

**City of Fergus Falls**

**Budget & Levy**

**2024**

**(For Presentation 12-04-2023)**

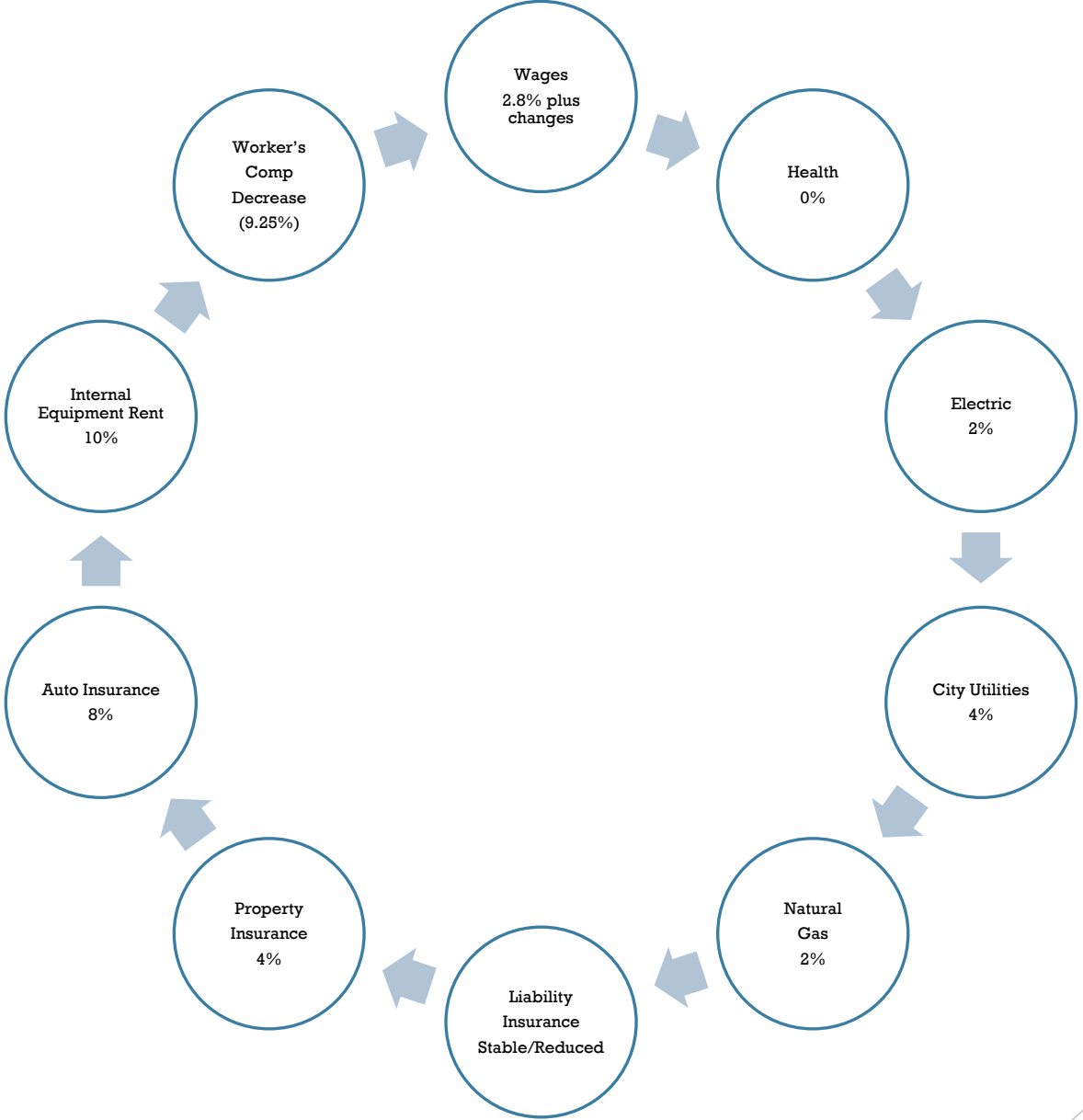
City of Fergus Falls

# Timeline

- **May 2023: Budget process begins**
- **May 17: Tax Levy Committee meetings begin**
- **September 13: 2024 proposed budget and levy presentation**
- **September 18: City Council approves 2024 proposed budget and levy**
- **October 2: Certify 2024 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 4: Public meeting and comments; City Council adopts 2024 final budget and levy**
- **December 28: Certify 2024 final property tax levy to Otter Tail County**

City of Fergus Falls

# Budget Cost Drivers



City of Fergus Falls

# 2024 Budget Highlights (As Presented Sept. 2023)

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<b>Proposed Revenues</b>	<b>\$74,672,484</b>
<b>Proposed Expenditures</b>	<b>\$71,121,218</b>
<b>Proposed Tax Levy</b>	<b>\$8,300,000</b>
<b>Change from 2023</b>	<b>\$668,450</b>
	<b>8.76% Increase</b>
<b>Tax Capacity Rate</b>	<b>55.679%</b>
<b>Change from 2023</b>	<b>3.48% Increase</b>

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# 2024 Budget Highlights (Updated for Dec. 2023)

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<b>Proposed Revenues</b>	<b>\$69,913,005</b>
<b>Proposed Expenditures</b>	<b>\$67,889,149</b>
<b>Proposed Tax Levy</b>	<b>\$8,147,000</b>
<b>Change from 2023</b>	<b>\$515,450</b>
	<b>6.75% Increase</b>
<b>Tax Capacity Rate</b>	<b>54.652%</b>
<b>Change from 2023</b>	<b>1.57% Increase</b>

