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The City of Vadnais Heights
800 East County Road E
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Memorandum:

TO: Mayor Gunderson and City Council Members

FROM: Bob Sundberg, Finance Director

DATE: July 19, 2022

SUBJECT: 2023 Preliminary Budget Discussion

Background

Staff is seeking high level Council direction for the 2023 budget and levy. The Capital Improvement Plan (CIP) has been extended to ten years from five in past years to provide a longer time perspective. We anticipate a challenging budget environment as the budgetary impact of our market salary adjustment extends into 2023. Additionally, due to a myriad of factors, including rampant inflation, the Sheriff's projected 2023 budget is \$261,000 more than in 2022. This is largely related to deputy market salary adjustments negotiated by Ramsey County and are out of our control. The levy increase necessary to fund the increased Sheriff's budget is 4.6%. Also, a long-delayed internal market salary study resulted in increases implemented in the 2nd half of 2022. The full year impact of these salary adjustments, step increases and a proposed 3.5% C.O.L.A. increase would result in a \$332,000 budget increase, or 5.8% of the 2022 levy. The salary surveys were long overdue and were necessary to retain and attract qualified employees.

The levy-supported portion of the draft CIP is slightly less than 2022 at \$1,341,000. However, in 2022, the Council had set aside \$750,000 for a Fire vehicle which lessened the impact to the levy. As discussed at a previous Council work session, amounts are included for future purchases of more expensive fire vehicles. The intent is to dampen the peaks and valleys inherent when purchasing very high cost items. The aggregate amount proposed for these 3 pieces of equipment is \$154,000.

The draft budget freezes all non-payroll line items in the General fund other than the Technology department which is budgeted to increase by \$21,000 due to the Metro-INET restructuring and administration which has a small increase in the training budget.

Despite this restraint, the levy required to fund the draft budget would be 21% higher than the 2022 levy assuming no change in revenues. Using data from last year, a 21% levy increase would increase taxes on a median priced home by about \$180. Staff realizes that this increase is significant and is seeking feedback on ways to reduce the draft levy. We would appreciate a discussion about prioritizing our CIP list to offer a more manageable levy increase.

Attachment:

- 2023 – 2032 Capital Improvement Plan
- 2023 Draft General Fund Budget by Department
- 2023 Draft Levy Analysis

City of Vadnais Heights, Minnesota											5
Capital Improvement Plan											
2023 through 2032											
July 19, 2022											
	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
CAPITAL IMPROVEMENTS FUND (funded through tax levy)											
Public Works Operating Equipment:											
2011 GMC 3500HD 3/4 ton truck with plow, #103		50,000							60,000		
2006 Sterling 2 1/2 ton truck with plow, #104		210,000									
2022 Freightliner/Tow Master plow truck, #105											210,000
2006 Tymco 600 BAH sweeper, #107					240,000						
2022 Ford F550XL bucket truck, #108										100,000	
2013 Chev K2500 3/4 ton 4 x 4 truck with plow, #109			55,000						60,000		
2001 Chev C3500 1 ton dump truck with J - Hook truck, #110		80,000									
2020 Bobcat tool cat, #111							60,000				
2008 Chev 3500 HD 3/4 ton truck with plow, #112	50,000							60,000			
2017 Dodge 3500utility, #113								90,000			
2011 International 7400 Dump, #114				210,000							
1997 Ford F450 dump/lift gate, #115			60,000								
2018 Freightliner SD dump plow truck, #116								210,000			
2020 Jet/vac, #117									250,000		
1995 Pelican street sweeper, #118 (total 240,000, split with Surface Water fund)	120,000									150,000	
2016 GMC 2500 4x4 with plow, #120			90,000								100,000
2001 924G Cat front end loader, #121		200,000									
Sky lift, #122					30,000						
2021 Caterpillar mini excavator, #123										80,000	
2011 Ingersoll Rand air compressor, #125	30,000										
2015 chipper, #131					40,000						
2015 Linde forklift (purchased 2020), #137									30,000		
2018 SPHD patching trailer				40,000							
2020 trackless sidewalk machine, #309						150,000					
2019 Ford 350 4x4 with plow, #310							80,000				
2020 Chevrolet 2500 with utility box and plow, #311					60,000						
2013 Chev 2500 HD 4x2, #312					50,000						
2019 Ford 450 super duty dump box, #313							60,000				
2012 Dodge 5500 multi-use hook truck, #315				80,000							
2017 John Deere tractor, #317											50,000
1999 Toro cart model 7302, #321			30,000								
2018 John Deere 1585 mower combo, #322									60,000		
2021 Toro wide area mower, #326					100,000						
2012 John Deere Gator, #331				20,000							
2020 GMC Terrain, #401						30,000					
2020 GMC Terrain, #403						30,000					
Fire Equipment											
2021 Chevy Tahoe - C801										85,000	
2021 Chevy Tahoe - C802											85,000
2011 Ford F-150 - C803		75,000									
2011 Ford F-150 - U855									75,000		
2007 Rosenbauer Spartan - E811	750,000	47,000									
2007 Rosenbauer Spartan - E821		41,000				960,000					
2001 Ford F-550 (with Pump) - E813		222,000									
2000 Pierce Aerial - L812		66,000		1,700,000							
1997 Peterbuilt - S815											
1995 Peterbuilt - T822								750,000			

