

**CITY OF CHATFIELD PERSONNEL / BUDGET COMMITTEE**  
**AGENDA**  
**City Council Chambers, 21 SE Second Street, Chatfield, MN 55923**  
**September 8, 2025, 4:30 P.M.**

- A. Minutes
  - 1. [August 11, 2025 Meeting Minutes](#)  
Review minutes from the previous meeting.
- B. Financial Report
  - 1. [August Financial Report](#)  
Review the report as presented.
- C. Continued Business
  - 1. [Service Recognition Program](#)  
Review proposed policy.
  - 2. [Personnel Policy 12.01.03 PTO Separation Payout Amendment Consideration](#)  
Review options to amend the current policy to include an investment into a HCSP.
- D. New Business
  - 1. [2026 Preliminary Budget Review](#)  
Consider recommendation to Council for approval of the preliminary budget for 2026.
  - 2. [Letter of Retirement](#)  
Provide a recommendation to Council to accept the request as presented.
  - 3. [Resolution 2025-59 Authorizing Transfer of \\$7,500 SE MN TMO-II Administrative Fees to 242 Community Development Reserve Fund](#)  
Provide recommendation for Council approval.



**PERSONNEL / BUDGET COMMITTEE MEETING STAFF REPORT**

**Meeting Date:** September 8, 2025

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**Agenda Item:** August 11, 2025 Meeting Minutes

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**Subject | Summary:**

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**Agenda Category:**

**Submitted By:** Michele Peterson

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**Recommended Motion:** Review minutes from the previous meeting.

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**Community Engagement and Outreach:**

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**FISCAL IMPACT:**

**Amount:**

**Ongoing Cost :**

**One-Time Cost :**

**Included in Current Budget?:**

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**FISCAL DETAILS:**

**Fund Name(s) (Operations | Capital):**

**Account Code:**

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**Background:**

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**Attachments:**

[2025.08.11 Personnel-Budget Notes.pdf](#)

**Personnel-Budget Committee Meeting Notes**

**August 11, 2025**

**Members Present:** Councilor Mike Urban, Council Paul Novotny (via phone)  
**Members Absent:** None  
**Others Present:** Kay Wangen, Brian Burkholder, and Michele Peterson.

**A. Minutes**

1. Minutes of the July 14, 2025, meeting: Minutes were accepted as presented.

**B. Financial Report**

1. Quarterly Financial Report: The second quarter financial report was reviewed and accepted as presented.
2. July Monthly Financial Report: The July Financial report was accepted as presented.

**C. Continued Business**

1. Resolution disbursing funds for CCTV Operations and Capital funds and closing the Capital fund: Members reviewed the resolution and recommended it be forwarded to Council for approval.
2. Service Recognition Program: The proposed policy was reviewed; it was noted that Chatfield dollars should be used for the program. The policy will be updated to reflect this and brought back to the September meeting.

**D. New Business**

1. Personnel Policy 2.04 Appearance: The proposed amendments for the amounts for uniform reimbursement were reviewed for the Police Department and Public Works. The changes were suggested to align with current contracts and approved budgeted expenditures. Members approved of moving the forward to the Council for approval.
2. Personnel Policy 12.01.03 PTO Separation Payout Amendment Consideration: Consideration will be given to amending the current payout to include a portion of the funds be deposited into a Health Care Savings Plan. This discussion will be brought back to the September meeting. Finance Director Kay Wangen questioned any associated fees, discussion to be continued.

**E. Other**

1. Personnel Policy 8.06 Non-Exempt (Overtime-Eligible) Employees: Members reviewed the three proposed options for language amendments to the Public Works portion of the policy. It was discussed that putting in the option with the specific hours for the work to be completed, along with a provision that the Public Works direct can also approve something outside of that specific time period would be the best option for the policy. Additionally, Member noted approval of the language of

pool duties happening prior to the pool opening each day. The amended policy will be forwarded to the next City council meeting for consideration.

2. **Utility Rates:** Members reviewed the updated proposal for 2026 Utility rates. Of note the current procedure of averaging the sewer usage amounts for January – March will no longer be used for the rest of the year’s usage. Instead, actual usage amounts will be billed on a monthly basis. It is suggested that properties that do significant irrigation may want to have an irrigation meter put in, this will avoid sewer charges for that water used. Significant effort was put in to ensure that all users are impacted similarly. The rates will be brought forward with the 2026 budget discussions and considered for approval by Council.
3. **2026 Preliminary Budget:** Members reviewed the current version of the preliminary 2026 budget. It was discussed to remove the line item for the proposed street project interest payment, and instead find other funding mechanisms for those dollars, rather than a onetime increase to the levy. The team will make the final adjustments to the preliminary budget and prepare it for the Committee of the Whole discussion at the end of the month.
4. **Consideration for Solar Installations:** Members reviewed proposals for potential solar installations. It was noted that roof mounted systems were not favored, however they would give consideration to ground mounted systems depending on potential funding and savings. Discussion to be continued.



**PERSONNEL / BUDGET COMMITTEE MEETING STAFF REPORT**

**Meeting Date:** September 8, 2025

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**Agenda Item:** August Financial Report

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**Subject | Summary:**

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**Agenda Category:**

**Submitted By:** Michele Peterson

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**Recommended Motion:** Review the report as presented.