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## City of Fergus Falls

# Changes Since September 2023

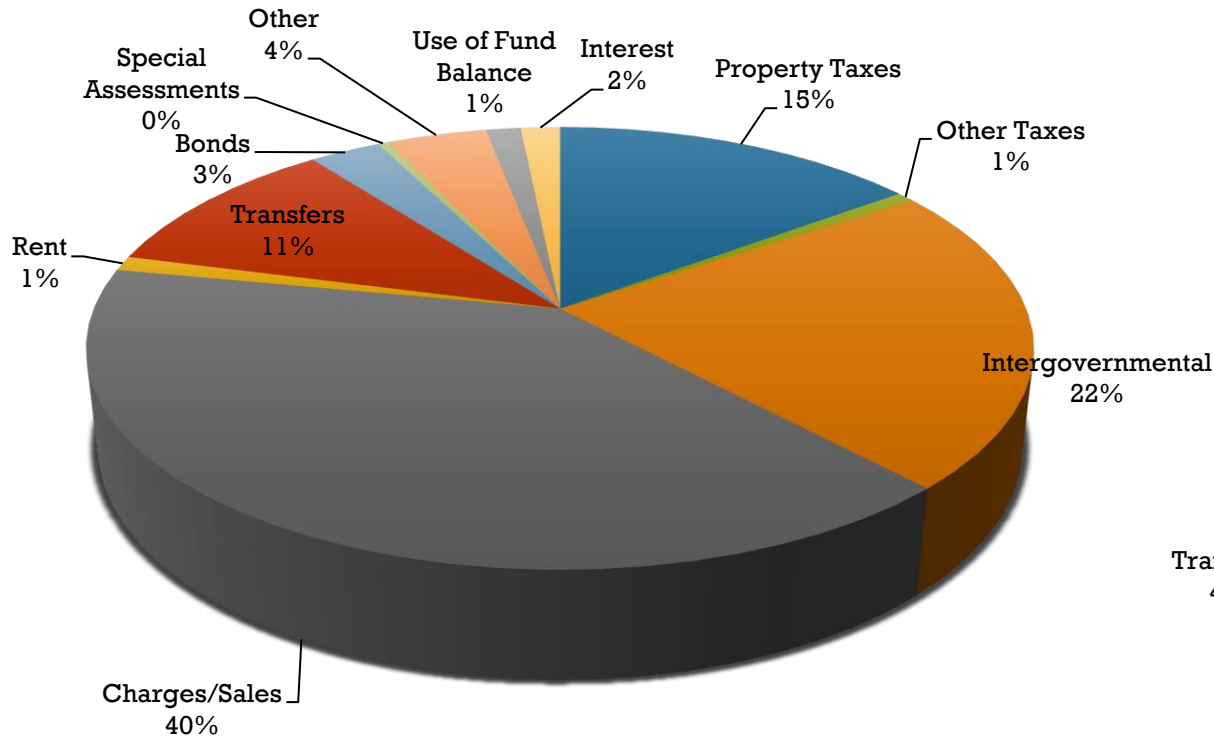
- Adjusted capital project schedules and estimated costs resulting in a net decrease of \$3,424,000.
- Included \$917,400 for the demolition of the old Wastewater Treatment Plan.
- Removed franchise fee revenues of \$1,300,000 and transfers to the Capital Projects fund of \$750,000. Will discuss more in 2024.
- Updated Enterprise Fund projections resulting in increased expenses of \$157,204.
- Workers compensation insurance adjusted from 10% increase to a (9.25%) decrease and liability insurance decreases resulting in \$107,155 decrease.
- Eliminated the City's membership in the Coalition of Greater Minnesota Cities (\$30,707)
- Increased revenue estimates for State aids - \$40,000

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# 2024 Proposed Budget

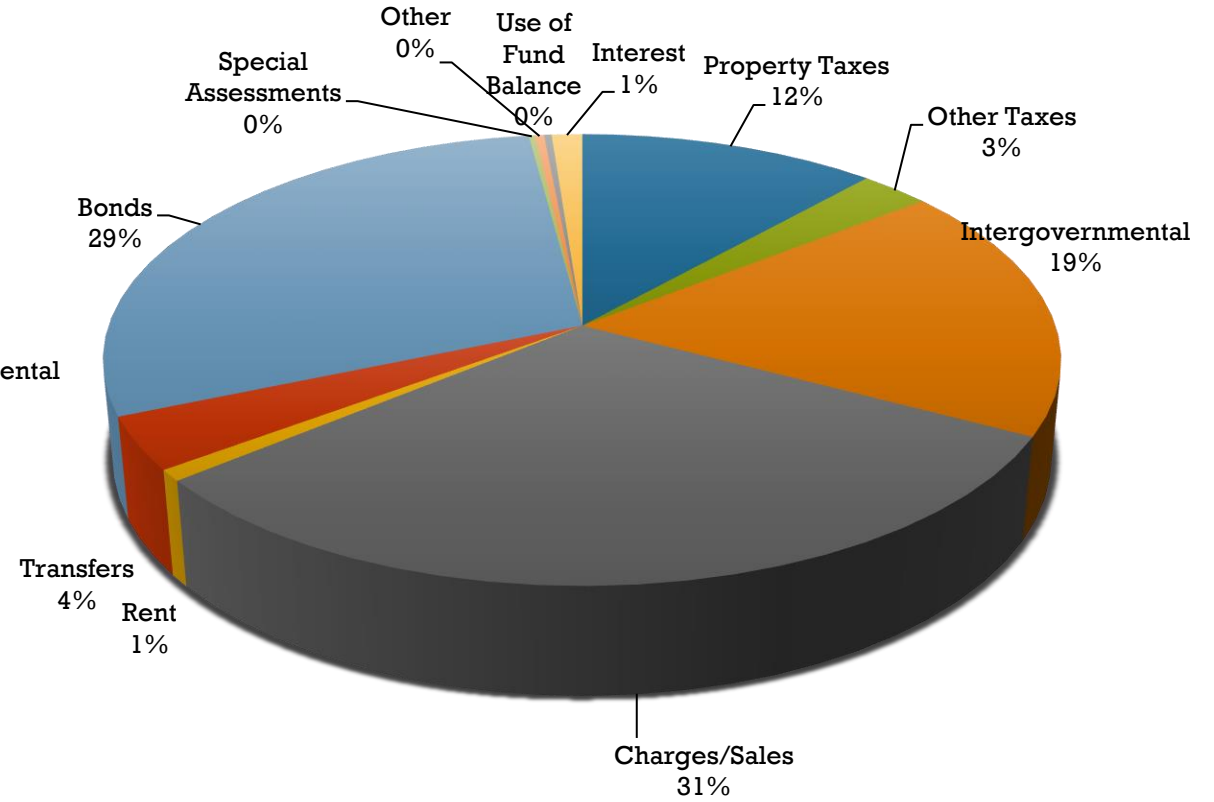
	<b>Revenues</b>	<b>Expenditures</b>
<b>General Fund</b>	\$15,392,372	\$15,392,372
<b>Special Revenue</b>	\$2,157,014	\$2,058,284
<b>Debt Service</b>	\$3,152,655	\$1,306,484
<b>Capital Projects</b>	\$28,437,982	\$28,406,072
<b>Enterprise</b>	\$18,134,482	\$18,188,531
<b>Internal Service</b>	\$2,638,500	\$2,537,406
<b>Total</b>	<b>\$69,913,005</b>	<b>\$67,889,149</b>

