



2025 BUDGET SUMMARY City of Tea, South Dakota

INTRODUCTION

As City Administrator I am charged, at the direction of the City Council, to annually prepare and present a balanced budget to the Governing Body for consideration. It is my pleasure to present the City staff proposed 2025 City of Tea Budget. This is the first budget I have worked with our City staff to prepare and present to the Governing Body. This budget summary is not intended to provide the Council with the complete details of the entire budget, but rather provide an overview of the highlights of the proposed spending in each of the City's accounts and departments. The budget is the City's substantial policy and planning document for the upcoming year. It is the City's managerial and decision-making tool that demonstrates to the citizens the commitment towards using their tax dollars and fees appropriately.

This budget document is intended to serve as the City's blueprint for creating the type of community the Council intends to for the future. The 2025 budget will reflect the City Council's continued commitment towards infrastructure improvements while also emphasizing the commitment of public dollars towards enhancing the quality of life of our residents.

The Council will discuss the 2025 City staff recommended budget in depth on **Monday, October 7th at the Regular Meeting of the City Council.** The Council will be tasked with making amendments to the proposed budget at this meeting. Any and all amendment considerations will be incorporated into the final budget for a first reading at the Monday, November 4th Regular Council meeting.

Before diving into the 2025 budget, it is important to review the City's 2024 accomplishments. The City began the construction of an important arterial street that will further connect Tea into the Sioux Falls Metro. The 85th Street project extends from Heritage Avenue east to Sundowner Avenue. The City designed and is spearheading the construction of the project with the support of the City of Sioux Falls, who agreed to pay for the northern portion of the street. This two year project began in 2024 with the initial grading of the street surface and installation of the Sundowner intersection. The project will be completed in 2025 with the remainder of the two lanes of asphalt surfacing and the installation of the round about at the intersection of Heritage Ave 85th Street. The City has also used 2024 as a planning year to prepare for the next large scale infrastructure projects. The City will proceed with the surfacing of Sundowner Avenue in 2026 or 2027. The City has taken the opportunity to engage with property owners along Sundowner Avenue regarding the design, planned special assessments and potential future annexation scenarios. The City has also began in depth conversations for the design of Brian Street east from Heritage Avenue to Sundowner Avenue. Several blocks of City streets were also milled and overlaid as a preventative maintenance measure. The City will continue to be aggressive with mill and overlay projects as arterial and residential streets reach their lifespan. In 2024 the City made a historic connection to the City of Sioux Falls waste water system. This project nearly a decade in the making secured the City's waste water future and strengthened the communities relationship with the City of Sioux Falls. In regards to Waste Water, the City also engaged HDR Engineering on an in depth study to begin determining a plan and timeline for the decommissioning of the existing

wastewater lagoons. In 2024 the City established a new water rate structure that discourages high residential water use. The City will need to look at also implementing these new rates on commercial use in 2025. Given the City's limitations to water access, the City also joined and was accepted as a member of the Dakota Mainstem project, a future looking project working to bring fresh water from the Missouri River to eastern South Dakota. The City has also made strides in adding amenities to increase the quality of life in Tea. The City opened the addition of two new multi-use ball fields on the north side of the Athletic Complex. The City is also working towards the design of a future east side park that will include a dog park and future splash pad and playground equipment. The City began the design of a future off street pedestrian path that will connect the Nine-Mile Lake development into the City of Tea. The City has many additional investments to make into existing and future public park lands that will be programmed into future budgets.

A wise approach to municipal budgeting is to take a conservative approach by purposefully estimating revenues low – and – expenses high. This strategy serves the purpose of creating a healthy reserve. A healthy reserve creates stability for the City as it continues to grow and will continue to face high dollar infrastructure investments. This year after year this strategy can create healthy reserves and a stable basis for which to make important long-term commitments towards City wide improvements.