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**Community Engagement and Outreach:**

---

**FISCAL IMPACT:**

**Amount:**

**Ongoing Cost :**

**One-Time Cost :**

**Included in Current Budget?:**

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**FISCAL DETAILS:**

**Fund Name(s) (Operations | Capital):**

**Account Code:**

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**Background:**

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**Attachments:**

[Monthly Cash & Investment Report-Aug 2025.pdf](#)

**Monthly Finance Cash & Investment Report**

		Aug-25	Aug-25	Aug-25	Aug-25	Aug-25	Aug-25	Aug-25	Aug-25
100	100 GENERAL FUND	\$ 1,617,292.27	\$ 20,061.92	\$ 238,496.51	\$ 1,398,857.68	50%   YE 50% NY GF Expense Budget or \$1million wchvr >			
211	211 LIBRARY	\$ 102,902.53	\$ 15,513.40	\$ 24,345.70	\$ 94,070.23	28%   YE 20-40% NY expense bdgt.			
212	212 LIBRARY ENDOWMENT FUND	\$ 292,662.99	\$ 163.00	\$ -	\$ 292,825.99				
220	220 FIRE - OPERATIONS FUND	\$ 76,737.82	\$ 55.56	\$ 4,741.09	\$ 72,052.29	43%   YE 20-40% NY expense bdgt   Annl Twshp Pymnts			
221	221 FIRE - CAPITAL FUND	\$ 943,831.98	\$ -	\$ -	\$ 943,831.98				
230	230 AMBULANCE - OPERATIONS FUND	\$ 194,954.60	\$ 7,750.06	\$ 26,315.82	\$ 176,388.84	39%   YE 20-40% NY expense bdgt  Incls Emrgncy Aid  Annl Twshp Pymnts			
231	231 AMBULANCE - CAPITAL FUND	\$ 63,740.00	\$ 4,610.50	\$ -	\$ 68,350.50				
240	240 COMMUNITY DEV - OPERATIONS	\$ 18,492.95	\$ 490.00	\$ 8,762.32	\$ 10,220.63	6%   YE 20-40% NY expense bdgt   Annl Alliance YE Sttlmnts			
242	242 COMMUNITY DEV - CPTL   358 DG OFFSE	\$ 514,730.41	\$ 39,528.13	\$ 389.00	\$ 553,869.54	801PF \$22,725 Rltn 2025-17 & Schnfldr land rent			
250	250 CCA - OPERATIONS FUND	\$ 12,734.07	\$ -	\$ 4,225.47	\$ 8,508.60	11%   YE 20-40% NY expense bdgt  Annl Mnt Cntrc & Ins + Elvtr Rpr Gas Ln Lk WHV Frz			
251	251 CCA - CAPITAL FUND	\$ 89,408.20	\$ -	\$ -	\$ 89,408.20				
323	323 2023A GR&PR  623wtrDS  1MoRsv	\$ 220,706.69	\$ -	\$ 680.00	\$ 220,026.69				
325	325 2025A 2026 STRT PRJCT	\$ -	\$ -	\$ -	\$ -				
332	332 2012A-WATER TOWER GO REF 200	\$ 118,491.70	\$ -	\$ 680.00	\$ 117,811.70				
334	334 2014A STREET/UTILITY RECONST	\$ -	\$ -	\$ -	\$ -	Cmplt-Close Rsltn 2025-09 MAR 2025			
335	335 2016A REF10A&11A 20%GF 1MoR	\$ 316,289.65	\$ -	\$ 680.00	\$ 315,609.65				
336	336 2016B (WTR) 425K GO REV 337SW	\$ 34,669.79	\$ -	\$ -	\$ 34,669.79				
338	338 2017A (GF)457K GO TX ABT (IND)	\$ -	\$ -	\$ -	\$ -	Cmplt-Close Rsltn 2025-09 MAR 2025			
339	339 2017B (WTR) GO UTIL REV (IND)	\$ 270.68	\$ -	\$ -	\$ 270.68				
340	340 2018A GO POOL BOND	\$ 217,509.34	\$ -	\$ 680.00	\$ 216,829.34				
342	342 2019A GO TAX ABTMNT. ST LIGHT	\$ 49,252.55	\$ -	\$ -	\$ 49,252.55				
343	343 2022A StrmGF 18% (wtr82%303)	\$ 97,500.59	\$ -	\$ -	\$ 97,500.59				
344	344 2022B TXGO CIP PWFAC	\$ 22,301.35	\$ -	\$ -	\$ 22,301.35				
355	355 TIF DIST 2-7 GJERE ADDITION	\$ (957.67)	\$ -	\$ -	\$ (957.67)				
356	356 TIF DIST 3-6 GRNDST APT RDV	\$ 132.25	\$ -	\$ -	\$ 132.25				
358	358 TIF DIST 2-5 FAMILY DLLR   242	\$ (295,080.36)	\$ -	\$ -	\$ (295,080.36)				
359	359 TIF DIST 2-6 CABIN COFFEE REDE	\$ 247.86	\$ -	\$ -	\$ 247.86				
360	360 REV LOAN FUND - FED/ORIG	\$ 169,594.40	\$ 2,636.93	\$ 60,000.00	\$ 112,231.33				
361	361 REV LOAN FUND - STATE	\$ 94,096.07	\$ -	\$ -	\$ 94,096.07				
423	423 2023A PRSPT&GRAND ST PROJ	\$ -	\$ -	\$ -	\$ -	Cmplt-Close to 423 Rsltn 2025-06 FEB 2025			
425	425 2025A 2026 STRT PRJCT	\$ -	\$ 1,686,400.00	\$ 17,964.25	\$ 1,668,435.75				
443	443 2022A StrmGF 18% (wtr82%403)	\$ -	\$ -	\$ -	\$ -	2025-30 05/2025 Close to 343			
456	456 WHDP GRND ST APT DVLPMNT	\$ -	\$ -	\$ -	\$ -				
601	601 WATER FUND	\$ 87,168.49	\$ 55,823.13	\$ 27,133.12	\$ 115,858.50	21%   YE 20-40% NY expense bdgt   Slightly Low-Incl \$150,000 IFL frm 602 12/2024   Project #601WT			
602	602 SEWER FUND	\$ 316,902.46	\$ 82,475.01	\$ 37,572.43	\$ 361,805.04	34%   YE 20-40% NY expense bdgt			
603	603 REFUSE (GARBAGE) FUND	\$ 33,015.13	\$ 23,686.40	\$ 20,659.16	\$ 36,042.37				
614	614 CABLE ACCESS - OPERATIONS FUN	\$ 62,917.00	\$ 13,061.35	\$ 75,978.35	\$ -	Pass Thru FF Fees Rsltn 2025-49			
615	615 CABLE ACCESS - CAPITAL FUND	\$ 18,109.26	\$ -	\$ 18,109.26	\$ -	Closed Aug 2025 RSLTN 2025-49			
801	801 CAPITAL GOODS FUND	\$ 1,077,309.38	\$ 91,276.37	\$ 97,687.39	\$ 1,070,898.36				
803	803 ATV TRAIL	\$ -	\$ -	\$ -	\$ -				
806	806 SE MN TMO-II	\$ (107,206.73)	\$ 114,706.73	\$ -	\$ 7,500.00	806 Added 04/2024   Pndng 09/2025 Clsr			
807	807 SE MN TMO-III	\$ -	\$ -	\$ -	\$ -	807 Added 09/2025			
900	900 MEMO FUND	\$ 24,088.88	\$ 15,076.18	\$ -	\$ 39,165.06				
910	910 PAYROLL PASSTHROUGH	\$ (17,576.96)	\$ 103,883.42	\$ 102,426.89	\$ (16,120.43)				
BANYON	Banyon Monthly Fund Cash Balance   Combin	\$ 6,467,239.62	\$ 2,277,198.09	\$ 767,526.76	\$ 7,976,910.95				

