

City of Monticello, Iowa

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Monticello City Council Special Work Session April 15, 2024 at 6:00 p.m.
Monticello Renaissance Center, 220 E. 1st Street, Monticello, Iowa

Mayor:	Wayne Peach	Staff:	
City Council:		City Administrator:	Russell Farnum
At Large:	Josh Brenneman	City Clerk/Treas.:	Sally Hinrichsen
At Large:	Scott Brighton	Police Chief:	Britt Smith
At Large:	Jake Ellwood	Library Director:	Faith Brehm
At Large:	Dave Goedken	Public Works Dir.:	Nick Kahler
At Large:	Candy Langerman	Water/Wastewater Sup.:	Jim Tjaden
At Large:	Mary Phelan	Park & Rec Director:	Jacob Oswald
		Ambulance Director:	Lori Lynch
		City Engineer:	Patrick Schwickerath

- **Call to Order – 6:00 P.M.**
- Pledge of Allegiance
- Roll Call
- Agenda Addition/Agenda Approval

Open Forum: If you wish to address the City Council on subjects pertaining to today’s meeting agenda please wait until that item on the agenda is reached. If you wish to address the City Council on an item not on the agenda, please approach the lectern and give your name and address for the public record before discussing your item. Individuals are normally limited to speaking for no more than three (3) minutes on a topic and the Open Forum is by rule limited to a total of twenty (20) minutes.

Work Sessions:

1. **Work Session** – FY 2024-2025 budget

Adjournment: Pursuant to §21.4(2) of the Code of Iowa, the City has the right to amend this agenda up until 24 hours before the posted meeting time.

Monticello City Council meetings are recorded, by attending and choosing to participate you give your consent to be recorded. If you prefer not to be recorded, you may submit comments in writing.

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City Council Meeting
Prep. Date: 04/11/2024
Preparer: Russell Farnum



Agenda Item: # 1
Agenda Date: 04/15/2024

Communication Page

Agenda Items Description: Budget Work Session and consideration of budget cuts

Type of Action Requested: Council Discussion and Direction

Attachments & Enclosures:

<u>Fiscal Impact:</u>	
Budget Line Item:	
Budget Summary:	
Expenditure:	
Revenue:	

Synopsis: The proposed property tax levy rate for FY25 is above FY24 by 7/100 of one cent, and the overall property tax levy (requested amount) is greater than the current year by \$79,648.

If Council simply wants to keep the *property tax rate* the same as FY 24, there only needs to be about \$275 cut from the general fund portion of the budget.

If Council wants to keep the *property tax collected (amount)* the same as FY 24, there needs to be \$79,648 cut from the general fund portion of the budget.

The substantial difference between the two cuts outlined above is due to the (approximately) \$5.1 million growth in taxable value between the two tax years. The FY24 (current) budget is based upon the 2022 property valuations, the FY25 (proposed) budget is based upon the 2023 valuations. The \$5.1 million value in growth is after the rollback has been applied for FY25.

Neither the County Auditor nor the Iowa Comptroller have information on the breakdown between new development coming online versus increased property values. That ratio was not being tracked, but will be moving forward (which means we won't have that information available until FY27 tax year, which will be based upon the 2025 valuations).

City Council should *also* consider cutting \$39,100 extra to offset the additional funding provided to the Fire Department for the driveway replacement, or identifying if we are to use cash from reserves to pay that expense. That, combined with the \$79,648 to keep the tax amount the same, is a total of \$118,748 to be cut. Note that funding for the Fire Department that comes solely from the City creates an inequitable expense on the taxpayers of Monticello proper, as opposed to spreading the expense across the townships and property owners within the larger fire service area.

Department Heads and I have identified areas that *may* be cut as shown in the attached chart. Cuts that are “recommended” are highlighted green. Cuts that are secondary are highlighted orange. Cuts that are strongly discouraged are highlighted in red. None of these cuts are supported by Department Heads, but we respect that Council can decide where and how much is to be cut in any budget.

The most recent budget is included for reference. Please note that this version of the budget has been revised to include the budget amendment, and some line numbers have change since the last time this document was shared with Council.

Recommendation:

Option 1:

The best option, if cuts are warranted, is to keep the property tax rate the same, and cut \$275 from the Health Insurance, which will lower the employee benefits levy and the total rate will be identical to last year.

