CITY COUNCIL MEETING

September 27, 2021

7:00 PM

Fridley Civic Campus, 7071 University Avenue N.E.

MINUTES

CALL TO ORDER

PLEDGE OF ALLEGIANCE

PROCLAMATIONS/PRESENTATIONS

1. Proclamation for Fire Prevention Week (October 3-9, 2021).

APPROVAL OF PROPOSED CONSENT AGENDA

Motion made by Councilmember Bolkcom. Seconded Councilmember Tillberry.

UPON A VOICE VOTE, ALL VOTING AYE, MAYOR LUND DECLARED THE MOTION CARRIED UNANIMOUSLY.

APPROVAL OF MINUTES

2. Approve the Minutes from the City Council Meeting of September 13, 2021.

3. Receive the Minutes from the Planning Commission Meeting of July 21, 2021.

NEW BUSINESS

4. Resolution No. 2021-76, Approving a Joint Powers Agreement between the City of Fridley and the Minnesota Department of Public Safety - Bureau of Criminal Apprehension (BCA) for Participation in the Financial Crimes Task Force.

5. Resolution No. 2021-83, Awarding Fridley Civic Campus West Plaza Project No. 405-31-21150.

6. Resolution No. 2021-84, Initiating 2022 Street Rehabilitation Project No. ST2022-01.

7. Resolution No. 2021-85, Approving Gifts, Donations and Sponsorships received between August 17 and September 20, 2021.

CLAIMS

8. Resolution No. 2021- 89, Approving Claims for the Period Ending September 22, 2021.

ADOPTION OF REGULAR AGENDA

Motion made by Councilmember Eggert. Seconded by Councilmember Ostwald.

UPON A VOICE VOTE, ALL VOTING AYE, MAYOR LUND DECLARED THE MOTION CARRIED UNANIMOUSLY.

OPEN FORUM, VISITORS: Consideration of Items not on Agenda – 15 minutes.

No one from the audience spoke.

REGULAR AGENDA ITEMS

NEW BUSINESS

9. Resolution No. 2021-86, Consenting to the Property Tax Levy for 2021, Collectible in 2022, for the Housing and Redevelopment Authority in and for the City of Fridley

Dan Tienter, Finance Director, stated that since 1996, the Housing and Redevelopment Authority (HRA) has levied a property tax to support various activities and programs. Per Minnesota Statute § 469.033, the property tax levy for the HRA cannot exceed 0.0185% of the estimated market value under its jurisdiction. The HRA recommended the same approach, which would result in a property tax levy of $599,571 payable in 2022. As such, the property owner of a residential homestead valued at $247,200 would pay approximately $43, and commercial/industrial property valued at $1,000,000 would pay $185. Based on the process to date, staff recommend the Council adopt Resolution No. 2021-86, consenting to the HRA adopting a 2021 property tax levy, collectible in 2022. Assuming Council adopts the resolution, staff will transmit it to Anoka County on or before September 30.

Motion made by Councilmember Eggert, to adopt Resolution No. 2021-86. Seconded by Councilmember Bolkcom.

UPON A VOICE VOTE, ALL VOTING AYE, MAYOR LUND DECLARED THE MOTION CARRIED UNANIMOUSLY.

10. Resolution No. 2021-87, Approving the Proposed Property Tax Levy for 2021, Collectible in 2022, for the City of Fridley.

Dan Tienter, Finance Director, stated he would present Items 10 and 11 at the same time. The City of Fridley was presented the Distinguished Budget Presentation by the Government Finance Offices Association. The proposed 2022 budget builds upon previous efforts to provide excellent public services at a fiscally responsible cost. Under this general goal, the City relies upon a series of guidelines to develop the annual budget to stabilize ongoing revenues and expenditures, and eliminate unanticipated variances, maintain structural balance and appropriate cash or fund balance levels, increase accountability and transparency throughout the budget process, make greater use of existing City resources, and to ensure a financially competitive organization while maintaining exceptional service levels.

Economic expansion was anticipated for the State of Minnesota (State) and region in 2021 and 2022. The Federal Reserve maintained the Federal Funds Rate at 0.00% to 0.25%. The State adopted a budget surplus of about $127 million through FY 2023. Several factors continue to cause uncertainty in economic forecasts, including fluctuations in the COVID-19 pandemic, shifts in federal fiscal, monetary and trade policies, and related impacts, changes in business and consumer habits and negotiations on Federal budget appropriations and tax policies.

With respect to reallocation of current resources based on history and need, the budget is adjusted to better reflect actual expenditures and limited adjustments to external revenues. This is consistent with the City Charter and City Council actions and guidance limiting pressure on the property tax rate and reallocates resources internally to support a Compensation Plan Update. This supports the current complement of full-time equivalent employees, and the proposed 2022 General Fund Budget will be structurally balanced.

