

**Committee of the Whole
Monday, October 24, 2022
City Council Chambers**

1. Committee of the Whole **5:30 p.m.** Monday, October 24, 2022
2. Capital Improvements Finance Program Update – Mike Bubany
3. 2023 Budget – Tax Levy Discussion

Committee of the Whole Meeting Notes

August 22, 2022

Members Present: Mayor Russ Smith, Councilors Paul Novotny, Pam Bluhm, Mike Urban, Josh Broadwater and Dave Frank.

Members Absent: None.

Others Present: Gretchen Mensink-Lovejoy, Shane Fox, Beth Carlson, Monica Erickson, Brian Burkholder, Rocky Burnett, Craig Britton, Chris Giesen and Joel Young.

Preliminary 2023 Budget: The committee reviewed the preliminary tax levy for 2023, which would require an increase of 8.6% if adopted as presented. Young reported that the first iteration of the budget showed an increase of about 9.5% in July. Reductions were then made to certain debt service levies and capital funding while an increase was made to chemicals for the swimming pool, which resulted in a tax levy increase of 5.8% when reviewed by the Budget Committee at their August meeting. Subsequently, to accommodate a discussion about purchasing property for the public works department, an expense of \$65,000 was added to the budget, which resulted in the 8.6% tax levy increase being reviewed at this meeting. Other than typical operating cost increases, Young pointed out that the additional costs included in the proposed 2023 budget included \$25,000 for an initiative proposed by the HPC, \$50,000 for an additional public works employee, \$65,000 to support a purchase of property for public works, and \$20,000 of unallocated funding.

The committee members and staff talked at length about the proposed budget, focusing primarily on the addition of a public works employee and the purchase of property for public works. Every member of the committee indicated support for both of those additions, however, they also expressed concern about the tax impact. It was noted that the purchase of property does not create the same financial tails as does the hiring of an additional employee. Regarding the purchase of property, the consensus seemed to be that a downtown location should be considered a temporary location for public works until a permanent home is found, with the downtown location being ultimately sold for a higher and better use in service of the community. It was also suggested that any pay increase to the mayor and city council should be minimal.

When asked about the preferred maximum increase in the tax levy, the members answered with various targets between less-than-five percent to less-than-eight percent.

Strategic Plan Implementation Review: Due to lack of time, this was not discussed.

MEMORANDUM

TO: COMMITTEE OF THE WHOLE
FROM: JOEL YOUNG
SUBJECT: 2023 BUDGET DISCUSSION
DATE: 10/20/22
CC:

Action Requested: Provide input on 2023 budget.

Background Information: The preliminary budget that was adopted is based on the attached Budget-At-A-Glance, which calls for a tax levy increase of 5.8%.

The budget includes \$20,000 of unallocated spending and \$50,000 for another full-time public works employee. The unallocated amount is helpful to meet those unexpected expenses and the allocation for the full-time employee assumes that person will start on January 1, which is unlikely to be the case.

A major point of discussion is the potential acquisition of the Peoples Energy property. That acquisition would require an interest payment of approximately \$35,000 in 2023. Instead of increasing the tax levy for this purpose, the recommendation was to use the \$20,000 of unallocated funds and to use part of the \$50,000 noted above, which would be available if the new public works position was not filled until April or May.

