

CITY OF FALCON HEIGHTS
City Council Special Budget Workshop #2
City Hall
2077 West Larpenteur Avenue

MINUTES
September 13, 2023
7:30 P.M.

- A. CALL TO ORDER: 7:30 PM
- B. ROLL CALL: GUSTAFSON_X_ LEEHY_X_
 MEYER_X_ WASSENBERG_X_ WEHYEE_X_
- STAFF PRESENT: LINEHAN_X_
- C. POLICY ITEMS:
1. 2024 Proposed Budget
 a. General Fund

Administrator Linehan presented an overview of the 2024 proposed budget for the general fund. He notes that the proposed budget is a fluid document, which is refined based on Council feedback.

General Fund

The General Fund (a governmental fund) is the general operating fund of the city and is used to account for all financial resources except those required to be accounted for in another fund. Activities accounted for in the general fund include general government, public safety, parks and public works, and contingency.

2023 Budget Highlights:

- The General Fund Revenue is estimated to come in 7.29% over budget mainly due to permit fees.
- General Fund Expenditures are estimated to come in 0% under budget. Some key factors were an increase in tree trimming cost, the Snelling/Larpenteur study (offset by grant), and higher attorney fees. There were decreases dues to staff vacancies.

Highlights of the 2024 proposed General Fund include:

Revenues:

- General Fund Revenues
 - \$3,409,381 - 10.29% increase, due to increases of:
 - 11.2% of Ad valorem taxes (e.g. Local Property Taxes)
 - 9.12 % proposed levy
 - 3.9% of Fiscal disparities
 - \$117,486 of LGA (Local Government Aid)
 - \$24,300 for Lauderdale Plowing Contract

Expenditure:

- General Fund Expenditures
 - \$3,409,180 - 10.29% increase, due to increases of:
 - 22% for Police Services as the contract status is still unknown and is being budgeted for a worst-case scenario. Goal is to bring budget down with new contract before Truth-in-Taxation hearing in December. Notices will still show the proposed levy increase for higher amount.
 - 2.25% for St. Paul Fire Department
 - Other Contracts such as 17% for MetroINET (IT)
 - 4% for COLA (Cost of Living Adjustment
 - Staffing Changes
 - Decreases in the General Fund Expenditures include:
 - \$100,000 of Reducing transfers
 - Staffing turnover savings

b. Debt Service

Debt Service

Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal, interest, and debt service fees.

Debt Service Accounts that were discussed include:

- 306 – 2023 G.O. Improvement Bond Series 2023A
 - Revenue
 - \$65k in levy; \$5k in assessments
 - Expenditures
 - \$46k debt service
- 313 – 2021 G.O Improvement Bond Series 2021A
 - Revenue
 - 24% decrease in 2023
 - 24% decrease in 2024
 - Expenditures
 - 0% under budget in 2023
 - 2% decrease for 2024
- 316 – 2017 G.O. Improvement Bond Series 2017A
 - Revenue
 - 5% over budget in 2022
 - 58% decrease in 2023
 - Expenditures
 - 0% under budget in 2023
 - 3% decrease for 2024

c. Enterprise Funds

Enterprise Funds (Sanitary Sewer and Storm Drainage)

The Government Accounting Standards Board (GASB) describes enterprise funds in its Codification of Governmental Accounting and Financial Reporting Standards. It states that enterprise funds may be used to report an activity for which a fee is charged to external users for goods or services.

Enterprise Funds that were discussed include:

- 601 – Sanitary Sewer
 - Revenue
 - 39% over budget in 2023 due to \$603,000 in unbudgeted ARPA funds and interest on investments 175% over budget
 - \$0.25 cent/ month proposed increase in sanitary sewer rate because of an increase in processing from Met Council and to fund year 2 of the Sanitary Sewer Lining Project.
 - Expenditures
 - 18% under budget in 2023, because of no expected sanitary sewer relining due to scheduling
 - 8% increase for 2024, because of an increase in processing from Met Council, \$1 million transfer to Parks Capital and two more years of sewer lining.

- 602 – Storm Drainage
 - Revenue
 - 9% over budget in 2023 due to consistency in forecasting
 - 11% increase in 2024 due to \$0.25 cent/ month proposed increase in sanitary sewer rate
 - Expenditures
 - 3% over budget in 2023 because of 2023 Pavement Management Project expenses
 - 28% decrease for 2024 because of the Roselawn Reconstruction (Snelling to Hamline) and Falcon Heights Church Parking Lot Stormwater System

2. Law Enforcement Contract Update

Administrator Linehan provided Council with the latest updates on the proposed police service options with the City of St. Paul.

D. ADJOURNMENT: 9:39 PM

DISCLAIMER: City Council Workshops are held monthly as an opportunity for Council Members to discuss policy topics in greater detail prior to a formal meeting where a public hearing may be held and/or action may be taken. Members of the public that would like to make a comment or ask questions about an item on the agenda for an upcoming workshop should send them to mail@falconheights.org prior to the meeting. Alternatively, time is regularly allotted for public comment during Regular City Council Meetings (typically 2nd and 4th Wednesdays) during the Community Forum.



Randall C. Gustafson, Mayor

Dated this 13th day of September, 2023



Jack Linehan, City Administrator