The proposed 2022 budget does not include any adjustments for the pending Park System Improvement Plan, expiring Collective Bargaining Agreements or pending Fiscal Recovery Funds Allocation Plan. Per previous Council guidance, the proposed 2022 budget assumes a 4.7% increase or $605,700, in the property taxes compared to 2021.

Per recent and average redevelopment activity, license and permits will increase about $149,000 or 14.5% compared to the previous fiscal year. Charges for Services assumes an increase of about $105,900 or 5% due to the return of parks and recreation activities and increase of administrative charges. Miscellaneous category anticipates a reduction of about $33,300 or 17.3% due to a decrease in insurance reimbursements and gambling taxes.

Other Financing Charges are continued no longer using the "Closed Bond" Fund to support City operations. Intergovernmental Grants and Aids assumes an increase of about $244,900 or 13.6% for an automobile theft prevention grant and MSA for street maintenance. The proposed 2022 budget also reallocates about $82,300 of LGA from the General Fund to the Capital Projects Fund for 2022.

Personnel Services comprised about 78% of all General Fund expenditures. This increased approximately $998,100 or 7% for the proposed 2022 budget. Supplies assumes an increase of about $3,600 compared to last year and other services and charges assumes an increase of about $67,900 or 2%, primarily for redistricting and compensation plan consulting.

The proposed 2022 budget assumes an overall property levy increase of about 2.97%. Generally, this changes supports to cost pressures on various City activities and the long-term financial plans for both the Springbrook Nature Center and IT Capital Projects Fund. Between 2021 and 2022, the median-valued residential homestead increased about 5.7% compared to 8% the previous year. Assuming the proposed property tax levy change, a property owner with a $247,200 residential homestead would pay an estimated $3.07 more per month. The average tax levy comparing with other cities is 4.95%.

The proposed 2022 Budget will be discussed with the City Council on November 8 and 22 (if needed), the Truth-in-Taxation Public Hearing will be held on December 13, and the 2022 Budget, 2022-2026 CIP and Revised 2021 Budget will be adopted on December 20.

Based on the process to date, staff recommend the Council adopt Resolution No. 2021-87, approving the Proposed Property Tax Levy for 2021 collectible in 2022 and Resolution No. 2021-88, approving the Proposed 2022 General fund Budget. Assuming Council adopts the resolutions, staff will transmit them to Anoka County on or before September 30, 2021. The Proposed 2022 Budget documents can be found on the City website under "City Financials."

Wally Wysopal, City Manager, said where it describes the net tax capacity by classification, Fridley has 46% industrial while most cities have 30-35% industrial. Fridley continues to experience growth and significant increases in the last few years of increased property values. The property tax rate fell from 48.2% to 43.9% in 2022. The budget is due now and there are delays in reporting taxes and the County could not provide all the information. He asked when we can expect the information to arrive.

Mr. Tienter replied that Anoka County is currently updating property tax information in the administrative and appraisal system. There have been issues over last few years getting timely and easy to understand information from Anoka County. We are forced to use trend data to put together property tax estimates. At this point, we do not have any known timeline when the information will be provided. They may need to create customized reports for us and as soon as the information is received on the property taxes an update will be provided as it relates to the 2022 budget.

Motion made by Councilmember Bolkcom to adopt Resolution No. 2021-87. Seconded by Councilmember Tillberry.

UPON A VOICE VOTE, ALL VOTING AYE, MAYOR LUND DECLARED THE MOTION CARRIED UNANIMOUSLY.

11. Resolution No. 2021-88, Approving the Proposed 2022 General Fund Budget for the City of Fridley.

Motion made by Councilmember Ostwald to adopt Resolution No. 2021-88. Seconded by Councilmember Eggert.

UPON A VOICE VOTE, ALL VOTING AYE, MAYOR LUND DECLARED THE MOTION CARRIED UNANIMOUSLY.

INFORMAL STATUS REPORTS

Wally Wysopal, City Manager, thanked everyone who helped with the Saturday Clean-up Day in Fridley. A number of parks were cleaned up and are now ready for the winter.

ADJOURN

Motion made by Councilmember Ostwald to adjourn, Seconded by Councilmember Eggert.

UPON A VOICE VOTE, ALL VOTING AYE, MAYOR LUND DECLARED THE MOTION CARRIED UNANIMOUSLY AND THE MEETING ADJOURNED AT 7:47 P.M.

Respectfully submitted,

Krista Peterson Recording Secretary	Scott J. Lund Mayor