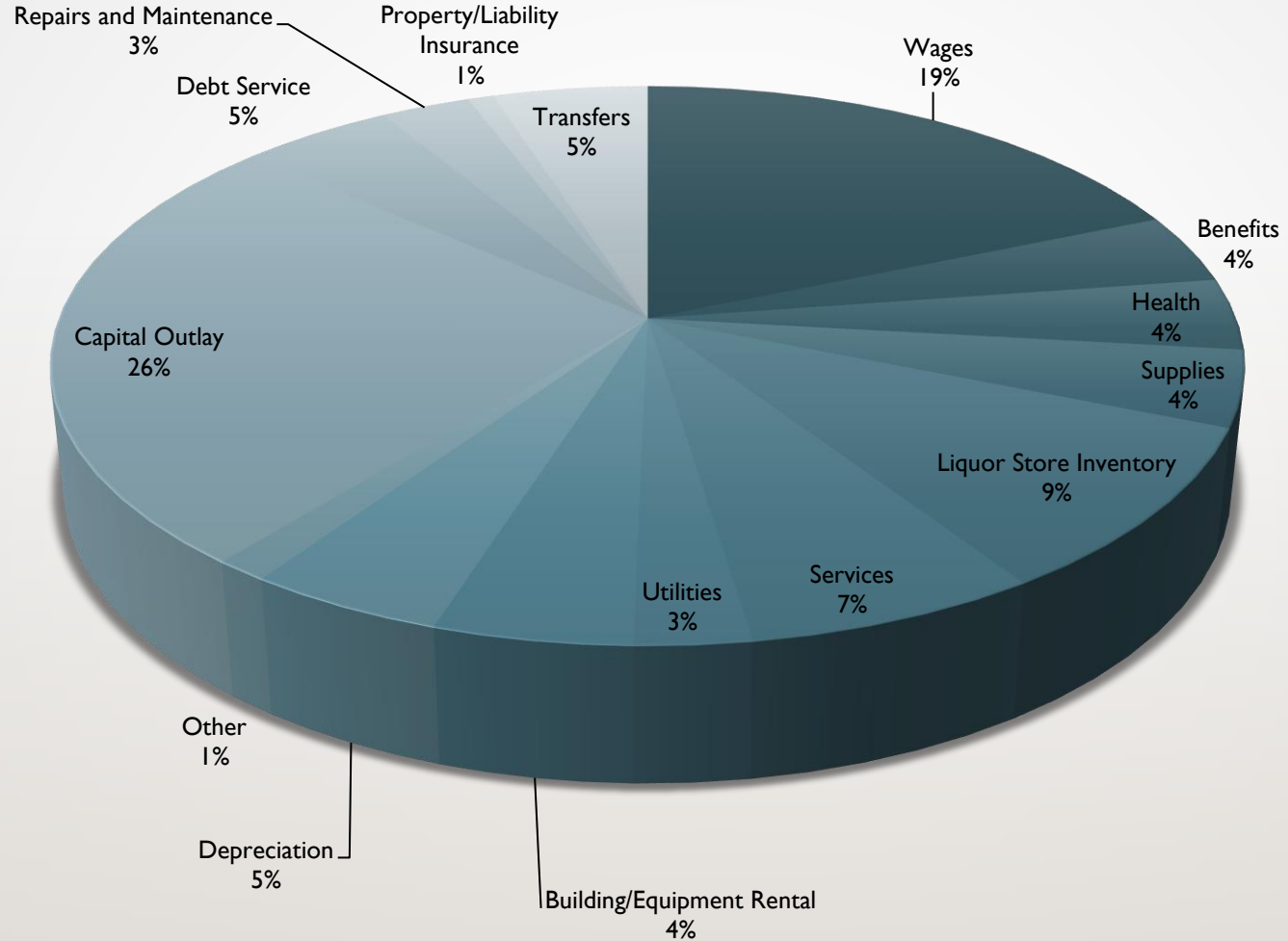
2023 Proposed Budget

	REVENUES	EXPENDITURES
GENERAL FUND	\$14,136,009	\$14,136,009
SPECIAL REVENUE	\$2,244,667	\$2,204,011
DEBT SERVICE	\$2,145,235	\$2,125,935
CAPITAL PROJECTS	\$13,070,492	\$12,938,258
ENTERPRISE	\$17,298,269	\$17,236,099
INTERNAL SERVICE	<u>\$2,359,021</u>	<u>\$2,259,251</u>
TOTAL	\$51,253,693	\$50,899,563

2023 Revenue



2023 Expenditures



Proposed Levy

September 2023 Proposed Levy	\$7,650,000
Adjusted 2023 Proposed Levy	\$7,631,550
2022 Levy	\$7,058,500
Difference from 2022 to 2023	\$573,050
Percentage Change from 2022 to 2023	8.12%

Tax Abatement Fund levies are based on the captured value of individual property. The other properties within the City will not be impacted by these levies.

