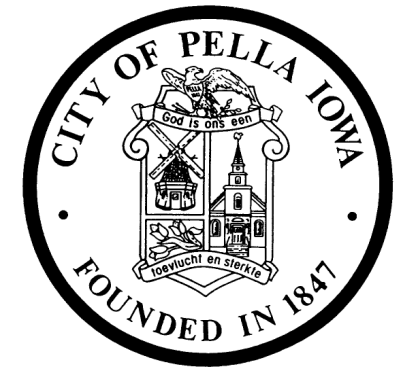


# BUDGET WORK SESSION #1

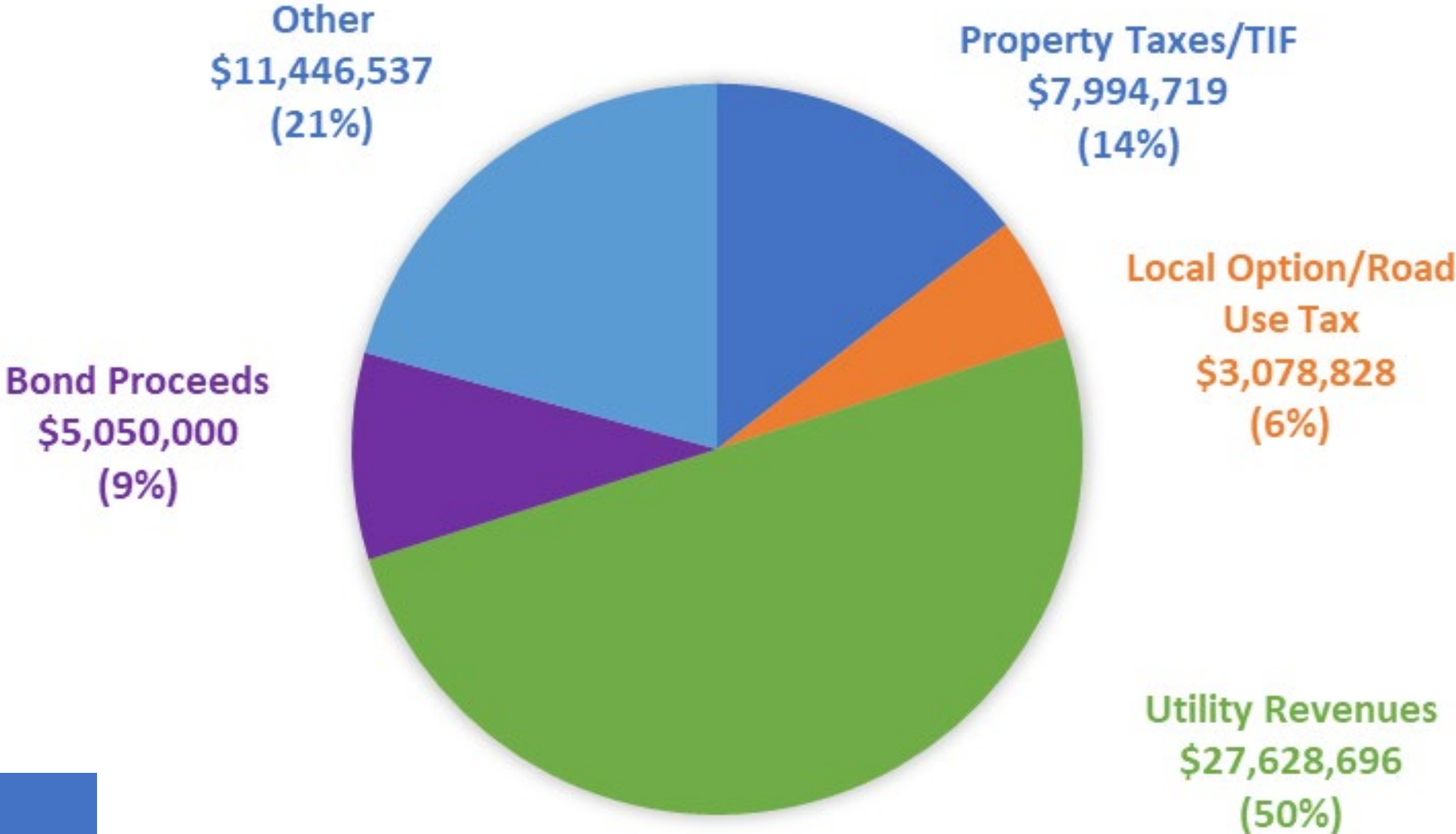
MARCH 28, 2023



**CITY OF PELLA**  
**SUMMARY OF FY 23-24 BUDGET**

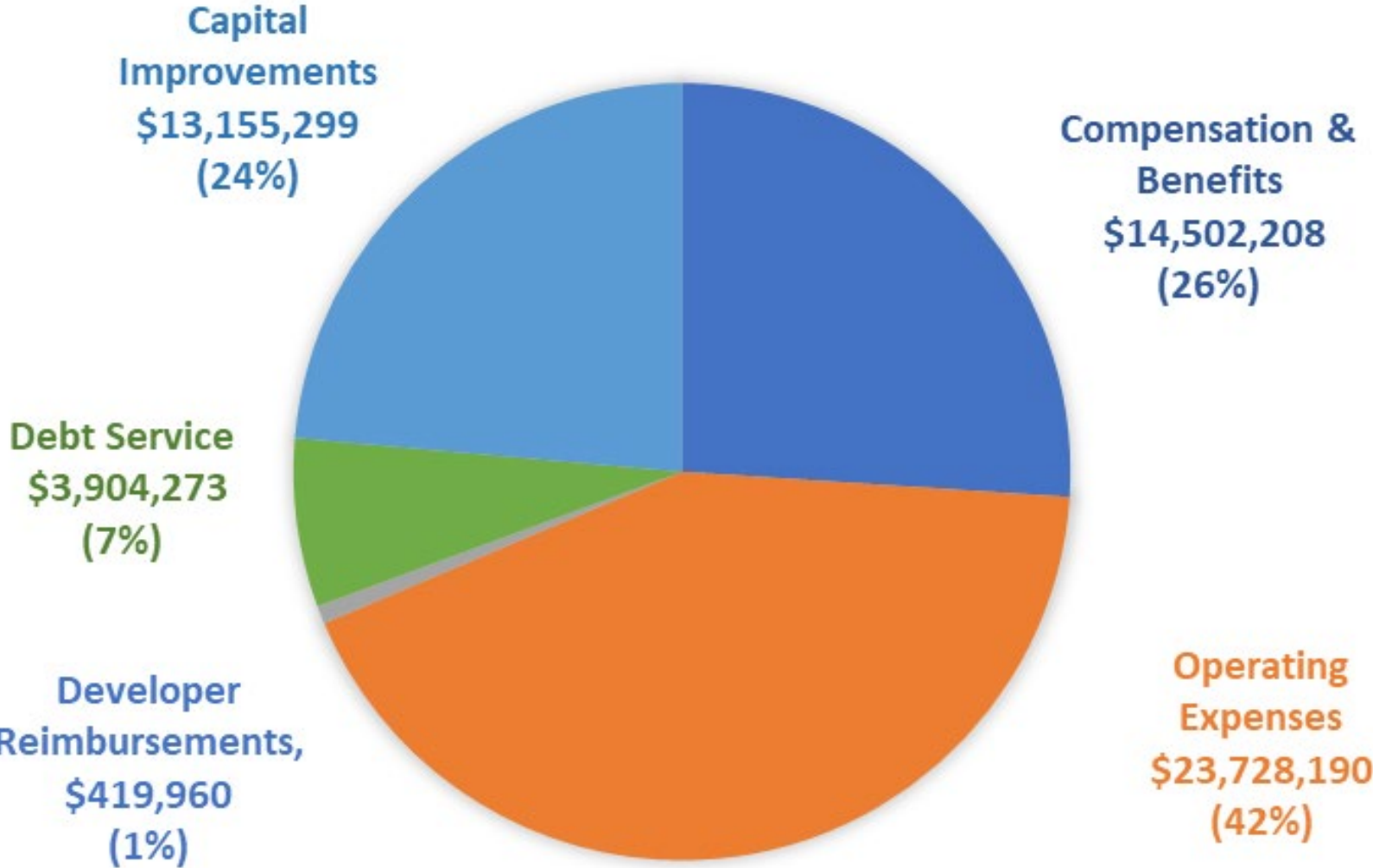
	<b>FY 23-24 BUDGET</b>	<b>FY 22-23 BUDGET</b>	<b>INCREASE (DECREASE)</b>	<b>% INCREASE (DECREASE)</b>
<b>REVENUE</b>				
Property Taxes	\$ 6,429,014	\$ 6,473,312	\$ (44,298)	-0.68%
TIF Revenues	1,565,705	1,153,288	412,417	35.76%
Local Option Taxes	1,723,480	2,023,949	(300,469)	-14.85%
Road Use Tax Funds	1,355,348	1,347,650	7,698	0.57%
Utility Revenue	27,628,696	25,483,387	2,145,309	8.42%
Bond Proceeds	5,050,000	3,733,611	1,316,389	35.26%
Other	11,446,537	7,145,735	4,300,802	60.19%
<b>TOTAL REVENUE</b>	<b>\$ 55,198,780</b>	<b>\$ 47,360,932</b>	<b>\$ 7,837,848</b>	<b>16.55%</b>
<b>EXPENSES</b>				
Compensation & Benefits	14,502,208	11,916,049	2,586,159	21.70%
Operating Expenses	23,728,190	20,681,242	3,046,948	14.73%
Developer Reimbursements	419,960	359,968	59,992	16.67%
Debt Service	3,904,273	3,930,868	(26,595)	-0.68%
Capital Improvements	13,155,299	9,821,406	3,333,893	33.95%
<b>TOTAL EXPENSES</b>	<b>\$ 55,709,930</b>	<b>\$ 46,709,533</b>	<b>\$ 9,000,397</b>	<b>19.27%</b>
<b>INCREASE (DECREASE) IN RESERVES</b>	<b>\$ (511,150)</b>	<b>\$ 651,399</b>	<b>\$ (1,162,549)</b>	<b>N/A</b>

