



BRAHAM

“Building A Better Tomorrow”

Town Hall Meeting Information on Braham’s Proposed 2023 Budget/Levy

Wednesday, October 26, 6 p.m., Braham Event Center

Tonight's Meeting Agenda

- ▶ City presentation on the proposed 2023 budget and levy.
- ▶ Presentation by Isanti County Sheriff Chris Caulk on the city having its own 24/7 police department versus contracting through the sheriff's office.
- ▶ Tonight's town hall meeting is being held voluntarily by the city and is not a required meeting. The purpose of tonight's meeting is to provide information on the proposed 2023 budget and levy.
- ▶ Questions and feedback are welcome. However, this is not a candidate forum and the questions and feedback need to remain respectful. City staff and council members will do their best to answer questions.

Context on Price Increases for City Operations

▶ 2021 Costs

- Diesel \$3.29/gallon
- Gas \$3.01/gallon
- Health Insurance \$643 - Single
- (2022) \$1,715 Family
- Natural Gas \$3 per therm

▶ 2023 Costs

- Diesel \$5.39/gallon
- Gas \$3.79/gallon
- Health Insurance \$964 - Single
- \$2,572 Family
- Natural Gas \$5.78 per therm

These costs are major drivers in the City's budget.
These costs are outside the City's control.
We are federally mandated to provide health insurance.

