

FINANCE COMMITTEE
September 13 continued to September 15, 2023
5:15 p.m.
Jackson City Hall Council Chambers

The City of Jackson Finance Committee met on Wednesday, September 13, 2023 and continued their meeting on Friday, September 15, 2023 in the Council Chambers of the Jackson City Hall. In attendance were City Finance Committee members Mayor Marcus Polz, Mark Titus and Brandon Finck. Also attending was City Administrator Matt Skaret and Recording Secretary Dave Maschoff. (All members of the Finance Committee were present.)

The Finance Committee met at 5:15 p.m. on September 13th and then continued their meeting on Friday, September 15th at 4 p.m. in the Council Chambers of City Hall.

PRELIMINARY 2024 PROPERTY TAX LEVY AND GOVERNMENTAL FUNDS BUDGET

City Administrator Matt Skaret presented Finance Committee members a 2024 Preliminary General Fund Budget Summary and comparisons to budget years back to 2019.

Following over four hours of extensive review of the proposed budget, discussion and trimming of the budget, the Finance Committee recommended adopting a Preliminary Tax Levy of \$2,000,000, an increase of \$221,478 or 12.45 percent over 2023. It was noted to keep in mind the City's tax rate is currently 62.216%. With this increase, it's projected to be 65.576%. In 2022 it was just over 67%. The reason being the City's Total Market Valuation continues to grow with increases in property valuations and new construction.

Regarding the budget, Skaret pointed out the Aerial Fire Truck that will soon be arriving cost \$1.349 million. The new truck was paid for with \$1 million in General Fund Reserves with the balance coming out of the Capital Reserve Fund and some fund raising.

It was also noted there have been a number of unbudgeted items for expenses such as the DBS Housing Project for Belmont Heights with about \$250,000 in engineering expenses so far. There was also the additional pool study for about \$54,000, the purchase of the former Erickson lot, the Council Chambers remodel, and a few other items that were not budgeted for this year. While the City is still financially sound, the City cannot automatically fall back on reserves every time something unexpected comes up.

Skaret pointed out as with every budget, there are always many uncertainties. He noted a major pool project is looming one way or another that the City will need to put cash into in addition to bonding. There is Union Contract negotiations this year and the Personnel Committee will soon be negotiating a new contract with the Union. Inflation and high fuel prices are also affecting the City hard. He noted there are also a couple of potential major economic development and housing projects that the City will likely need to assist financially to help them come to fruition, along with the City's local option sales tax/outdoor recreation complex project.

Following extensive discussion by the Finance Committee, the highlights and drivers of the Preliminary Budget include:

- A 4 percent COLA/General Wage increase with step increases for those who have not reached the end of the step schedule yet per the union contract;
- Incorporates an increase of about 4.7 percent in Health Insurance Premiums. The renewal rates were just received on September 15th. The contributions will be determined with the Union negotiations.
- Maintaining the Street Reconstruction Levy at \$100,000
- Adding new levies to the budget for the following items; Little Huskies Building - \$38,930, Little Huskies Operating Levy- \$30,000, Nuisance Abatement Fund- \$20,000, Pool Improvement - \$50,000 and Ambulance - \$50,000.
- Increase in the Law Enforcement Contract from \$904,163 to \$960,279 which is year 2 of a 3-year contract.
- Continued \$25,000 Fire Department Budget to continue building up the Building Maintenance Fund
- \$36,000 to start replacing turn-out gear for the Fire Department
- Continuation of \$3,000 to the Fire Department Budget to continue building up the Building Maintenance Fund

- Increasing the annual transfer to the Capital Reserve Fund for Street Equipment from \$30,000 to \$60,000 (\$120,000 was requested)
- Factoring in increases in fuel and prices of asphalt for street patching and the general deteriorating conditions of the City's streets.
- Reflect the fact that the City added the Public Works Director position and paying half of the wages and benefits for that position out of the Street Department that were previously paid for out of the Water Fund. (increase the General Fund budget that is supported by property taxes and lowers the Water Fund that is supported by water rates)
- Keeping the pool contribution flat at about \$90,000. As noted above expenses above operations and maintenance have not been budgeted for.
- The Splashpad is a newer item in the budget. With three seasons completed, there's a better idea of how to budget for operations and maintenance. Expenses are pretty consistent in the \$18,000 to \$20,000 range with some added expenses needed next year to insulate the shed and enclose the holes near the bottom to avoid having equipment rust out.
- The Parks Department budget needs to continue to increase, especially with Memorial Park and the Park Board's vision to further develop the park and add new amenities.
- \$100,000 to be dedicated towards the construction of either the new animal shelter or a new warming house at the skating rink in Memorial Park
- There is also a need for added upkeep in the existing parks. Based on an audit from the playground safety maintenance firm, Safety First Playground Maintenance, the Park Board developed a five-year plan on upgrading the playgrounds. This past year Dumont Park was upgraded. The Park Board plans to tackle the two remaining parks in 2023, Patterson Park and Sunset Park. This work is slated to be completed in November. The Park Board also plans to do what they can regarding new playground equipment. The budget was also increased for additional aglime and repairs and maintenance of the ballfields and parks.
- The Public Works Department staff also plans to bring the City's spraying in-house in 2024 rather than contracting out. This will increase the City's chemical costs, but will enable the City to do more spraying to get the weeds under control in the parks.

- With the increasing workload of the Economic Development Office, the City also plans on doing a larger transfer from the Electric Fund to help pay for their time.

Skaret noted with ongoing infrastructure needs, the City will need to look at water and sewer rates, especially water. The City did a progressive increase in 2018, 2019 and 2020, followed by a minor two percent increase in water rates in 2021. The City Council did a more progressive increase in 2022 and 2023 and will have to do another increase in 2024 to keep up with Water Plant and infrastructure upgrades.

Despite best efforts, the City has not been able to keep up with water, sewer, storm sewer and street infrastructure. It was also noted the City has limited debt capacity under Street Reconstruction Authority which has tied the City's hands from being more aggressive on street projects. The City may need to look at engaging the United States Department of Agriculture (USDA) Rural Development Rural Infrastructure Program to get funding for a larger project.

USDA provides low interest loans up to a 40-year payback and limited grant funding if the utility rates exceed the community's "affordability". They do not pay for streets only projects, but will help with street costs associated with water, sewer, and storm sewer replacement. It's important to note that Jackson has a relatively high Median Household Income for our area of about \$63,000. That makes the community of Jackson high in the USDA's standards. The City's water and sewer rates would have to about double in order for the City to be eligible for any grant money. However, low interest loans from the USDA may be available.

ADJOURNMENT

The Finance Committee's meeting on Wednesday, September 13, 2023 began at 5:15 p.m. and continued until 7:50 p.m. The meeting was continued to 4 p.m. on Friday, September 15, 2023 and adjourned at 5:40 p.m.

David A. Maschoff, Recording Secretary

