



118 Central Avenue North, New Prague, MN 56071
phone: 952-758-4401 fax: 952-758-1149

MEMORANDUM

TO: HONORABLE MAYOR AND CITY COUNCIL
FROM: JOSHUA TETZLAFF, CITY ADMINISTRATOR
SUBJECT: ITEMS TO DISCUSS AT BUDGET MEETING #4 (NOVEMBER 4, 2024)
DATE: NOVEMBER 1, 2024

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 fourth budgeting meeting. This fourth meeting will be shorter, with an update on the General Fund as well as continuing the discussion for Golf CIP. I'll also again include updated copies of the Visioning and CIP documents with where they stand. As a reminder, the Preliminary Levy was set at 13%, though following the last budget meeting, that number had reduced to 10.13%.

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 City Council came to a tentative agreement on the 2025-2026 Labor Union Agreement. With those changes, it did increase the personnel costs of the Police Department by \$14,145. To offset this increase, I am recommending increasing interest income by \$14,145. The original intent was to decrease interest income by \$50,000 in 2025 from the 2024 budget to move the City away from using interest income as an operations revenue. The volatility of interest income could create a volatility in levy needs. With this change, the interest income would decrease \$35,855 in 2025 to \$89,145 from 2024.

These changes do not result in an overall levy change, since the increase in police personnel costs are offset by the increase in budgeted interest income.

2) *Golf CIP*

At the last budget meeting, the City Council asked for more detail about what was being requested for the Golf CIP. As you may remember from the conversation, this list was fully updated for the first time in a few years, which is why it seemed to grow much larger. Since that meeting, I spoke with Jeff Pint, the Golf Course Superintendent, to discuss the equipment needs and said that most of the equipment is either at life's end or is being heavily maintained to keep running.

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.

3) *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.

4) *2025-2034 CIP*

The latest draft of the 2025-2034 CIP has been included for your review. This is the CIP for all departments.