

BUILDING A CITY BUDGET FOR 2024–2025

Introduction

This document outlines the steps we'll follow to create the city's budget for the next fiscal year (FY), which runs from July 1, 2024, to June 30, 2025. The City Manager uses these guidelines to create a proposed budget. We share proposed budgets with the public for feedback before it's finalized.

Building a sustainable city: Key areas of focus

Budget guidelines help us achieve our city's long-term goals outlined in the **Citywide Strategic Plan**. One key objective is **sustainability**. This means making sure our city can function well in all areas:

- **Strategy:** Having clear and achievable goals for the future.
- **Programs & Services:** Providing high-quality services to residents.
- **Staff:** Employing skilled and reliable people to run the city.
- **Finances:** Having enough money to cover our ongoing expenses, with some savings set aside for emergencies.

The City's main budget

Most of the city's money comes from the **General Fund**. This fund supports most city departments (24 out of 27) and pays for the salaries of a large portion of our full-time employees (1,700 out of 2,404).

Our budget priorities

- **Building on Our City Plan:** We'll use your tax dollars to fund programs and services that support our city's long-term goals, as outlined in the Citywide Strategic Plan.
- **Meeting Your Needs:** A growing population means changing needs. We'll consider this when deciding how to spend your money.
- **Following the Rules:** We need to make sure our budget follows any state or federal requirements.
- **Listening to City Council:** The City Council sets spending priorities, and we'll use those to guide our budget decisions.

Revenue

Where our money comes from.



Last year, most of our **General Fund money** came from **property taxes and sales taxes**. Local property tax and sales tax accounted for 82.3% (\$232 million) of the fund's total budget of \$281.5 million.

Revenue Source	Percentage of Total Revenue	Amount (in millions)
Local Property Taxes	46.8%	\$108
Local Sales Taxes	35.5%	\$124
Other Revenue Sources	17.7%	\$49.5
Total General Fund	100%	\$281.5

- Property taxes fully supported the Debt Service Fund, which covers the city's debt service obligations.
- The property tax appropriation for the Debt Service Fund was \$47.5 million in FY2023-24.



Potential changes to taxes

- The tax rate for the General Fund may be increased to cover employee raises and other costs.
- Rates for other funds, like those for debt service or solid waste, are likely to stay the same.



Additional guidelines:

- The **General Fund's** fund balance will not fall below 12.0% at the end of FY 2024-25.
- **Non-recurring funds** will not be used for recurring expenses.
- **Proposed water and sewer rate** increases will not exceed an average of 6.2% for the average customer.
- **Fee adjustments** will be considered to align fee revenues with the cost of services for better cost recovery rates.
- The proposed **increase in Stormwater rates** for typical residential customers (tier 2) will not exceed \$1.55 per month.

Table: Summary of tax rates and fund allocation.

Fund	Tax Rate (per \$100 assessed value)
General Fund	31.55 cents
Debt Service Fund	11.50 cents
Solid Waste Fund	5.59 cents
Dedicated Housing Fund	3.38 cents
Transit Operating Fund	3.75 cents
Downtown BID	7.00 cents
Half Penny For Parks	1/2 cent

Expenditures

Spending Our City Budget Wisely

Making the most of every dollar

To make sure our spending matches our projected revenues, we'll be looking closely at how efficiently our city departments deliver services. This might involve:

- **Reviewing Programs:** We'll analyze data to see if programs are effective and efficient.
- **Finding Savings:** We'll look for ways to reduce costs without hurting service quality.
- **Improving Services:** We'll explore partnerships or new ways to deliver services that are both effective and affordable.

Investing in our people and our city

City employees are crucial for providing City services, and one of the goals is to have a diverse and engaged workforce. To achieve this, it is important to attract, train, and keep skilled employees. As a result, employee compensation adjustments will be given priority.

Table: Summary of proposed pay and benefit changes

Pay and Benefit Components	Average Increase
Pay for Performance open range plan and Step Plan	5.0%
Sworn Police Employees (Step Plan)	5.0%
Sworn Fire Employees (Step Plan)	5.0%
Part-time Employees	3.0%
Supplemental Retirement - 401(k)	No increase
Medical Insurance for all employees	Up to 10%
Dental Insurance	No increase
Employer contribution to LGERS	13.6%

Additional adjustments to pay structures and salaries may be considered for each category.

Table: Funding Categories and amounts for improving city property.

Funding Category	Amount
Street Resurfacing	Up to \$11,000,000
Additional Street Resurfacing (Fund Balance)	Up to \$4,000,000
Maintenance Replacement Project Plan	\$1,200,000
Fleet Replacement (General Fund)	Based on 10-year plan
City Council Budget Requests	To be considered
Program Downsizing/Discontinuation	To be considered

- *The "Fleet Replacement" category mentions that the funding will be provided by the Fleet department's 10-year recommendation plan within the debt model.*
- *The City Council budget requests and program downsizing/discontinuation will be considered.*