

Mayor
John T. Keis

Council Members
Tom Fischer
Michael McGraw
Christian Torkelson
Teresa Miller



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City Administrator
Chris Heineman

**Regular Meeting of the
Little Canada City Council**
Wednesday, August 25, 2021
6:00 p.m.
City Center Conference Room

AGENDA

1. CALL TO ORDER - Workshop Meeting - 6:00 P.m.
2. Roll Call
3. Workshop Topics
 - A. Preliminary Review Of 2022 Proposed Budget & Levy

Documents:

[2022 BUDGET DISCUSSION - WORKSHOP 08-25-2021.PDF](#)
[PRESENTATION - PRELIMINARY 2022 BUDGET DISCUSSION.PDF](#)

4. Adjourn

This agenda is subject to change by additions and deletions.



STAFF REPORT

TO: Mayor Keis and Members of City Council

FROM: Chris Heineman, City Administrator
Brenda Malinowski, Finance Director

DATE: August 25, 2021 City Council Workshop

RE: Discussion on 2022 General Fund Operating Budget and Levy

DISCUSSION:

The purpose of this workshop discussion is to review the 2022 General Fund Operating Budget and 2022 Property Tax Levy.

BACKGROUND:

The budget document is a planning and management tool for implementing the community's vision, the City Council's strategic plan, and to ensure the ongoing provision of consistent and cost-effective public services.

While the primary purpose of this workshop will be to focus on the General Fund as the city's chief operating budget, it is also helpful to understand how other funds that will be utilized for proposed improvements over the next few years. These funds are as follows:

General Capital Improvements Fund (400): This fund has been funded in the recent past with Local Government Aid (LGA) and periodic transfers from the General Fund. Park improvement projects, public works equipment, small fire equipment, and computers, and building improvements are funded from this fund.

Infrastructure Capital Improvements Fund (450): This fund is funded with a portion of the property tax levy, franchise fees for electric and gas, and special assessments from street projects. Expenditures in this fund are street projects, storm water improvements, and trail improvements.

Fire Equipment Fund (457): An annual property tax levy also funds this fund. In addition, donations from the LCFD are added to this fund. Fire equipment vehicles are funded through this fund. It is anticipated that there will be \$1,410,330 in this fund as of 12/31/2021. This is enough to fund the aerial truck that will be purchased in 2022 and is budgeted at \$1,352,000.

OPERATING LEVY

The preliminary 2022 operating levy currently includes a 6.19% gross levy increase. While this is a significantly higher increase than initially discussed at the preliminary budget workshop earlier this year, it is important to note that there may be several ways to reduce the impact on taxpayers for 2022, including:

- Specific line-item reductions to proposed 2022 budget
- Negotiated reductions in RCSD police budget
- Utilize existing fund balance

For your information, to change the levy by 1%, a change in the operating budget will need to be made in the amount of \$35,823. A summary of the proposed operating levy is as follows.

Taxes Levied			
	Certified 2021	Recommended Payable 2022	2021 to 2022 % Change
General Fund	\$3,300,130	\$3,521,880	6.72%
Fire Equipment Fund	160,000	160,000	0.00%
Infrastructure Fund	122,200	122,200	0.00%
Gross Levy	3,582,330	3,804,080	6.19%

PRESENTATION

Staff will present the attached PowerPoint on the General Fund Operating Budget at the workshop.

Strategic Plan in 2022 Budget

Enhancing and Empowering the Community

Criteria to get youth involved
Possible translation of newsletter into another language

Creating Operational Efficiency

Increase Accountant hours from 26 to 32 hours
Increase hours for Recreation Coordinator position from 34 to 40 hours
Restructuring and reallocation of hours in PW, Water, and Sewer Departments
Complete electronic record funds storage (ARE ADDITIONAL FUNDS NEEDED)

Maximizing our Assets to Catalyze Development

Mandating Action and Accountability



Property Tax Levy

Fund	2021 Certified Levy	Recommended 2022 Levy	\$ Increase/ (Decrease)	% Increase/(Decrease)
General Fund	\$3,300,130	\$3,521,880	\$221,750	6.72%
Fire Equipment	160,000	160,000	0	0%
Infrastructure Fund	122,200	122,200	0	0%
Total	\$3,582,330	\$3,804,080	\$221,750	6.19%

