

2023 – 2027 Financial Management Plan

COMMITTEE OF THE WHOLE

JULY 19, 2022

Goals of Financial Management Plan

EXECUTIVE LEADERSHIP PRIORITIES:

1. Competitive compensation & benefits
2. Structural budget fixes that reflect our operational needs
3. Build and maintain service levels

5-YEAR FMP ORGANIZATIONAL GOALS:

1. Building organizational capacity
2. Transform into a high-performance and data-driven organization
3. Future proof our organization

WHILE:

1. Complying with all City financial policies
2. Maintaining the Council directive of an annual tax increase of 3% on the average single-family home
3. Strengthening the City's financial position
4. Honoring prior Council Commitments

FMP Assumptions

REVENUE:

State Aid remains the same as the 2022 amounts throughout the plan

Ambulance Fee Revenues

All other revenues remain the same as 2022 budget for the five years.

EXPENSES:

2022 partially funded positions are fully funded in 2023 and thereafter

Minimal increases in the purchase of good and services (1% to 3%)

Implementation of Marshall EMS Expansion

TAX BASE:

Residential Growth

- Incorporated a conservative estimate, 50% of our 5-year average, for estimating our residential growth

Commercial Growth

- Incorporated a small amount of commercial property growth in the tax base
- Closure of TID no. 8 and TID no. 9 – both open for one additional year for affordable housing

10-YEAR CAPITAL IMPROVEMENT PLAN:

Implemented as presented on June 21, 2022

FMP Expenditure Drivers

Cost-to-Continue:

- Employee wages (union and non-union)
- Employee benefits including health insurance

Initiatives:

- Enhancing organizational capacity with the hiring of additional staff members including wages, benefits, one-time expenses, and fleet.
- Operation (building and programming) of an expanded public library.

2023-2027 Proposed FMP

FMP 2023-2027 Update

2022-2026 FMP made an assumption that a reevaluation was going to be completed in 2022 for 2023 budget. Last reevaluation was completed in 2020.

Reevaluation – Why we decided it wasn't in our best interest to complete in 2022:

- Transition of assessing services from outside provider to in-house staff
- Ensuring adequate time to prepare for reevaluation (both internally and externally)
- Departmental staffing

Property Reevaluation cycle moving forward:

- 2023: Interim Market Reevaluation
- 2025: Interim Market Reevaluation
- 2028: Full Reevaluation
- 2031: Interim Market Reevaluation

2023 Budget:

Goal: Creating a one-time bridge in funding while a reevaluation is completed during calendar year 2023.

Apply \$850,000 of the 2022 TIF Advance Repayment to the General Fund to 2023 budget to allow the City to accomplish the following priorities while maintaining 3% tax increase on the average single-family home (total anticipated TIF repayment in 2022 is \$910,500):

\$243,000 increase in health insurance premium expense to maintain status quo employee benefit contribution levels and offerings (contracted renewal is capped at 7.90% for 2023)

\$175,000 dedicated for the implementation of the 2022 Class and Compensation Study in addition to funding for cost-of-living and merit-based step increases

\$84,000 increase to the Museum operations (approved by Council on May 17, 2022)

\$153,782 allocated for the hiring of new priority positions:

- July 1st start of Paramedic (1 FTE)
- July 1st start of Fire Community Risk Reduction Officer (1 FTE)
- August 1st start of Police Officer (1 FTE)
- September 1st start of Public Works Maintenance Worker (1 FTE)

2024-2027 Budget: Initiatives Accomplished

- Increase in Building Maintenance and Replacement Fund to an annual contribution of \$200,000
- Transition of PD Mental Health Worker and Housing Planner position from ARPA funded to General Funded
- Implementation of a \$15 minimum wage for all positions
- Implementation of a long-range health insurance strategic plan
- Hiring of all proposed priority positions as recommended by the Executive Leadership Team
- Increase in Library Fund to allow for the operation of expanded building and programming needs.

FMP – Staffing Plan

NOTE: All dollar amounts are expressed as the positions portion funded by the General Fund & assumes January 1st start for all positons.

2023: 5.5 FTE	2024: 3.0 FTE	2025: 4.50 FTE	2026: 4.0 FTE	2027: 3.50 FTE
• Police Officer (1 FTE): \$108,671 • Paramedic (1 FTE): \$106,504 • Fire Risk Reduction Officer (1 FTE): \$67,418 • PW Maintenance Worker (1 FTE): \$45,373 • Financial Services Technician (0.50 FTE): \$48,620* • Building Inspection Customer Service Specialist (1 FTE): \$72,022* Total Investment: \$327,966	• Police Office (1 FTE): \$111,152 • Paramedic (1 FTE): \$107,516 • PW Utility Marking Technician (1 FTE): \$15,481 Total Investment: \$234,149	• Police Office (2 FTE): \$227,542 • Paramedic (1 FTE): \$111,042 • PW Maintenance Worker (1 FTE): \$47,575 • Library Building Technician (0.50 FTE): \$25,624 Total Investment: \$411,783	• Police Officer (2 FTE): \$232,886 • Paramedic (2 FTE): \$229,490 Total Investment: \$462,376	• Police Officer (1 FTE): \$119,189 • Paramedic (1 FTE): \$117,033 • Finance Purchasing Agent (1 FTE): \$102,393 • Library Building Technician (0.50 FTE): \$56,583 Total Investment: \$395,198