# Fiscal Year 23-24 Revenue Highlights



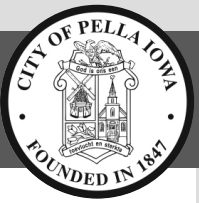
**Total:**  
**\$55,198,780**

# Fiscal Year 23-24 Expenditure Highlights



**Total:**  
**\$55,709,930**

# Key Issues for FY 23-24 *Proposed Rates*



- Proposed to maintain the existing property tax rate at \$10.20
- Proposed 7% increase in water rates for FY 23-24
- Proposed to maintain all other utility rates for FY 23-24



# Key Issues for FY 23-24 *Local Option Tax Proposal*



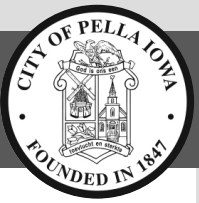
- A key component to maintaining the property tax rate for FY 23-24 is the current LOSST, which expires on December 31, 2023
- Staff believes the LOSST will have approx. \$2,371,000 in unobligated fund balance at expiration; proposed uses include:

Property tax relief FY 24	\$1,038,379
City park improvements	863,972
Proposed Council chambers	300,000
Comprehensive Plan update	120,000
Ambulance secure car	<u>49,000</u>
Total	<u>\$2,371,351</u>



- For the new LOSST which begins on January 1, 2024, the FY 23-24 budget proposes to dedicate 50% of the proceeds for use on road improvements
- The estimated funds dedicated for road improvements is approx. \$375,870

# Key Issues for FY 23-24 *Marion County Partnerships*



- A key item for consideration for the FY 23-24 budget and beyond is formulating successful partnerships with Marion County for:
  - Public safety communication upgrades - \$1.2 million
  - Renewal of the current local option redistribution agreement which expires on December 31, 2023 - \$440,000 annually
  - Funding for ambulance service for Lake Prairie and Summit Townships
  - A partnership for the proposed Pella indoor recreation center



# Fiscal Year 23-24 *Personnel Highlights*



The budget includes \$14.5 million for compensation and benefits for employees:

## **Compensation**

- In FY 22-23, Condrey conducted a compensation review which Council is expected to adopt later this spring
- The proposed budget includes a 4.8% salary scale adjustment, step increases, and several salary reclassifications, totaling approx. \$857,400
- In comparison, the FY 22-23 budget included \$310,935 for these same items

## **Health Insurance**

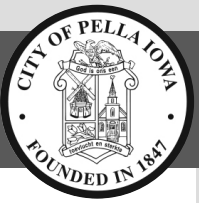
- Proposed 10% premium increase

## **New Full-time and Part-time Positions**

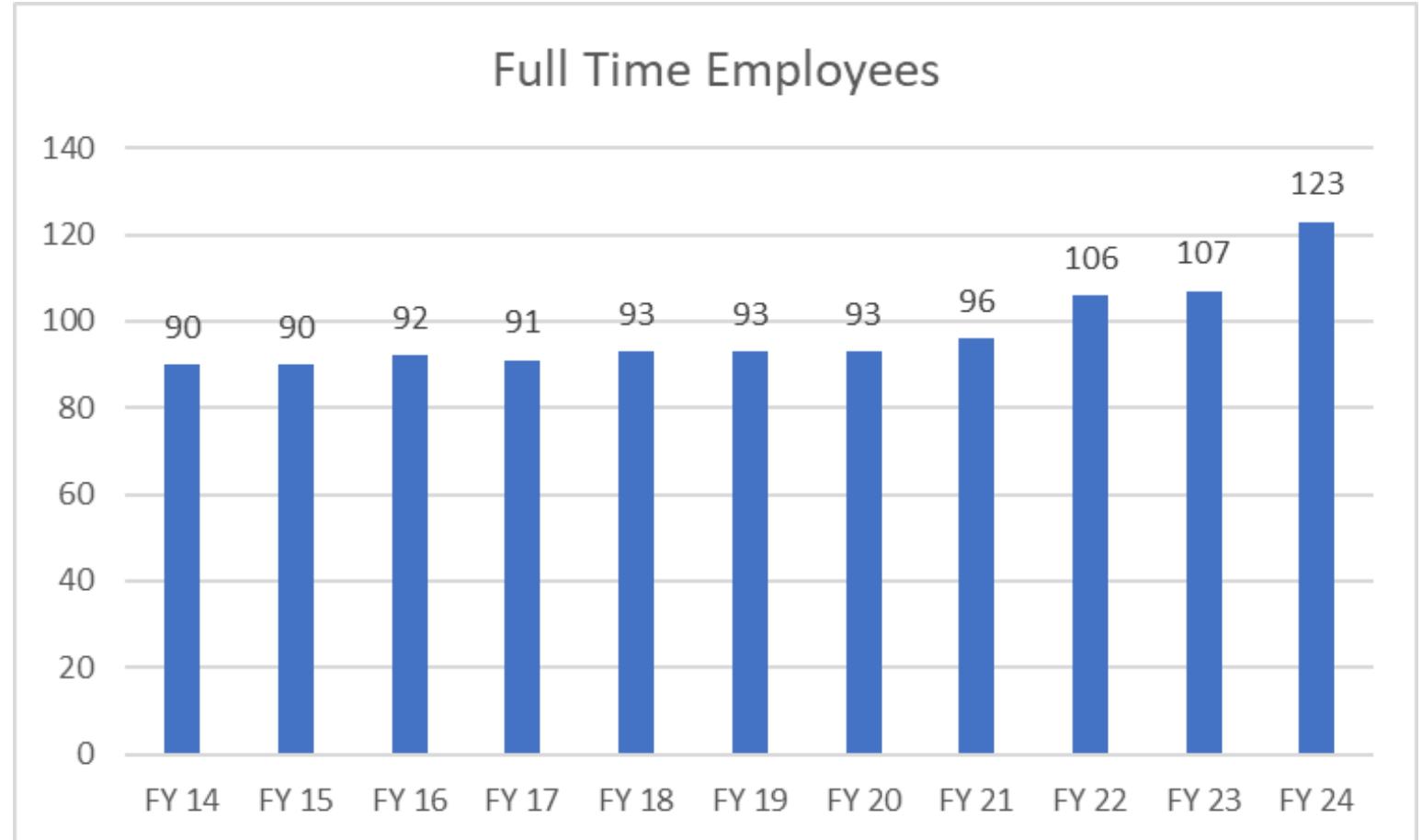
- Pella Fiber Customer Care & Billing Representative - \$68,200
- Pella Ambulance (*coverage for 3<sup>rd</sup> ambulance*) - \$78,000
- Electric Distribution Superintendent - \$102,400 \*
- Bos Landen Golf Clubhouse Pro - \$86,800 \*
- Bos Landen Golf Maintenance Technician - \$63,100 \*



