



CITY OF NEWPORT  
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MAYOR:	Laurie Elliott	City Administrator:	Joe Hatch
COUNCIL:	Kevin Chapdelaine	Supt. of Public Works:	Matt Yokiell
	Tom Ingemann	Fire Chief:	Steven Wiley
	Marvin Taylor	Asst. to the City Admin:	Travis Brierley
	Bill Sumner	Law Enforcement (WCSO):	Bill Harrell

**COUNCIL WORKSHOP AGENDA**  
**July 19, 2023- Immediately following the Regular City Council Meeting**

1. CALL TO ORDER
2. ROLL CALL
3. 2024 BUDGET DISCUSSION
4. CLOSED SESSION TO DISCUSS LABOR RELATIONS STRATEGY (Minnesota Statutes, section 13D.03, subdivision 1, clause (b)).
5. AREA STUDY UPDATE
6. FUTURE MEETING AGENDA ITEMS
7. ADJOURNMENT



# MEMO

TO: Mayor and Council

FROM: Joe Hatch, City Administrator

DATE: July 19, 2023

SUBJECT: 2024 Preliminary Budget

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## Introduction

City staff are excited to begin the 2024 City of Newport budget work with the council. This year city staff created a Budget Committee and began working together in the spring on review, preparing and talking about the budget. The goal of creating a budget committee included the following:

- Succession planning.
- Opportunity to talk about ideas and innovate.
- Collaboration – City staff working together to create a better budget.
- Looking at the big picture – working towards less reliance on deficit spending while balancing future tax implications.

Staff worked with each other to put a budget together focused on service for 2024.

## Highlights

This budget is preliminary and includes assumptions.

- **Assumptions:**
  1. Fiscal Disparities remain constant.
  2. 15% health insurance increase (will have the numbers in October).
  3. Ad Valorem property taxes were figured by taking 2023 amount and adding the Ramsey/Washington Recycling and Energy Center 2023 taxes.
- **Revenue.** Fiscal disparities and Ad Valorem property taxes are not finalized. Local Government Aid was increased by \$41,584. Revenue overall is expected to increase by \$108,209.
- **General Government.** Professional services increased \$59,000 (Especially legal services, insurance, and contracted services). General government is up \$77,803.

- **Public Safety.** Law enforcement increases are 3.99 percent (\$39,961 contract increase). We have increased Fire pay to accommodate a full 25 staff (\$30,000 increase). Public safety overall increased by \$72,456.
- **Public Works.** Adjusting for utility costs and workers compensation that did not increase as much as anticipated in 2022. Public Works decreased \$8,505.
- **Parks.** Increases for hiring seasonal staff. Parks and recreation are up \$13,318.
- **Transfers.** The city is working to keep transfers consistent. For the 2023 budget, the Parks transfer was higher by \$50,000 and for 2024 is reduced back to \$150,000. Transfers are down \$50,000.
- **Fund Balance to Expenditures Ratio.** The fund balance would be 48.4%. The city anticipates being under budget in 2023, so the ratio would be higher after 2023 audited numbers. The 2023 budget is currently 2% under budget.
- **Enterprise Funds.** The wastewater charge from Met Council went up 6.1%. Currently, the city is working on lining sewer mains in problematic areas to hold steady or reduce this cost in the future years. Engineering fees were increased in Sewer and Storm Water to accommodate anticipated projects. Utility rate study planned for 3<sup>rd</sup> quarter and we will continue the discussion with council based on the results.
- **CIP Funds.** These funds have been closely reviewed and updated by department heads. Fire and Parks were reviewed in greater detail, and we added additional equipment costs and funding for the Cedar Lane designs in 2024.

## Next Steps

There are a couple items which will impact on the 2024 budget and are still up in the air.

- Negotiate labor agreement and calculate impacts to budget.
- Public Safety funding - \$170,000 – is not included in the budget at this point. Recommend we consider spending it on one time equipment costs. If we spend it on salaries, then once the funds run out it will increase the operating budget in that year.
- Compensation study to evaluate how Newport compares to our market with salary and benefits.

Staff will present more in depth on the operating budget and enterprise funds at the August 3<sup>rd</sup> work session.