The staff recommended budget for 2025 is the story of the continued commitment towards building the necessary infrastructure for a rapidly expanding community. The recommended budget also provides additional focus on the type of quality-of-life projects that will improve existing City park facilities and expand facilities in new neighborhoods. The budget also includes the improvements to the operations of City Departments with investments in equipment and facilities.

The City has pursued major infrastructure projects that required the City to borrow and incur debt liabilities for the City. This debt has mainly accrued within the Water and Wastewater funds. The current debt capacity is within a manageable threshold, however the City should be mindful of the 5% debt capacity maximum as these debts will play a factor in how we plan for future project. Exploring all options when pursuing funding for future infrastructure projects will be necessary as the cost of construction continues to increase and the scope of the City projects become larger.

2025 will serve as a year of continued major expenditures towards the infrastructure of a rapidly growing community. These infrastructure projects like 85th Street and continued aggressive street maintenance program serve as investments into the quality infrastructure this community has come to expect. It is also important for the Council to continue to discuss, plan and continue preparations for the next decades worth of projects. The investments of today and the future planning of tomorrow will be a strength of the City of Tea.

BUDGET SUMMARY

The 2025 proposed spending for all funds is \$ [REDACTED]. These figures are all inclusive of personnel and operational expenditures as well as capital improvements, debt service, federal grant fund and the proprietary funds; water, sewer funds.

State law limits the increase a taxing district may levy to the combined total of the Consumer Price Index (CPI) and Growth. The 2025 Growth has been calculated at 13.184% and the CPI is 3%. This combined 16.84% provides for a total of \$586,476 in additional general fund property tax dollars for the 2025 budget. The total general property tax base amount of 2025 is predicted at \$4,210,726. These numbers were provided to the City by the Lincoln County Auditor's

office and certified by the City Council with the adoption of the levy at the September 6th Regular meeting. It is predicted that the property tax mill levy will decrease slightly in 2025 because of the strong 13% annual growth. The estimate (emphasize estimate) based on current numbers would be a very slight decrease from the current levy rate of 4.965 to approximately 4.905.

The Sales Tax Revenue for 2025 has been budgeted at \$4,600,000. This is a 15% projected increase from the 2024 budget of \$4 million. It is necessary for the City to forecast 2025 sales tax lower than normal in light of the impacts of the possible passage of Initiated Measure 28. IM 28 could eliminate the City's ability to collect the sales tax on food. The estimates for sales tax revenue loss from IM 28 is in the range of \$150,000 to \$300,000. The good news is that the City continues to see strong sales tax growth with an 11% increase through August of 24' (additional \$300,000). It is important to estimate sales tax revenues low because of the instability and volatility in this revenue. However, the City has a strong record of outpacing previous years sales tax revenue. The projection for 2025 is that sales tax revenue should continue to steadily increase with the addition of sales tax generating business in the Bakker Landing development and Gateway Boulevard corridor. The best practice for municipal budgeting, that is heavily based on sales tax revenue, is to budget conservatively to avoid forced budget cuts if revenue falls shorter than expected. Administration and the Finance Office is confident with the projected revenue of \$4.6 million in sales tax in 2025.

The City Council instructed Administration to develop a pay plan for adoption in 2025. This proposed pay plan will establish a step matrix for City employees is nearing a final draft stage and will be presented for Council consideration in January of 2025. This new pay strategy will provide for a Cost of Living Adjustment (COLA) increase based on the Consumer Price Index (CPI) from July. The pay plan matrix will be adjusted annually in accordance with the CPI. Each employee will also be considered for a step increase at the time of their anniversary date. These pay adjustments are in the range of 2-3% dependent upon the position and step where the position is located on the pay plan matrix. Finance Officer Murphy has adjusted wages across departments in the 5 to 8% range to accommodate for the implementation of the proposed pay plan. This Pay Plan with planned employee increases will also assist in keeping the City wages competitive with the area market in order to retain our experienced and new employees. The City is fortunate to have very dedicated group of employees with a historically low turnover rate. The City of Tea team continues to meet the needs of our growing City without requesting large increases to departmental budgets or significant requests for additional personnel when not justified. This budget reflects a continued commitment to providing top quality services to our residents and customers.