Debt Service Payments

▶ 2022 Debt Service

▶ 211,140.00

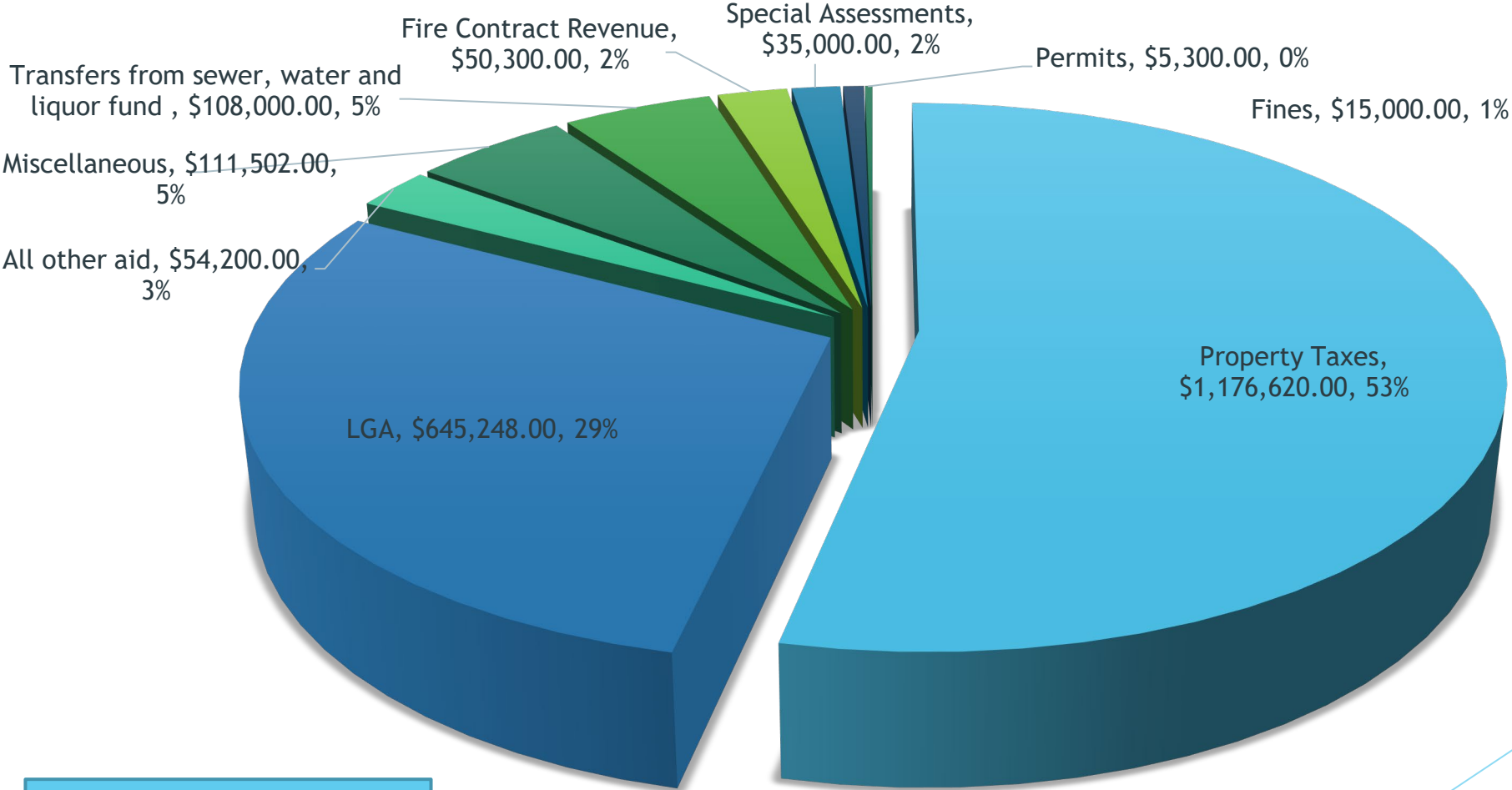
▶ 2023 Debt Service

▶ 224,720.00

Debt Service is the payments made toward bonds (loans) the City has taken out for specific items and projects.

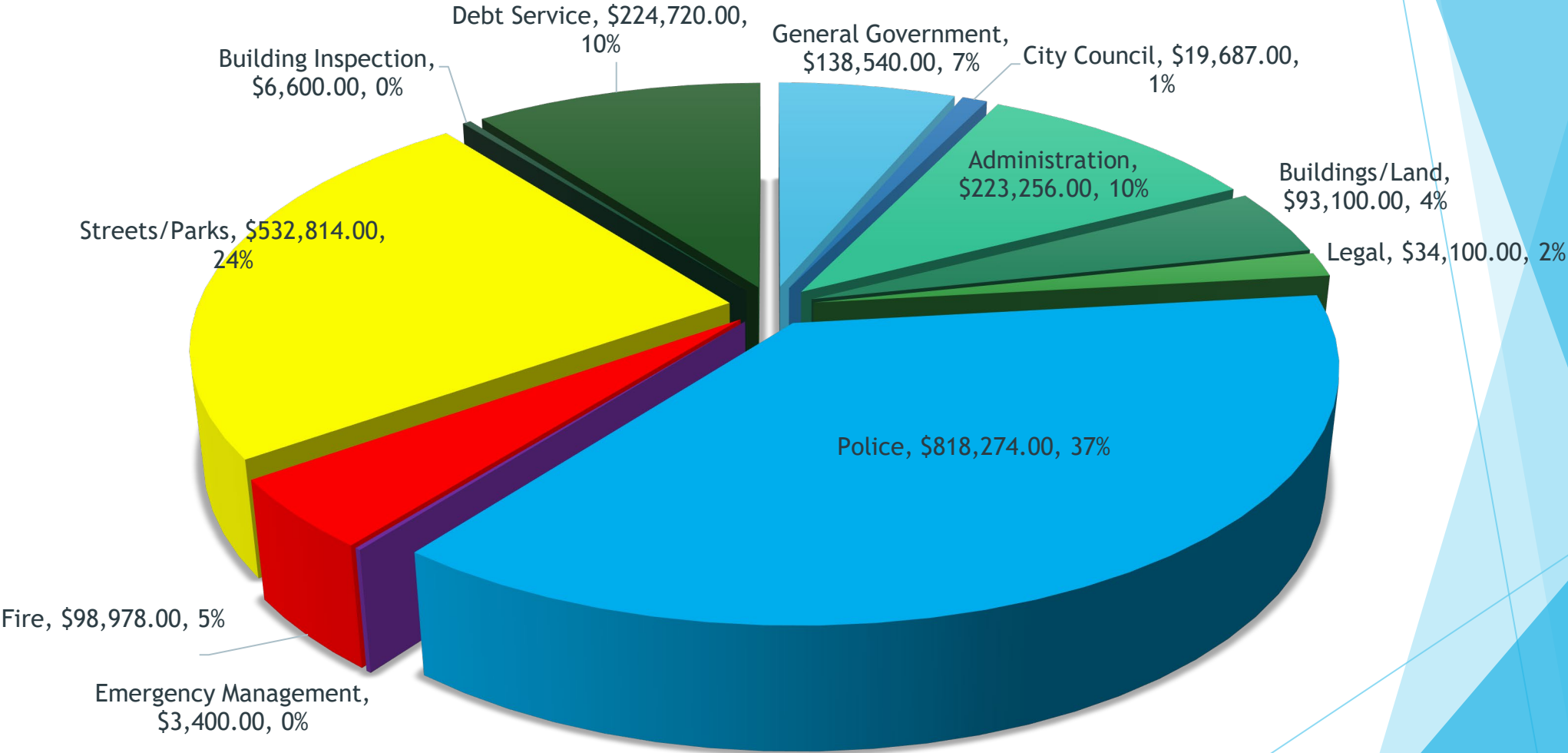
| | |
|--|---------------------|
| 2019A GO Tax Abatement Bonds - ERCOA Building | \$8,991.00 |
| 2019A GO Tax Abatement Bonds - ERCOA Building | \$1,846.00 |
| 2011A GO Refunding bonds | \$53,195.00 |
| 2016A GO Equipment Certificate (Fire Truck) | \$28,641.00 |
| 2021A GO Note (Refunding and new debt) | \$132,047.00 |
| Total Debt Service | \$224,720.00 |