**General Fund Key**

YE FndCshBlncRwKey
FndBlnc in Range 40-60%
SlightVnce <=10% (30-39%)   61-70%
SgnfctVnce > 10% (<30% -70%)

**Special Rev | Ent Key**

FndBlnc in Range 20-40%
SlightVnce <=10% (10-19%)   41-50%
SgnfctVnce > 10% (<10% -50%)

Cash & Money Fund Accts						Holdings   Valuations   Yields					
CD's   Bonds #	Description	BB   OrigVI	(+)	(-)	End Bal	Cash & MM Accts	ClctBB based on EB	Int%	CurValue		
10200	Petty Cash	\$ 150.00	\$ -	\$ -	\$ 150.00	Petty Cash	\$ 150.00		\$ 150.00		
10100   4100078	RRSB CB STMT BLNC	\$ 920,273.89	\$ 370,260.76	\$ 491,558.30	\$ 798,976.35	RRSB CB STMT BLNC	\$ 783,310.15	APY Yield Earned %	2.00%	\$ 798,976.35	
10101   4000008	F&M MM	\$ 121,650.53	\$ 134.22	\$ -	\$ 121,784.75	F&M MM	\$ 120,210.00	APY Yield Earned %	1.31%	\$ 121,784.75	
10102   767-154947	Northland MM	\$ 1,092,451.53	\$ 4,473.15	\$ -	\$ 1,096,924.68	Northland MM	\$ 1,053,418.50	30 Day Yield	4.13%	\$ 1,096,924.68	
10104   35529-101	4M Portfolio	\$ 2,522,559.18	\$ 1,696,868.71	\$ -	\$ 4,219,427.89	4M Portfolio	\$ 4,048,189.48	Avg Monthly Rate	4.23%	\$ 4,219,427.89	
<b>Subtotal</b>	<b>Institution Cash &amp; Money Fund Accts Total</b>	<b>\$ 4,657,085.13</b>	<b>\$ 2,071,736.84</b>	<b>\$ 491,558.30</b>	<b>\$ 6,237,263.67</b>		<b>\$ 6,005,278.12</b>			<b>\$ 6,237,263.67</b>	

CD's   Bonds #	Description	BB   OrigVI	(+)	(-)	End Bal   OrigVI	CD's   Bonds #	Mat Date	Market Value	Est Yld	Est Crmt Vltue BsdOnFullMtrty
10402   02589A-BM-3	AMRCN EXP NATL BK - Mtrd Mar 2025	\$ -	\$ -	\$ -	\$ -	10402   02589A-BM-3	3/3/2025	\$ -		\$ -
10402   856285-TQ-4	STATE BK INDIA NEW - Mtrd May 2025	\$ -	\$ -	\$ -	\$ -	10402   856285-TQ-4	5/28/2025	\$ -		\$ -
10402   33847E-3L-9	FLAGSTAR BK FSB TROY - Mtrd May 2025	\$ -	\$ -	\$ -	\$ -	10402   33847E-3L-9	5/29/2025	\$ -		\$ -
10401   702091	F&M CD 60Mo	\$ -	\$ -	\$ -	\$ -	10401   702091	6/8/2025	\$ -		\$ -
10400   35668	CD 35668 - 60Mo - Mtrd Jun 2025	\$ -	\$ -	\$ -	\$ -	10400   35668	6/9/2025	\$ -		\$ -
10400   35671	CD 35671 - 60Mo	\$ -	\$ -	\$ -	\$ -	10400   35671	6/30/2025	\$ -		\$ -
10400   35954	LIBRARY 14Mo	\$ 174,286.88	\$ -	\$ -	\$ 174,286.88	10400   35954	9/8/2025	\$ 189,759.35	3.92%	\$ 181,598
10402   73319F-AS-8	PPPY BK SNTA RSA - 66Mo	\$ 200,000.00	\$ -	\$ -	\$ 200,000.00	10402   73319F-AS-8	9/19/2025	\$ 199,624.00	1.10%	\$ 212,163
10401   702108	F&M CD 60Mo	\$ 130,000.00	\$ -	\$ -	\$ 130,000.00	10401   702108	10/21/2025	\$ 136,316.86	1.00%	\$ 136,360
10401   702127	F&M CD 60Mo	\$ 250,000.00	\$ -	\$ -	\$ 250,000.00	10401   702127	3/3/2026	\$ 258,098.68	0.75%	\$ 258,413
10401   702128	F&M CD 60Mo	\$ 250,000.00	\$ -	\$ -	\$ 250,000.00	10401   702128	3/3/2026	\$ 258,098.68	0.75%	\$ 258,413
10402   300185-LM-5	EVGRN BK GRP OAK BOOK IL - 42Mo	\$ 140,000.00	\$ -	\$ -	\$ 140,000.00	10402   300185-LM-5	7/27/2026	\$ 139,889.40	3.85%	\$ 154,137
10402   564759-RS-9	MNFCTRS&TRDRS CO - 48Mo	\$ 245,000.00	\$ -	\$ -	\$ 245,000.00	10402   564759-RS-9	1/20/2027	\$ 245,220.50	4.00%	\$ 270,972
10402   T-FN-2	CPTL ONE BK USA NTL - 60Mo	\$ 100,000.00	\$ -	\$ -	\$ 100,000.00	10402   T-FN-2	4/20/2027	\$ 98,271.00	2.80%	\$ 109,656
10402   61768E-JR-5	MGRN STNLY PRVT BK NATL ASSN - 60Mo	\$ 113,000.00	\$ -	\$ -	\$ 113,000.00	10402   61768E-JR-5	5/19/2027	\$ 111,790.90	3.25%	\$ 125,365
10402   254673L38	DSCVR BK GRNWD - 60Mo	\$ 100,000.00	\$ -	\$ -	\$ 100,000.00	10402   254673L38	7/6/2027	\$ 99,137.00	3.40%	\$ 110,978
10402   3130ASN96	APY FDRL HM LN BKS - 84 Mo	\$ 200,000.00	\$ -	\$ -	\$ 200,000.00	10402   3130ASN96	7/27/2029	\$ 199,330.00	4.20%	\$ 226,927
10402   3130ATGQ4	FDRL HM LN BKS - Called Feb 2025	\$ -	\$ -	\$ -	\$ -	10402   3130ATGQ4	10/12/2029	\$ -		\$ -
<b>Subtotal</b>		<b>\$ 1,902,286.88</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,902,286.88</b>	<b>CDs   Bonds   EB/OrgVI</b>	<b>\$ 1,902,286.88</b>	<b>\$ 1,935,536.37</b>	<b>EstCVBsdFIIMtrty</b>	<b>\$ 2,044,982.34</b>