GENERAL FUND

The General Fund accounts for the majority of the total proposed spending in 2025, which is attributed to the wide array of programs contained within the fund. The General Fund is responsible for the majority of services the residents expect of their local government. This fund is responsible for the public safety services of Police, Fire and Ambulance as well as the street maintenance, parks and recreation program, administrative and finance functions, planning and zoning, building inspection, snow removal and community organization support. The 2025 budget reflects a strong year of spending towards City services, infrastructure upgrades and maintenance as well as quality of life improvements that the Council and the residents have identified as a priority. The Council and the City staff attempt to manage the resources of the City with on-going needed improvements, demands and expectations of the community.

The major General Fund 2025 expenses are reflected within the Street Maintenance Departments budget. The City will again invest heavily in street improvement on main arterial

roads. The City will complete the 2nd year of the 85th Street project. The City is completing 85th Street in anticipation of the completion of the 85th Street interchange scheduled to start construction in 2025 and complete in 2026. This project is fully funded through the General Fund. The City has partnered with the City of Sioux Falls to split the costs of the street project. The General Fund expenses are reflected in the amount of \$3 million with 50% of the costs reimbursed from the City of Sioux Falls (\$1.5 million in City expense). The second important street project is the removal and replacement of the north bound lane of Heritage Avenue between Brian Street and Gateway Boulevard. The Street Department intends to replace the asphalt surface with concrete surfacing. As a strategy the City is looking to plan out a multi-phase replacement of Heritage Avenue as a concrete Street. The northern portion of Heritage between Brian and Gateway is the section that is failing and is need of replacement. The curb and the center median will be preserved with only the street surface replaced with concrete material. The General Fund Budget reflects a cost of \$1.2 million. The Street Maintenance Department will also continue to invest in the milling and overlaying of specific streets throughout Tea. This expense of \$500,000 is reflected in the Special Revenues fund.

The Street Maintenance Department is also requesting the Council consider approving two additional large capital purchases. An investment in a new building and a new piece of equipment (street sweeper). The Street Maintenance Department has been seeking additional space for their operations and storage of equipment. The City has considered relocating the Street Maintenance Shop to property currently owned by the City. We have also inquired about the purchase of other properties suitable to Street operations. The City has ran into complications in moving forward with either relocation option. The City Maintenance Department would like the Council to consider investment into the current Street Maintenance location with a building that mirrors the current facility. The estimated costs are \$1.5 million for this facility. The Street Department is finding complications in their ability to store and maintain equipment in an efficient manner. The additional shop space is desperately needed for their operations. The City can consider this an investment that will cover the Department for an additional decade. The City should still look at a long term site that can accommodate the City operations as we continue to grow. The Street Maintenance Department has also programmed the purchase a few pieces of equipment. A new Street Sweeper in the amount of \$300,000 to replace the existing sweeper. The purchase of a used bucket truck (\$75,000) to begin repairing street lights in house as opposed to contracting out electrical services. The purchase of vacuum truck to assist with multiple utility functions (i.e. manholes, curb stops, drop inlets). These equipment requests and facility investments will make our Street Maintenance more efficient and effective in their ability to properly maintain our City's infrastructure.

The Tea Police Department budget reflects increases in 2025. The Department has increased Personnel and taken on the addition of a K-9 officer in 2024. The 2024 budget did not properly capture the personnel costs. Therefore these personnel related adjustments that incorporate increased overtime and the additional staffing hours have been included in the 2025 budget. The Police Department budget includes \$50,000 for vehicle replacement. The Department budget also includes the purchase of equipment in the form of additional Tasers, a night vision device, rifles and suppressors. The Police Department has requested the Council consider supporting a gym membership for the officers and staff. Administration is conducting research on incorporating reduced gym memberships into the City Healthcare plan or creating a partnership with a local gym. This additional benefit cost has not been incorporated into the 2025 budget but would be a great investment in our officers mental and physical health for the Council to consider supporting.

