



AGENDA SECTION	PUBLIC HEARINGS
MEETING DATE	DECEMBER 14, 2020

CITY OF COLUMBIA HEIGHTS - COUNCIL LETTER

ITEM:	RESOLUTION 2020-117, ADOPTING A BUDGET FOR THE YEAR 2021, SETTING THE CITY LEVY, APPROVING THE HRA LEVY, AND APPROVING A TAX RATE INCREASE.		
DEPARTMENT: Finance	CITY MANAGER'S APPROVAL:		
BY/DATE: Joseph Kloiber/December 10, 2020	BY/DATE:	<i>Kell Bonyea</i>	12/11/20

BACKGROUND: As required under the city charter, the city manager provided the city council with a proposed 2021 budget at a regular council meeting in August. That document, available on the city's website, explains the proposed 2021 budget with 135 pages of summary and detail information, including comparisons to the current year and two prior years. This information was reviewed at three council work sessions. In addition, video and PowerPoint presentations by staff at those budget work sessions have been made available on the City's website.

In September, the city council recommended one change to the budget proposed by the city manager. This was an increase in the property tax levy and in transfers to the Parks Capital Improvement Fund by \$100,000 each. This approximates the additional tax revenue available on property that will become subject to the general property tax levy for the first time in 2021, as a result of two tax increment financing (TIF) districts ending in 2020.

This council change was included in Resolution 2020-77, approved by the city council as the proposed 2021 budget and tax levy in September. The attached Resolution 2020-117 to adopt the final 2021 budget and tax levy is the same as that preliminary resolution. It is also the same amount used by Anoka County to prepare and mail notices in November of proposed 2021 property taxes to each property owner.

After factoring in the end of the TIF districts described above, the increase in taxes received by the City from this resolution is 4.8% over 2020. This increase is for purposes described in the city manager's proposed 2021 budget. Unfortunately, we note that a 2021 decrease in the Metro Area Fiscal Disparities tax subsidy will shift a share of existing city property taxes to local property owners from other metro owners. Consequently, the average 2021 increase for local property owners will be approximately 7.9%.

Certain on-going technology costs initiated late in 2020 were omitted from the 2021 budget process. These are primarily activities initially paid by the 2020 federal CARES grant, or recommended by the 2020 cybersecurity risk assessment. These are described in an attached list. The City will budget for these items in early 2021 as part of a strategic planning process for information systems. The City has adequate fund balance on hand to pay the 2021 costs of these activities and will not use 2021 property taxes for any of these items.

STAFF RECOMMENDATION: The city manager and staff recommend approval of the attached resolution.

RECOMMENDED MOTION(S): MOTION: Move to waive the reading of Resolution 2020-117, there being ample copies available to the public.

MOTION: Move to close the public comment and adopt Resolution 2020-117, being a resolution adopting a budget for the year 2021, setting the city levy, approving the HRA levy, and approving a tax rate increase.

RESOLUTION 2020-117

ADOPTING A BUDGET FOR THE YEAR 2021, SETTING THE CITY LEVY, APPROVING THE HRA LEVY, AND APPROVING A TAX RATE INCREASE.

Now, therefore, in accordance with all ordinances and regulations of the City of Columbia Heights, the City Council of the City of Columbia Heights makes the following:

ORDER OF COUNCIL

Section A. The budget for the City of Columbia Heights for the year 2021 is hereby approved and adopted with appropriations for each of the funds listed below. The estimated gross revenues to fund the budget for the year 2021, including general ad valorem tax levies and use of fund balances, are also as listed below.

	<u>Revenue</u>	<u>Expense</u>		
Governmental Funds				
General Fund	14,193,950	14,371,339		
Planning & Inspections	446,370	448,150		
Econ Dev Authority Admin	255,500	254,625		
Cable Television	152,000	202,750		
Library	1,081,750	1,081,750		
After School Programs	22,000	43,700		
21st Century Arts	45,400	45,500		
Special Project Fund	-	-		
Downtown Parking	56,200	56,200		
Capital Project Funds	2,224,000	2,864,273		
Debt Service Funds	1,526,200	1,516,700		
Proprietary Funds			<u>Capital Assets</u>	<u>Debt Principal Paid (Advanced)</u>
Water Fund	3,806,025	3,220,128	775,000	80,000
Sewer Fund	2,389,950	2,558,029	260,000	53,400
Refuse Fund	2,186,710	2,149,110	30,000	-
Storm Sewer Fund	640,845	738,403	-	56,600
Liquor Fund	9,358,200	9,167,000	-	260,000
Municipal Service Center	918,200	1,043,674	-	-
Information Systems	419,000	462,800	-	-
Use of Fund Balance	501,831	-	-	-
Total Including Interfund Transfers	<u>40,224,131</u>	<u>40,224,131</u>	<u>1,065,000</u>	<u>450,000</u>

Section B. The following sums of money are levied for the current year, collectable in 2021 upon the taxable property in said City of Columbia Heights, for the following purposes:

Estimated General Fund Levy	11,631,000
Estimated Library Levy	1,032,936
Estimated EDA Fund Levy	<u>255,500</u>
Total	<u>12,919,436</u>

Section C. The City Council of the City of Columbia Heights hereby approves the Housing and Redevelopment Authority Tax Levy for the fiscal year 2021 in the amount of \$250,000.

