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## MEMORANDUM

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**TO:** HONORABLE MAYOR AND CITY COUNCIL  
**FROM:** JOSHUA TETZLAFF, CITY ADMINISTRATOR  
**SUBJECT:** ITEMS TO DISCUSS AT BUDGET MEETING #3 (OCT 7, 2024)  
**DATE:** OCTOBER 4, 2024

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This year, I'd like to take a more systematic approach to the budget. This means that, I want to bring specific questions to each budget meeting, with the meetings building upon themselves as preliminary decisions are made that advance the budget towards December, where we will formally approve the budget. By that time, the budget should have been discussed, compensation and the CIP to the goals of the budget and visions for the future.

Taking discussion from the first couple meetings, I have prepared the agenda for this third budgeting meeting. This third meeting start the look at enterprise funds, with the Golf Fund being reviewed this meeting. It'll also be a time to again review a couple of the planning documents as well as give an update where the levy funds are at with more of the variable line items updated. As a reminder, the Preliminary Levy was set at 13%, though estimations at that time were that the levy would come in around 11.24%.

### Items to Discuss

#### *1) Levy Funds*

I have attached a summary of the levy funds and line-item details for the General Fund levies. Since the last budget meeting, the following changes have taken place:

- The budget was adjusted for the health insurance, dental insurance, and HSA decisions approved by the Council at the September 16<sup>th</sup> meeting. After adjustments were made to account for single/family coverage to some positions by new employees and to adjust for planned retirements, this adjustment lowered the General Fund levy by \$20,630.
- Staff received word that we would be receiving a \$40,000 grant for radios. The Fire Department will be utilizing this funding. With some Public Safety Funding left, the City will utilize \$2,105 of that funding to pay the required match. This change does not affect the levy.
- Staff received word that through a new transportation program from the State, the City will be receiving \$25,000 in 2025 to be used towards street maintenance. This was added as a revenue, which lowered the General Fund levy by \$25,000.
- With an update to date accounting of what is left in the public safety funds, staff recommends using public safety funds to pay the \$7,500 for SWAT membership for 2025. This lowers the levy amount by \$7,500.

These changes result in an overall levy decrease of 53,130, which lowers the overall levy to \$5,313,585, which is 10.13% higher than 2024.

2) *Visioning Document*

The latest draft of the 2025 Visioning Document has been included for your review. There have not been any changes since the last discussion of the document.

3) *2025-2034 CIP*

The latest draft of the 2025-2034 CIP has been included for your review. This is the CIP for all departments. Previously, only the portions of the CIP that are affected by the General Fund were included.

4) *Golf Club Budget*

I have attached the draft of the 2025 Golf Club budget, recently approved by a 6-0 vote at the Golf Board meeting on 9/24. As a highlight, this draft budget includes:

- Like previous years, the draft budget is proposing a deficit for the year. Prior to depreciation being worked back in, the budget is \$171,700 in deficit. With expected depreciation added back in, this number changes to a \$28,595 deficit.
- The budget includes the proposed transfer of \$29,819, though the Golf Board is requesting more.
- The budget includes a 4% increase on the Golf Management contract.
- The CIP request for 2025 is \$321,500. In 2024, the Golf Course added an equipment certificate for \$175,000.
- The debt payment in 2025 will be \$72,613.56, including principle and interest.
- The audited fund balance for the golf club was \$478,374. Using the last couple years as a guide for how the end of the year went, and taking the current net positive of \$317,431, I expect the fund to be cash positive about \$170,000 at the end of the year. This means there will be an estimated fund balance of \$648,374.

I shared my thoughts on the Golf Management contract below and they have not changed. I would recommend a 2% increase to the Golf Management Contract for 2025.

For the CIP request, the Golf Club needs equipment to be able to maintain the course to keep customers coming back. While some equipment may be able to be stretched, I know our staff does its best to make equipment last as long as possible, only asking for equipment when it's necessary. To that end, I recommend proceeding with the \$321,500 CIP request for 2025. I would also recommend that the golf club pay for \$221,500 of the purchase with reserves, bonding for the remaining \$100,000.

a) *Golf Club Management Contract*

As we discussed back in July when discussing a schedule for the budget discussions, I have received the proposed Golf Manager contract for 2025. In the contract, the only material change is the compensation paid to the Golf Manager. For the contract provided to me, which was approved by the Golf Board in August, a 4.99% increase is included. The amount approved within the budget at the September Golf Board meeting was a 4% increase.

In 2024, the City is set to pay the Golf Manager \$100,170. The proposed contract, which was approved by the Golf Board via their budget, would pay the Golf Manager \$104,172 in 2025. This is a 4% increase. While I understand that inflation has driven up the cost of living and that the golf course continues to do much better than a few years ago, I disagree with the amount of this increase.

As I have shared with the Council, the City Finance staff does a fair amount of back-end work for the Golf Department, including double-checking and correcting reports, dealing with vendors, and correcting time-cards. Ultimately, this consumes Finance staff time that I don't believe it should

be spending so that the City's finances are in order as much as possible. These are not generally problems that Directors in other departments have on a regular basis.

Management has been informed of these discrepancies and I hope for an improvement in 2025. But because of these issues I believe need to be resolved, I am recommending to the City Council that the pay for 2025 include only a 2% increase, to \$102,173.40.