This 2025 budget does continue to provide a focus on quality-of-life type projects. The City has and will continue to face pressures to build expensive and necessary street and utility infrastructure

projects. However, the City has the responsibility to balance these infrastructure demands with the Quality of Life priorities our community expects. The City is in the process of acquiring an additional 6 plus acres of park land on the east and north eastern areas of the current City limits. The City is budgeting \$300,000 towards the initial investment into Pinnacle Park, that has a playground, dog park and splash pad currently planned for this new facility. The City did receive a \$100,000 LWCF grant that will be dedicated towards the playground equipment in this park. The 2025 budget also includes \$500,000 to begin the replacement of playground equipment within the Main City Park. The existing equipment and fall protection area has reached the end of its life and needs to be considered for replacement. The City is also looking at expansion of the recreational trail system with a connection from Gateway Boulevard to the Nine Mile Lake subdivision. The City has applied for a Transportation Alternatives Grant with hope for completing this project in 2026. The budget reflects continued planning and design for this next addition to the trail system. The budget also includes \$60,000 to be spent towards a Master Park Plan. The City is in need of an inventory analysis of our current park systems and direction for what additional amenities should be included in future budgets. The two new acquired future parks need to be properly planned and analyzed for future investment. The City is receiving requests for improvements to our park system that include but are not limited to baseball, softball, pickleball, tennis, frisbee golf, skateboarding, etc... This Master Park Plan will assist the City in planning out these next phases of the City's Park System.

The City's Park and Recreation program has grown exponentially in recent years with participation numbers continuing to increase. The Parks and Recreation Director added 7 new youth programs and 2 new adult programs in 2024. The success of these programs reflects the benefit of the investment the City made into the Athletic Complex. The City will continue to invest and attempt to increase these participation numbers in 2025. Parks and Recreation Department budget reflects their standard operations with the addition of smaller scale equipment investments. These programs are an important asset of the City of Tea as it creates a sense of community and connection for our young families.

The City continues to receive pressure from outside sporting organizations to improve City fields. The City has additional phases planned within the Athletic Complex that includes improvements to existing fields and expansion of new fields. The 2025 budget does not include improvements to the existing fields or expansion of new fields. Administration is seeking to utilize the proposed Park Master Plan as guide towards creating a capital improvement plan for the City's parks system.

The City is not currently prepared to deal with the on coming devastation that the Emerald Ash Borer will bring to our community. The 25' budget includes \$50,000 to begin the removal/treatment of ash trees within the City owned properties and boulevards. Administration is also proposing to implement a Tree Rebate Program in 2025, that would encourage the planting of trees throughout the community.

The City will continue to analyze the ability to proceed with the proposed indoor athletic complex in 2025. Continued investments into this research will occur in 2025. Administration does not anticipate any additional major expenses on this project in 2025. Acquisition of property for a facility could potentially occur in 2025. It is important to note that expenses related to the City's pursuit of this project are eligible costs that would be reimbursed through the TIF district funds.

The Tea Community Library is a great example of a public partnership with the Tea Area School District. The 2025 budget reflects an expenditure of \$36,100 to be dedicated towards the

purchase of books, staffing and use of the High School facility. Discussion regarding an independent Library, wholly owned and operated by the City has been discussed in recent years. This budget does not reflect any investment towards an independent Library.