2023 Tax Abatement Levies:

Platte Properties Tax Abatement	\$17,000
Fergus Care Center	14,000
Northstar Behavioral Health	28,000
Housing Rebate Program	<u>54,000</u>
Total Tax Abatement Levies	\$113,000

Cost Drivers

(Levy-supported funds)

Fixed Costs:

- 2.9 % contract, includes changes and benefits \$256,000
- Health insurance \$90,000
- Worker's compensation \$97,000
- Utilities \$106,000
- Communications Manager levy impact \$33,000
- Equipment rental \$40,000
- Tax abatement programs \$30,500

Total fixed costs impact \$652,500 (a 9.24% increase)

Other:

- Compensation study phase-in \$109,000
- Street overlays & sealcoat \$41,080

**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
\$7,631,550**

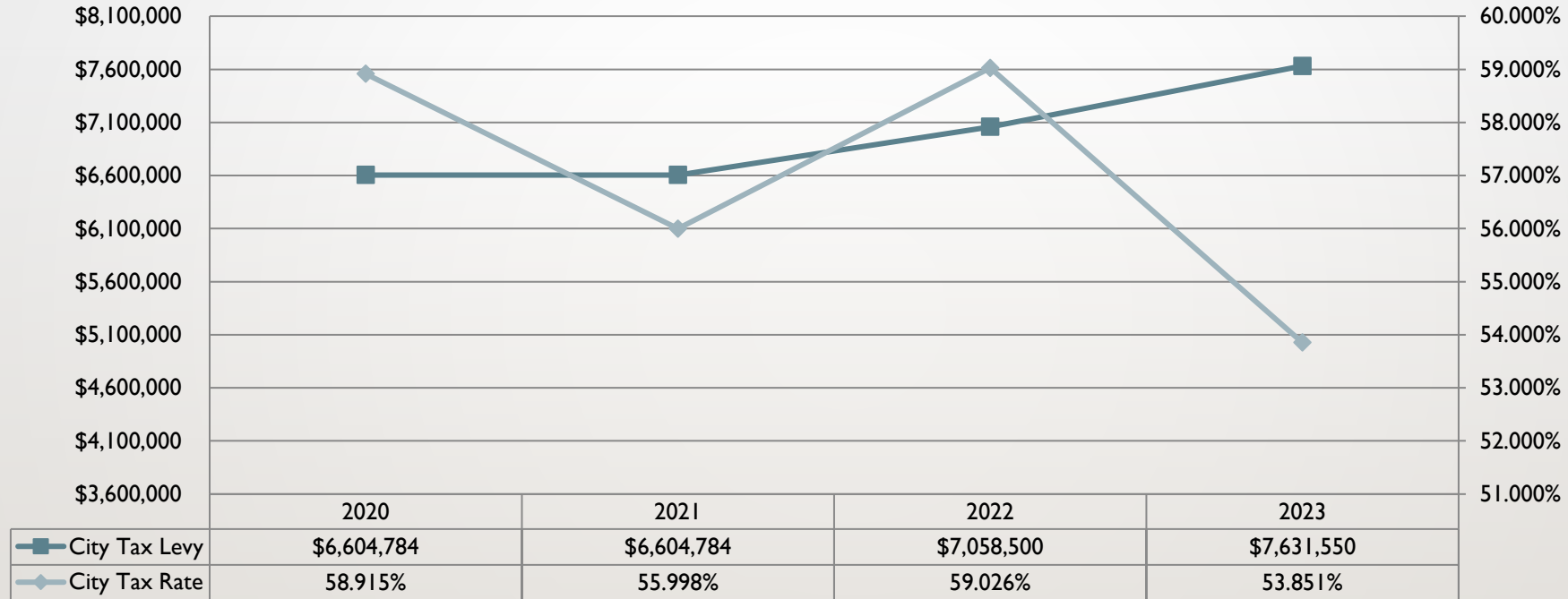


**The tax levy is
divided by the tax
capacity value to
determine the
tax rate**



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

Tax Levies and Tax Rates



	2020	Annex Woodland 2020	2021	Annex Woodland 2021	2022	Annex Woodland 2022	2023	Annex Woodland 2023
City and Port Authority Tax Rate	58.915%	29.788%	55.998%	37.501%	59.026%	49.269%	53.851%	53.851%
Estimated City Tax:								
\$200,000 Home	\$1,065	\$539	\$1,012	\$678	\$1,067	\$891	\$974	\$974
\$500,000 Business	\$5,450	\$2,755	\$5,180	\$3,469	\$5,460	\$4,557	\$4,981	\$4,981
Trends:								
City and Port Authority Tax Rate	58.915%	29.788%	55.998%	37.501%	59.026%	49.269%	53.851%	53.851%
OTC Tax Rate	41.133%	41.175%	40.063%	40.103%	40.370%	40.409%	33.933%	33.933%
ISD #544 Tax Rate	22.356%	22.414%	19.816%	19.871%	18.005%	18.060%	17.755%	17.755%
HRA Tax Rate	1.628%	1.628%	1.634%	1.634%	1.652%	1.652%	1.620%	1.620%
Total Tax Rate	124.032%	95.005%	117.511%	99.109%	119.053%	109.390%	107.159%	107.159%
ISD #544 RMV Rate	0.16736%	0.16736%	.17179%	.17179%	.15404%	.15404%	.13476%	.13476%