City Revenues



Property taxes and LGA provide 82% of the city's revenue.

City Expenditures



Police department and streets/parks make up 61% of the city's expenditures.

City of Braham 10-Year Levy History

| Year | Certified Levy | |
|------|----------------|---------------------------|
| 2012 | \$530,535 | 0 % increase 2012-2013 |
| 2013 | \$530,535 | 1.5 % increase 2013-2014 |
| 2014 | \$538,263 | 0 % increase 2014-2015 |
| 2015 | \$538,263 | 3 % increase 2015-2016 |
| 2016 | \$554,411 | 3.8 % increase 2016-2017 |
| 2017 | \$575,352 | 5.5 % increase 2017-2018 |
| 2018 | \$606,930 | 2.2 % increase 2018-2019 |
| 2019 | \$620,559 | 3 % increase 2019-2020 |
| 2020 | \$639,499 | 10.5 % increase 2020-2021 |
| 2021 | \$706,626 | 10.9 % increase 2021-2022 |
| 2022 | \$783,736 | |

*Information provided by Isanti County

Fund Balance Year End Totals

- ▶ 2017: \$1,252,537
- ▶ 2018: 1,396,413
- ▶ 2019: 1,241,310 - Overspent budget by \$275,000
- ▶ 2020: 288,198 - Overspent budget by \$703,000
- ▶ 2021: 124,470 - Overspent budget by \$127,000

- ▶ Fund Balance as of June 30, 2022: \$213,864

The fund balance has grown by \$90,000 since January 1, 2022.

The fund balance policy states the fund balance should be approximately 25% of the city's general fund budget. The city's fund balance should be \$500,000 based on a \$2 million general fund budget.

*Information provided by the auditing firm Burkhardt and Burkhardt

2019 Expenditures Approved by Council

- ▶ Patching on 4th St. SW, \$4,410
- ▶ DEED Loan for demolition of ERCOA building, \$125,723 (Currently pay \$11,000 per year on this loan that goes through 2033) *Not included in total.
- ▶ Initiative Foundation contribution, \$825
- ▶ Purchase of concrete barriers, \$11,250
- ▶ Renewed 5-year contract with PeopleService (Current contract \$16,000 per month)
*Not included in total.
- ▶ Dues for membership in Highway 65 Corridor Coalition, \$250
- ▶ 2018 Street improvement change order, \$27,530
- ▶ Capital Improvements: Fire Hall Roof, \$126,000; Convert Cold Storage Shed to Heated Shop, \$170,350; Police Garage Renovation, \$17,140. Change order for police garage windows and doors, \$4,600
- ▶ City's participation in Pictometry for updated arial photo of city, approximately \$4,000
- ▶ Lyons Drainage Plan, \$18,000
- ▶ Increase mayor's salary to \$2,787; council salary to \$2,145; mayor/council per diems to \$30; and committee per diems to \$25. First increase since 2006
- ▶ Donation to community Halloween project, \$150
- ▶ American Legal to update and codify city ordinances, \$8,395