# 2023 Revenues



\$51,253,693

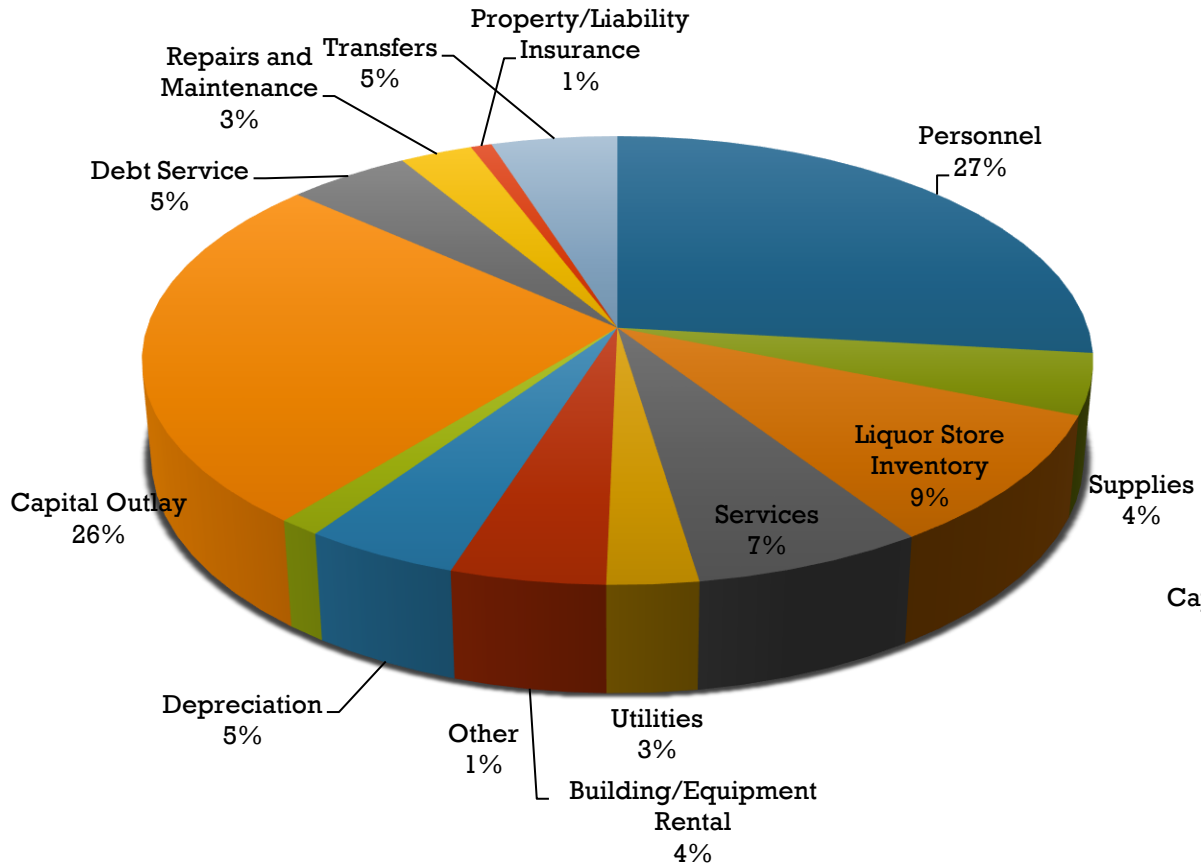
# 2024 Revenues



\$69,913,005

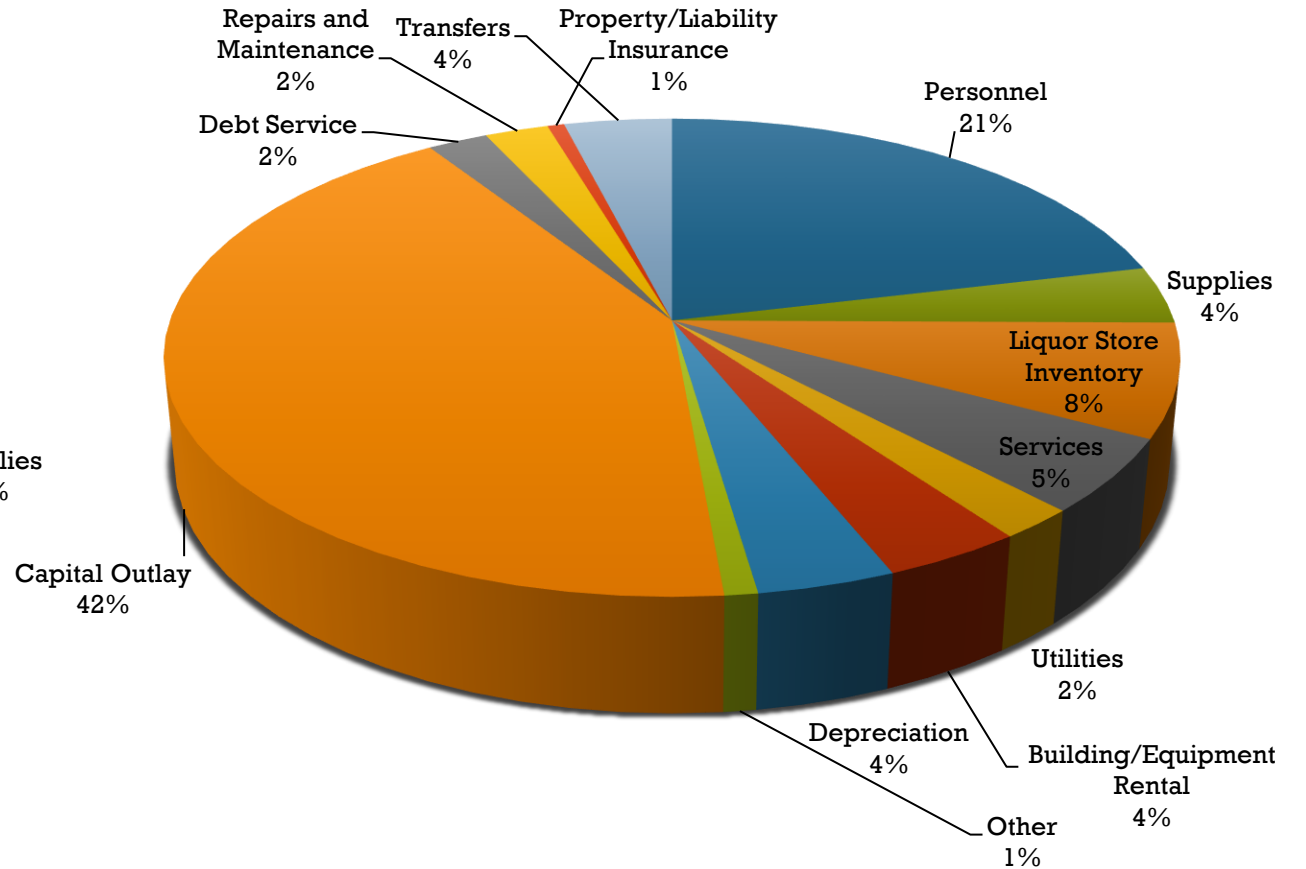


# 2023 Expenditures



**\$50,899,563**

# 2024 Expenditures



**\$67,889,149**

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# Proposed Levy

(As Presented Sept 2023)

2024 Proposed Levy    \$8,300,000

2023 Levy                \$7,631,550

Difference 2024 to 2023 \$668,450

Percentage change: 8.76%

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# Proposed Levy

(December 2023)

