
MEMORANDUM



TO: Mayor Walker and Councilors
FROM: M McPherson, City Administrator
SUBJECT: **2024 Budget Notes**
DATE: September 28, 2023

To assist the City Council with what is changing for 2024 over 2023, I attempt to list them here:

General Notes

The preliminary levy increase is 23%. See the highlighted note below as to how to reduce this to a number that may be more palatable.

Wages were increased in excess of four (4) percent in order to accommodate an unknown percentage increase based on union negotiations. PERA and FICA are a percentage function of wages, so those numbers increased proportionally.

While we do know what our premiums from PEIP will be, we do not have information regarding any increases in dental or if other health care may come in lower. As a result, health care benefits are projected at a 10 percent increase over 2023.

Cell phone expenditures in multiple departments ended up in the old account code, they will be adjusted accordingly.

Solid waste collection costs increased significantly in order to absorb contract increases that were to have been applied in 2023. In addition, actual costs are being assigned to the specific departments instead of using a pro-rated formula.

There is money in the Unallocated budget to potentially payout a portion of sick leave, annual leave, and vacation balances as we attempt to move to a Paid Time Off (PTO) system of time off. **The total proposed payout is estimated at \$345,000; removing this would reduce the levy increase from 23% to 10.27%.** It should be noted that these liabilities will only get larger as they are paid out at the current rate as an employee retires, not at the rate that they were earned at.

The budget worksheets do not include capital items at this time. Staff are still working on obtaining numbers as close to accurate as possible.

Mayor & City Council

Under subscriptions, two of the items start in September and carry over to the subsequent year, making them a pre-paid asset. The journal entry for the 2022 audit created the budget overage.

Administration

Expert and Professional include charges for shredding records by an outside company. Normally, these records would be destroyed in a house burn.

Other Charges is the refund of the liquor license approved earlier this year by the City Council.

Elections

There will be a Presidential Primary, Primary and General Election in 2024. Staff is recommending that the hourly rate for judges be increased from \$12 to \$15 per hour staying in the market as other surrounding communities.

Finance

As with Administration, cell phone charges were coded to the old Telephone/Postage account code and will be journaled into the correct code. Year to date postage is \$894 and as there is only one cell phone in Finance, the proposed budget is reduced by \$400.

Staff proposes to merge Contracted Labor and Other Expert and Professional into one line item. This is all for the Audit firm and financial consulting assistance from Abdo. In 2024, the Abdo contract will be modified to include audit prep training for Accountant Hoheisel. We have not received the contract proposal from Abdo, so this line items was increased. This will be adjusted downward once a final proposal has been received.

The overage in Maintenance and Repair and Memberships and Subscriptions is a mis-coded bill for the finance software maintenance.

Technology

There is revenue noted due to the staff-sharing MOU with PPU.

Memberships include all enterprise-wide licenses, phone system support, and other software that may be used across more than one department. The exception to this is the annual fee for OnBoard which is included in the City Council budget.

Building Inspections

Expenses currently reflect an increase in fees to a new (possible) service provider for building inspection services. Revenues remain estimated conservatively.

Planning & Zoning

Intern expenses are mis-coded and will be corrected.

Police

Officer Kuyper is retiring in 2024. Her salary is calculated at 1000 hours for the year, a June 1 end date plus three additional weeks in the event that there are unanticipated needs for her to remain past that date.

Personnel costs factor hiring a new officer to replace Officer Kuyper to start March 1, so there is planned overlap for field training.

There are a number of one-time expenses that are planned to be funded by 2023 Public Safety Aid. As memo will be distributed at the meeting detailing the proposed purchases.

Unallocated

Staff of the City and PPU is evaluating whether membership in MMUA (for the City) and their safety program is a valuable service. The safety program, specifically, is getting more expensive and staff questions the return on investment. Research is ongoing to determine if there is a more cost-effective vendor to provide required safety training.

An adjustment to the Insurance and Bonds account will be made once the departmental insurance amounts have been accounted for.

WWTP

It is likely Operator Pierce will be retiring in June 2024. The budget reflects a staffing overlap to allow for training of a replacement staff person.

Liquor

Manager Donner has requested that Patty Warren be moved to a full-time position for days as a backup, but not in the position of Assistant Manager. There would then be a need to promote one of the other clerks to a lead position.