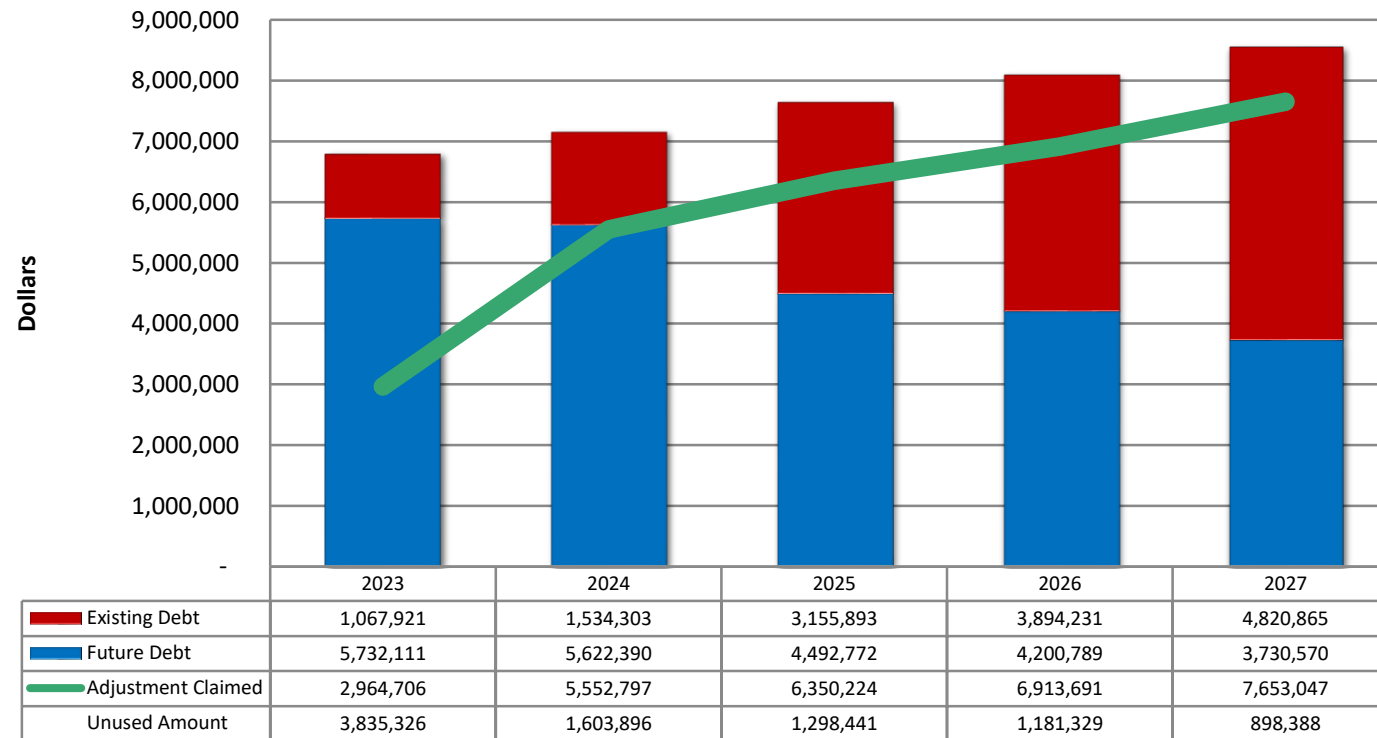
**Funded with internal departmental savings or proposed fee increase.*

Forecast net change to Property Tax Levy

	Tax/Budget 2022/2023	Tax/Budget 2023/2024	Tax/Budget 2024/2025	Tax/Budget 2025/2026	Tax/Budget 2026/2027
Operating Levy	\$21,573,447	\$24,269,849	\$25,172,018	\$26,529,317	\$27,975,977
Debt Service Levy	\$6,631,032	\$7,111,693	\$7,603,665	\$8,050,020	\$8,506,435
Total Levy	\$28,198,036	\$31,376,406	\$32,770,392	\$34,573,888	\$36,476,800
Mill Rate	7.5425	7.7696	8.0023	8.2427	8.4027
Average Home Value	\$301,200	\$301,200	\$301,200	\$301,200	\$301,200
City Tax on Average Home	\$2,272	\$2,340	\$2,410	\$2,483	\$2,531
% Tax increase on the average single-family home	3.00%	3.00%	3.00%	3.00%	1.94%
\$ Tax increase on the average single-family home	\$66	\$68	\$70	\$72	\$48

Levy Limits

Base Scenario Projected Debt Service Payment (Non - Abated)
& Levy Limit Adjustment to be Claimed



Expenditure Restraint

Base Scenario					
Budget Year	2023	2024	2025	2026	2027
Payment Year	2022	2023	2024	2025	2026
Forecasted Net New Construction (60%)*	1.44%	1.43%	1.42%	1.41%	1.41%
Forecasted CPI-U Increase	1.50%	2.00%	1.75%	1.75%	1.75%
Maximum Increase to Qualify	3.00%	3.43%	3.18%	3.17%	3.16%
Projected Increase	2.41%	2.39%	2.38%	2.36%	2.35%
Qualify	Yes	Yes	Yes	Yes	Yes
*Net New Construction Capped @ 2% Under Current Law					

Discussion