BE IT FURTHER RESOLVED: That the County Auditor is authorized to fix a property tax rate for taxes payable in the year 2021 that is higher than the tax rate calculated for the City for taxes levied in 2019 collectable in 2020.

BE IT FURTHER RESOLVED: That the City has adequate fund balances and reserves to pay bond principal and interest payments on General Obligation Bond Series 2015A in the amount of \$245,000 and that the County Auditor is authorized to cancel \$245,000 of the related Bond Levy for taxes payable in 2021, leaving a balance of \$239,299 to be levied for taxes payable 2021 for Series 2015A.

BE IT FURTHER RESOLVED: That the City has adequate fund balances and reserves to pay bond principal and interest payments on General Obligation Bond Series 2017A in the amount of \$329,779 and that the County Auditor is authorized to cancel \$329,779 of the related Bond Levy for taxes payable in 2021, leaving a balance of \$0 to be levied for taxes payable in 2021 for Series 2017A.

BE IT FURTHER RESOLVED: That the City has adequate fund balances and reserves to pay bond principal and interest payments on General Obligation Bond Series 2017B in the amount of \$245,000 and that the County Auditor is authorized to cancel \$245,000 of the related Bond Levy for taxes payable in 2021, leaving a balance of \$319,286 to be levied for taxes payable in 2021 for Series 2017B.

BE IT FURTHER RESOLVED: That the City has adequate fund balances and reserves to pay bond principal and interest payments on General Obligation Bond Series 2018A in the amount of \$29,966 and that the County Auditor is authorized to cancel \$29,966 of the related Bond Levy for taxes payable in 2021, leaving a balance of \$185,415 to be levied for taxes payable in 2021 for Series 2018A.

The Finance Director is hereby instructed to transmit a certified copy of this resolution to the County Auditor of Anoka County, Minnesota.

Approved this 14th day of December, 2020

Offered By:

Seconded By:

Roll Call:

Ayes:

Nays:

Attest:

Mayor Donna Schmitt

City Clerk/Council Secretary

CITY OF COLUMBIA HEIGHTS

Attachment to City Council Letter for Resolution 2020-117, For the Meeting of December 14, 2020

ON-GOING TECHNOLOGY COSTS INITIATED IN LATE 2020, NOT INCLUDED IN 2021 BUDGET PROCESS

\$ 30,000	Swagit live cable broadcast services for Council and PC meetings. Only required until City hall relocates
25,000	Laserfiche document management subscription for cities with population under 25,000
5,000	Agenda Management Software that eliminates paper meeting packets
5,000	CodeRed notification system for community and staff
13,000	Prorated 5-year replacement costs for 40 mobile devices added in 2020
3,000	PolicyPak software to manage expanded number of end user devices city-wide, especially end user mobile devices
5,000	End user device protection software
2,000	Estimated subscription services for EOC displays and related equipment (Mersive Pods)
1,000	PDF Xchange Editor Pro with Advanced OPR for 25 users at \$40 per user
89,000	Subtotal of On-going Costs For Which the First Year Was Paid by the 2020 Federal CARES Grant
5,000	Prorated annual cost of consultants to update the City's cybersecurity risk assessment every three years
15,000	Cloud subscription for disaster recovery, providing both network backup and emergency virtual servers
40,000	Increase end user helpdesk resources, in order to re-allocate senior staff to more timely network updates and log review
4,000	Software to improve review of computer network event logs and access to sensitive files
2,000	Software to scan for computer network vulnerabilities
3,000	Additional software licenses to extend use of two-factor authentication and password manager to key staff
69,000	Subtotal of On-going Costs Recommended by the 2020 Cybersecurity Risk Assessment
TBD	Costs of an on-going strategic planning process for information systems and technology across all city departments
TBD	Annual costs of the new software suite (ERP) for financial, human resources, and special assessment activities, to the extent this exceeds the annual cost of existing systems. This includes any security compliance costs for the credit card system
4,000	Increase email retention to unlimited storage capacity due to frequent legal actions preventing deletion of email. The existing email storage system is only sized for the City 's records retention policy. It will be full in six months.
TBD	Subtotal of Other Ongoing Technology Costs Expected in 2021