The City of Tea organization has continued to increase as the community has grown. The Council has supported additional personnel for the Police Department, Planning Department and Street Maintenance staff. In 2025, the City is programming an additional staff member to the Street Maintenance Department. The Superintendent is requesting to add a certified electrician to the Department to assist with not only the day to day operations but to focus on the increasing Street Light system the City has the responsibility to maintain. The addition of a certified electrician will provide the City with the ability to repair and maintain the Street Light system in house as the reliability and expense associated with contracting this service has become increasingly costly and unreliable. The Street Maintenance Department budget also reflects the purchase of a boom truck to perform the street light maintenance. No other additional staffing requests are included within the budget. Looking forward to future budget years, the City Council may consider additional staff to the Parks and Recreation Department, an Assistant Finance Officer position, a Full Time Building Inspector and/or Code Enforcement Officer, an in house City Engineer. These additional City position will continue to be analyzed and added as necessary in the coming years as the City adjusts to the growth and demands of the community.

All organizations both private and public can benefit from the implementation of technology. Within the past few years, the City has operationalized the majority of City offered services to on-line platforms. Administration is seeking to include additional investments into technology with improvements to the City website and the addition of an agenda management system. The website will create a more accessible location for City information for the public. The City website is generally the first stop for those interested in our community. It is important this website is easily navigable, attractive and includes the information our residents are seeking. An agenda management system will be a practical application for City staff creation of agendas and the Council and different boards access to the information. The budget includes funding for these technology upgrades and the on-going annual fees that are necessary for these services.

The City has in the past assisted specific local organizations with annual operational or one-time funding. Support of these local organizations is crucial for the betterment of our community and the continuation of services that these outside organizations provide. The City has developed a crucial and important relationship with the Tea Area Chamber for Development. The City assisted with the installation of a digital sign in 2024 (sign location and design is being finalized for installation in the fall). The Chamber is considering adding a full-time position to pursue the goals of their organization. Administration has included a budget of \$50,000 to assist the Chamber with the addition of a Chamber Director position. Administration generally agrees with the Chambers request as the amount of volunteer efforts required by Chamber Board members to events unsustainable. Transitioning to a more professionally operated Chamber is a goal of the current Chamber leadership.

The Fire Department is requesting their budget request fall in-line with the adjustment that was implemented in 2024. The Council approved a new formula that increased the City's responsibility for Fire Service based on jurisdictional property valuations. The Fire Department has increase the City's responsibility slightly from \$ _____ in 2024 to (\$ _____ *waiting on this request*) in 2025. Administration has budgeted this increase. The Fire Department has also indicated a future request for an outfitted rescue rig. The cost estimate for this vehicle is \$ _____. The Fire Department is working towards a design and more accurate estimate. This request has not been included as a

budgeted 2025 expense as the delivery of a vehicle would not occur for a minimum of two years after ordering. This has been mentioned in the Budget Report as this is a commitment the Council could be faced with making a decision on in 2025

Within all funds the utilities have been analyzed and increased or lowered based on past usage. Throughout the budget, wages were shifted to reflect hours dedicated within each department. The City's Health Insurance consultant has told the City to prepare for a possible increase of between 5 and 8%. The City won't know what the actual percentage increase is until after the adoption of this budget. A total of a 10% increase has been budgeted to cover any health insurance premium increase.

The General Fund currently reflects a deficit of \$ [REDACTED]. The budget reflects a transfer of of General Fund reserves in that same amount to create a zero based/balanced budget. The City's reserve accounts have the capacity to handle this budget deficit. It is also important to note that the City generally does not spend all budgeted funds. However, given this budgeted deficit, it does allow for the Council to have discussions on cutting budgeted items to create a balanced budget without the necessity of relying upon reserve funds.

General Fund Discussion Items – The City is having the budget discussion in early October to allow for three weeks of discussion, additions or deletions prior to the adoption of a final budget in November. Here are a few items, Administration recommends the Council consider for discussion to either include or remove from the proposed budget.