Taxes and State Aid

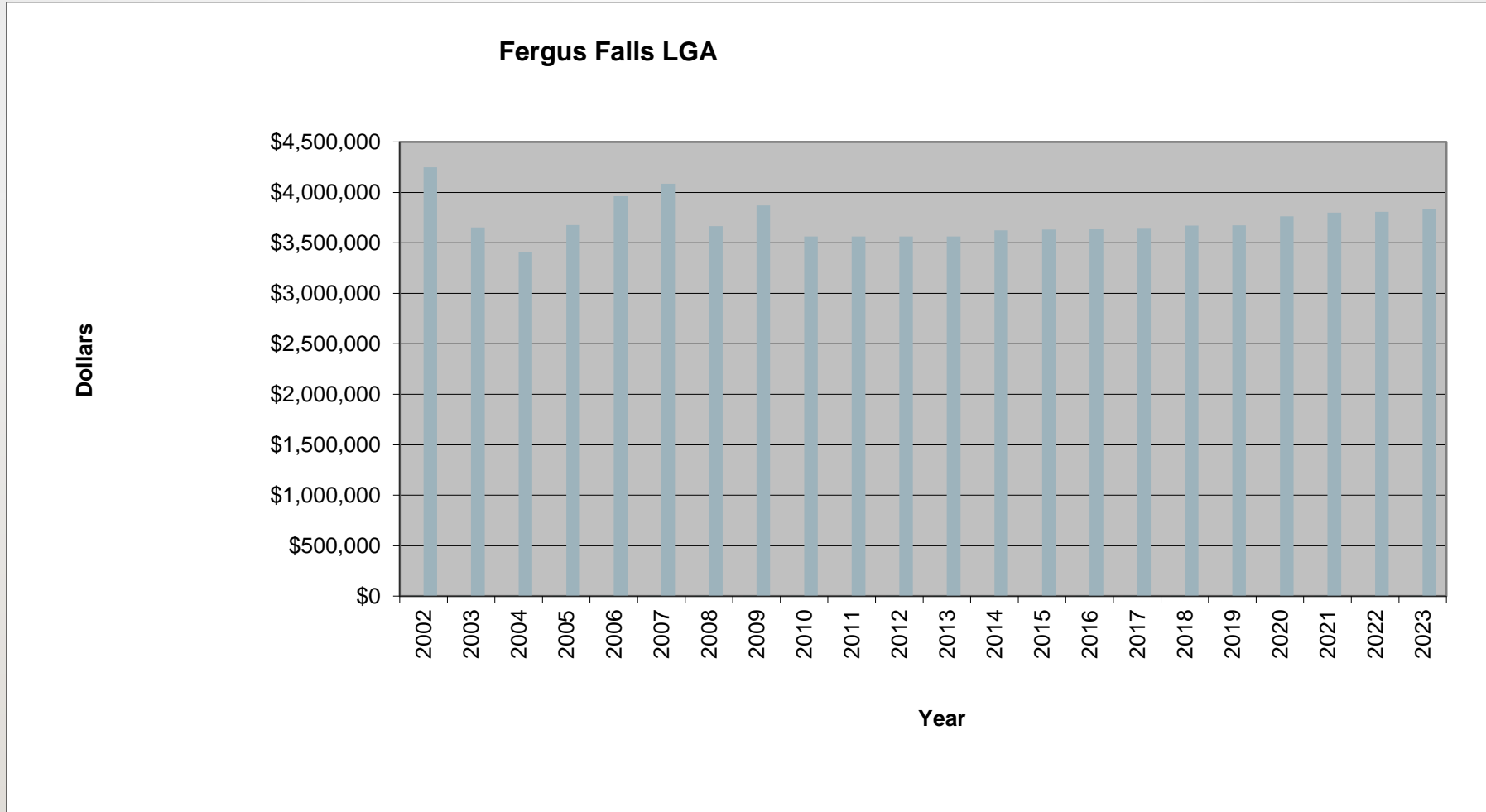
Property taxes and State aids are the main funding sources for Governmental funds

2023 Budget:

- Property tax levy \$7,631,550 (8.12% increase)
- 2023 Local Government Aid \$3,837,648 (\$28,746 increase or 0.75%)
- State and Federal funding included for Union Ave, Stanton Ave, Broadway Ave, and Regional Treatment Center preservation project



Local Government Aid



General Government

2023 Budget Recap:

- Communications Manager position and budget
- Departmental combination – Planning and GIS
- Use of fund balance for Bigwood Event Center projected operations - \$110,500
- IT Dept- Phone system and main computer system updates
- Woodland Heights neighborhood, final annexation payment made in 2022
- Additional 10% allocated to street maintenance projects
- Ongoing maintenance to city buildings



Public Safety

2023 Police Department - \$4,409,563

24 officers and 5 office staff

22 squads and other vehicles

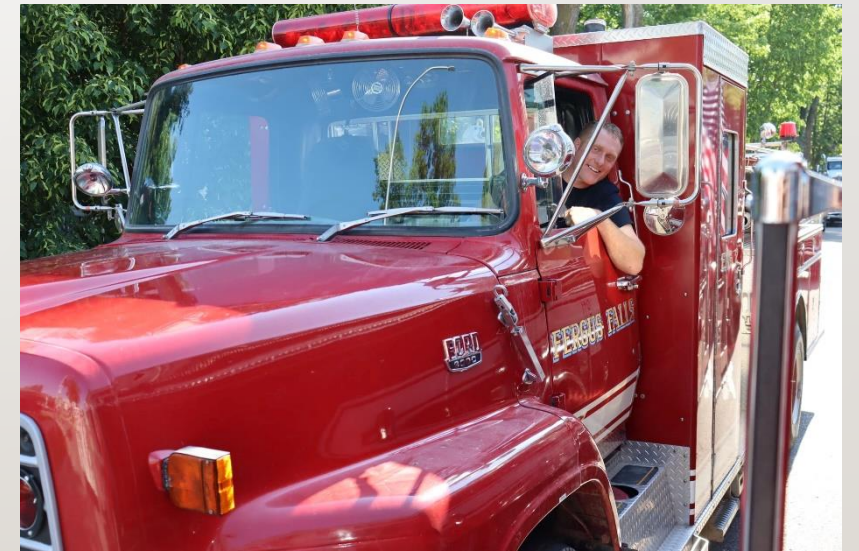
2023 Fire Department - \$895,649

3 full-time staff and 36 volunteer members

3 engines, 1 rescue, 1 ladder, 1 tanker, 2 wildland engines,

3 support vehicles, 1 boat, joint department Ranger

Maintaining budgets for future capital requirements



Streets and Highways

The Tax Levy Committee prioritized funding for streets:

- Recommending 10% (\$41,080) increase for annual street maintenance projects within the General Fund
- Seal coat, mill and overlay projects will total \$452,920 for 2023

Street Lighting:

- The City will need to consider the Phase 3 street lighting projects in a future year



Parks and Recreation

The city runs multiple recreation programs with nearly 7,000 participants and maintains 29 parks (551 acres)

Total Parks, Recreation and Forestry budget \$2 million

Phase 1 of riverfront improvement project completed!



Economic & Community Development

- Maintained funding to Greater Fergus Falls - \$50,000
- Various tax increment and tax abatement districts
- Tax abatement levy of \$54,000 for the Housing Rebate Program
 - 46 approved applications since inception of program



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)
- Continues to explore development of existing property



The Port Authority agreed to fund the 2023 levy requirements for the following bonds for the Dairy Property cleanup:

- Series 2020A DEED Demo Loan - \$53,352
- Series 2020B DEED Cleanup Revolving Loan - \$34,785

Public Library

Total Operating Budget - \$990,488

- Property Tax Levy - \$855,700
- Regional Library Aid- \$95,000

2021 Data:

13,139 Registered borrowers

86,847 Library visitors

206,417 Items checked out

1,249 Volunteer hours

8,709 Program participants



Bigwood Event Center

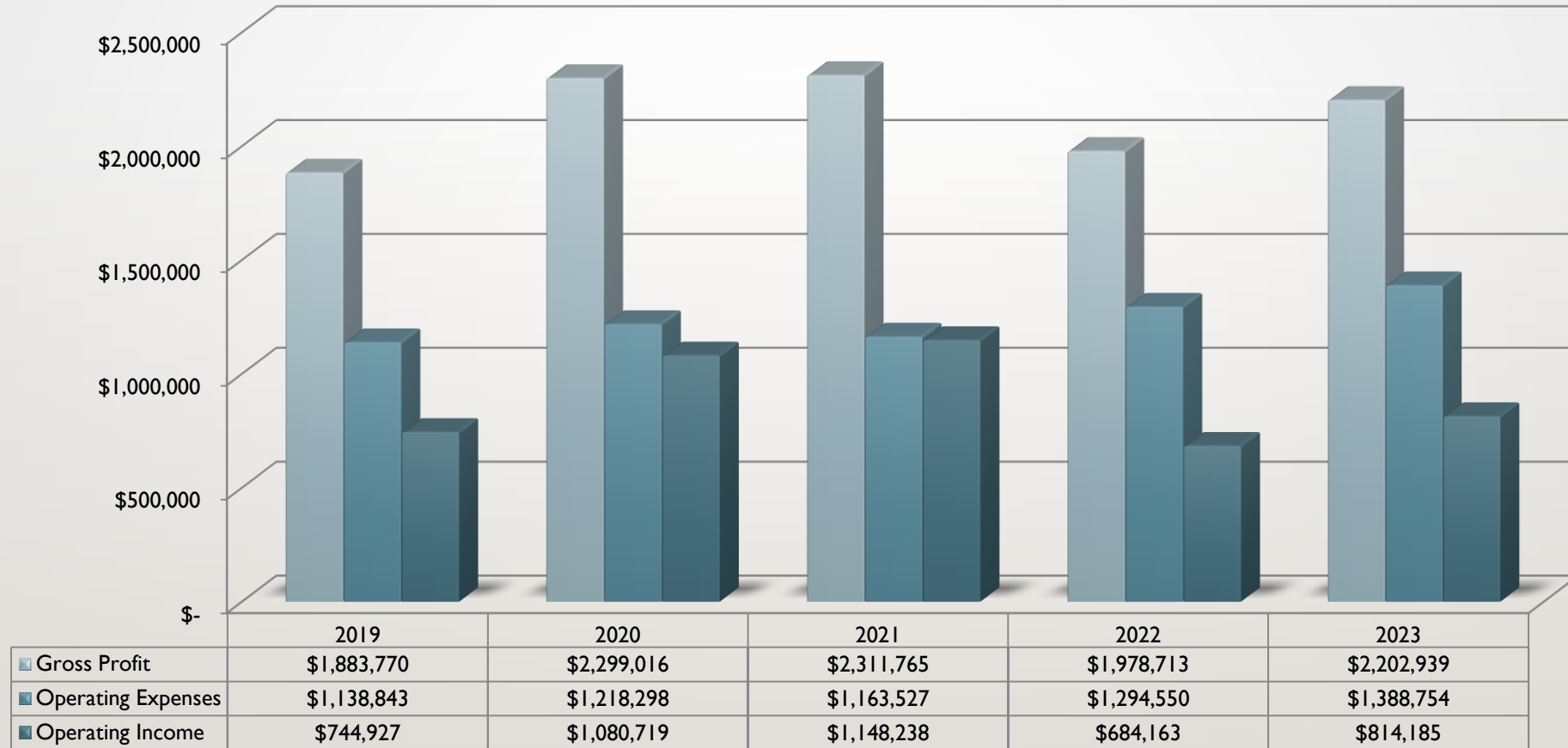
- Constructed in 2000 & opened in 2001
- Operated by contract management for 20 years
- Contract ended and the event center was closed due to COVID-19
- Center re-opened in 2022 under City management
- Use of the facility continues to increase
- Technology updates nearing completion
- General Fund transfers required for projected 2023 operations