Total: \$392,900



2020 Expenditures Approved by Council

- ▶ Durango package for PD, \$30,000
- ▶ 160-gallon tank with mixing system, \$4,744
- ▶ Sink at water treatment plant, \$5,500
- ▶ Moore Engineering, wastewater facility on the state's Planned Projects List (PPL), \$25,000
- ▶ Bobcat side by side, \$13,112
- ▶ Water meter software/reader, \$13,000
- ▶ LED bulbs for city hall, \$1,345
- ▶ Five handguns for PD, \$3,036
- ▶ Carpet/paint for City Hall, \$5,758
- ▶ Drone, \$21,493
- ▶ Moore Engineering Parks/Trail Plan, \$6,500
- ▶ Replacing Culvert on Central Drive, \$200,000
- ▶ Moore Engineering, Wellhead Protection Plan, \$9,000
- ▶ Leadership Training, \$5,138
- ▶ 1 Ton Dump Body and Sander, \$13,271
- ▶ Nelson Sanitation, cleaning WWTF tanks, \$6,300
- ▶ Water Supply Tester, \$5,435
- ▶ Asphalt for street repairs, \$17,810
- ▶ Valve for WWTF, \$5,550
- ▶ Visu-Sewer, \$64,500
- ▶ Furnace and AC at City Hall, \$12,280
- ▶ Lawnmower, \$16,488
- ▶ Snowblower, \$88,000
- ▶ Initiative Foundation contribution, \$825
- ▶ **Total: \$574,085**

2021 Expenditures Approved by Council

- ▶ Dodge Ram Pickup for PD: \$27,500
- ▶ Hiring James Robins lobbyist: \$1,600
- ▶ Replace pump and rehab Horseshoe Lift Station: \$13,575
- ▶ Upgrade city's SCADA (control system) computer and software: \$15,000
- ▶ 550 tons of gravel from Hass: \$4,922
- ▶ 2nd Street SW Reconstruction, \$395,000 (Paid for as part of a refunding bond)

*Not included in total.

- ▶ Build road for new compost site, \$22,500

(Other expenses related to compost site totaled \$25,196. These expenses were administered by the previous city administrator and did not go before Council)

- ▶ Visu-Sewer slip lining for 2nd Street project, \$66,483 (American Rescue Plan Act funds)

*Not included in total.

- ▶ Asphalt patching of various streets, \$8,500
- ▶ Water Tower Mixer, \$15,626
- ▶ LED sign in Freedom Park, \$19,812
- ▶ Purchase squad from New Brighton for police or building official use, \$4,700
- ▶ Used portable generator, \$13,500
- ▶ Settlement agreement with previous city administrator, \$62,251
- ▶ **Total: \$209,486**

2022 Year to Date Budget

- ▶ General Government: Currently spent 80% of budgeted expenditures
- ▶ City Council: Currently spent 51% of budgeted expenditures
- ▶ City Administration: Currently spent 58% of budgeted expenditures
- ▶ Police Department: Currently spent 75% of budgeted expenditures
- ▶ Fire Department: Currently spent 95% of budgeted expenditures
- ▶ Street Department: Currently spent 74% of budgeted expenditures

The city is 83% through the fiscal year

How does Braham Compare?

