



The City Council of the City of St. Charles welcomes you to its Regular Meeting of Tuesday, August 22, 2023 at 6:00 p.m. at 830 Whitewater Avenue, City Council Chambers, St. Charles, MN

ITEM	ACTION REQUESTED
1. Call to Order	
2. Pledge of Allegiance	
3. August 22, 2023 - Agenda	APPROVE
4. Consent Agenda	APPROVE
a. Establish Truth In Taxation Hearing – December 12, 2023	
5. Notices and Communications (if applicable)	INFORMATION
6. Review of Financials	APPROVE
7. Public Hearing – Alley Vacation	HOLD
8. Ordinance #655 – Vacate a Public Alley (1 st Reading)	APPROVE
9. 2023 Preliminary Budget	DISCUSS

UNSCHEDULED PUBLIC APPEARANCES: Members of the audience may address any item not on the agenda. State Statute prohibits the City Council from discussing an item that is not on the agenda, but the City Council does listen to your concerns and has staff follow up on any questions you raise. Each member of the audience is allotted one three minute block of time to speak.

ADJOURNMENT



**MEMORANDUM for the CITY COUNCIL of St. Charles for
Tuesday, August 22, 2023**

4. Consent Agenda

- a. **Establish Truth In Taxation Hearing – December 12, 2023**

7. Public Hearing – Alley Vacation

8. Ordinance #655 – Vacate a Public Alley (1st Reading) – This item has been discussed by the council multiple times. I'm recommending that the council denies Ordinance #655 based on the attached Finding of Facts. The proposed vacation isn't in the best interest of the public, nor is the mere long-term non-use of a piece of city owned property a valid reason to approve a vacation.

9. 2023 Preliminary Budget – I have included a memo in your packet. I may be requesting a work session this fall to dive deeper into the budget. Traditionally, I like to meet with the council for my first budget cycle to get a better understanding of the council's priorities. I think it would also be beneficial for me to share my insights on what I've seen in the budget since I'm new to the position and am a fresh set of eyes looking it over.



*Winona County Auditor-Treasurer
202 W. Third Street
Winona, MN 55987*

**TRUTH IN TAXATION
REQUEST FOR INFORMATION**

City/School/Township Name: City of St. Charles

Meeting Date: December 12, 2023

Meeting Time: 6:00 p.m.

Meeting Location: City Hall

830 Whitewater Ave

St. Charles, MN 55972

Written Comments Address: City Hall

830 Whitewater Ave

St. Charles, MN 55972

Entities must submit their hearing date information to the County Auditor-Treasurer of each county by September 30, 2023.

Please return Meeting Information to:

Winona County Deputy Auditor-Treasurer
202 W. Third St
Winona, MN 55987
Fax (507) 454-9368
autr@co.winona.mn.us

**ORDINANCE #655
CITY OF ST. CHARLES**

COUNTY OF WINONA

**AN ORDINANCE TO VACATE A
PUBLIC ALLEY**

The City of St. Charles does ordain:

Section 1. That the following described public alley be and hereby is vacated and abolished:

The public right-of-way described as the 20 foot wide alley lying North of Lot 56 and South of Lot 57 in the Ives & Foxes Addition in St. Charles, Winona County, Minnesota

Section 2. That this ordinance shall take effect thirty days after its publication.

Adopted this ____ day of _____, 2023 by the City Council of the City of St. Charles, Minnesota.

John Schaber, Mayor

Attest:

Andrew Langholz, City Administrator

First Reading:

Date: _____

Ayes: _____

Nays: _____

Absent: _____

Abstain _____

Second Reading:

Date: _____

Ayes: _____

Nays: _____

Absent: _____

Abstain _____

Published:

Date: _____

**Requested Alley Vacation:
North of Lot 56 and South of Lot 57 in the Ives & Foxes Addition.**

FINDING OF FACTS:

1. Approving the requested alley vacation is not deemed to be in the interest of the public.
2. The mere long-term non-use of a street or alley by the public does not necessarily equate with a finding that the vacation is in the interest of the public.
3. The proposed alley vacation would negatively affect potential future development by impeding the continuous flow of traffic and hindering access to adjacent lots.

Proposed Vacation Area:
155' section of right-of-way along the west side of Wabasha Avenue between the 800 and 900 block in St. Charles.