2024 Proposed Levy    \$8,147,000

2023 Levy                \$7,631,550

Difference 2024 to 2023 \$515,450

Percentage change: 6.75%

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# Fixed Cost Increases

Levy Supported Funds

Wages/Contracts(2.8%)/ Employee/Election	\$413,000
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Comp Study/Police Dept. & Public Works Adjustments	\$261,000
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Debt Service	\$244,100
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Equipment Rental	\$173,000
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Worker's Compensation	\$16,000
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Utilities	\$99,000
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Tax Abatement & Parking Lot Purchase	\$40,500
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RTC Maintenance Fund	\$13,600
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Subtotal – Fixed Costs	\$1,260,200
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Less: LGA Increase	(\$578,000)
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Net Impact (would be 9% levy increase)	\$682,200
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# How are 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 \$8,147,000

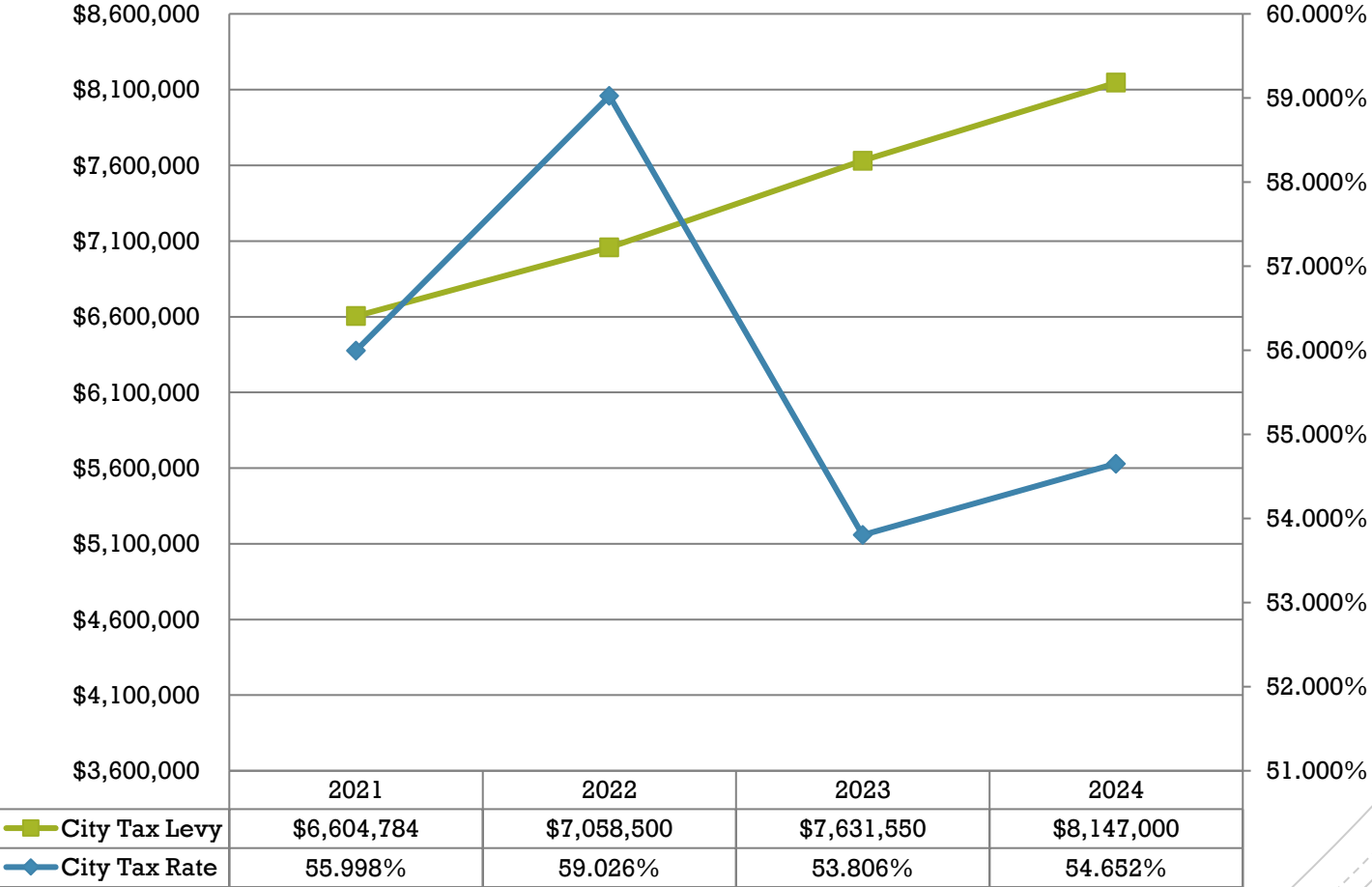
The tax levy is divided by the tax capacity value to determine the tax rate

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

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# Tax Levies and Tax Rate

## Tax Levies and Tax Rates



	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
City & Port Authority Tax Rate	55.998%	59.026%	53.806%	54.652%
<b>Estimated City Tax:</b>				
\$250,000 Home	\$1,318	\$1,389	\$1,266	\$1,286
\$500,000 Business	\$5,180	\$5,460	\$4,977	\$5,055
<b>Trends</b>				
City and Port Authority Tax Rate	55.998%	59.026%	53.806%	54.652%
OTC Tax Rate	40.063%	40.370%	33.984%	32.118%
ISD 544 Tax Rate	19.816%	18.005%	17.780%	17.695%
HRA Tax Rate	1.634%	1.652%	1.619%	1.637%
Total Tax Rate	117.511%	119.053%	107.189%	106.102%
ISD 544 RMV Rate	.17179%	.15404%	.13489%	.14355%