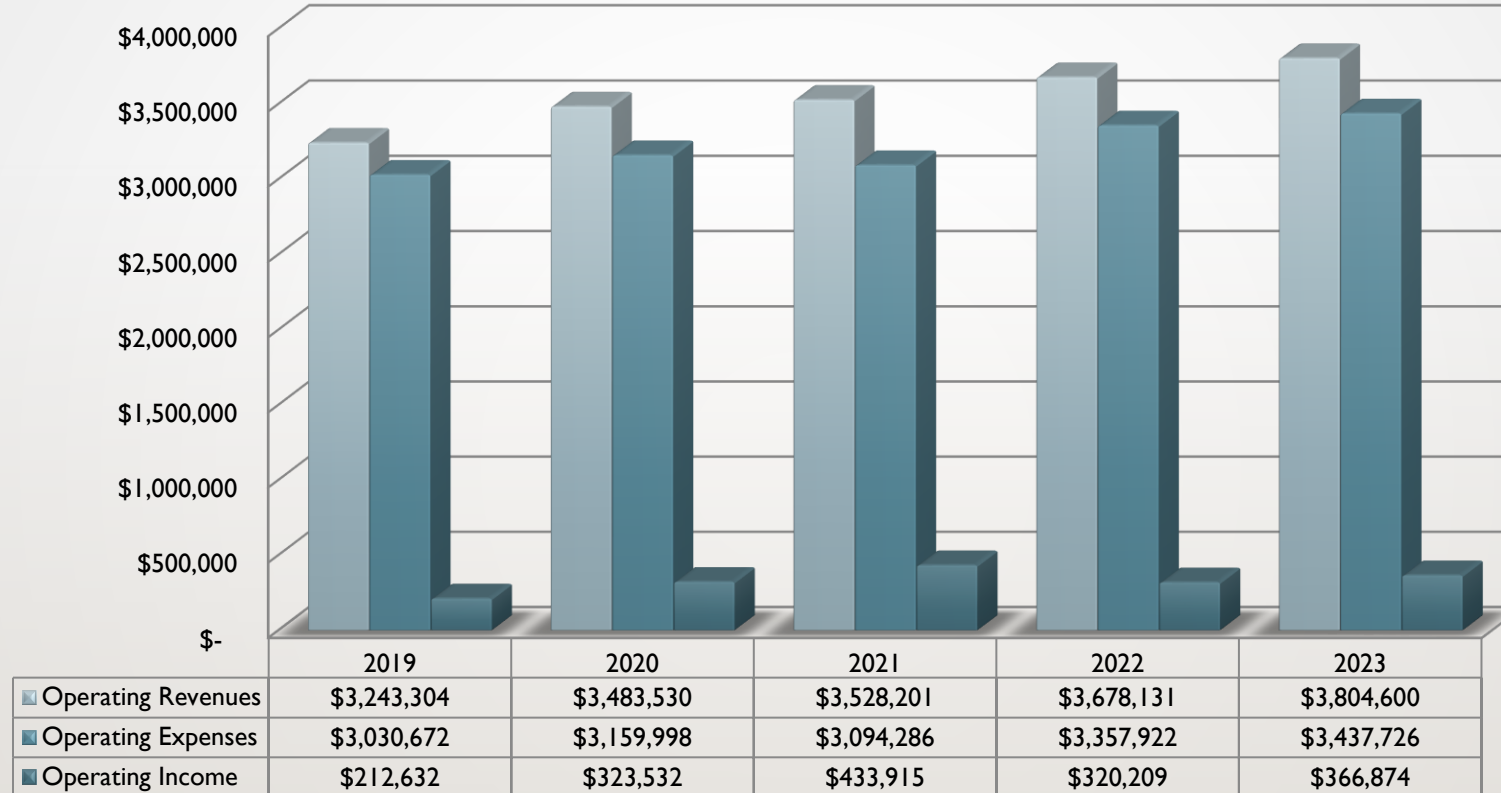
Capital Improvements

Project	Amount
Streets:	
Union Avenue: Lincoln to Fir Resurfacing	\$ 1,600,000
Stanton Avenue: Union to Broadway Resurfacing	500,000
Broadway Avenue: Lincoln to Fir Resurfacing	1,500,000
Summit/Linden/Laurel - Reconstruction	250,000
Total Streets	\$ 3,850,000
Sidewalk/Bikepath Reconstruction:	
Sidewalk Program	\$ 30,000
Total Sidewalk/Bikepath Reconstruction	\$ 30,000
Buildings:	
RTC Preservation Project	\$ 1,700,000
Total Buildings	\$ 1,700,000
Infrastructure:	
Riverfront Phase 2 - East Side Splash Park/Trail	\$ 5,200,000
Total Infrastructure	\$ 5,200,000
Totals for 2023 Fund 403 Budget	<u><u>\$ 10,780,000</u></u>

