

Pursuant to due call and notice thereof, the Committee of the Whole Work session of the Crosby City Council was held on Wednesday, September 17, 2025, at 6:00 P.M.

**Members Present:** Mayor Cash, Council Members Traylor, Heglund, Lewis, and Jarvela

**Members Absent:** None

**Staff Present:** Administrator Harren, Utility Billing Clerk Samantha Wodarz

Mayor Cash called the meeting of the Crosby City Council to order at 6:00 P.M.

**1. 2026 Preliminary Budget and Levy Discussion**

Administrator Harren started out with an overview of the budget and levy setting process. In August staff submit their 2026 budget requests. The Administrator meets with each department to review budgets and prioritize spending needs. The Deputy Clerk/Treasurer compiles salary data for all departments based on contract agreements and updates budgets with that data. Administrator and Deputy Clerk review all budgets. Deputy Clerk and Administrator present preliminary budget and levy to the Finance Committee based on the department operational needs. The Finance Committee (this year consisting of Mayor Cash and Council member Traylor) meet and refine. The budget and levy are then moved forward to a committee of the whole work session to review, discuss and refine further. Public input is sought. The preliminary levy is then certified by council no later than September 30<sup>th</sup>. Following preliminary certification, council continues to review and refine budget and levy. A budget and levy hearing is scheduled for early December. Final levy must be set no later than 5 working days after December 20<sup>th</sup>.

Administrator Harren reviewed the updated market value data. 2024 Taxable Market Value for taxes payable in 2025 was \$228,098,262. Taxable Market Value for 2025 for taxes payable in 2026 is \$234,965,518. This is a \$6,867,256 increase or an approximate 3% increase. Crosby has an additional 84.5 million in exempt (non-taxable) property.

Administrator Harren then shared three potential levy options.

2026 Levy Option 1 - 3.17%		2026 Levy Option 2 - 13.10%		2026 Levy Option 3 - 10.12%	
General Fund	\$ 1,458,813.00	General Fund	\$ 1,458,813.00	General Fund	\$ 1,458,813.00
Capital Fund	\$ 125,000.00	Capital Fund	\$ 250,000.00	Capital Fund	\$ 250,000.00
Library Fund	\$ 120,000.00	Library Fund	\$ 140,000.00	Library Fund	\$ 120,000.00
HCC Fund	\$ 30,000.00	HCC Fund	\$ 50,000.00	HCC Fund	\$ 30,000.00
<b>TOTAL LEVY</b>	<b>\$ 1,723,813.00</b>	<b>TOTAL LEVY</b>	<b>\$ 1,898,813.00</b>	<b>TOTAL LEVY</b>	<b>\$ 1,848,813.00</b>

Administrator Harren noted these are just starting places for conversation.

Administrator Harren reviewed the 2026 preliminary general fund budget of \$3,126,700 with council. Council asked questions related to line items in the budget. This budget reflects an increase of \$44,863 or 3.17% over 2025. Key impacts on the 2026 budget are contractually negotiated wage increases. The 2025 payroll budget is \$2,244,155. The projected 2026 payroll budget is \$2,400,027 or an increase of \$155,872. Final budget and levy need reflects minor increases in revenue and reductions in expenses.

Council discussed various options for the Capital Fund, Library Fund and Hallett Center Fund levies. In 2024 Council increased the Capital Fund levy to from \$125,000 to \$250,000 but reduced it in 2025 to \$125,000 due to other pressures on the levy. However, even at \$250,000 a year, the needs of the city for capital investments into equipment, streets, and facilities far exceed \$250,000. Council discussed short-term and long-term solutions to fund capital needs including a local option sales tax.

Next, the Library Fund levy was discussed. Council discussed the asset that the Library is to the community as well as increasing impact of operating expenses on the local levy. In 2016, the library levy was 1.5% of the total levy. In 2025 it is 7.4%.

The Library Levy has increased from \$20,000 ten years ago to \$120,000 in 2025. Historically the Hallett Trust funded 100% of operational costs of the Library or approximately \$150,000 per year. Overtime a cash reserve was built. That amount has intentionally been reduced to offset the levy.

During the last ten years their funding remained consistent at approximately \$60,000 a year for operating with an additional \$12,500 in matching grants to the Friends of the Library. The budget has also remained constant during that ten-year time. What has changed is that the fund balance was spent without alternative funding options. This led to the increase in the local library levy from \$20,000 to \$60,000 to \$100,000 where it is today at \$120,000.

The Library Board has been working diligently to fund capital expense with grants and to work with the other 22 jurisdictions whose residents utilize the library. Crosby makes up 27% of the total users, which equals 28% of the population. The remaining users are from outside of city limits.

Council discussed the Hallett Community Center. HCC Levy has remained unchanged at \$20,000 for the past 10 years. However, in addition to the HCC Levy, the city has averaged an additional \$20,000 per year to fund operational deficits, repairs and equipment purchases. The Hallett Trust gifts \$100,000 per year toward operations. Additionally, they provide matching

grants and other smaller gifts for special needs. Membership and programs account for roughly 63% of operational costs. Ice fees account for 17% of revenue.

Council noted the actual need for the HCC levy is closer to \$40,000 or even \$50,000. Additionally, there are significant capital needs as well such as a roof. Council discussed options to fund improvements such as a local option sales tax.

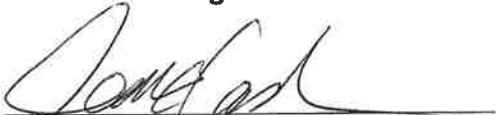
Council discussed multiple scenarios for the 2026 Levy. Approving needed levy amounts is beyond what residents can absorb. It was agreed to bring a preliminary levy recommendation to the Regular Council meeting on September 22, 2025, of \$1,823,813 which reflects an 8.33% increase.

General Fund \$1,458,813  
Capital Fund \$220,000  
Library Fund \$120,000  
HCC \$20,000

Key points of further discussion

- Request Public Works create a five-year capital budget
- Request City Engineer update five-year street improvement plan
- Next workshop will be looking at Capital needs
- Sourcewell's procurement team is coming to look at the Hallet Center and the Library to discuss capital needs and get estimates
- Council focus is on essential services and residents first
- The council should have meetings and have a conversation on a regular basis about how we strategize our way into the future.

**Meeting concluded at 7:35pm**

  
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Diane Cash, Mayor

  
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Trish Harren, City Administrator