Note-97.5% of General Fund levy is \$3,433,830 for 2022



General Fund Revenues

Revenue Type	2021 Budget	2022 Recommended	\$ Increase/ (Decrease)	% Increase/ (Decrease)
Property Taxes	\$3,217,627	\$3,433,830	216,203	6.72%
Licenses	110,955	110,955	0	0%
Permits	175,900	175,900	0	0%
Charges for Services	79,089	80,790	1,701	2.15%
Fines & Forfeits	44,000	44,000	0	0%
Intergovernmental Revenue	287,518	287,518	0	0%
Investment Income	37,600	36,100	(1,500)	-3.99%
Miscellaneous Revenue	126,783	123,416	(3,367)	-2.66%
Transfers In	118,400	106,400	(12,000)	-10.14
Total	\$4,197,872	\$4,398,909	201,037	4.79%



General Fund Expenditures

Revenue Type	2021 Budget	2022 Recommended	\$ Increase/ (Decrease)	% Increase/ (Decrease)
Personnel	\$1,239,562	\$1,334,005	94,443	7.62%
Commodities	174,105	178,115	4,010	2.30%
Police Contract	1,788,317	1,839,255	50,938	2.85%
Fire Contract	369,688	384,924	15,236	4.12%
Contractual	633,700	647,610	13,910	2.19%
Transfers Out	15,000	15,000	0	0.00%
Total	4,220,372	4,398,909	178,537	4.23%



Mayor & Council

Expenditures	2021 Budget	2022 Recommended	\$ Increase/ (Decrease)	% Increase/ (Decrease)
Mayor & Council	\$91,220	\$100,900	9,680	10.61%

- LMC Conference will be held in Duluth in 2022-Increase needed to fund the conference that will be held out of the metro in 2022.
 - **\$1,900**
- Strategic Plan-During the last strategic plan workshop, it was determined that the strategic plan would be reviewed and updated in late 2021 or early 2022.
 - **\$7,000**



Administration

Expenditures	2021 Budget	2022 Recommended	\$ Increase/ (Decrease)	% Increase/ (Decrease)
Administration	\$207,745	\$237,570	\$29,825	14.36%

- As part of the strategic plan initiative of Creating Operational Efficiency, staff began an internal analysis in 2021 and has identified several areas of concern. Staff is recommending a comprehensive compensation analysis be completed in 2022.
 - **\$10,000**
- Increase Accountant hours from 26 to 32 to create Operational Efficiency and to Enhance Customer Service at City Hall.
 - **\$7,850**
- The budget for out-of-state travel and training was transitioned from individual departments to the Administration Budget. An increase of \$4,000 is needed for up to two leadership team members to attend a national conference each year.
 - **\$4,000**
- The Personnel Policy includes an incentive for education reimbursement, and additional funding is anticipated. Likely will be utilized in 2022 for a Public Works Certificate.
 - **\$2,100**
- National background checks for new employees, volunteers, and certain license applicants that have out of state history.
 - **\$1,500**



General Government-Other

Expenditures	2021 Budget	2022 Recommended	\$ Increase/ (Decrease)	% Increase/ (Decrease)
Elections	\$31,600	\$33,000	\$1,400	4.43%
Attorney	95,500	95,500	0	0.00%
Insurance	38,930	39,650	720	1.85%
City Center	31,370	31,700	330	1.05%
Old Fire Hall	8,200	8,400	200	2.44%
Community Partnerships	27,895	30,095	2,200	7.89%
Total	\$233,495	\$238,345	\$4,850	2.07%

- Required election equipment software upgrade to move voting system to a Windows 10 platform & increase in absentee voting numbers.
 - **\$1,400**
- Northeast Youth and Family Services-donation increase to accomplish 2-year participation rate correction.
 - **\$2,200**



Community Development

	2021 Budget	2022 Recommended	\$ Increase/ (Decrease)	% Increase/ (Decrease)
Planning	\$184,830	\$172,120	(\$12,710)	-6.88%
Fire Inspections	18,000	15,200	(2,800)	-15.56%
Protective Inspections	217,810	232,230	14,420	6.62%
Total	\$420,640	\$419,550	(1,090)	-.26%

- Savings in Planning due to one-time planning code update that was in 2021 Budget.
 - **\$22,500**
- Fire Inspection savings due to the hiring of an employee versus a contracted position.
 - **\$2,800**
- Code Enforcement/Rental Housing Coordinator in 2022 Budget at 12 months instead of the 8 months that was in the 2021 Budget.
 - **\$8,570**