Liquor Store Enterprise Fund

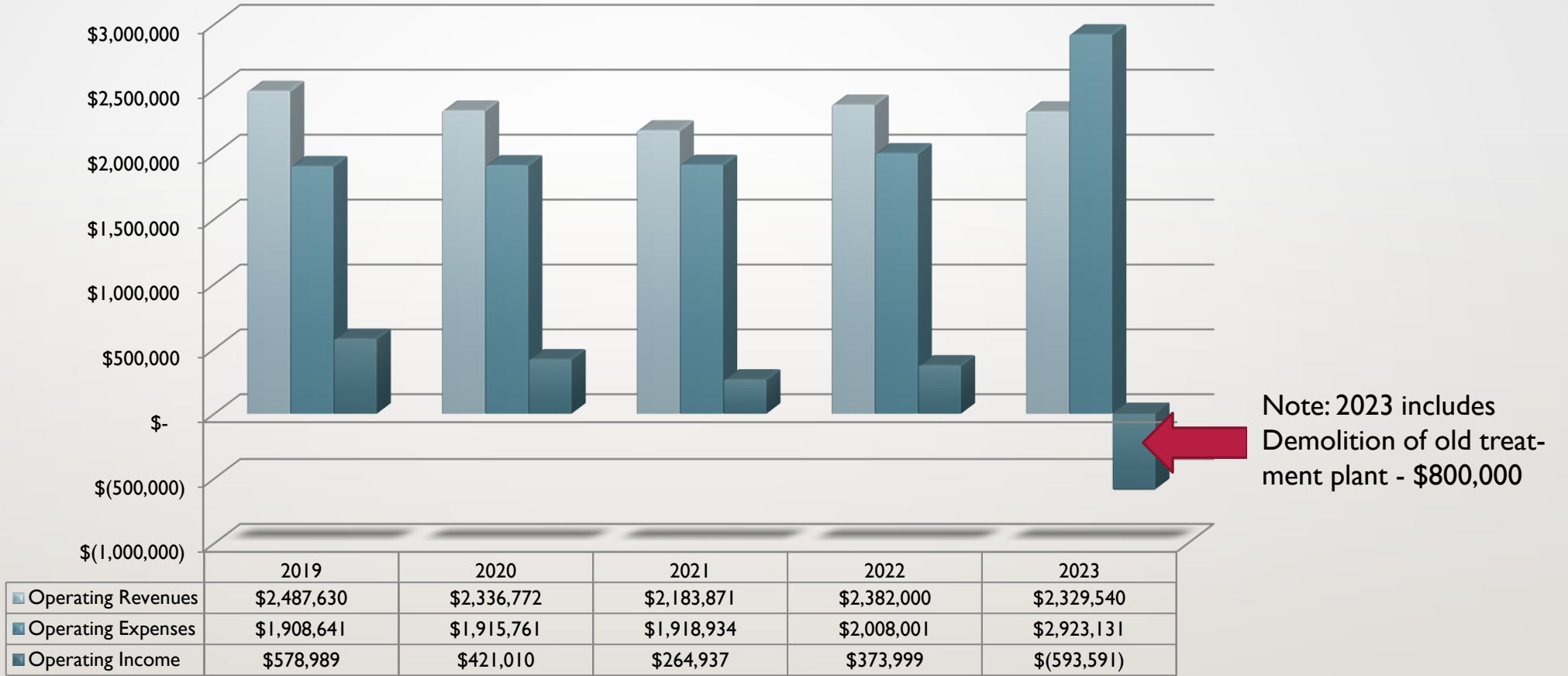


Refuse Enterprise Funds



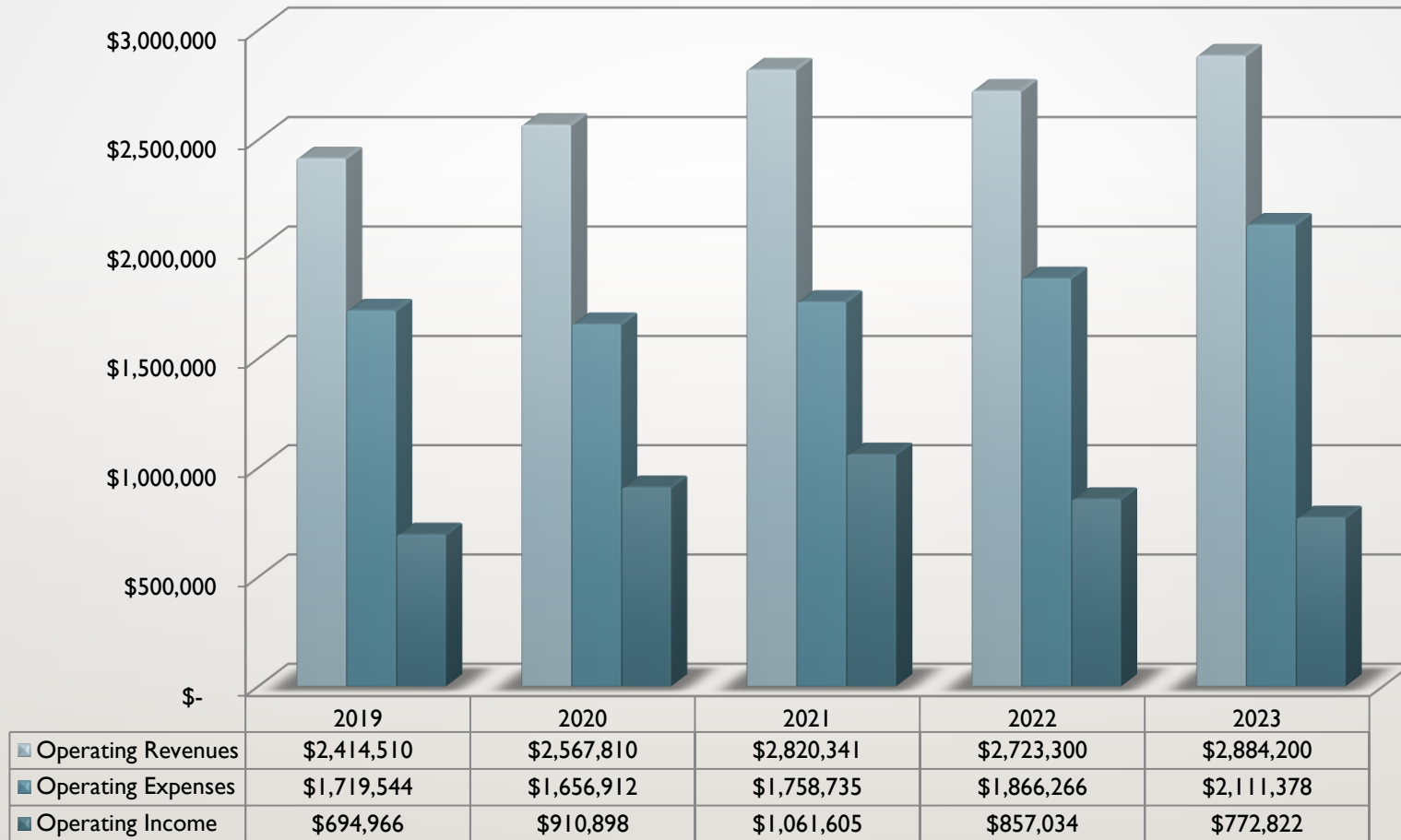
2023 Budget includes a 3% increase in refuse collection fees, and changes in landfill rates (bypass charges from \$25 