| 2021 Population Estimates | | 2022 Property Tax Revenue | 2023 Property Tax Revenue | 2022 General Government | 2023 General Government | 2022 Public Safety | 2023 Public Safety | 2022 Streets and Highways | 2023 Streets and Highways |
|---------------------------|-------|---------------------------|---------------------------|-------------------------|-------------------------|--------------------|--------------------|---------------------------|---------------------------|
| Braham | 1,789 | \$783,736 | \$1,176,620 | \$284,238 | \$508,683 | \$786,145 | \$920,652 | \$508,509 | \$513,214 |
| Gilbert | 1,675 | \$1,165,243 | | \$426,331 | | \$1,205,510 | | \$789,315 | |
| Lakefield | 1,728 | \$757,178 | | \$276,374 | | \$449,444 | | \$325,442 | |
| Waterville | 1,743 | \$974,146 | \$1,000,008 | \$249,701 | \$317,743 | \$1,256,909 | \$955,125 | \$356,043 | \$841,325 |
| Rushford | 1,835 | \$1,017,000 | \$1,082,255 | \$161,800 | \$153,930 | \$566,264 | \$583,968 | \$117,455 | \$122,405 |
| Silver Bay | 1,858 | \$1,648,110 | | \$685,305 | | \$680,100 | | \$1,046,470 | |
| Lester Prairie | 1,904 | \$1,127,227 | \$1,173,453 | \$571,300 | \$633,142 | \$499,455 | \$516,408 | \$110,300 | \$245,850 |
| Blooming Prairie | 1,956 | \$841,341 | \$931,969 | \$335,185 | \$358,220 | \$581,220 | \$632,335 | \$299,500 | \$317,700 |
| Slayton | 1,991 | \$1,125,573 | | \$322,610 | | \$790,052 | | \$867,527 | |
| Mountain Lake | 2,000 | \$893,557 | \$975,527 | \$326,827 | \$366,948 | \$764,873 | \$860,313 | \$347,594 | \$483,543 |
| Nisswa | 2,032 | \$2,786,000 | \$3,318,405 | \$751,077 | \$776,351 | \$926,180 | \$1,140,387 | \$776,862 | \$956,519 |
| | | 2/11 9 higher | 6/7 1 higher | 4/11 7 higher | 5/7 2 higher | 7/11 4 higher | 5/7 2 higher | 3/7 4 higher | 5/7 2 higher |

Regarding the 2023 proposed property tax revenue, the difference between Braham and Blooming Prairie is \$244,651

2022 Information from the MN Department of Revenue
2023 Information provided by city officials; 4 cities did not respond.

Where the Levy was in September

| CITY OF BRAHAM | | | | |
|------------------------------|--------------------------|-------------|------------------------------|--------------------------|
| Property Tax Estimator | | | | |
| Certified 2022 Tax | | vs. | ESTIMATED Payable 2023 | |
| Tax Rate= | Tax Levy Tax Capacity | | Tax Rate= | Tax Levy Tax Capacity |
| 0.7972201818 | 783,736 983,086 | ↔ | 1.9527404009 | 2,411,816 1,235,093 |
| Tax Estimator | | | Tax Estimator | |
| Residential Homestead | | | Residential Homestead | |
| EMV | 200,000 | <<Enter EMV | EMV | 200,000 |
| EMV over 76000 | 124,000 | | EMV over 76000 | 124,000 |
| | 9% | | | 9% |
| Reduction | 11,160 | | Reduction | 11,160 |
| Max Exclusion | 30,400 | | Max Exclusion | 30,400 |
| Homestead Exclusion | 19,240 | | Homestead Exclusion | 19,240 |
| TMV (EMV-Exclusion) | 180,760 | | TMV (EMV-Exclusion) | 180,760 |
| Class Rate | 1.0% | | Class Rate | 1.0% |
| NTC | 1,807 | | NTC | 1,807 |
| Tax Rate | 79.72201818% | | Tax Rate | 195.27404009% |
| Tax | \$ 1,441 | ↔ | Tax | \$ 3,529 |
| Tax Estimator | | | Tax Estimator | |
| Commercial | | | Commercial | |
| EMV | 200,000 | <<Enter EMV | EMV | 200,000 |
| EMV over 76000 | - | | EMV over 76000 | - |
| Reduction | - | | Reduction | - |
| Max Exclusion | - | | Max Exclusion | - |
| Homestead Exclusion | - | | Homestead Exclusion | - |
| TMV (EMV-Exclusion) | 200,000 | | TMV (EMV-Exclusion) | 200,000 |
| Class Rate | | | Class Rate | |
| NTC | 3,250 | | NTC | 3,250 |
| Tax Rate | 79.72201818% | | Tax Rate | 195.27404009% |
| Tax | \$ 2,591 | ↔ | Tax | \$ 6,346 |

The preliminary levy that was adopted in September was set at \$2.4 million.