<b>TOTAL</b>	<b>Institution Combined Cash   Money Fund &amp;</b>	<b>\$ 6,559,372.01</b>	<b>\$ 2,071,736.84</b>	<b>\$ 491,558.30</b>	<b>\$ 8,139,550.55</b>					
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Monthly Reconciliation					CD   BONDS				
Beg	(+)	(-)	End Bal	MV Summary	EB Original \$	Market Value	MV + (-)	EstCurValue   BsdOnFullMtrty	
DEPOSITS IN TRANSIT (BEG.) +bb/+ex	\$ -	\$ -	\$ 0.00	RRSB-10400	\$ 174,286.88	\$ 189,759.35	\$ 15,472.47	\$ 181,598.01	
DEPOSITS IN TRANSIT (END.) +rev/+eb	\$ -	\$ -	\$ 0.00	F&M 10401	\$ 630,000.00	\$ 652,514.22	\$ 22,514.22	\$ 653,185.69	
OUTSTANDING CHECKS (BEG) -bb/-ex	\$ (92,132.38)	\$ -	\$ (92,132.38)	Northland 10402	\$ 1,098,000.00	\$ 1,093,262.80	\$ (4,737.20)	\$ 1,210,198.64	
OUTSTANDING CHECKS (END) +ex/-eb	\$ -	\$ 162,639.69	\$ -162,639.69	TOTAL MV INVSTMENTS	\$ 1,902,286.88	\$ 1,935,536.37	\$ 33,249.49	\$ 2,044,982.34	
<b>MONTHLY RECONCILIATION TOTALS</b>	<b>6,467,239.63</b>	<b>2,071,736.84</b>	<b>562,065.61</b>	<b>7,976,910.86</b>				<b>\$ 8,282,246.01</b>	
<b>OUT OF BALANCE AMOUNT</b>	<b>\$ (0.01)</b>	<b>\$ 205,461.25</b>	<b>\$ 205,461.15</b>	<b>\$ 0.09</b>					
<b>ACTL OpsCB BLNC  </b>	<b>mm Blnc Gdln \$750,000 (3yr avg mnthly ops wd)</b>			<b>85%</b>				<b>\$ 636,336.66</b>	

Prj# Dept	Reserve Fund "Bucket" Detail	Beg	(+)	(-)	End Bal	Comment	% of Portfolio by Institution	EB   Est. Crmt Value
801CD 42500	Civil Defense 39226	\$ -	\$ -	\$ -	\$ -	To 801SEQ	12% RRSB	\$ 980,724.36
801CHP 43100	Chip Sealing 39214   Crckfling 801-43100-406	\$ 76,078.84	\$ -	\$ 47,973.48	\$ 28,105.36		9% F&M	\$ 774,970.44
801CLK 41500	Administration *use \$7,000 for MN DOT Prprty	\$ 40,786.50	\$ -	\$ -	\$ 40,786.50	E&J Rmb MNDOT PrpSoilTest	28% Northland	\$ 2,307,123.32
801CMP 41910	Comprehensive Plan	\$ 6,153.45	\$ -	\$ 1,200.00	\$ 4,953.45		51% 4M	\$ 4,219,427.89
801EnD 41100	Enterprise Drive -39101 (Sale Fxd Asst -500 Rebat	\$ -	\$ -	\$ -	\$ -	Rsltn 2025-42 To 242HTBI	100% TTL Holdings	\$ 8,282,246.01
801HRT 46323	Heritage 39201 (Haven Wall Funding)	\$ -	\$ -	\$ -	\$ -	Rsltn 2025-15 To 242		
801HS 41200	Historical Society R 34030  frm 100-41200-450	\$ 29,117.55	\$ -	\$ -	\$ 29,117.55			
801HT4 43100	Hilltop 4th Escrw   R 32214   E 310	\$ (1,017.73)	\$ -	\$ -	\$ (1,017.73)			
801IT 49950	IT Shared Tech 39204   435 500 (Server / Comp /	\$ 21,214.02	\$ 46,016.99	\$ -	\$ 67,231.01	Frm614&615   Cisco SmartNet	Est BB   Face Value	\$ 7,907,565.00
801MB 41940	Municipal Building 39220 (Inc SNR CTZNS RES 2	\$ 139,839.29	\$ -	\$ -	\$ 139,839.29		EB   Est. Crmt Value	\$ 8,282,246.01



