



Watertown City Council  
Work Session

Mayor Michael Walters  
Fred McGuire  
Adam Pawelk  
Dan Schuette  
Kay Thul

9/12/2023 - Minutes

1. Call To Order And Roll Call

Councilmember Pawelk called the Watertown City Council work session to order at 5:30 p.m. on September 12, 2023, in the council chambers of City Hall.

Council Members Present: Adam Pawelk, Fred McGuire, and Kay Thul.

Council Members Absent: Michael Walters, Dan Schuette.

Staff Present: City Administrator Jake Foster

Others Present: None.

2. New Business

2.1. 2024 Budget Workshop 4

Jake Foster presented the presented the 20204 budget and preliminary levy information. Foster began with the background information. Council discussed the general fund budget/levy at the July 11th and 25th work sessions, the CIP at August 8th work session, and the 2024 contract for policing services at the August 22nd work session. Now that staff has received the 2024 assessment information from Carver County, the budget can be discussed within the context of tax impacts. The 2024 budget has presented several increases that are more significant and less flexible than in past years. For that reason, staff has decided to present one "all in" budget scenario with all proposed and required increases. Included is the staff report from the previous budget discussion for additional context.

With everything included in the 2024 budget, the general fund dollar increases from 2023 to 2024 would be 11.54% not including debt. With debt added (\$408,616), the year over year levy increase would be 16.40%. This debt number does not include the approximately \$94,000 levied for TIF #5. This amount is included in the general fund levy budget document (noted under "TRANSFERS OUT- Downtown Development Support). Given this approach, it is important to note that each reduction in levy dollar amount of just under \$31,000 would result in a net decrease of 1% to the levy.

The Estimated Market Value, assessed in 2023 payable in 2024, increased 3.62% for a total of \$544,879,800. The average home value in Watertown dropped slightly to \$304,300, down from \$306,000 in 2023. The budget as-proposed we equate to an annual impact of \$248.21 to the average home in Watertown, or \$20.68/month. A 1% decrease to the levy, or approximately \$31,000, would equate to a \$16.95 savings in annual taxes to the average valued home in Watertown, or \$1.41/month.

Staff has indicated a few areas in the budget that were increased extra conservatively and could be decreased slightly (Refuse/Garbage Disposal – for brush pile chipping, firefighter wages (based on call response), and EDP, Software and Design). Adjusting these items would result in a savings of nearly \$40,000. Staff will intend to make those adjustments based on the discussion/direction of Council.

The additional significant budget items not including the line-item adjustments indicated above are as follows: Budgeted benefit increase - \$56,000

3% Cost of Living Adjustment for staff – approximately \$20,000-\$25,000 to the general fund

Additional liability insurance coverage - \$25,000 Policing Contract - \$84,045

A full year of the FT Fire Chief salary, benefits, and taxes - \$60,000

Additional debt levy - \$155,924 (additional 2024 debt taken on early, and one of the outstanding bonds was paid off early and didn't impact the 2023 levy)

Less fiscal disparities (explanation of program from LMC attached) - \$84,000

Additional PW FTE (mechanic/operator) - \$100,000 (including wages, benefits, and taxes)

Total increase from these items = \$589,969

Potential additional ways to offset additional cost (provided during last discussion): Lessen CIP transfer from general fund for one year. Current transfer amount = \$152,000 Use portion of the one-time public safety aid to offset policing contract increase – Total aid = \$210,000

Another point of interest is the year over year change in tax rate. That information is included in the Historical Tax Data Document. If Council were to approve the budget as is, the tax rate would be 53.66%, which is very close to the 53.32% tax rate in 2022 and less than the years prior to 2022. However, given the drastic increase in market value, the tax rate drastically declined in 2023 to 44.94.

Councilmembers and Mr. Foster went through the information and discussed a variety of topics.

### 3. Adjournment

**309 Lewis Avenue South; P.O. Box 279, Watertown, MN 55388**

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Michael Walters, Mayor

ATTEST: \_\_\_\_\_

Jake Foster, City Administrator

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