



REQUEST FOR ACTION
Long Lake City Council

MEETING DATE / September 19, 2023

Subject: Adoption of Preliminary 2024 Payable Levy; Establish Truth in Taxation Public Meeting Date to Discuss Levy and Proposed Budget

Prepared By: Scott Weske, City Administrator

Staff Initials: SW

Recommended City Council Action

Staff recommends the following separate motions:

Motion to adopt Resolution No. 2023-37 establishing the preliminary property tax levy payable in 2024 for the City of Long Lake.

Motion to adopt Resolution No. 2023-38 establishing the Truth in Taxation public meeting date as December 5, 2023 to discuss the proposed levy and budget for taxes payable 2024 for the City of Long Lake.

With the above actions, the City Council will be complying with the statutory requirements to establish and communicate proposed levy information, to select a taxes payable 2024 Public Meeting date to discuss the proposed levy and budget, and to certify the City’s preliminary levy and proposed budget to the County Auditor by the required deadline of September 30, 2023.

Council should be aware that the final levy adopted by end of December 2023 can decrease from the preliminary levy, but it generally cannot increase without the addition of specific allowable “add-on” levy circumstances.

Overview / Background

Levy Option - Below is the levy amount that would maintain the City’s tax rate the same.

Levy	Levy Increase	Tax Rate	Tax Rate Change	Levy Percent Increase
\$1,577,590	\$170,850	33.441%	0.000%	12.145%

Under this scenario, the proposed levy is an increase of \$170,850 or 10.83% which has no increase in the tax rate. The current proposed budget and levy maintaining the existing tax rate flat is anticipated to result in an estimated \$50,000 in available cash that could be allocated towards a number of ongoing capital improvement needs or towards city street improvements.

Final Levy History

Year	Final Levy	Tax Rate
2016	\$1,064,579	43.79
2017	\$1,064,579	39.18
2018	\$1,064,579	37.15
2019	\$1,064,579	36.417
2020	\$1,118,585	36.576
2021	\$1,232,677	36.58
2022	\$1,277,908	36.245
2023	\$1,406,740	33.441

Presented Levy Option

Year	Presented Levy	Tax Rate
2024	\$1,577,590	33.441 (Flat)

Financial Impact: \$	Budgeted (Y / N)?	Source:
Notes:		

Proposed General Fund Budget Considerations

Revenues

- Local Government Aid (LGA) for the year 2024 will be \$0.

Expenditures

- **Employee Wages** - A 3% COLA increase is budgeted for all employees. Council may want to think about a larger increase due to the cost of inflation and wages compared to peers. Staff suggests Council approving a wage study to be completed.
- **Police Contract** - The annual contract fee for 2024 will be \$332,072 resulting in a \$9,672 increase from the 2023 amount which is 3%.
- **Fire Department** - The budget was increased \$168,065 which is 24.28%. Of the increase, \$132,854 or 80%, is for market-adjusted pay increases for firefighters and officers, establishing duty crews and increased workers compensation premiums.
 - Call and Training Pay: Increased from \$13.00 an hour to \$15.65 an hour or 20.38%
 - Officer Pay: Increased 20.38%
 - Duty Crew: All shifts (Monday through Saturday) would come to \$98,800 if all shifts were filled at the higher \$50/four-hour shift rate. The calculated assumption is only 85% of the shifts would be filled, amounting to \$83,980.
 - The additional \$32,875 increase is for operations. The majority of the increase is due to radio fees and lease, computer software support, and auditing fees. The City's share is \$75,563 which is an \$11,509 increase.
- **Health Insurance** - Staff is estimating an 11% increase; however, staff will know more in the coming months once plans and rates are provided by carriers. Staff is aware that a change in insurance carriers may be necessary based on expense.

Current Capital Improvement Needs and Recommended Funding if Agreed Upon

- Fund 401- \$360,000 Frontloader for Public Works
- Fund 401- \$100,000 City Hall building upgrades (reroof, general needed maintenance items)
- Fund 401- \$100,000 Public Works building upgrades (HVAC, windows, general building repairs)
- Fund 401- \$75,000 Update Holbrook Park skating rinks
- Fund 401- \$330,000 Ordered Fire Department vehicles

Cash Balance		
Fund	January	September
101 - GENERAL FUND	\$ 1,110,105	\$ 787,216
105 - ECONOMIC DEVELOPMENT	\$ 284,339	\$ 75,509
205 - FIRE DEPARTMENT	\$ 54,424	\$ 206,091
210 - PARK FUND	\$ 86,510	\$ 86,810
213 - LAKE QUALITY IMPROVEMENT FUND	\$ -	\$ 5,000
225 - CHARITABLE GAMBLING	\$ 22,790	\$ 24,192
401 - PERMANENT IMP REVOLVING FUND	\$ 3,477,890	\$ 3,531,052
420 - PAVEMENT MGMT FUND	\$ 113,586	\$ 265,584
462 - FIRE CAPITAL FUND	\$ 196,138	\$ 181,591
601 - WATER FUND	\$ 1,244,068	\$ 1,319,980
602 - SANITARY SEWER FUND	\$ (28,479)	\$ 36,033
603 - SURFACE WATER MGMT FUND	\$ 176,185	\$ 161,190
604 - RECYCLING FUND	\$ (26,701)	\$ (13,878)

Bond Debt Service

\$86,657
Go Bond 2016A - \$41,193
Go Bond 2017A - \$45,464

Utilities

The options above do not address the need to increase utility rates as those funds are annually losing cash and not able to pay for any future projects. A new utility rate schedule will be proposed for Council consideration and adoption in fourth quarter 2023.

Supporting Information

- Resolution No. 2023-37 Establishing 2023 Preliminary Levy Payable in 2024
- Resolution No. 2023-38 Establishing Public Meeting Date for Truth in Taxation
- 2024 Preliminary Budget Overview
- 2024 General Fund Revenues/Expenses
- 2024 Fire Department Fund Revenues Expenses