- The Community Hall and the future of that facility is an important discussion item the City will need to consider for 2025. The current budget does not reflect any expenses towards repairing or renovating the Community Hall and Tea Museum.
- The current budget does not include investments into the Athletic Complex fields. The City has received pressure from outside organizations to make improvements to certain fields. This is an item worthy of consideration for the 2025 budget. \$500,000 has been programmed for park playground replacement. The budget does not have capacity for additional park related improvements.
- Chamber support for a director/organizational position has been included within the 25' budget. The Council should have a discussion regarding approval to support the addition of this position for the Chamber.
- The Fire Department has indicated that they are seeking support for the replacement of their current rescue rig. This item is not currently budgeted for 25'. The City is seeking communication from the Fire Department when this expense would occur and the total anticipated cost of this expense.
- 486th Avenue – The City continues to receive requests from the School District to improve the gravel surface of 468th Avenue. An improvement to 468th Avenue was not programmed into the 25' budget. The 25' budget does not currently have the capacity to proceed with this additional infrastructure project.
- Gym Membership that the PD has requested could potentially be a benefit that is considered for all employees.

SPECIAL REVENUE FUND

The City established a Special Revenue fund that consists of the funds collected from the street maintenance assessment. This fund was created to strictly fund annual street maintenance related items (i.e. crack sealing, mill and overlay, slurry sealing, concrete repairs and replacement. The current Street assessment for all properties is \$1.25 per lineal foot. This fund generates

approximately \$400,000 in annual revenue. The 2025 budget includes \$500,000 of street maintenance. \$100,000 will be transferred from the General Fund to the Special Revenue Fund to cover the expenditure discrepancy.

As the City's street infrastructure ages, it may become necessary in future years for the City to consider increasing the lineal foot street assessment charge. As the City grows the annual expenses will grow. The City continues to add streets and diversify the type of street systems such as more concrete streets, that will require higher maintenance costs. This will continue to be analyzed.

WATER FUND

The City is not planning any large scale infrastructure projects within the Water Fund for 2025. The 2025 budget includes \$50,000 of expenses to re-paint the north west water tower. Additional expenses within the Water Fund are for standard operations.

The City is continuing our commitment towards the Lewis and Clark expansion project with the payment of \$113,000 towards the 2nd phase upgrade to their system. The City is facing escalations in these payments starting in 2026 of nearly \$500,000 and ramping up to \$1.5 million in 2028 and 2029. The City is facing nearly \$4 million in payments within the 6 years. The City needs to begin strategizing how these payments will be made as the Water Fund reserve accounts will not be sufficient to cover these payment. Adjusting rates to cover these annual payments is not a very good option. Therefore, the Finance Office and Administration will begin having conversations with Lewis and Clark and DANR to strategize on potential SRF funding that could spread these costs out over a longer time period. The first Lewis and Clark bond is due in 2028. This will free up some capacity within the fund to borrow for this 2nd phase Lewis and Clark project.

The City submitted an application and was accepted as a member of the Dakota Mainstem future water project. There is a small membership fee included within the 2025 budget for Dakota Mainstem. As this project progresses, there will be additional funding commitments that will be asked of the City. This relationship will prove to be a wise investment as the City will eventually reaches our capacity for water usage with Lewis and Clark system.

The City will need to continue to adjust the Water rates in order to sustain the current expenses and save for future critical infrastructure. The City increased rates in 2024 on the highest use residential water users. The City increased these rates in order to discourage high water use on residential properties as our capacity with Lewis and Clark is reaching its maximum. The City will also need to consider implementing these same high use water rates on commercial properties in 2025. The City by Resolution of the Council increases water rates by 1% annually. The current total water bill for an average user of 5,000 gallons per month is \$34.00.

In 2025, City Administration and the Finance Office are not recommending the increase to the current base/per 1,000 gallon rate beyond the 1% annual increase. As the City moves forward in upcoming years it is important for the council to engage in discussions about our overall water and sewer rates. The DANR threshold to be eligible to receive grant funding for water related project is in excess of \$50,000 per month per 5,000 gallon user. In order to be considered for any type of grant funding for major water projects in the future it is important to keep this minimum DANR water rate in mind.

