



Watertown City Council
Work Session
September 14, 2021
5:30 p.m.

Mayor Steve Washburn
Lindsay Guetzkow
Adam Pawelk
Michael Walters
Dan Schuette

1. Call To Order And Roll Call
2. New Business
 - 2.I. 2022 General Fund Budget Memo

Documents:

[BUDGET WORKSESSION 9.14.2021.DOCX](#)

- 2.II. 2022 Budget Schedule

Documents:

[2022 BUDGET SCHEDULE.DOCX](#)

3. Adjournment

309 Lewis Avenue South; P.O. Box 279, Watertown, MN 55388



To: Honorable Mayor & City Council
From: Lynn Tschudi, Administrative Services Director
Date: September 14, 2021
Re: Budget Work Session - General Fund Budget & Levy

The City Council reviewed the first draft of the proposed 2022 budget and levy at a work session on August 10 prior to receiving market value and fiscal disparity data from Carver County. At first glance, council understood the budget to be very similar to 2021 with a few changes in personnel for Public Works and Fire. Council also made some suggestions for restructuring the building services, code enforcement and blight departments.

Since the August meeting, staff has received assessment data from Carver County taxpayer services. The total tax capacity for the City of Watertown increased by over 8% from 2021 to \$4,164,594. About 3% of this is from new home construction and the other 5% is growth from the existing homes. Commercial activity increased by 16% for 2022 with the addition of the Stonwerk building adding 3% and existing commercial values increasing 13%.

The proposed 2022 levy amount *before* fiscal disparities is \$2,771,880 – this amount includes the \$331,880 of debt to be paid in 2022. This is a levy increase of 6.03% from the prior year. Watertown gained in the fiscal disparities again, receiving \$644,356. With an increase in net tax capacity as well as fiscal disparities, the tax rate actually **decreased** from 56.03% in 2021 to 53.67% for 2022. Being that the debt service requirement decreased \$123,120 from last year, transfers to Capital Improvement Fund were increased by 62,000 to cover additional projects and expected price increases in planned projects.

GENERAL FUND REVENUES

Staff continues to take a conservative approach at estimating the building revenue at 17 new construction home permits per year. Whether a third party service is used or a building official is hired, Watertown uses their own fee schedule for building permit revenue.

The City has not been receiving cable franchise revenue the 18 months and is not planning on this revenue for 2022. The cable franchise revenue has been used for technology upgrades as determined by the Wright County Cable Commission.

GENERAL FUND EXPENSES

Building Services/Code Enforcement/Site Inspections – The City was recently notified that the joint powers agreement with Delano will be terminated in the near future as the City of Delano does not have the capacity to service the City of Watertown. Additional funds have been budgeted for engineering fees and code enforcement similar to 2021 until a new service model is chosen. In any scenario the City chooses, expenses will become a percentage of the revenues (ex...some contracts charge 75%, some charge 45% for their services, or FT employee).

Technology – Staff has budgeted an additional \$12,000 for EDP/Software/IT. There is still a plan to move forward with utility billing/financial software. This would be a project that staff would like to work closely with the new City Administrator.

Wages – 2022 employee wages have been adjusted to the proposed market study provided by David Drown & Associates.

A full-time public works employee has been added for 2022. This employee has been discussed since 2019 and the City has gradually been building up to a FTE by adding a part-time winter seasonal staff for the past two winters as well as three summer seasonals. With eliminating the winter seasonal and a summer seasonal, this additional position will cost an additional \$45,000 (this includes all benefits).

The addition of this year-round employee would reduce strain on the utility staff with snow removal operations, improve service to the community, extend certain asphaltting operations by two months, and backfill vacations. The City has added 2.25 miles of maintained trails and sidewalks in the past two years including Madison Street, Highway 25, Luce Line Connection, Sugarbush Park Trail, Tuscany Trail, and Wetland Trails. The green space has increased with the addition of Wetlands of Watertown and the disc golf course where portions require weekly mowing. The City is transitioning their tree trimming services to more in house to potentially save \$10,000 annually. An additional body in the public works department would benefit the City greatly.

Fire Operating – The proposed station model crew has been included in this initial budget. To staff the fire station for an eight hour shift once per weekend with four fire fighters, the cost is \$18,500. This model would allow the fire department to recruit from outside their boundaries to cover traditionally undesirable shifts at the station. Members would be at the station to work on administrative tasks, teambuilding and training.



2022 Budget Schedule

Approving the City's Annual Budget is one of the most important decisions made by City Council. The 2022 budget will be based on staff recommendations and input received from the community and council. The following is a tentative schedule for discussions on important aspects of the City's Budget:

Tuesday, September 14th	<i>Review 2022 General Fund Budget to prepare for Preliminary Tax Levy</i>
Tuesday, September 28	City Council Work Session – Prelim General Fund Budget – last look before adopting; First look at CIP. City Council Meeting-Adopt 2022 Preliminary Tax Levy & General Fund Budget – 6:30 pm
Tuesday, October 12th	<i>Review Enterprise Fund Budgets & Utility Rates</i>
Tuesday, November 9th	<i>General Fund, Enterprise Fund, Budget, & CIP Wrap-Up</i>
Tuesday, December 7th	Hold 2022 Public Budget Information Meeting – 6:30 pm
Tuesday, December 14th	Adopt 2022 Budget, and Certify 2022 Tax Levy – 6:30 pm