Option 2:

If the goal is to keep the overall property tax collected the same, cuts in Lines 6 through 11, 14, and 18 in the attached chart (budget lines 722, 723, 751, 752, 753, 775, 794 and 1164/1159) are the most reasonable, for a total of up to \$ 81,850.

Option 3:

If Council wishes to cut sufficient amounts to also pay for the Fire Department driveway, Lines 2 and 3 are possible to cut another \$15,000 (budget lines 639 and 641). Those cuts, with Options 1 and 2, above, total \$96,850, leaving \$21,898, which could be cut from City Attorney and City Engineer reviews (Line 737/742).

CUTS PROPOSED BY DEPARTMENT HEADS

	Department	Item	Budget Line	Reason	Budgeted	New \$\$	Amount Cut	Notes
1	Police	Vehicle Operating Supplies	609	Hope that fuel costs will remain lower	\$ 19,000	\$ 18,000	\$ 1,000	<i>New Tahoe squad will not save fuel like hybrids do</i>
2	Streets general fund	Street Maintenance Supplies	639	Use another funding source	\$ 5,000	\$ -	\$ 5,000	<i>Increases reliance on Road Use Tax</i>
3		Roadways/Street Construction	641	Use another funding source	\$ 10,000	\$ -	\$ 10,000	<i>Increases reliance on Road Use Tax</i>
4	Aquatic Center	Candy Shack	667	Operating money (offset by revenues)	\$ 10,000	\$ 8,000	\$ 2,000	<i>May require budget amendment later in fiscal year which could be offset by revenues (Money In = Money Out)</i>
5	Cemetery	Summer help	682	Tightening up new spending	\$ 15,000	\$ 12,000	\$ 3,000	<i>Summer help would be used, just fewer hours</i>
6	Mayor and Council	Mileage Reimbursement	722	Rarely used	\$ 1,000	\$ 150	\$ 850	
7		Conference Expenses	723	Rarely used	\$ 5,000	\$ 1,000	\$ 4,000	
8	City Hall	Travel and Conference Expenses	751	Tightening up spending	\$ 10,000	\$ 9,000	\$ 1,000	
9		Repair and Maintenance on Building	752	Eliminate increase in budget amount	\$ 30,000	\$ 20,000	\$ 10,000	
10		Building and ground maintenance and supplies	753	Tightening up spending	\$ 5,000	\$ 4,000	\$ 1,000	
11		Computer hardware/software	775	Admin computers ok for now	\$ 15,000	\$ 12,000	\$ 3,000	<i>Additional funding was provided for computer updates, they can be postponed for now</i>
12	Aquatic Center	Transfer to Pool Setaside	788		\$ 20,000	\$ 10,000	\$ 10,000	<i>Will delay major pool maintenance which we were starting to plan for as the pool reaches its 20 year lifespan</i>
13	Police	Transfer to Police Car Setaside	791		\$ 25,000	\$ -	\$ 25,000	<i>Will delay future replacement squad</i>
14	Community Center	Transfer to Capital Improvements	794	No improvements will be done this year	\$ 50,000	\$ -	\$ 50,000	
15	Ambulance	Uniform/Clothing Allowance	954	Tightening up new spending	\$ 5,000	\$ 3,000	\$ 2,000	<i>Additional funding was provided due to a number of new staff members</i>
16		Travel and Conference Expenses	957	Tightening up new spending	\$ 3,000	\$ 2,000	\$ 1,000	<i>Additional funding was provided due to a number of new staff members</i>
17		Vehicle Operation Supplies	960	Hope that fuel costs will remain lower	\$ 25,000	\$ 20,000	\$ 5,000	<i>May require budget amendment later in fiscal year</i>
18	Health Insurance		1164, 1159	Health insurance for new hires			\$ 12,000	<i>May require budget amendment later in fiscal year depending upon insurance coverage choices by new hires</i>
19	City Engineer	Pro Fees	737	historically has not exceeded \$20k	\$ 50,000	\$ 30,000	\$ 20,000	
20	City Attorney	Other attorney fees	742	historically has not exceeded \$10k	\$ 30,000	\$ 20,000	\$ 10,000	<i>Former Administrator was also the City Attorney, this item was added in 2021. Based upon performance it can be reduced if Council continues to follow the City Attorney contact policy</i>
21	Total Potential Cuts						\$ 175,850	