	Total				Total		
	2022	2022	2023	2023	2023	2023	
	Oper/Trans	Revenues	Operations	Transfers	Oper/Trans	Revenues	
GENERAL FUND							GENERAL FUND
Ad Valorem	\$ -	\$ 1,698,522			\$ -	\$ 1,891,108	Ad Valorem
LGA / PERA Aid	\$ -	\$ 849,832			\$ -	\$ 868,530	LGA / PERA Aid
Interest Income		\$ 12,000				\$ 12,000	
General Services Transfer In		\$ 128,792				\$ 128,792	
Legislative Dept.	\$ 62,196		\$ 72,556		\$ 72,556		Legislative Dept.
Historical Society	\$ 900		\$ 900		\$ 900		Historical Society
Elections	\$ 5,300		\$ 6,450		\$ 6,450		Elections
Clerk/Finances	\$ 522,710	\$ 14,075	\$ 535,910	\$ 18,536	\$ 554,446	\$ 17,575	Clerk/Finances
Planning & Zoning	\$ 67,970	\$ 750	\$ 70,820		\$ 70,820	\$ 1,500	Planning & Zoning
Municipal Buildings	\$ 85,456	\$ 225	\$ 52,200	\$ 28,500	\$ 80,700	\$ 300	Municipal Buildings
Police Department	\$ 689,938	\$ 59,850	\$ 692,249	\$ 37,005	\$ 729,254	\$ 58,750	Police Department
Building Code	\$ 25,000	\$ 16,400	\$ 26,100		\$ 26,100	\$ 16,525	Building Code
Civil Defense	\$ 2,450		\$ 2,450		\$ 2,450		Civil Defense
Animal Control	\$ 750	\$ 1,300	\$ 750		\$ 750	\$ 1,300	Animal Control
Street Maintenance	\$ 488,502	\$ 7,900	\$ 308,723	\$ 202,250	\$ 510,973	\$ 6,700	Street Maintenance
Unallocated	\$ 20,000		\$ 20,000		\$ 20,000		Unallocated
Summer Recreation	\$ 4,200		\$ 4,300		\$ 4,300		Summer Recreation
Swimming Pool	\$ 160,637	\$ 79,600	\$ 167,722	\$ 2,500	\$ 170,222	\$ 80,200	Swimming Pool
Band	\$ 1,600		\$ 1,600		\$ 1,600		Band
Parks	\$ 203,008	\$ 1,400	\$ 158,262	\$ 45,000	\$ 203,262	\$ 1,950	Parks
Property Purchase					\$ -		Property Purchase
Heritage Preservation	\$ 14,330	\$ 1,000	\$ 39,330		\$ 39,330	\$ 500	Heritage Preservation
Community Development	\$ 19,100	\$ 10,300	\$ 21,000	\$ 2,100	\$ 23,100	\$ 7,731	Community Development
Public Works Employee Net	\$ -		\$ 50,000		\$ 50,000		Public Works Employee Net Additional Cost
Transfer to Library Fund	\$ 187,509			\$ 193,401	\$ 193,401		Transfer to Library Fund
Transfer to Ambulance Fund	\$ 79,500			\$ 79,500	\$ 79,500		Transfer to Ambulance Fund
Transfer to EDA	\$ 74,000			\$ 76,230	\$ 76,230		Transfer to EDA
Transfer to Fire Dept.	\$ 70,390			\$ 70,117	\$ 70,117		Transfer to Fire Dept.
Transfer to WWTP Debt Service	\$ -				\$ -		Transfer to WWTP Debt Service
Center for the Arts	\$ 80,000			\$ 90,000	\$ 90,000		Transfer to Center for the Arts
Transfer to CCTV	\$ 16,500			\$ 17,000	\$ 17,000		Transfer to CCTV
Transfers to Other Funds	\$ -				\$ -		Transfers to Other Funds
Transfers to Capital Fund	\$ -				\$ -		Transfers to Capital Fund
General Fund Balance Inc.	\$ -	\$ -			\$ -		General Fund Balance Inc.
TOTAL GENERAL FUND	\$ 2,881,946	\$ 2,881,946	\$ 2,231,322	\$ 862,139	\$ 3,093,461	\$ 1,202,353	TOTAL GENERAL FUND
		\$ 4,580,468				\$ 3,093,461	Total Revenues with Ad Valorem

Difference from First Draft:		2019	2020	2021	2022	2023	Expenses:
(\$77,609) in Debt Service							Note: This levy includes:
\$4,500 Pool Chemicals	General Levy	\$ 1,449,036	\$ 1,514,941	\$ 1,604,439	\$ 1,698,522	\$ 1,891,108	1. 8.00% Mayor - City Council Pay Increase.
(\$10,000) Capital Goods							2. 5.00% Pay Grid Increase.
\$35,000 Property Purchase	Special Levy						3. Includes \$50,000 additional Public Works Emp
	2012A	\$ 31,000	\$ 20,601	\$ 19,000	\$ -	\$ -	4. Did not increase General Services Charge
	2014A	\$ 110,000	\$ 110,000	\$ 110,000	\$ 110,000	\$ 63,000	5. Includes \$20,000 Unallocated
	2016A	\$ 111,000	\$ 114,345	\$ 112,350	\$ 110,355	\$ 99,000	6. Includes \$25,000 HPC Initiative
	2017A	\$ 47,000	\$ 47,000	\$ 46,000	\$ 36,000	\$ 36,000	
	2018A	\$ 284,000	\$ 319,000	\$ 319,000	\$ 318,000	\$ 318,000	
	2019A	\$ -	\$ 35,801	\$ 37,000	\$ 38,000	\$ 38,000	
	2022A						
Difference from Preliminary:	Special Levy T	\$ 583,000	\$ 646,747	\$ 643,350	\$ 612,355	\$ 554,000	
	Total Levy	\$ 2,032,036	\$ 2,161,688	\$ 2,247,789	\$ 2,310,877	\$ 2,445,108	Total Tax Levy
	T.L. Change	\$ 390,340	\$ 129,652	\$ 86,101	\$ 63,088	\$ 134,231	Increase in Tax Levy
		23.780%	6.380%	3.983%	2.807%	5.608%	% Increase in tax levy
Net Taxable Tax Capacity		\$ 1,813,195	\$ 2,040,768	\$ 2,143,126	\$ 2,281,405	\$ 2,908,489	Net Taxable Tax Capacity
			\$ 227,573	\$ 102,358	\$ 138,279	\$ 627,084	Increase in Tax Capacity
			12.551%	5.016%	6.452%	27.487%	% Increase in tax capacity
City Tax Rate		112%	106%	105%	101.292%	84%	City Tax Rate
		2019	2020	2021	2022	2023	08.25.22

Note: This chart assumes that cash will be used to make an interest-only payment of \$35,000 if a property is purchased for Public Works.