to \$31 per cubic yard, car/truck tires from \$4 to \$6 per tire, loading fee for mulch from \$10 to \$15)

Sewer Enterprise Fund



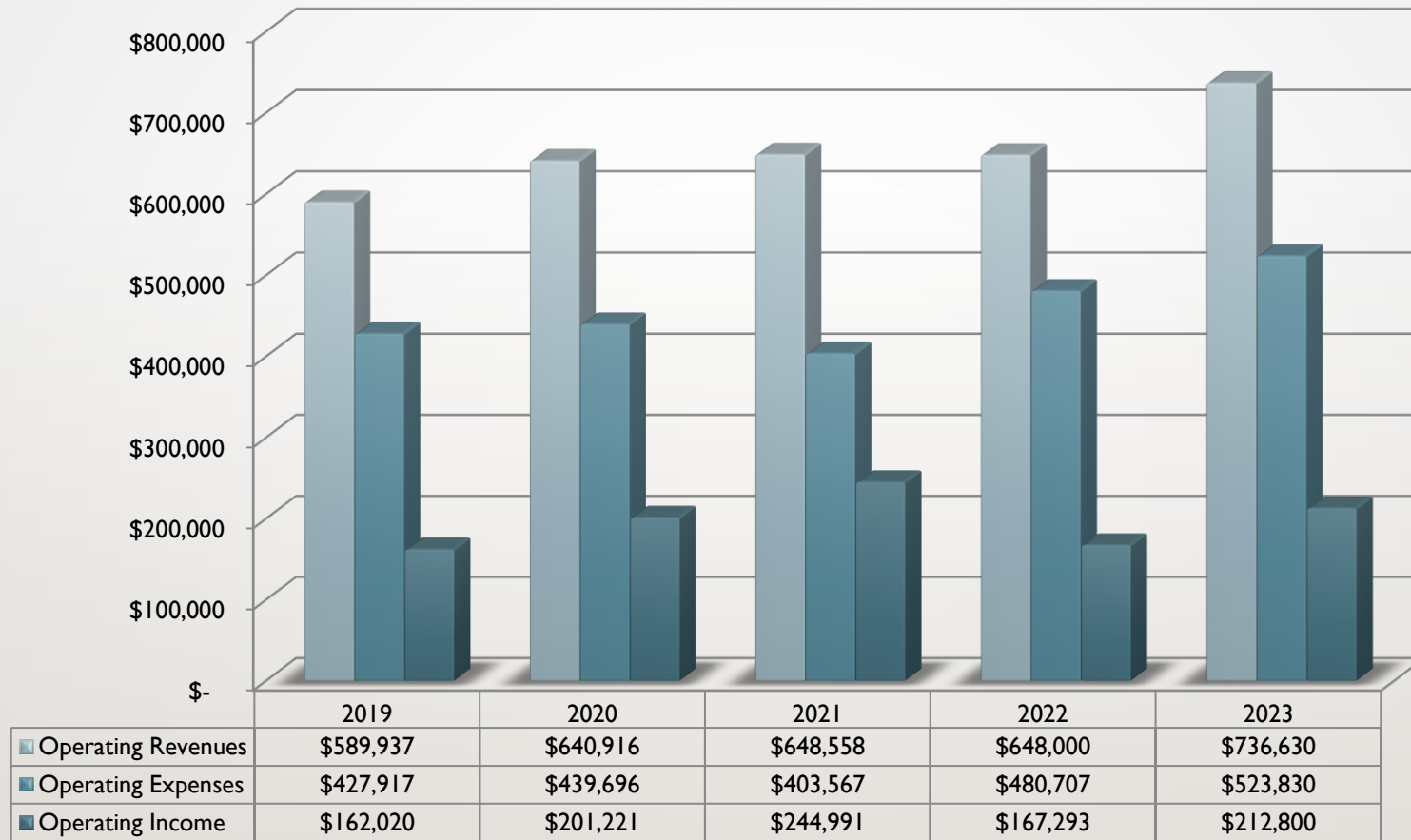
2023 Budget includes a 4% increase in flat charges and a 4% increase in flow charges