**PERSONNEL / BUDGET COMMITTEE MEETING STAFF REPORT**

**Meeting Date:** September 8, 2025

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**Agenda Item:** Service Recognition Program

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**Subject | Summary:** Past practice has been to provide "Chatfield Dollars" to team members with a 5, 10, 15, 20, 25, 30, and 35 year anniversaries as a service recognition.

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**Agenda Category:** **Submitted By:** Michele Peterson

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**Recommended Motion:** Review proposed policy.

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**Community Engagement and Outreach:**

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**FISCAL IMPACT:**

**Amount:**

**Ongoing Cost :**

**One-Time Cost :**

**Included in Current Budget?:**

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**FISCAL DETAILS:**

**Fund Name(s) (Operations | Capital):**

**Account Code:**

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**Background:**

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**Attachments:**

[Chatfield\\_Employee\\_Recognition\\_Policy 2025.08.12.docx](#)

# City of Chatfield

## Employee Service Recognition Policy

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### **Purpose**

To formally recognize and honor the dedication and continued service of City of Chatfield employees through a structured service recognition program, awarded in five-year increments.

### **Scope**

This policy applies to all regular full-time and part-time employees of the City of Chatfield.

### **Policy Statement**

The City of Chatfield values the commitment and contributions of its employees. Recognizing years of service fosters employee morale, retention, and a culture of appreciation. This policy establishes a consistent and equitable framework for acknowledging employee service milestones.

### **Eligibility**

- Employees must be in good standing at the time of recognition.
- Recognition is based on cumulative years of service with the City, regardless of breaks in service, provided reemployment occurs within 12 months.
- Temporary, seasonal, and contract workers are not eligible.

### **Recognition Intervals**

Employees will be recognized at the following service milestones:

- 5 years - \$50.00
- 10 years - \$100.00
- 15 years - \$150.00
- 20 years - \$200.00
- 25 years - \$250.00
- 30 years - \$300.00

\*Part-time employees receive awards that are ½ the value as stated above.

## **Forms of Recognition**

Recognition may include:

- A certificate or plaque of appreciation.
- Chatfield Dollars, subject to budget availability.
- Public acknowledgment at a City Council meeting or employee event.

## **Administration**

- The City Administrator or designee will maintain service records and coordinate recognition events.
- Awards will be presented annually, typically during a City Council meeting.
- The City reserves the right to adjust the form of recognition based on budgetary constraints.

## **Funding**

Reasonable expenses for recognition items and events will be included in the annual budget and must comply with applicable public expenditure guidelines.



**PERSONNEL / BUDGET COMMITTEE MEETING STAFF REPORT**

**Meeting Date:** September 8, 2025

**Agenda Item:** Personnel Policy 12.01.03 PTO Separation Payout Amendment Consideration

**Subject | Summary:** The annual administrative fee is 0.65% of your account balance. This fee is prorated and deducted monthly from your account balance. The maximum annual fee is \$140 (or \$11.67 per month). Fees are subject to change.

**Agenda Category:** **Submitted By:** Michele Peterson

**Recommended Motion:** Review options to amend the current policy to include an investment into a HCSP.

**Community Engagement and Outreach:**

**FISCAL IMPACT:**

**Amount:**

**Ongoing Cost :**

**One-Time Cost :**

**Included in Current Budget?:**

**FISCAL DETAILS:**

**Fund Name(s) (Operations | Capital):**

**Account Code:**

**Background:**

**Attachments:**

[HCSP At A Glance Brochure 2025.pdf](#)



# Health Care Savings Plan At-A-Glance



Our **TAX-FREE** Solution



## The Health Care Savings Plan

is an employer-sponsored program that allows Minnesota Public employees to invest money in a medical savings account while employed. This plan is administered by the Minnesota State Retirement System (MSRS).

### How It Works

You are automatically enrolled and contribute to the Health Care Savings Plan (HCSP) as directed by the bargaining agreement or personnel policy of your employer. You choose how your account balance is invested. After you end employment, you may access the funds to reimburse eligible medical expenses incurred by you, your spouse, legal tax dependents and adult children up to their 26th birthday. An administrative fee is charged to help pay for the cost of plan services. This fee is prorated and deducted monthly from your account balance.

### HCSP is a **TAX-FREE** Account!

More of your money works for you in an HCSP account because you don't pay taxes on contributions or reimbursements. Here is an example showing how you benefit from **TAX-FREE** savings assuming a severance payment of \$10,000.

Severance Paid to <b>HCSP Account</b>	
Severance Payment	\$10,000
Federal Income Tax	\$ - 0
State Income Tax	- 0
FICA Tax	- 0
<hr/>	
<b>\$10,000</b>	
<b>Net Contribution to HCSP</b>	

Severance Paid in <b>Cash</b>	
Severance Payment	\$10,000
Federal Income Tax	\$ -2,200
State Income Tax	- 705
FICA Tax	- 765
<hr/>	
<b>\$6,330</b>	
<b>Net Payout in Cash</b>	

FOR ILLUSTRATION PURPOSES ONLY.

*This hypothetical example assumes a 22% federal tax withholding rate, a 7.05% state tax withholding rate and a 7.65% FICA (Social Security and Medicare) tax rate.*

*Individual tax rates may vary based on total taxable income and filing status for the year.*



**Did you know** your HCSP contributions and reimbursements from the account are not reportable on federal or state income tax returns?