Current debt services for past loans has been adjusted in the budget to reflect next year's payments. As mentioned earlier the original Lewis and Clark payment is due in 2028. The City sits at just over 50% of the allotted debt capacity.

The water fund is a proprietary fund; therefore, it is not necessary to create a zero budgeted balance. However, the current budget balance is approximately \$ [REDACTED] the red. Therefore, the budget reflects a transfer of that same amount from the water reserves into the water revenue in order to zero balance the fund. The current balance of the water fund reserves can withstand this level of transfer at the end of 2025.

WASTEWATER FUND

In 2025, the City is looking towards the investments to incorporate expanded access to the waste water system. The City reached an important historical stage of officially connecting into the City of Sioux Falls Waste Water system in 2024. This nearly decade long planning process has secured the City with a reliable location to send our waste water. Now that this historic project is behind us it is necessary to begin analyzing the City's future growth areas and prioritizing investments for future sewer connections. The 2025 budget includes two new growth areas for sewer expansion. The south heritage sewer basin with an extension to serve 9th Street has been included within the sewer budget. The budget also includes the City responsibility of shared costs to extend sewer east on Brian Street to serve the southern portion of the Serenity addition. The Street Maintenance Department is also requesting permission to include the upgrade of two pumps within the southern lift stations. The current horsepower of these pumps is insufficient to maintain the capacity of these lift stations. No other major waste water infrastructure projects are planned within the 2025 budget.

The completion of the waste water connection to Sioux Falls now puts Tea in a position to begin visualizing the potential to decommission the current waste water lagoons. The City teamed with HDR in 2024 to begin analyzing decommissioning of the lagoons. This study will continue into 2025 and the City will analyze the best long term strategy for the future of the lagoon system. Strategically, in 2025 the City plans to maintain a similar pumping rate to Sioux Falls as we pumped in 2024. Currently the percentage of waste we send to Sioux Falls is approximately 50%. The budget reflects an expenditure that covers pumping fees charged by the City of Sioux Falls. In the case the City would decide to increase our pumping quantity to Sioux Falls it would be necessary to adjust rates to cover these additional costs.

The City has continually raised rates to fund crucial and necessary waste water related capital improvements. In 2025 the City adjusted the Sioux Falls Regionalization fee by establishing a \$12.00 per month Phase 2 Construction loan fee and lowered the SDC Fee from \$10.00 to \$6.50. These fees combined with the Base Rate at \$32.00, residents now see a total monthly sewer bill charge of **\$50.50**. Given the City's healthy waste water fund reserves and the significant increase placed on rate payers in 2024, Administration and the Finance Office is not recommending increases to rates in 2025. There are major expenses facing the City in coming years, that the City needs to be prepared to apply for DANR loans, which will require significant rate increases.

The 2025 Waste Water Fund budget reflects the Principal and Interest payments for debt services. The majority of the waste water debt was established in 2024 with these loans maturing in 2052.

The wastewater fund is a proprietary fund; therefore it is not necessary to create a zero budgeted balance. However, the current budget balance is approximately \$ [REDACTED] in the red. A transfer from wastewater reserves has been included to zero balance the wastewater fund.

Contingency Transfer

The City incorporates a set dollar amount to cover unanticipated over expenditures within departmental funds. The 2025 budget reflects a contingency fund of \$ [REDACTED]. The City will utilize this fund for the supplemental budget that is adopted toward the end of each fiscal year.

CONCLUSION

This proposed Budget allows the City to provide necessary services to our community while at the same time investing in the infrastructure necessary for a growing community. Please review the proposed budget and be prepared to provide feedback at the Regular Council Meeting **Monday, October 7 at 6:00 PM.** This meeting will serve as the main opportunity to make adjustments to the budget prior to the Monday, November 4th first reading of the 2025 budget.

Respectfully submitted,



Justin Weiland
City Administrator