INTEROFFICE MEMORANDUM

TO: MAYOR AND COUNCIL MEMBERS
FROM: ANDREW LANGHOLZ
SUBJECT: 2024 GOVERNMENTAL BUDGETS
DATE: 8/18/2023

The budget process will be a little different this year, since we currently don't have a City Accountant in house yet, and this is my first budget with St. Charles. With that said, I will likely be recommending that the City Council approve a rather aggressive preliminary levy increase compared to previous years. The ultimate goal will be to reduce the preliminary levy for the final levy. However, granting a cushion will allow myself and our new City Accountant Adam Ziemann (starting September 5th) the ability to thoroughly review each fund and line item and recommend changes that we feel are necessary.

Even though the process may be a little different, rest assured all deadlines and reporting requirements will be completed on time, as I've had plenty of experience with this in the past.

Future memos (September and onward) will provide detail into specific funds. However, in this memo, I will simply be addressing areas where I see the potential for moderate changes to the budget.

10 General Fund –

- Worker's Comp Insurance – There have been sizable increases in the last three years, with expenses exceeding the approved budget. A lot of this has to do with the rise in PTSD and mental health related claims from Police Departments throughout the State.
- Property & Casualty Insurance – There have been increases in the last three years and adjustments from the League of MN Cities Insurance Trust that have caused expenses to exceed what has been budgeted. This is due to the increase in the cost of construction to repair/replace property.
- Utilities expenses will have to be closely monitored with rate adjustments.
- Vehicle Repair – Previously, the City was able to trade in public works vehicles annually which was very advantageous for the vehicle repair line item. Unfortunately, since vehicles have been more difficult to obtain for dealers, they are no longer able to use this same approach. This will have an impact on our budget in two areas. First, we will need to increase the vehicle repair line item to account for repairs that are no longer covered by warranty. Second, we will need to update the Capital Improvement Plan and see how this impacts our levy moving forward.
- There are many other adjustments, some large some small for specific line items. Some of these areas include salaries, health insurance and professional services.

- I've also noticed varying amounts of revenue shortfalls in the General Fund, I typically like to be a little more conservative on projected revenues to minimize the chance of dipping into reserves too much.

22 Ambulance Fund – The fund itself has no source of revenue, other than donations and grants. In 2024 the Council will need to introduce an annual levy. I believe the final levy will be in the \$160,000 range annually, however, I will recommend that the preliminary levy be set higher. Of the \$160,000, approximately \$120,000 would be directed for annual operating expenses, with the remaining \$40,000 set aside for capital outlay expenditures. I will also be recommending that the Council approve the transfer of the remaining American Rescue Plan Act funding from Covid-19 to sustain the account till we receive 1st half taxes in June 2024. This transfer will likely occur in late 2023 and will be in the ballpark of \$80,000.

25 Capital Improvement Fund – It appears that the 2022 and 2023 property levies were approximately \$100,000 less than the average of the previous four years. My understanding is that a reduction was approved in 2023 to assist in lowering the overall levy. I would recommend against doing this, as this fund is critical to ensure we have the capital necessary to replace equipment and make improvements. As we all have experienced, the cost of goods has increased substantially over the past few years. I will be working with department heads to update our Capital Improvement Plan (CIP) to get more accurate estimates for projects and equipment moving forward. From previous experience in developing a CIP and more importantly figuring out how to fund it, I can say that it is much easier to sustain this fund than to try and catch up.

There are many other funds to review. Fortunately, some of those are enterprise funds which can be dealt with later this fall.

Two additional pieces of information the council should consider are a statement from a memo provided to the council last year from Melissa and a specific point that our auditors made this year during their presentation.

First, Melissa made the following statement *“We have tried for many years to shift dollars from one expenditure line to another in order to keep from increasing budgets. Unfortunately, with the trends we are seeing that wasn’t a sound option looking at the 2023 budget.”*

Second, the auditors shared that it is city policy that our unassigned fund balance remain between 35 – 50%. At the end of fiscal year 2022, St. Charles had an unassigned fund balance of 39%. The auditors mentioned we should keep an eye on this number since the fund balance has deteriorated from the 54% mark that was held in 2016.

I recommend that the Council take these two statements into consideration when determining not only the 2024 budget, but for years to come. Ultimately, we’re all looking to ensure that St. Charles remains an attractive place for current and potential residents and businesses. While a significant component of that is the overall tax rate, there are many other factors that come into play, such as services offered, facilities, emergency services, and creating a sense of place.

To end on a positive note, the MN Department of Revenue has certified 2024 LGA amounts. St. Charles will receive an increase of \$126,898.00, which will help offset a portion of the levy increase.