## How are Your Contributions Invested



Contributions are automatically invested in the **Money Market Account**. Once your HCSP account is established, you have the freedom to choose your investment mix at any time. You can also transfer all or a portion of the existing account balance among any of the investment options offered by the plan. Restrictions may apply.

## HCSP Investment Options

You can invest your contributions in any combination of the available investment options.



Learn more online:

[www.mnretire.gov/hcsp-investment-options](http://www.mnretire.gov/hcsp-investment-options)

### Investment Options

T. Rowe Price Small Cap Stock Fund	<p>Higher Risk/Potential Reward</p> <p>Lower Risk/Potential Reward</p>	<p>Carefully consider the investment option's objectives, risks, fees and expenses. To obtain a prospectus, summary prospectus or disclosure document, as available, containing this information contact MSRS. Read them carefully before investing.</p> <p>Visit online at: <a href="http://www.mnretire.gov">www.mnretire.gov</a></p> <p>Call the MSRS Service Center: 1.800.657.5757 or 651.284.7730</p>
Vanguard Total International Stock Index Fund		
Vanguard Mid Cap Index Fund		
Vanguard Total Stock Market Index Fund		
Vanguard Dividend Growth Fund		
Vanguard Balanced Index Fund		
Core Bond Account		
Vanguard Total Bond Market Index Fund		
Stable Value Account		
Money Market Account		

*You could lose money by investing in the Money Market Account. Although the account seeks to preserve the value of your investment at \$1 per share, it cannot guarantee it will do so. An investment in the account is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The account's sponsor has no legal obligation to provide financial support to the account, and you should not expect that the sponsor will provide financial support to the account at any time.*

Investing involves risks, including possible loss of principal. Stock funds have greater risk than bond funds and bond funds have greater risk than capital preservation funds. Investing in foreign investments increases risks due to currency fluctuations, taxation differences and political developments. Bond funds are subject to interest rate, inflation and credit risks associated with the underlying bonds.

## Eligibility Requirements for Reimbursements

You can access your HCSP account for reimbursement of eligible medical expenses when you:

- ▶ Separate from service at any age
- ▶ Retire
- ▶ Collect a disability benefit from a Minnesota public pension plan

Only eligible medical expenses incurred after you leave public employment can be reimbursed. You pay the bill and then submit a *Reimbursement Request* form with appropriate documentation of expenses to MSRS. Your reimbursement will then be mailed to you or electronically deposited into your bank account.

## Inheriting the Balance of an HCSP Account

Upon your death, any remaining HCSP account balance is transferred to an heir. The assets are placed in an HCSP account for your survivor and must be used for the reimbursement of healthcare-related expenses.

### Who inherits the account balance?

- 1 **Spouse** - Automatically inherits 100% of the remaining balance. Reimbursements to a spouse are tax-free.
- 2 **Legal tax dependents** - The balance is divided equally among your dependents. Reimbursements to a dependent are tax-free.
- 3 **Beneficiaries** - If you are not survived by a spouse or dependent, your named beneficiary will inherit the balance. Reimbursements to a beneficiary are taxable income.

Reimbursements are always paid to **YOU**. MSRS never pays the medical provider.



# Benefits of the Health Care Savings Plan



## Post-Employment Account

After you end public employment, you can request reimbursements for eligible healthcare expenses regardless of your age. Reimbursement of expenses is available for you, your spouse, dependent children and adult children up to age 26.



## Reimbursement of Out-of-Pocket Medical Expenses

The HCSP provides reimbursement of insurance premiums and other medical expenses not covered by your insurance. Using the tax-free dollars accumulated in your HCSP account to reimburse out-of-pocket medical expenses may help provide significant savings for you and your family.



## Choose How Your Funds are Invested

Contributions are automatically invested in the Money Market Account. You have the freedom to change your investment mix at any time.



## Account Balances Always Transfer to a Beneficiary

Upon your death, any remaining account balance will transfer to an HCSP account for your spouse, dependents or a designated beneficiary.

## Most Common **Reimbursable** Expenses

- Premiums for medical, dental and long-term care insurance
- Medicare Part B, C and D premiums
- Insurance deductibles and co-pays



- Prescription drug co-pays
- Eye-care expenses
- Dental expenses
- Chiropractor and acupuncture



To learn more see: [www.mnretire.gov/eligible-expenses](http://www.mnretire.gov/eligible-expenses)

View IRS Publication 502 Medical and Dental expenses at: [www.irs.gov](http://www.irs.gov)

*NOTE: The current IRS Publication 502 supersedes MSRS documentation regarding reimbursable health care-related expenses.*

# Frequently Asked Questions



## Can I opt out of the HCSP?

You may opt out if you:

- Are eligible for TRICARE retiree insurance benefits
- Have a service-connected disability
- Are a foreign national who plans to return to your country of origin after you end employment
- Have comprehensive health insurance coverage provided for life that is at least 70% paid for by an employer. The coverage must be provided by a source other than your current employer who sponsors your HCSP.
- Are a Native American eligible for tribal insurance coverage.

Once you opt out of participation in the HCSP, you cannot enroll at any time in the future.



For more information visit [www.mnretire.gov/waiver-of-participation](http://www.mnretire.gov/waiver-of-participation) or contact MSRS to request the appropriate waiver form.

## What federal and state laws govern the HCSP?

The HCSP is a tax-exempt section 115 Governmental Integral Part Trust. The HCSP assets can only be used for post-employment medical expenses. The trust was approved by an IRS private letter ruling, which ensures the tax-exempt status. Minnesota Statutes, Chapter 352.98 authorizes Minnesota State Retirement System (MSRS) to offer the HCSP to governmental employees who work for a city, county, school district, political subdivision or the State of Minnesota.