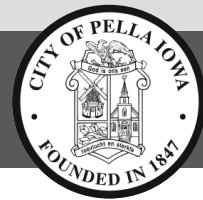
# Fiscal Year 23-24 *Personnel Highlights*



- The budget increases the city's workforce to 123 full-time employees
- This increase over the course of the past ten years is a direct result of the following new services:
  - Pella Fiber
  - Pella Ambulance
  - Bos Landen Golf Course



# Capital Improvement Plan *FY 24 - FY 28*



The five-year Capital Improvement Plan totals \$91,877,241 and includes:



Community Center - \$5.5 M



Indoor Recreation Center - \$42 M



AMI - \$2.2 M



Public Safety Vehicles - \$2.5 M

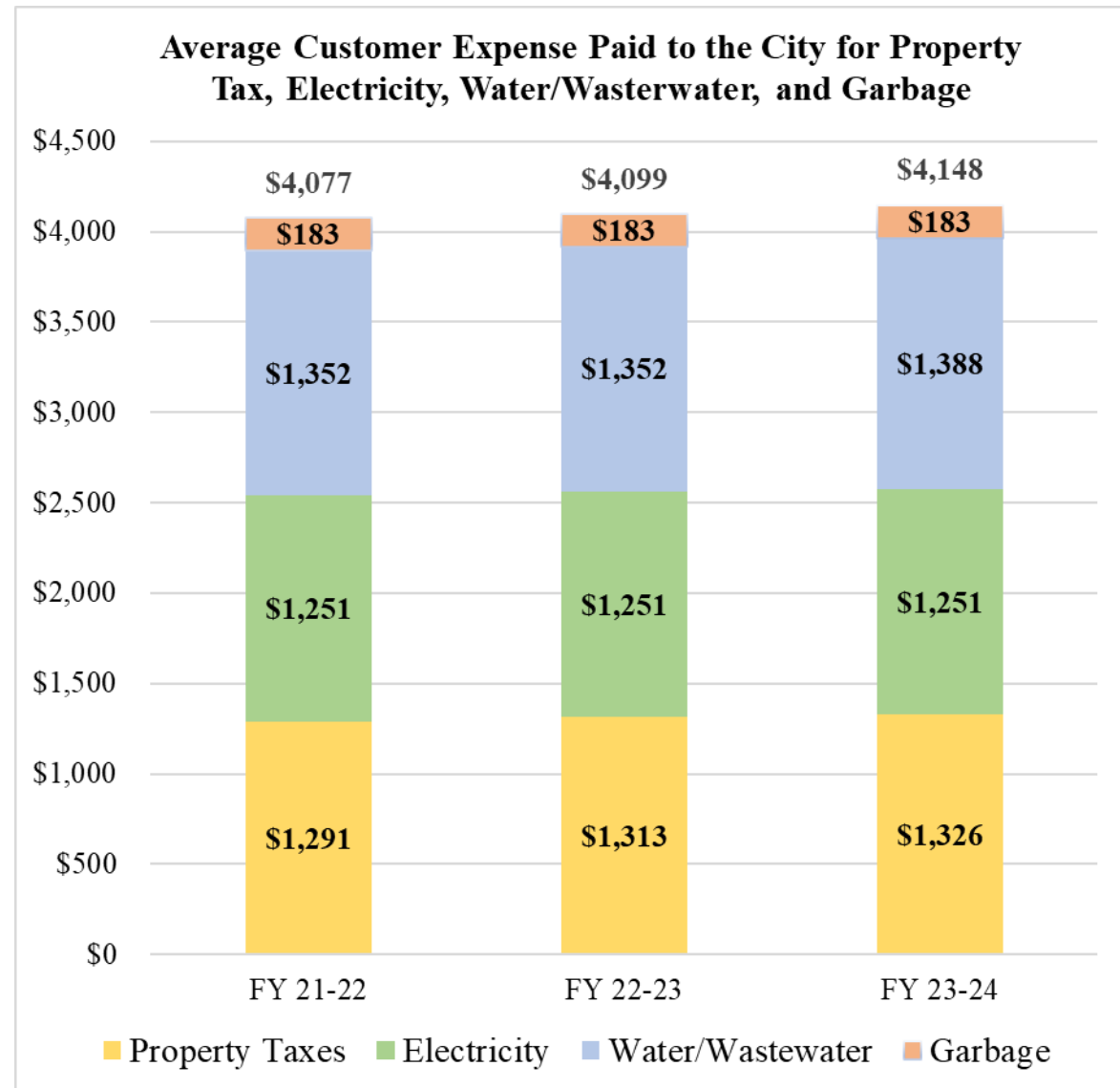


Oskaloosa Street - \$1.85 M

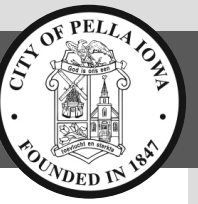
# Fiscal Year 23-24 Cost for the Average Resident



- Overall, the typical resident is expected to see a \$49 annual increase in taxes/fees
- This increase is a result of:
  - Property assessment process for residential property, which was partially offset by a decrease in the residential rollback
  - 7% increase in water rates
- This results in an increase of city payments for all taxes/services in the amount of \$4.08 per month for the average resident



# Fiscal Year 23-24 *Key Points for Council Consideration*



- Maintain existing property tax rate
- Proposed 7% increase in water rates
- Maintain existing rates for all other utility services
- Proposed staffing additions
- Proposed compensation increase for city staff
- Department operating budgets
- Department capital improvement plans
- Proposed use of existing local option funds
- Proposed use of electric cash reserves



# Fiscal Year 23-24 *Property Tax Overview*



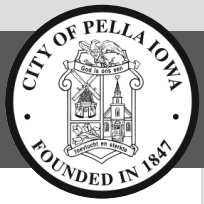
- Proposed to maintain existing property tax rate at \$10.20 for FY 23-24
- Potential state legislation could impact property taxes in the future
- If Council proceeds with proposed CIP projects, the debt service levy and the city's overall tax rate will likely increase starting in FY 25