\$200,00 residential property
\$2,088 annual increase
(\$174/month)

\$200,000 commercial property
\$3,755 annual increase
(\$313 month)

Since September, the city realized all our revenue was not captured in the initial budget, and department heads have identified approximately \$230,000 in budget reductions

Where the Levy is Currently

| CITY OF BRAHAM | | | | |
|------------------------------|--------------------------|-------------|------------------------------|--------------------------|
| Property Tax Estimator | | | | |
| Certified 2022 Tax | | vs. | ESTIMATED Payable 2023 | |
| Tax Rate= | Tax Levy Tax Capacity | | Tax Rate= | Tax Levy Tax Capacity |
| 0.7972201818 | 783,736 983,086 | ↔ | 1.1408371677 | 1,409,040 1,235,093 |
| Tax Estimator | | | Tax Estimator | |
| Residential Homestead | | | Residential Homestead | |
| EMV | 200,000 | <<Enter EMV | EMV | 200,000 |
| EMV over 76000 | 124,000 | | EMV over 76000 | 124,000 |
| | 9% | | | 9% |
| Reduction | 11,160 | | Reduction | 11,160 |
| Max Exclusion | 30,400 | | Max Exclusion | 30,400 |
| Homestead Exclusion | 19,240 | | Homestead Exclusion | 19,240 |
| TMV (EMV-Exclusion) | 180,760 | | TMV (EMV-Exclusion) | 180,760 |
| Class Rate | 1.0% | | Class Rate | 1.0% |
| NTC | 1,807 | | NTC | 1,807 |
| Tax Rate | 79.72201818% | | Tax Rate | 114.08371677% |
| Tax | \$ 1,441 | ↔ | Tax | \$ 2,061 |
| Tax Estimator | | | Tax Estimator | |
| Commercial | | | Commercial | |
| EMV | 200,000 | <<Enter EMV | EMV | 200,000 |
| EMV over 76000 | - | | EMV over 76000 | - |
| Reduction | - | | Reduction | - |
| Max Exclusion | - | | Max Exclusion | - |
| Homestead Exclusion | - | | Homestead Exclusion | - |
| TMV (EMV-Exclusion) | 200,000 | | TMV (EMV-Exclusion) | 200,000 |
| Class Rate | | | Class Rate | |
| NTC | 3,250 | | NTC | 3,250 |
| Tax Rate | 79.72201818% | | Tax Rate | 114.08371677% |
| Tax | \$ 2,591 | ↔ | Tax | \$ 3,708 |

The current levy is set at \$1.4 million.

\$200,00 residential property
\$620 annual increase
(\$52/month)

\$200,000 commercial property
\$1,117 annual increase
(\$93/month)

Part of this increase is due to the rising cost of health insurance premiums. This levy may decrease as the city is currently seeking quotes on health insurance

Results of Community Survey

92 total responses (top answers listed)

- ▶ 24/7 police department - 64% extremely important
- ▶ 24/7 fire department - 73% extremely important
- ▶ Mosquito spraying - 43% somewhat important; 39% not at all
- ▶ Fireworks - 61% not at all important
- ▶ Flower baskets and planters - 60% not at all important
- ▶ Snow plowing - 90% extremely important
- ▶ Street repair and maintenance - 75% extremely important
- ▶ Maintain city parks/playground equipment - 52% somewhat important
- ▶ Offering a city compost site - 45% not at all important; 41% somewhat
- ▶ Business and economic development- 60% extremely important

Going Forward

- ▶ The city will continue to look for more ways to trim the proposed 2023 budget. The city's budget is our best estimate for the next fiscal year. Unexpected expenditures happen such as water main breaks, sewer line breaks, vehicle repairs, etc. The city plans to adopt its final 2023 budget and levy at the Council meeting on Tuesday, Dec. 6.
- ▶ The required Truth-in Taxation Public Hearing will be held at 6 p.m. on Tuesday, Dec. 6, at Braham City Hall. This will be another opportunity to provide feedback on the 2023 budget and levy.
- ▶ Copies of the Community Survey are available if anyone wishes to fill one out.
- ▶ Copies of the M1PR Homestead Credit Refund (for homeowners) and Renter's Property Tax Refund are also available. This form can be completed for a possible property tax refund. Consult your tax preparer for more information.