## Can I have multiple medical savings plans?

Yes, you may invest in multiple tax-advantaged medical savings plans such as a Health Savings Account (HSA), Health Reimbursement Account (HRA) or Flexible Spending Account (FSA). However, you cannot be reimbursed for the same expense from more than one savings plan or deduct a reimbursed expense on your federal income tax return.

## How much are administrative fees?

The annual administrative fee is 0.65% of your account balance. This fee is prorated and deducted monthly from your account balance. The maximum annual fee is \$140 (or \$11.67 per month). Fees are subject to change.

## How do I monitor my account?

There are several ways to monitor and access your account.



**Statements** - A summary of your account information will be available online or mailed to you quarterly.



**Online 24/7 Access** - Manage your HCSP account anytime and as often as you like.



**Phone** - Speak with an MSRS representative Monday through Friday from 8:00 a.m. to 4:30 p.m.

## Contact Us - We're Here To Help!



Phone: **1.800.657.5757** or **651.284.7730**

Web: **[www.mnretire.gov](http://www.mnretire.gov)** Email: **[info@mnretire.gov](mailto:info@mnretire.gov)**

Address: **60 Empire Drive, Suite 300 St. Paul, MN 55103**

Hours: **Monday – Friday, 8:00 a.m. - 4:30 p.m.**

**The Health Care Savings Plan (HCSP) is administered by Minnesota State Retirement System (MSRS).**

*Plan administrative services provided by Voya Institutional Plan Services, LLC., a member of the Voya® family of companies.*

**Retirement specialists are registered representatives of Voya Financial Partners, LLC (member SIPC).** *This material is for informational purposes only and is not intended to provide investment, legal or tax recommendations or advice.*



**PERSONNEL / BUDGET COMMITTEE MEETING STAFF REPORT**

**Meeting Date:** September 8, 2025

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**Agenda Item:** 2026 Preliminary Budget Review

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**Subject | Summary:**

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**Agenda Category:**

**Submitted By:** Michele Peterson

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**Recommended Motion:** Consider recommendation to Council for approval of the preliminary budget for 2026.

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**Community Engagement and Outreach:**

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**FISCAL IMPACT:**

**Amount:**

**Ongoing Cost :**

**One-Time Cost :**

**Included in Current Budget?:**

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**FISCAL DETAILS:**

**Fund Name(s) (Operations | Capital):**

**Account Code:**

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**Background:**

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**Attachments:**

[Budget at a Glance 2026.MASTER.2025 0825 COW 5.378%.pdf](#)



Includes: 3% Pay Grid | 50% LvCnversn | 95,645 2025A M&O  
 Intrst Cvrdr | PD 42x2184 | PW Wknd & OT | +1PW | Rdcd to  
 Cameras | CptlGds | ER Benefits | 2012A 2019A & 2022A Adj  
 | PFML \$17,979

w PB Review

2026 Proposed Preliminary Budget		2026v3 08 25 COW				
Budget At A Glance						
Budget at a Glance -Proposed 2026 Prelim Levy 08/25/2025 COW						
GENERAL FUND	Revenues (excludng Levy)	Expenses	Fund Balance   Bdgt Adj +Inc(low)   - Dec(High) Cash Flow Policy Adj.	Levy	% Change 2025 to 2026	Comments
LGA / PERA Aid-41000-33401   33405	\$ 952,141				0.19%	Certified
Interest Income-36210	\$ 25,000				47.06%	
41000 General Services Transfer In-34020	\$ 147,342				3.00%	
41100- Legislative Dept.	0	\$ 68,990			2.09%	
41200- Hist. Society ? Add to MncplBldg	\$ -	\$ -			0.00%	Combine with MncplBldg?
41410- Elections	\$ -	\$ 3,000			66.67%	2026 1 Elections
41500- Administration/Finance	\$ 11,680	\$ 702,715			10.42%	
<del>41910- Planning &amp; Zoning</del>	\$ -	\$ -			-100.00%	Moved to 240 Community Development
41940- Municipal Building	\$ 500	\$ 82,833			-6.57%	
42110- Police Department	\$ 73,119	\$ 798,731			2.24%	
<del>42400 Building Code</del>	\$ -	\$ -			-100.00%	Moved to 240 Community Development
43100- Street Maintenance	\$ 6,980	\$ 624,730			-17.43%	+1 Vacant PW 51k to Prk103 \$41,930 1x2025AIntoffset
45124- Swimming Pool	\$ 98,748	\$ 219,021			5.53%	
45200- Parks	\$ 660	\$ 292,580			26.44%	+1 Vacant PW51kFrmStrt101
<b>General Fund Total Rev   Exp</b>	<b>\$ 1,316,170</b>	<b>\$ 2,792,600</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-4.38%</b>	
<b>GENERAL GOVERNMENT LEVY-31010</b>			<b>\$ -</b>	<b>\$ 1,476,430</b>	<b>-4.38%</b>	2025 Included 91,400 DS offset
<b>Services</b>	<b>Revenues</b>	<b>Expenses</b>		<b>Levy</b>		
211-31010 Library Levy	\$ 109,478	\$ 351,709		\$ 242,231	7.85%	
220-31010 Fire Department Levy	\$ 84,400	\$ 158,400		\$ 74,000	5.71%	
230-31010 Ambulance Levy	\$ 314,640	\$ 464,068		\$ 149,428	4.46%	
240-31010 Community Development Levy	\$ 5,750	\$ 177,208		\$ 171,458	70.81%	Transferred from General Fund
250-31010 Center for the Arts Levy	\$ 2,000	\$ 89,907		\$ 87,907	16.13%	2025 Rdcd 14,300 Fund Balance Adj
614-31010 CCTV Levy	\$ 16,000	\$ 16,000	0	\$ -	-100.00%	Ops xfrd to CPS   FF pass thru
<b>TOTAL SERVICES LEVY</b>				<b>\$ 725,024</b>	<b>14.95%</b>	
<b>Debt Service</b>				<b>Levy</b>		
2012A   332-Wtr Twr (2027)				\$ -	0.00%	CPS & FC Abtmnt + Wtr Rvn   2027 Final Bond Pymnt
2016A   335-WWTP (2028)				\$ 98,000	3.16%	
2018A   340-Pool (2039)				\$ 299,450	-0.28%	
2019A   342-Street Lights (2027)				\$ 10,000	-71.67%	Reduced \$26,205
2022A   343-Wtr Storm (2043)				\$ 8,448	-53.12%	20261xRdcdCFClosed2025 18%GF
2022B   344-PW Facility (2043)				\$ 69,386	0.81%	
2023A   323-Grand Prospect St				\$ 198,902	331.45%	2025 1x150,000 GF Levy Offset
2025A   325 (2026) Street Prjct				\$ -	0.00%	2027 Placeholder   Sml Cts Asst, StrtRsrvTO Offsets 202
<b>DEBT SERVICE LEVY</b>				<b>\$ 684,186</b>	<b>21.41%</b>	2025 included 91,400 GF offset
<b>Levy Total</b>				<b>\$ 2,885,640</b>		
<b>Increase in Tax Levy</b>				<b>\$ 147,277</b>		
<b>Percent Increase over Prior Year</b>					<b>5.378%</b>	
<b>NET TAX CAPACITY</b>				<b>2026v3 08 25 COW</b>		
Fillmore County NTC				\$ -		
Olmsted County NTC				\$ -		
Net Taxable Tax Capacity				\$ -		
Increase in Tax Capacity				\$ -		
% Increase in Tax Capacity					0%	
<b>Certified Final Levy</b>				<b>\$ 2,885,640</b>		
<b>City Tax Rate</b>				<b>#DIV/0!</b>		
<b>Goal: Maintain a steady, predictable local tax rate.</b>				<b>0</b>		
<b>Debt Per Capita</b>				<b>\$ -</b>		
<b>Goal: Reduce the debt per capita to \$3,500 or less</b>						