  - Southside Beautification - \$700,000
  - Second Christian Church - \$340,000
  - Early Learning Center - \$700,000
  - Memorial Building - \$300,000
- Since there may be a need to increase the property tax rate in the future, staff believes it is prudent to maintain the existing rate for FY 23-24
- Staff recommends developing a financial plan for funding of general fund projects (parks, government buildings, streets, etc.) before Council increases the property tax rate

# State of Iowa *Residential Rollback*



- The taxable value for residential property in Iowa is significantly different than the assessed value
- For FY 23-24, the residential rollback is 54.65%
- Pella residential assessments for FY 24-25 are projected to increase by 18%
- On a statewide average, the taxable value growth of residential property cannot exceed 3% or the taxable value growth of agriculture property
- Due to residential property increasing significantly across the state, the residential rollback could see a significant decrease for FY 24-25 which is based on the January 1, 2023 assessments
- This potential decrease in the residential rollback could nullify increases in residential assessments for January 1, 2023

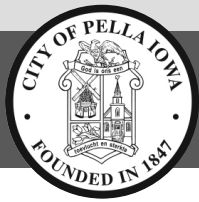
# City Property Taxes Paid *on a \$200,000 Home*



	FY 23-24	FY 24-25
Assessed value	\$200,000	\$236,000
Residential roll back	54.65%	47.0%
Taxable value	\$109,300	\$110,920
City tax rate <i>per \$1,000 of taxable value</i>	\$10.20	\$10.20
City taxes paid	\$1,115	\$1,132
Difference from FY 23-24 to FY 24-25		\$17 <i>approx. 1.4%</i>



# Fiscal Year 23-24 *Property Tax*



- Maintains the property tax rate at \$10.20 per \$1,000 of taxable valuations for the 22<sup>nd</sup> consecutive year
- Pella continues to have one of the lowest tax rates in the state for mid-sized cities and is in the lowest one-third of all City tax rates across the state