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# Taxes and State Aid

Property tax and state aids are the main funding sources for governmental funds

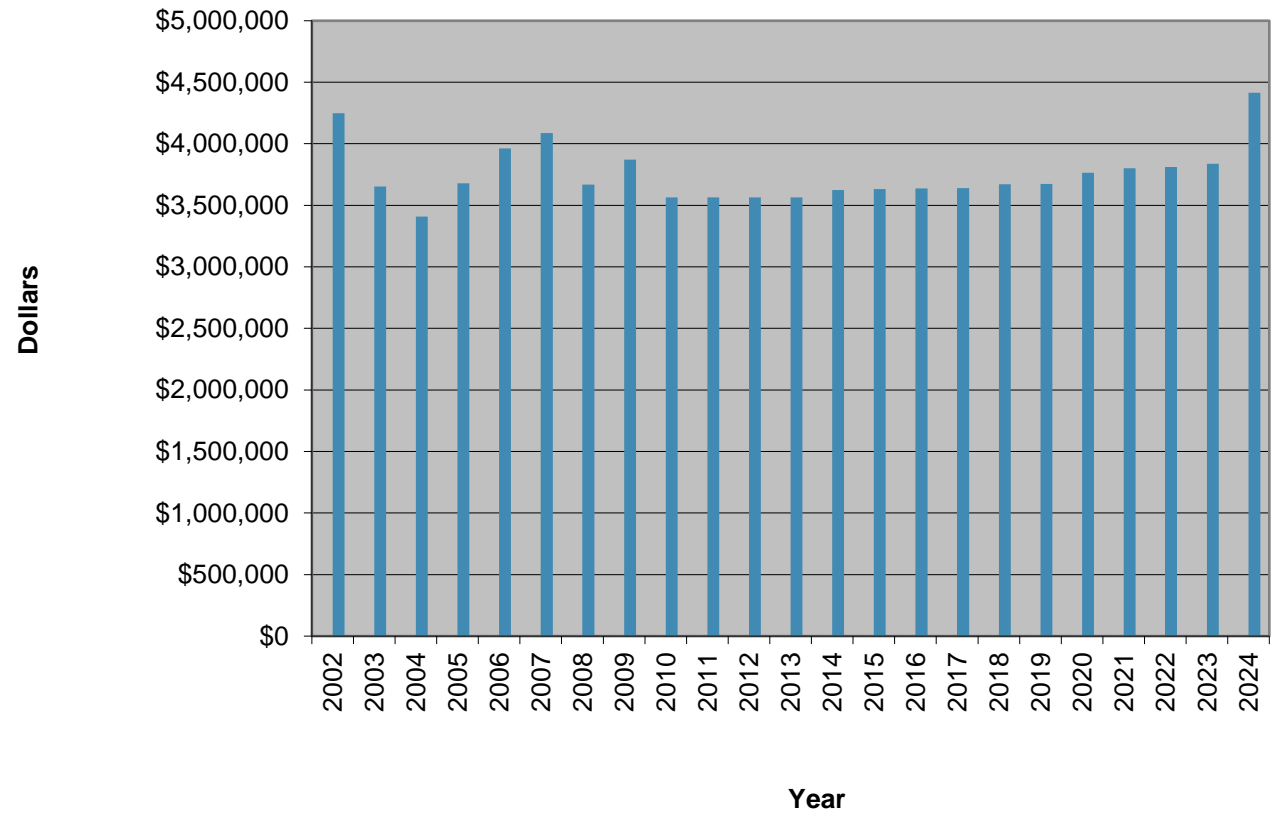
- **2024 Property Tax Levy \$8,147,000 (6.75% increase)**
  - 3.26% or \$249,250 of the levy increase is for the General Fund, Port Authority, & Library operations.
  - 3.20% or \$244,100 of the levy increase is for debt service on bonds issued for previous projects (Downtown Riverfront Phase 2 and the old dairy property)
  - 0.11% Tax Abatement levies. 2024 levy \$121,500 (captures the new constructed value of the abated property)
  - 0.18% New levy of \$13,600 for maintenance costs of the RTC
- **2024 Local Government Aid \$4,415,645 (increase of \$578,000 over 2023)**
- **City will receive one-time public safety aid of \$614,500**
  - \$145,000 included in 2024 Police Dept. budget
  - Police and Fire Departments will allocate the remaining balance to allowable uses



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# Local Government Aid-2024

\$4,415,645



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# General Government



- **General Government operations are stable from 2023 to 2024**
- **The City is experiencing the impacts of inflation throughout all areas of the City**
- **Employee contract negotiations will begin during 2024**
- **Elections:**
  - **March 5, 2024 - Presidential Nominating Primary**
  - **August 13, 2024 – State Primary Election**
  - **November 5, 2024 – General Election**
- **New employee added to the Building Inspection Dept. (60% allocation – shared with the Storm Water Fund)**

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# Public Safety



- **2024 Police Department - \$4,746,036**
  - 24 officers
  - 5 office staff
  - Addition of new elementary school resource officer
- **2024 Fire Department - \$942,063**
  - 3 full-time staff and 36 volunteer members
  - 3 engines, 1 rescue, 1 ladder, 1 tanker, 2 wildland engines, 3 support vehicles, 1 boat, & 1 Ranger

**Note: Police and Fire Departments continue to budget for future capital maintenance needs, including a new building at the gun range**

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## Streets & Highways



- 2024 street maintenance budget includes a 10% increase for the following:
  - Street Materials \$77,000
  - Bituminous Overlays \$325,400
  - Sealcoat Projects \$173,100
- City constructed a new sand/salt storage facility and included building rent to the internal service fund.
- City is purchasing parking lot adjacent to the old Red River Milling Co.
- 2024 will also include street and utility reconstruction projects

City of Fergus Falls

## Parks and Recreation

**DOWNTOWN RIVERFRONT**



- Parks and Recreation budgets (\$2,408,007)
- 29 parks on 551 acres
- Summer 2024 – Opening of the new splash pad, included as part of the Downtown Riverfront Improvements – Phase 2
- Construction will be underway for the Aquatic Center Located in Roosevelt Park. The project cost is \$10,800,000 and will be funded through the 0.5% local sales tax. The Aquatic Center is anticipated to open in the Spring of 2025. The estimated operating costs will be included in the 2025 budget.
- Construction will also be underway for improvements to DeLagoon Park (campground and athletic complex). The project cost will be \$5,200,000 and will be funded through the 0.5% local sales tax.

# Sales Tax Projects

- 0.5% Local Sales Tax – Used to pay debt service on the project bonds
- Tax effective October 1, 2023; \$1,550,000 estimated annual collection
- Tax will be collected through December 31, 2037 or will end sooner if funds are accumulated to pay the bonds in full

## Aquatic Center – Roosevelt Park



## DeLagoon Park



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## Economic & Community Development



### Economic Development:

- Greater Fergus Falls – City will maintain funding of \$50,000 for 2024
- Tax increment and tax abatement districts
- Revolving loan programs

### Community Development:

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

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## Port Authority



- Port Authority 2024 levy of \$72,000, up from \$60,000 for 2023. 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 Port Authority funded the 2022 and 2023 levy requirements for 2020A & B bonds – DEED Dairy Demolition Loan and Cleanup Revolving Loan Fund. The City is levying for the debt service in 2024.



City of Fergus Falls



- **Public Library Budget - \$1,017,255**
  - Property Tax Levy - \$890,653
  - Regional Library Aid - \$95,000
- **2022 Data:**
  - 13,195 Registered borrowers
  - 102,995 Library visitors
  - 193,500+ Items checked out
  - 1,784 Volunteer hours
  - 15,000+ Program participants
  - 9,611 Wireless sessions
  - 76,913 Physical items in collection
  - 37,000+ Digital items in collection
  - 19,224 Items received from other libraries and 11,624 items sent to other libraries

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## Bigwood Event Center



- Event Center under City management
- Technology updates were completed during October 2023 – Funded through Federal ARPA funds
- Initiate additional marketing campaign with the completion of technology updates
- 2024 operations include a transfer from the Liquor Store of \$124,000

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# Capital Improvements



## 2024 Projects:

- Street projects \$7,462,000 (Bonds/Levy/Specials)
- Aquatic Center \$10,800,000 (Sales Tax Funded)
- DeLagoon Park \$5,200,000 (Sales Tax Funded)
- Dairy Property \$4,000,000 (State Grant Funded)
- RTC Preservation \$120,000 (State Grant Funded)
- Sidewalks \$30,000 (Annual Levy)
- Total \$27,612,000

City staff will continue to prepare the capital improvement plan and present it to the City Council with the franchise fee discussion early in 2024.

