



Agenda
June 21, 2021
City Council Workshop
2022 Budget Discussion
5:30 p.m.

1. Budget Preparation Schedule
2. 2022 Budget Cost Pressures
3. Capital Needs
4. Property Taxes
5. American Rescue Plan
6. Council Direction

Preliminary 2022 Budget Discussion



June 21, 2021

Overview

- Budget Preparation Schedule
- Budgetary cost pressures
- Capital needs City-wide
- Property Taxes
- American Rescue Plan
- Council Direction for 2022 Budget



2022 Budget Preparation Schedule

- May 24 – City Administrator Budget Instructions given to departments
- June 21 – City Council Workshop
- July 9 – Department Requests to City Administrator
- July – Internal Department Budget Meetings
- August 6 – City Administrator’s Budget Proposal
- August – Finance Committee Budget Meetings
- Sept 7 – City Council Sets Preliminary Tax Levy
- Dec 6 – Truth In Taxation Hearing
- Dec 20 – City Council Adopts Budget and Certifies Tax Levy



Budgetary Cost Pressures

- Personnel Costs (total city-wide - \$14.4M)
 - COLA (each 1% is \$128K)
 - Current union agreements expire on 12/31/21
 - Average COLA increase for 2022 is 2.55% (CGMC)
 - Compensation Study
 - Last significant review 2006-2007
 - Some indications we are below market for some positions
 - Health Insurance – increased 9.6% in 2021
- Legal Costs – new firms in 2021
 - 2021 budget projecting to be 70k greater than prior budget
- Workers Compensation Insurance – increased \$110k (26%) in 2021
- Strategic Plan Priorities
 - Park Maintenance and other priorities
- Growth & Development – new housing may require increased staff/services
- Capital Projects – current funding not keeping pace with CIP/CEP



Capital Needs Identified Costs 2022-25

City-wide	2022	2023	2024	2025	Total
Governmental Funds	6,626,426	12,059,746	6,669,758	8,168,251	33,524,181
Enterprise Funds	3,275,500	2,562,500	2,787,500	2,170,000	10,795,500
HEDRA	600,000	60,000	10,000	10,000	680,000
City-wide Total	10,501,926	14,682,246	9,467,258	10,348,251	44,999,681

- **Governmental Funds -- largest areas of need**
 - Public Works Streets -- \$15.0 million
 - Parks (including Pool) -- \$6.1 million
 - Facilities -- \$4.9 million
 - Fire and Ambulance -- \$3.4 million
 - Arena -- \$2.4 million
 - Governmental Funds Remainder -- \$1.7 million
 - Note: in process of updating CIP/CEP, amounts may change



Property Taxes

- 2021 Tax Rate 57.351% (same as 2020, 5th year of decline/even)
- 2021 Tax Levy \$15,312,300 (3.54% over 2020)
 - 1% of levy equates to approximately \$153k
 - Estimated Impact on Residence

Home Value	Increase in Market Value	City Tax 2021	Increase City Tax Due to Market Value
\$234,000	4.66%	\$1,304	\$61
\$325,000	4.66%	\$1,894	\$88
\$425,000	4.66%	\$2,529	\$118

- Tax Capacity - \$1,115,579 increase (5.06%)
 - If growth follows same pattern as 2020



American Rescue Plan Act

- The City will be receiving \$2.4 million
- Eligible Uses
 - Responding to Public Health Emergency / Negative Economic Impacts
 - Replacing Lost Revenue
 - Premium Pay
 - Water, Sewer, Broadband Infrastructure
- Costs must be obligated by 12/31/2024 and expended by 12/31/26
- Should confer with our auditor before proceeding w/ specific projects



Council Direction for 2022 Budget

- What parameters does Council want to put on property tax rate/levy?
- Is Council ready for financial support to initiatives in strategic plan?
- Does Council have other direction/priorities?
 - For example 2020, increase funding for roads
 - For example 2021, no new personnel
 - For example 2021, hold CIP/CEP projects until LGA comes through
- Is the Council comfortable with using ARPA in our budget proposal?