**Five Year Comparison of Tax Rates for Comparable Sized Cities**

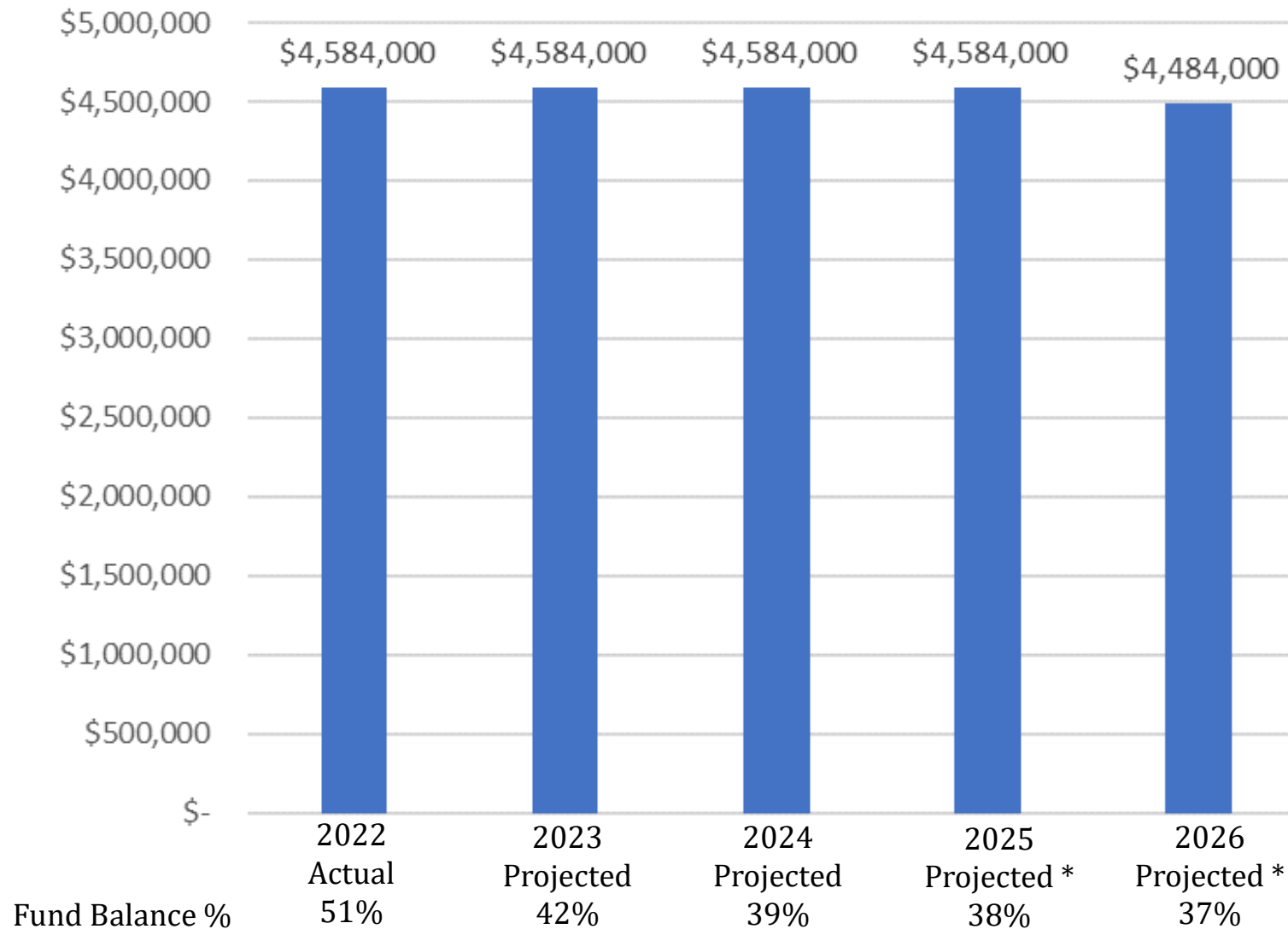
	FY 19-20	FY 20-21	FY 21-22	FY 22-23	% Change Since FY 19-20
Creston	14.13	14.24	14.24	14.48	2.51%
Grinnell	14.83	14.83	14.70	14.65	-1.22%
Indianola	13.28	13.63	13.63	13.54	1.97%
Keokuk	17.34	17.70	18.55	18.95	9.26%
Knoxville	18.37	18.56	18.41	17.33	-5.64%
Nevada	14.62	14.62	14.62	14.61	-0.05%
Newton	17.14	17.14	17.14	17.14	0.00%
Oskaloosa	13.97	14.18	14.30	14.30	2.36%
Spencer	12.00	12.54	12.54	13.09	9.08%
Waverly	14.37	15.69	16.33	16.33	13.62%
Windsor Heights	16.52	14.48	14.48	13.77	-16.67%
Pella	10.20	10.20	10.20	10.20	0.00%

**Average without Pella    15.14    15.24    15.36    15.29    1.38%**





# General Fund



\* Includes projected Marion County local option redistribution of \$460,000

# Fire Department

FIRE	Actual FY 20-21	Actual FY 21-22	Budget FY 22-23	Request FY 23-24	% Inc (Dec) of FY 23-24 over FY 22-23
Revenues	\$3,678	\$3,654	\$5,000	\$5,000	0.00%
Expenses	\$87,240	\$96,036	\$105,080	\$109,009	3.74%
<b>Net General Fund Budget</b>	<b>(\$83,562)</b>	<b>(\$92,382)</b>	<b>(\$100,080)</b>	<b>(\$104,009)</b>	<b>3.93%</b>

# Fire Department CIP

<b>Project</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>Total</b>
FD Portable Radios			35,000			35,000
Building Maintenance	7,500	7,500	7,500	7,500	7,500	37,500
Replace Bunker Gear		150,000				150,000
New Firefighter Bunker Gear	14,400	14,400	14,400	14,400	14,400	72,000
New Bunker Gear/Personal Storage	40,000					40,000
Aerial Fire Truck					1,850,000	1,850,000
<b>Fire Total</b>	<b>61,900</b>	<b>171,900</b>	<b>56,900</b>	<b>21,900</b>	<b>1,871,900</b>	<b>2,184,500</b>