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# Franchise Fees



- Continued discussion surrounding franchise fees will be brought back to the City Council in early 2024

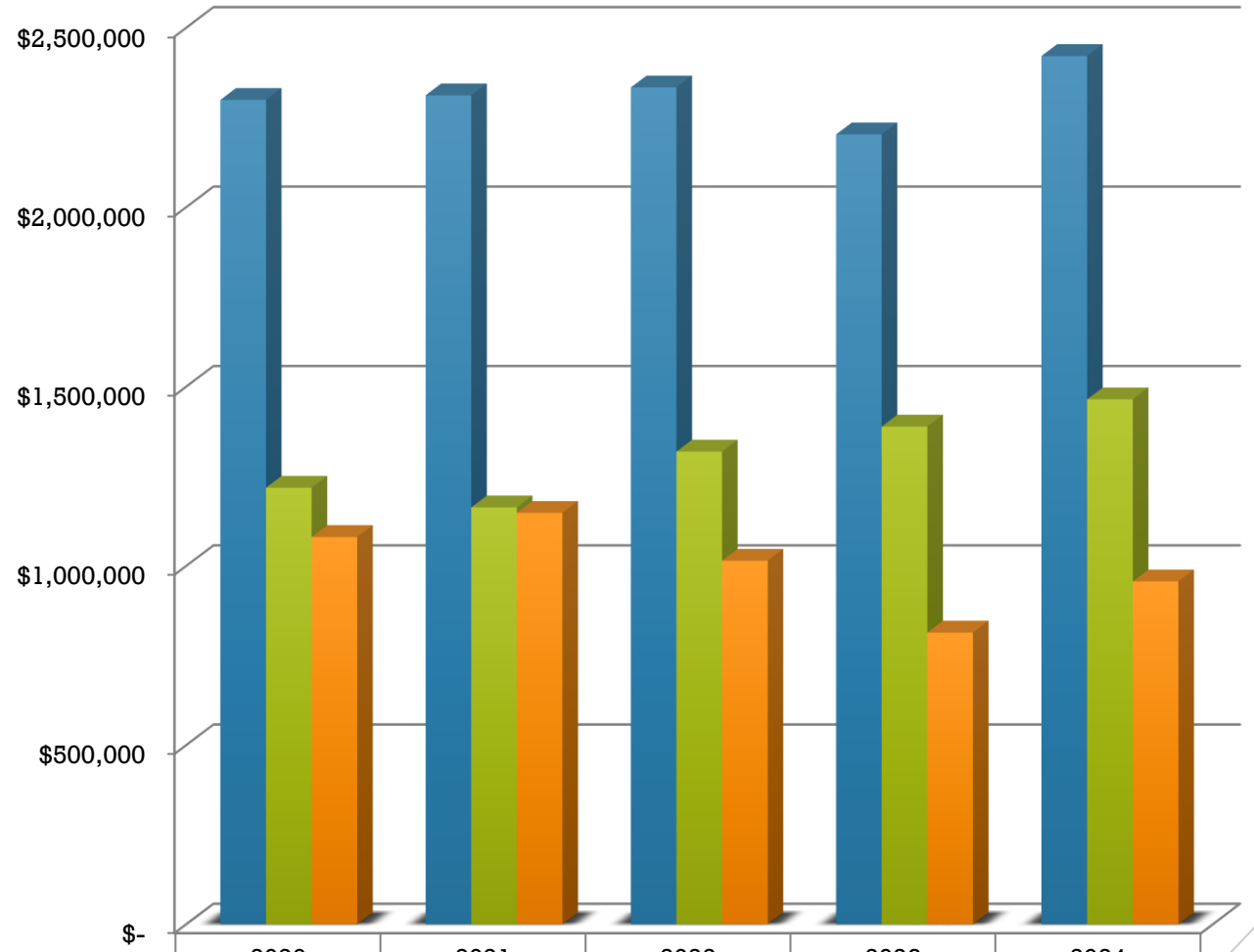
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# Enterprise and Internal Service Funds

- A separate 2024 rate analysis of the Enterprise Funds will be presented to the City Council early in 2024 in conjunction with the capital improvement plan and franchise fee discussion.

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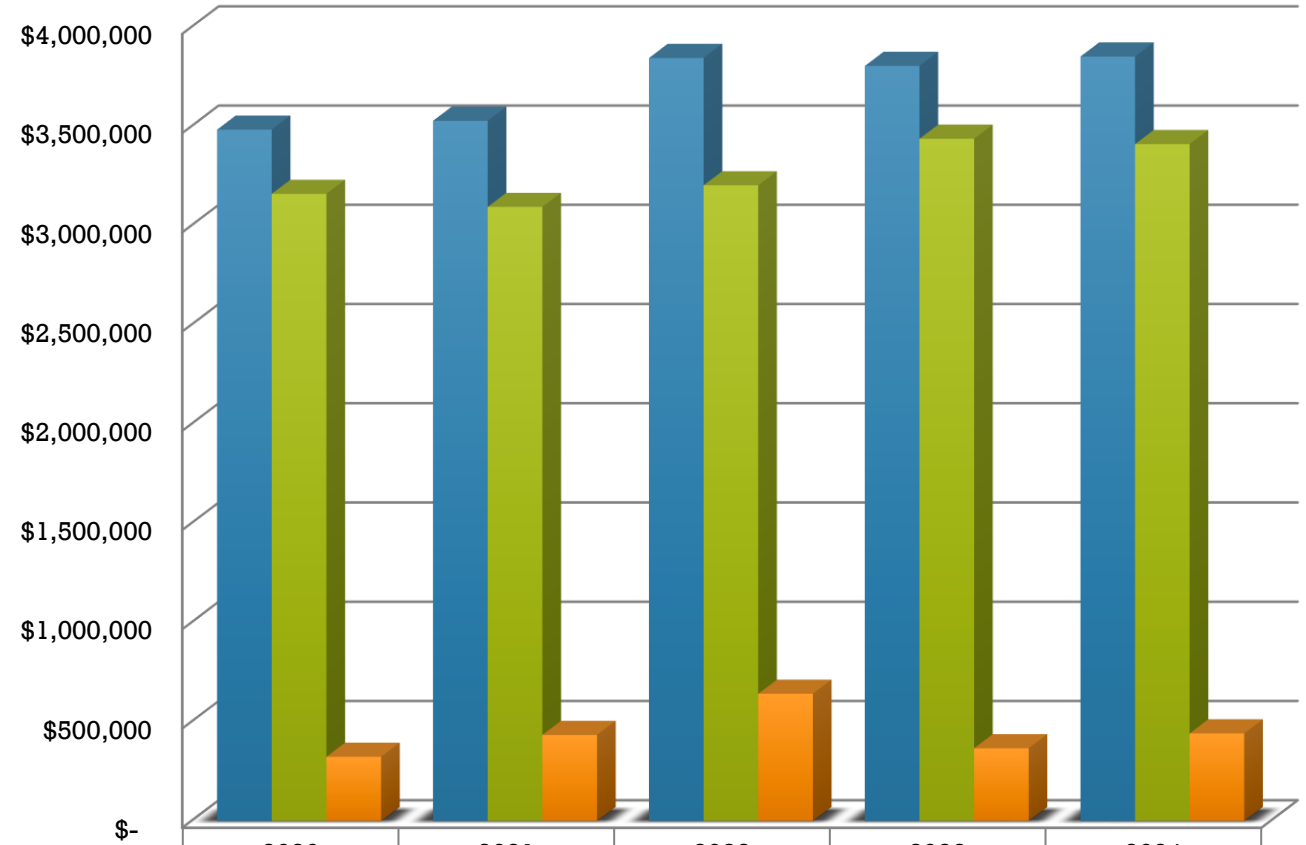
# Liquor Store Enterprise Fund