Water Fund



2023 Budget includes a 3% increase in flat charges and 3% increase in flow charges

Stormwater Enterprise Fund

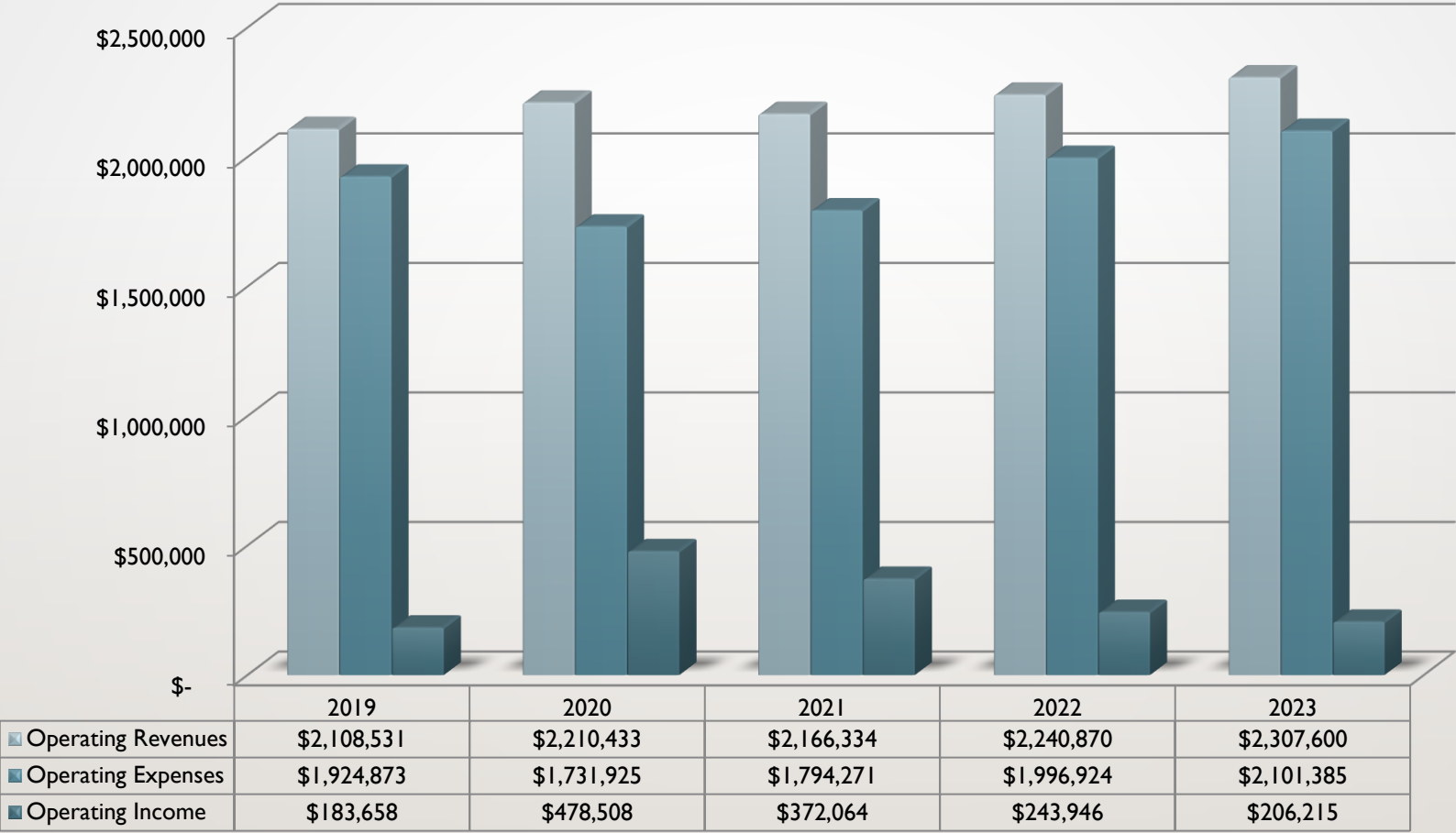


Stormwater Enterprise Fund

Proposed changes

	Current	Proposed	Change
	Monthly Rate	Monthly Rate	Amount
Residential	\$7.75	\$8.75	\$1.00
Commercial	\$15.50	\$17.50	\$2.00
Commercial (per acre)	\$31.00	\$35.00	\$4.00

Equipment Fund



2023 Plan for \$800,000 equipment purchases

Next Steps

September 19, 2022

- Council action to adopt preliminary levy and budget

September 19, 2022-December 5, 2022

- Continued Tax Levy Committee consideration
- Utility rate review – City Council November 21, 2022

December 5, 2022, 6:00 pm or later

- Public meeting and comments
- Council action to adopt levy and budget

December 28, 2022

- Certify final 2023 property tax levy to Otter Tail County