# Police Department

POLICE	Actual FY 20-21	Actual FY 21-22	Budget FY 22-23	Request FY 23-24	% Inc (Dec) of FY 23-24 over FY 22-23
Revenues	\$102,774	\$109,265	\$93,605	\$96,605	3.20%
Expenses	\$2,688,425	\$2,771,419	\$3,086,725	\$3,309,801	7.23%
<b>Net General Fund Budget</b>	<b>(\$2,585,651)</b>	<b>(\$2,662,154)</b>	<b>(\$2,993,120)</b>	<b>(\$3,213,196)</b>	<b>7.35%</b>

# Police CIP

<b>Project</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>Total</b>
Police Vehicles	74,976	76,476	78,005	79,565	81,156	390,178
Community Protection Sirens	8,000	8,000	9,000	9,000	9,000	43,000
Firearm Transition	18,395					18,395
Source Transfer Switch					120,000	120,000
Central Iowa Regional Tactical Team (CIRTT)	7,806	12,306	7,806	7,806	7,806	43,530
Building Maintenance	10,000					10,000
E-bikes	4,943					4,943
Load-Bearing Vest (LBV)	8,632			10,458		19,090
Interoperability Radio Project	401,550	831,385				1,232,935
<b>Police Total</b>	<b>534,302</b>	<b>928,167</b>	<b>94,811</b>	<b>106,829</b>	<b>217,962</b>	<b>1,882,071</b>

# Ambulance

AMBULANCE	Actual FY 20-21	Actual FY 21-22	Budget FY 22-23	Request FY 23-24	% Inc (Dec) of FY 23-24 over FY 22-23
Revenues	\$0	\$0	\$0	\$788,000	0.00%
Expenses	\$0	\$0	\$0	\$1,479,148	0.00%
<b>Net General Fund Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$691,148)</b>	<b>0.00%</b>

# Ambulance CIP

<b>Project</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>Total</b>
Secure Car/ALS Response Vehicle	48,915					48,915
915 Ambulance Remount		250,000				250,000
Extrication Tools		42,000				42,000
915 Cardiac Monitor Replacement		27,700				27,700
915 RAD Replacement		5,689				5,689
Sprinter Transfer Ambulance			120,000			120,000
New Equipment for Sprinter Ambulance			70,000			70,000
Computer Equipment Replacement			24,500			24,500
Extrication Bunker Gear Replacement			10,000			10,000
916 Ambulance Remount					270,000	270,000
916 RAD Replacement					5,689	5,689
916 Cardiac Monitor Replacement					27,500	27,500
<b>Ambulance Total</b>	<b>48,915</b>	<b>325,389</b>	<b>224,500</b>		<b>303,189</b>	<b>901,993</b>

# Community Services Department

COMMUNITY SERVICES	Actual FY 20-21	Actual FY 21-22	Budget FY 22-23	Request FY 23-24	% Inc (Dec) of FY 23-24 over FY 22-23
Revenues	\$794,244	\$854,221	\$972,959	\$1,248,928	28.36%
Expenses	\$2,552,909	\$2,666,590	\$2,951,442	\$3,359,054	13.81%
<b>Net General Fund Budget</b>	<b>(\$1,758,665)</b>	<b>(\$1,812,369)</b>	<b>(\$1,978,483)</b>	<b>(\$2,110,126)</b>	<b>6.65%</b>



# Aquatics CIP

<b>Project</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>Total</b>
Pump & Motor Replacements	15,000	15,000	15,000			45,000
Sand Filter			25,000			25,000
Slide Maintenance Program			45,000			45,000
Floatables Refurbishment	7,500		7,500			15,000
Parking Lot Repair	12,000					12,000
Roof Replacement			15,000			15,000
Water Heaters		18,000				18,000
Replace Fish Slide	70,000					70,000
<b>Aquatics Total</b>	<b>104,500</b>	<b>33,000</b>	<b>107,500</b>			<b>245,000</b>

# Athletics CIP

<b>Project</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>Total</b>
Ballfield Equipment Replacement		31,000				31,000
Soccer Goals	8,000	9,000	10,000	11,000	12,000	50,000
PSP Ball Field Leveling		28,000			30,000	58,000
Athletic Field Equipment			24,000			24,000
<b>Athletics Total</b>	<b>8,000</b>	<b>68,000</b>	<b>34,000</b>	<b>11,000</b>	<b>42,000</b>	<b>163,000</b>

# Golf Course CIP

<b>Project</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>Total</b>
Golf Irrigation System Replacement	10,000	10,000	10,000	350,000	2,802,500	3,182,500
Golf Grounds and Bunker Repair	10,000	10,000	10,000	10,000	10,000	50,000
Golf Hole 18 Project				50,000	400,000	450,000
Golf Equipment	68,800					68,800
Utility Vehicles (Golf)		17,000				17,000
<b>Golf Total</b>	<b>88,800</b>	<b>37,000</b>	<b>20,000</b>	<b>410,000</b>	<b>3,212,500</b>	<b>3,768,300</b>