Public Safety

Expenditures	2021 Budget	2022 Recommended	\$ Increase/ (Decrease)	% Increase/ (Decrease)
Police and Dispatch	\$1,788,317	\$1,839,255	50,938	2.85%
Fire	462,875	479,184	16,309	3.52%
Emergency Services	2,860	2,910	50	1.75%
Animal Control	3,370	3,370	0	0.00%
Total	\$2,257,422	\$2,324,719	67,297	2.98%

- Ramsey County Sheriff's Department proposed contract increase is based on Falcon Heights remaining as a contract city in 2022.
 - **\$54,624**
- Dispatch savings based on proposal from Ramsey County.
 - **\$3,668**
- Fire contract based on a 4% contract increase from LCFD.
 - **\$16,309**



Public Works

Expenditures	2021 Budget	2022 Recommended	\$ Increase/ (Decrease)	% Increase/ (Decrease)
Engineering	\$24,000	\$30,000	\$6,000	25.00%
Streets	309,340	341,680	32,340	10.45%
Storm Sewer	14,290	16,490	2,200	15.40%
Street Lighting	64,800	65,300	500	.77%
City Garage	36,560	37,445	885	2.42%
Total	448,990	490,915	41,925	9.34%

- GIS Services-create budget amount for GIS services that have been funded with general engineering services in the past.
 - **\$5,000**
- Public Works Salary Reallocation-more accurate reflection of the duties being performed by PW staff between Streets, Parks, Water, and Sewer.
 - **\$4,600 (This is Streets portion)**
- Crack filling increase to finish up areas that were not done in 2021.
 - **\$8,500**
- Rain garden maintenance-increase needed to maintain rain gardens.
 - **\$2,000**



Shade Tree/EAB

Expenditures	2021 Budget	2022 Recommended	\$ Increase/ (Decrease)	% Increase/ (Decrease)
Shade Tree/EAB	\$6,000	\$10,000	\$4,000	66.67%

- EAB Treatment. This is estimated to be 50% of the amount needed for EAB treatment in the parks in 2023.
 - **\$4,000**
- Staff is proposing that the City fund other EAB activities (tree inventory, tree removal and replacement, EAB Management Plan) with the General Capital Improvements Fund (Fund 400).



Parks & Community Services

Expenditures	2021 Budget	2022 Recommended	\$ Increase/ (Decrease)	% Increase/ (Decrease)
Parks & Recreation	\$507,020	\$530,270	\$23,250	4.59%
Recycling/City Newsletter	32,840	31,640	(1,200)	-3.65%
Total	\$539,860	\$561,910	22,050	4.08%

- Public Works Salary Reallocation-more accurate reflection of the duties being performed by PW staff between Streets, Parks, Water, and Sewer.
 - **\$12,000 (This is Parks portion)**
- PW Seasonal salaries-Hourly wage increase needed to recruit seasonal employees.
 - **\$2,800**
- Parks operating-Increase needed for increased operating costs.
 - **\$1,830**



Council Contingency

Expenditures	2021 Budget	2022 Recommended	\$ Increase/ (Decrease)	% Increase/ (Decrease)
Council Contingency	\$15,000	\$15,000	\$0	0.00%



Levy Change \$221,740

Police services
\$59,491 (includes
expense and
revenue changes)

Salary and Benefits
\$51,250

PW Salary
Reallocation
\$16,600

Fire Contract
\$16,309

Reduction in Fund
463 Transfer
\$12,000

Compensation
Analysis \$10,000

Code Enforcement
12 Months instead
of 8 Months \$8,570

Street Crack filling
\$8,500

Accountant Hours
26 hours to 32
hours \$7,850

Strategic Plan
\$7,000

Travel/Training
\$5,800

GIS Services \$5,000



Levy Change \$221,740 continued

50% of EAB
Treatment for
2023 \$4,000

PT Seasonal
Salaries \$2,800

Northeast Youth
Family Services
\$2,200

Rainwater Garden
Maintenance
\$2,000

League
Conference
\$1,900

Parks Operating
\$1,830

Background
Checks \$1,500

Software update
for elections
equipment \$1,400

IT Services \$1,106

Dispatch Savings
\$3,668