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City of Vadnais Heights, Minnesota											5
Capital Improvement Plan											
2023 through 2032											
July 19, 2022											
	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Annual totals	80,000	50,000	50,000	50,000	50,000						
STORM SEWER UTILITY FUND (funded by storm sewer utility customers)											
Ditch maintenance	250,000	100,000	100,000	100,000	100,000						
South Oak Drive street improvements	200,000										
Replace Pelican street sweeper, #118 (total 240,000, split with Capital Improvements fund)	120,000										
Annual totals	570,000	100,000	100,000	100,000	100,000						
MSA FUNDS (State construction funds)											
Willow Lake Blvd.			1,000,000								
Twin Lake Blvd.	350,000										
County Road D street (estimated City share)				500,000							
Annual totals	350,000	-	1,000,000	500,000							
FRANCHISE FEES FOR STREETS MAINTENANCE											
Street replacement program, annual - 600,000 total each year	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000
Annual totals	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000
SPECIAL ASSESSMENTS FUNDS (collected from benefitting properties)											
Street replacement program	150,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Annual totals	150,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Grand Totals	3,695,000	3,284,000	3,030,000	4,025,000	1,905,000	2,094,000	1,472,500	2,160,000	1,455,000	1,315,000	1,369,000

City of Vadnais Heights MN
Annual Budget
Cost Summary
General Fund - By Department

Department	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Budget	2022 Budget	2023 Budget	2023 vs 2022 \$ Change	explanation
Community Development	\$ 342,854	\$ 319,960	\$ 406,454	\$ 366,284	\$ 431,989	\$ 411,404	\$ 457,541	\$ 46,137	
Engineering	95,181	102,678	137,074	111,413	121,954	301,579	310,400	8,821	
City Council	96,273	80,864	74,270	60,052	59,303	74,388	74,388	-	
Administration	492,162	475,115	502,935	533,396	583,659	629,917	677,980	48,063	
Funding for Outside Agencies	43,504	53,156	55,034	57,100	62,523	70,596	70,596	-	
Finance	268,463	289,315	281,080	311,618	305,429	326,135	353,359	27,224	
Legal Services	155,167	165,381	153,591	145,114	153,518	183,000	183,000	-	
City Hall	261,408	381,860	209,836	216,855	221,279	287,283	285,448	(1,835)	
Technology Support	108,745	92,282	112,383	122,696	124,690	141,000	162,000	21,000	
Sheriff, Dispatch, CAD, Misc.	1,318,890	1,241,717	1,347,014	1,497,434	1,567,718	1,582,404	1,843,072	260,668	
Fire Protection/Code Enforcement	1,244,718	1,162,678	1,217,772	1,197,651	1,316,176	1,383,456	1,483,297	99,841	
Central Garage Facility	307,371	329,021	348,637	346,453	356,587	342,412	349,815	7,403	
Street Maintenance	472,519	439,667	546,239	496,468	456,844	618,097	665,101	47,004	
Parks and Recreation	636,254	638,833	622,538	656,061	635,954	691,815	741,837	50,022	
Commons	197,195	184,990	159,594	111,557	151,824	201,300	201,300	-	
General Fund Reserves	-	626,904	-	-	-	-	-	-	
General Fund Total	\$ 6,040,704	\$ 6,584,421	\$ 6,174,451	\$ 6,230,152	\$ 6,549,447	\$ 7,244,786	\$ 7,859,134	\$ 614,348	

**CITY OF VADNAIS HEIGHTS
2023 DRAFT LEVY ANALYSIS**

LEVY COMPONENT	ADOPTED 2019 LEVY	ADOPTED 2020 LEVY	ADOPTED 2021 LEVY	ADOPTED 2022 LEVY	PROPOSED 2023 LEVY	CHANGE
GENERAL FUND	3,571,779	4,021,381	4,136,245	4,518,286	5,132,634	614,348
2009A DEBT SERVICE - NORTH SERVICE CENTER: FIRE & GARAGE PORTIONS OF BLDG.	524,525	514,799	470,986	471,243	474,453	3,210
CAPITAL IMPROVEMENTS FUND*	481,781	358,000	453,000	735,000	1,341,000	606,000
LEVY	4,578,085	4,894,180	5,060,231	5,724,529	6,948,087	
LEVY INCREASES	150,537 3.40%	316,095 6.90%	166,051 3.39%	664,298 13.13%	1,223,558 21.37%	

* Proposed Capital Improvements Fund activity

The levy assumes that the following reserve fund balances will be used to supplement other revenue sources:

Capital Improvements Fund*	(24,822)	100,000	23,000	750,000	-
Water Utility Fund	50,000	50,000	50,000	150,000	350,000
Sewer Utility Fund	400,000	400,000	400,000	300,000	100,000
Surface Water Utility Fund	50,000	50,000	50,000	50,000	50,000
total reserves used	475,178	600,000	523,000	1,250,000	500,000

Replace 3/4 ton truck with plow, #103	50,000
Replace 2 1/2 ton truck with plow, #104	210,000
Replace 1 ton truck with J-Hook truck, #110	80,000
Replace front end loader, #121	200,000
Replace Ford F-150, C803	75,000
Replace Ford F-550 with pump, E813	222,000
Fire station 810 bathrooms	75,000
Fire station 810 duty crew kitchen	40,000
Conversion of lights to LED	35,000
Parking lots and trails improvements	200,000
2007 Spartan Engine, E811 - smoothing effort	47,000
2000 Pierce aerial ladder truck, L812 - smoothing	66,000
2007 Spartan Engine, E821 - smoothing effort	41,000
total proposed capital spending	1,341,000