# Parks CIP

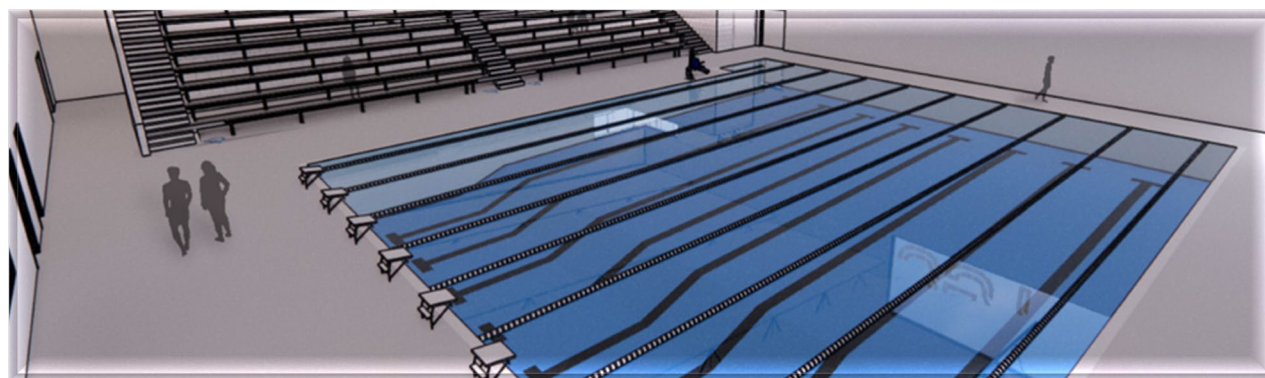
<b>Project</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>Total</b>
Southside Beautification	50,000	750,000				800,000
Central Park Improvements		171,850				171,850
Mower/Tractor Replacement Schedule				80,000		80,000
West Market Park Playground Maintenance	20,000	20,000				40,000
Vehicle Replacement Schedule		55,000				55,000
Tulip Toren Improvements	168,970					168,970
Klokkenspel Renovation	25,000	75,000				100,000
Flower Bed Tiller		10,000				10,000
Kiwanis Court Repairs	60,000					60,000
Tree Trimming			8,400	6,000	7,200	21,600
Caldwell Pickleball Courts	38,000					38,000
Sunken Garden Pond Maintenance		70,000				70,000
Central Park Sound System	269,305					269,305
Sports Park Phase 3 (Soccer Complex)				260,000	2,600,000	2,860,000
<b>Parks Total</b>	<b>631,275</b>	<b>1,151,850</b>	<b>8,400</b>	<b>346,000</b>	<b>2,607,200</b>	<b>4,744,725</b>

# Facilities CIP

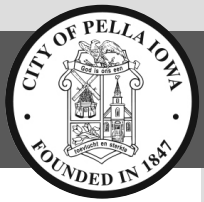
<b>Project</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>Total</b>
Community Center Renovation	500,000	5,000,000				5,500,000
Memorial Building		300,400				300,400
Indoor Recreation Center	6,100,000	25,394,900	10,484,474			41,979,374
<b>Facilities Total</b>	<b>6,600,000</b>	<b>30,695,300</b>	<b>10,484,474</b>			<b>47,779,774</b>

# Indoor Rec Center *Economic Impact*

- Below is the economic impact evaluated by Impact DataSource for construction of the University St./Baseline Dr. extensions and indoor recreation center:
  - Marion County:
    - \$65.5 million in total economic output
    - 386 projected jobs during construction
  - State of Iowa:
    - \$99.6 million in total economic output
    - 693 projected jobs during construction
- Ballard King estimated the annual economic impact of the following activities to be approx. \$5.0 million:
  - 10 swimming meets
  - 6 basketball tournaments
  - 8 volleyball tournaments
  - 6 pickleball tournaments



# Indoor Rec Center *Operational Subsidy*



- Community and rec centers often serve as 'lost leaders' meaning they have significant community value; however, they often require an operating subsidy
- A conservative approach for revenue was taken for the rec center pro-forma
- This initial analysis should not be mistaken for a market feasibility study
- Overall, staff believes the indoor recreation center will require an operating subsidy of approx. \$500,000 per year
- However, since the city is planning on closing the indoor pool once the recreation center opens, the operating subsidy for the indoor pool could be applied to reduce the indoor recreation center's subsidy
- The FY 22-23 budget projected a subsidy of nearly \$339,000 for the indoor pool
- As a result, staff believes the additional operating subsidy for the indoor recreation center is estimated to range between \$160,000 to \$180,000 annually

# Library

LIBRARY	Actual FY 20-21	Actual FY 21-22	Budget FY 22-23	Request FY 23-24	% Inc (Dec) of FY 23-24 over FY 22-23
Revenues	\$77,839	\$75,853	\$59,500	\$55,000	-7.56%
Expenses	\$698,096	\$721,323	\$788,530	\$815,164	3.38%
<b>Net General Fund Budget</b>	<b>(\$620,257)</b>	<b>(\$645,470)</b>	<b>(\$729,030)</b>	<b>(\$760,164)</b>	<b>4.27%</b>



# Library CIP

<b>Project</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>Total</b>
Chair Replacement			25,000			25,000
Technology Updates	5,400	5,400	5,400	5,400		21,600
Heritage Room Conversion					20,000	20,000
Bathroom Conversion				20,000		20,000
Acoustic Treatment					25,500	25,500
HVAC Condenser		218,750				218,750
Building Engineer	12,000					12,000
<b>Library Total</b>	<b>17,400</b>	<b>224,150</b>	<b>30,400</b>	<b>25,400</b>	<b>45,500</b>	<b>342,850</b>

QUESTIONS?