	2020	2021	2022	2023	2024
Gross Profit	\$2,299,016	\$2,311,765	\$2,333,770	\$2,202,939	\$2,421,489
Operating Expenses	\$1,218,298	\$1,163,527	\$1,319,098	\$1,388,754	\$1,464,599
Operating Income	\$1,080,719	\$1,148,238	\$1,014,672	\$814,185	\$956,890

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# Refuse Enterprise Fund

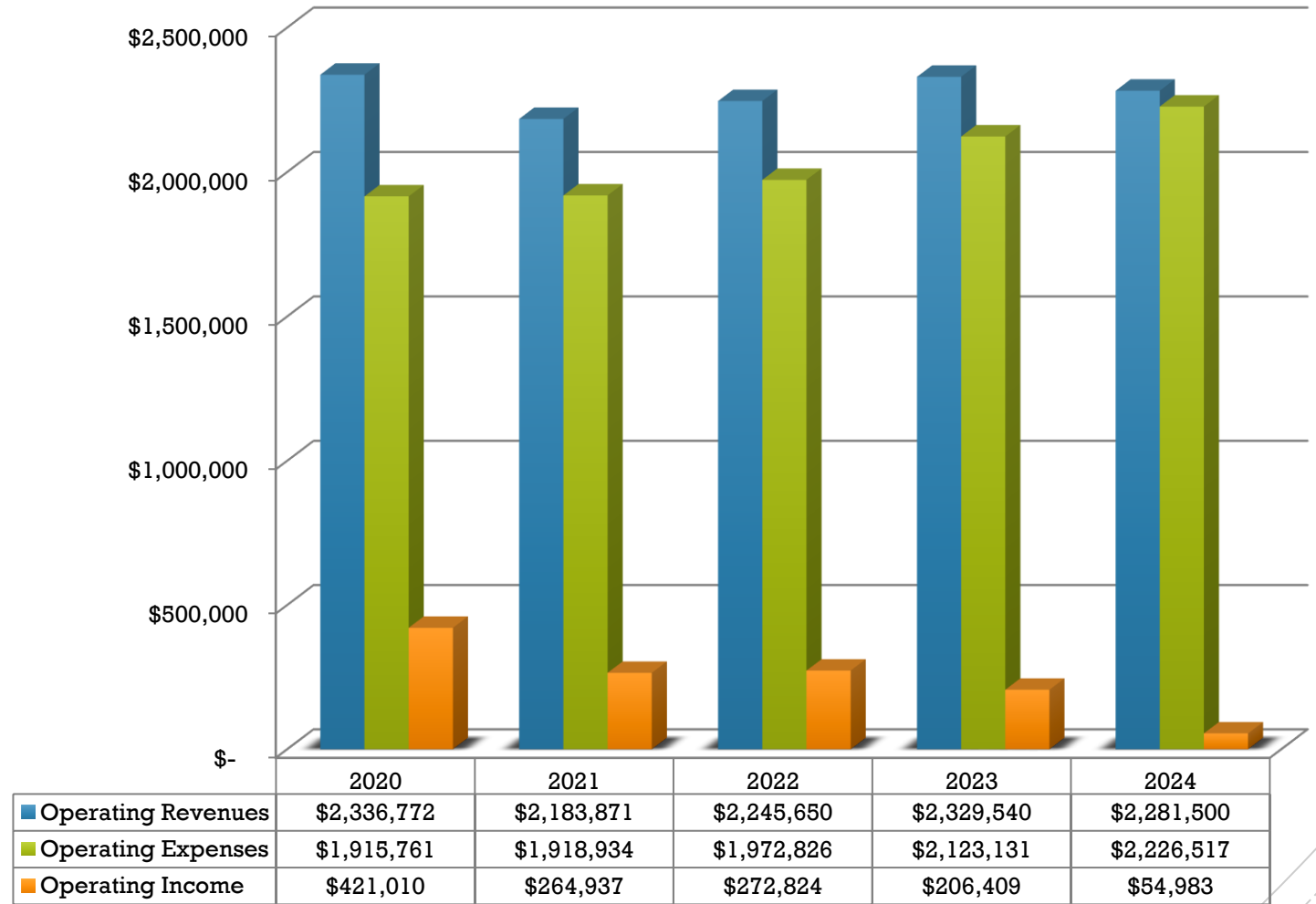


	2020	2021	2022	2023	2024
Operating Revenues	\$3,483,530	\$3,528,201	\$3,844,437	\$3,804,600	\$3,852,150
Operating Expenses	\$3,159,998	\$3,094,286	\$3,203,064	\$3,437,726	\$3,410,721
Operating Income	\$323,532	\$433,915	\$641,373	\$366,874	\$441,429

2024 Budget includes a 3% increase in refuse collection and disposal fees. Further analysis is underway regarding costs of expansion of the demolition cell.

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# Sewer Enterprise Fund



2024 Budget includes a 3% increase in residential/commercial rates. 2024 budget includes \$917,400 for demolition of the old wastewater treatment plant.