**PERSONNEL / BUDGET COMMITTEE MEETING STAFF REPORT**

**Meeting Date:** September 8, 2025

**Agenda Item:** Letter of Retirement

**Subject | Summary:**

**Agenda Category:**

**Submitted By:** Michele Peterson

**Recommended Motion:** Provide a recommendation to Council to accept the request as presented.

**Community Engagement and Outreach:**

**FISCAL IMPACT:**

**Amount:**

**Ongoing Cost :**

**One-Time Cost :**

**Included in Current Budget?:**

**FISCAL DETAILS:**

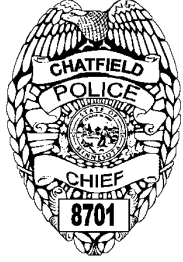
**Fund Name(s) (Operations | Capital):**

**Account Code:**

**Background:**

**Attachments:**

[retirement.pdf](#)



**Chatfield Police Department**  
**Chief Shane Fox**

21 2<sup>nd</sup> St SE  
Chatfield, MN 55923  
Phone: 507-867-1515  
Fax: 507-867-1483

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**INTEROFFICE MEMORANDUM**

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Date: September 03, 2025

To: Personnel Committee

From: Chief Shane Fox

Subject: Retirement

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I am planning on retiring in 2026 and have picked a tentative date of April 3<sup>rd</sup>, 2026.

Thank you for your consideration.

*Shane*



**PERSONNEL / BUDGET COMMITTEE MEETING STAFF REPORT**

**Meeting Date:** September 8, 2025

**Agenda Item:** Resolution 2025-59 Authorizing Transfer of \$7,500 SE MN TMO-II Administrative Fees to 242 Community Development Reserve Fund

**Subject | Summary:** Consider resolution 2025-59 to authorize the transfer of \$7,500 of administrative fees provided by the SE MN TMO-II project to the 242 Community Development reserve fund and closure of the 806 SE MN TMO-II Fund.

**Agenda Category:** Consent

**Submitted By:** Michele Peterson

**Recommended Motion:** Provide recommendation for Council approval.

**Community Engagement and Outreach:**

**FISCAL IMPACT:**

**Amount:**

**Ongoing Cost :**

**One-Time Cost :**

**Included in Current Budget?:**

**FISCAL DETAILS:**

**Fund Name(s) (Operations | Capital):**

**Account Code:**

**Background:**

**Attachments:**

[Resolution 2025-59 Transfer & Closure of Fund 806 - SE MN TMO-II.pdf](#)

**City of Chatfield**  
**Resolution 2025-59**  
**Authorizing Transfer of \$7,500 SE MN TMO-II Administrative Fees to**  
**242 Community Development Capital Goods Fund**  
*(Hilltop Estates Building Incentive Program-Project #242HTI)*  
**and Closure of the 806 SE MN TMO-II Fund**

**Whereas**, the City of Chatfield uses a Fund Accounting system of tracking revenues, expenses, and cash balances relating to various activities, projects, and obligations, and

**Whereas**, the annual budget may be amended by the City Council due to omissions, corrections, or unanticipated expenditures or revenues; and

**Whereas**, the City of Chatfield authorizes the transfer of funds to meet its budgetary obligations, and

**Whereas**, there is no longer a need to maintain a Fund for the Minnesota Department of Transportation Grant Agreement No. 1054952 for the SE MN TMO-II project that expired June 30, 2025.

**Now Therefore, Be It Resolved** that the City Council authorizes Administration to transfer the \$7,500 administrative fee balance in fund 806 and close the fund:

<u>Fund</u>	<u>08/31/2025 Fund Balance</u>
806 SE MN TMO-II	
• E 806-46636-700 Transfer Out (10100)	\$7,500.00
<u>Fund</u>	<u>Project # 242HTI</u>
242 – Community Development - Capital	
• R 242-46630-39201 Transfer In	\$7,500.00

<u>Fund</u>	<u>Action</u>
806 SE MN TMO II	Authorization to close due to obsolescence

Approved by the Chatfield City Council this 8<sup>th</sup> day of September 2025.