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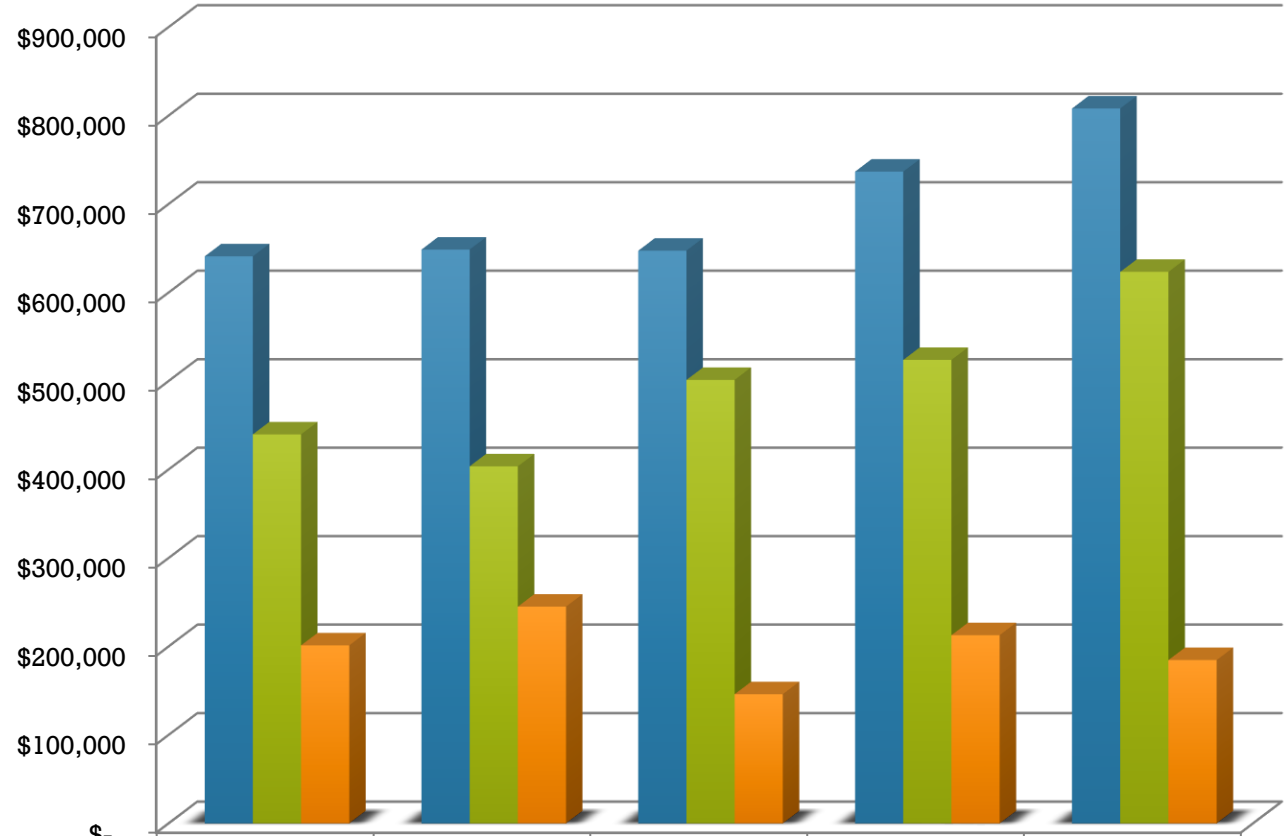
# Water Enterprise Fund



2024 Budget includes a 3% increase in residential/commercial rates

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# Storm Water Enterprise Fund

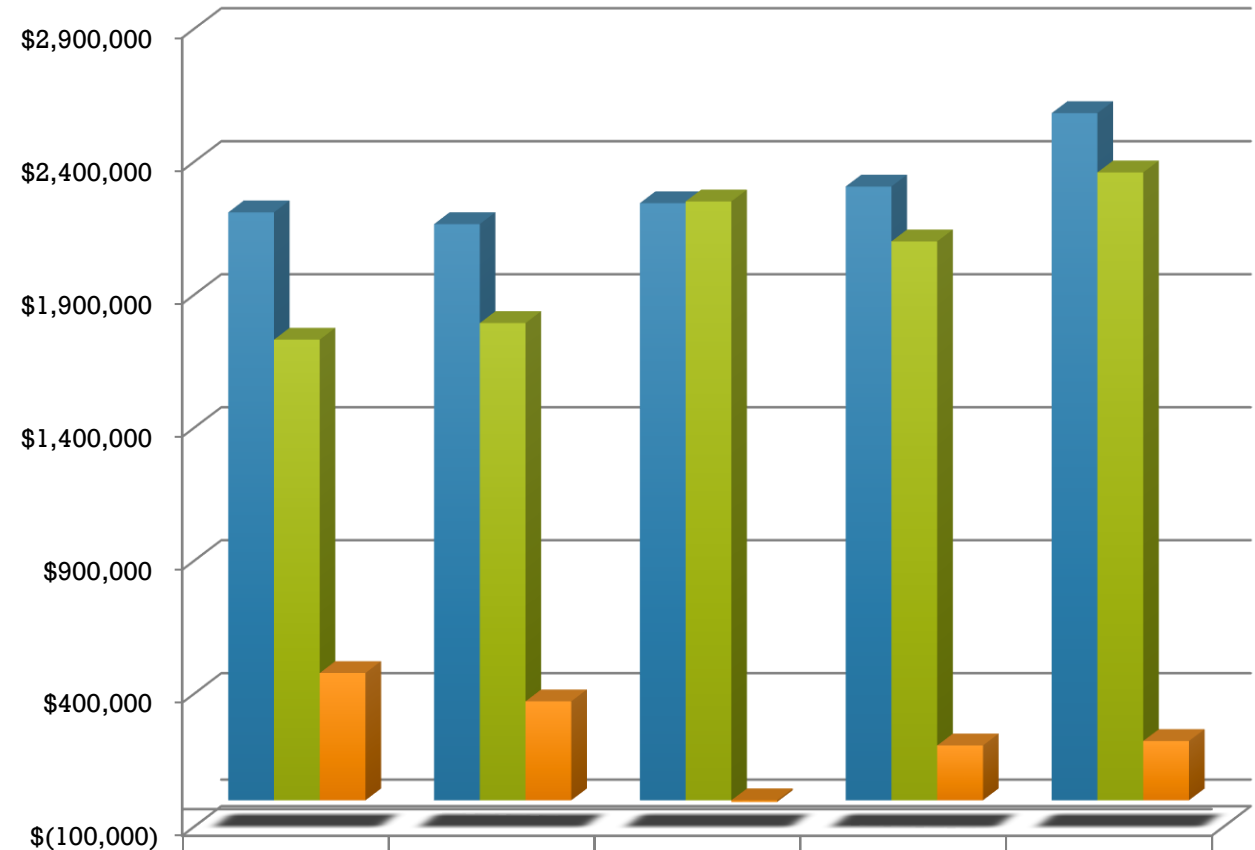


	2020	2021	2022	2023	2024
Operating Revenues	\$640,916	\$648,558	\$647,337	\$736,630	\$808,000
Operating Expenses	\$439,696	\$403,567	\$501,264	\$523,830	\$623,375
Operating Income	\$201,221	\$244,991	\$146,073	\$212,800	\$184,625

**2024 Budget includes 3% increase in residential/commercial rates.  
New employee added for 2024 (40% allocation)**

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# Equipment Fund



	2020	2021	2022	2023	2024
Operating Revenues	\$2,210,433	\$2,166,334	\$2,244,961	\$2,307,600	\$2,583,500
Operating Expenses	\$1,731,925	\$1,794,271	\$2,251,443	\$2,101,385	\$2,360,734
Operating Income	\$478,508	\$372,064	\$(6,481)	\$206,215	\$222,766

2024 Budget includes a 10% increase in rental charges to City departments

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## Next Steps

### December 4

- Public meeting and comments
- Council action to adopt 2024 levy and budget

### December 28

- Certify final 2024 levy to Otter Tail County

### January-March 2024

- Discussion regarding streets, utility infrastructure, utility rates, and franchise fees