



City Council Budget Workshop

January 20, 2025 - 6:00 PM or Immediately Following the City Council Meeting

City Hall - Council Chambers
101 W 4th St S
Newton, IA 50208

Call to Order

1. Roll Call

Presentation

2. Review of FY26 Proposed Budget - Lisa Frasier, Finance Officer & Candace Streeter, Sr Financial Analyst
3. Council Member Comments on Employee Compensation Proposal
4. Council Member Input - Questions and Comments for Staff

Mayor/Council Comments

Adjourn

The City of Newton is pleased to provide reasonable accommodations, in compliance with the Americans with Disabilities Act, for those individuals or groups who require assistance to be able to participate in the public meeting. Should special accommodations be required, please contact the City Clerk's Office at least 48 hours in advance of the meeting, at 641-792-2787 to arrange for accommodations to be provided.

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January 20, 2025 Budget Workshop

Review of Proposed FY26 Budget

Mayor & City Council Salary Discussion

In order to keep in line with comparable communities and for the good of the organization, it is recommended by staff to increase the Mayor & Council pay for the next council which starts on 1-1-26. Indianola is historically the closest comparable to Newton, which has Council pay set at \$5,900 per year and the Mayor pay on 1-1-26 will be \$10,250. Since the Mayor and City Council's work encompasses all funds for the City, the increase will be distributed among eligible funds and there will very little to no increase to General Fund Expenditures for this change.

Mayor & City Council Salary Discussion

	2020 Census Population	Mayor	Council	
Marshalltown	27,280	\$ 11,000	\$ 5,500	
Ottumwa	25,529	\$ 9,000	\$ 6,000	Mayor will go to \$10,200 next term
Fort Dodge	24,871	\$ 15,000	\$ 4,800	
Burlington	23,982	\$ 10,609	\$ 9,548	Mayor/Council salary shall be adjusted the beginning of each fiscal year by a percentage equal to the increase, if any, in the consumer price index
Muscatine	23,797	\$ 7,000	\$ 4,400	
Indianola	15,833	\$ 6,000	\$ 5,900	Mayor will go to \$10,250 effective 01/01/26
Newton	15,747	\$ 7,200	\$ 1,500	
Boone	12,510	\$ 9,600	\$ 2,700	Pro-Tem \$3000
Oskaloosa	11,523	\$ 6,000	\$ 100/mtg	If meeting is requested by other party, that party pays \$50/member to Council
Fort Madison	10,270	\$ 5,500	\$3,000 (\$125/mtg)	

Current Jasper County Supervisor pay is \$47,000 with a \$2,500 stipend for the Chair

001 General Fund Revenue Estimate:

- FY24 \$8.37 General Fund Property Tax Budget:
 - \$4,299,244 \$8.10 Levy
 - \$ 143,308 \$.27 Library Levy

TOTAL: \$4,442,552

- FY25 \$8.37 General Fund Property Tax Budget:
\$4,563,166 Increase of \$120,614 from FY24 (2.71%)
- FY26 \$8.37 Projected General Fund Property Tax budget:
\$4,625,052 Increase of \$61,886 from FY26 (1.36%)

001 General Fund Information

Projected Fund Balance 6-30-25:	\$3,041,377
Budgeted FY26 Revenues:	\$9,339,349
Budgeted FY26 Expenditures:	\$9,663,883
Projected Fund Balance 6-30-26:	\$2,716,843
Projected Designated Funds:	\$ 118,821
Undesignated General Funds:	\$2,598,022
Percent of Undesignated Reserves:	26.88%

*Undesignated Reserves are a percentage of budgeted General fund expenditures per financial policies

FY26 General fund Personnel:	\$ 6,359,755	66%
FY26 General fund Operating:	\$ 3,304,128	34%
FY26 General fund Capital:	\$ 0	

Positives for the FY26 General Fund Budget

- Healthy Beginning Fund Balance on 7-1-25
\$3,041,377 (32.5% of Expenditures FY25)

NOTE:

- If the City would start 7-1-25 with a 25% beginning Fund Balance of \$2,491,377, with the General Fund budget as in the draft proposal, on 6-30-26 the percentage would be 21.19%

Negatives for the FY26 General Fund Budget

- 1.36% growth in Taxable valuations - \$61,886 Increase
- Decreased Interest - \$20,000 Loss
- Commercial & Industrial Replacement -\$25,000 Loss
- Increase in Electric costs
- Increase in Employee costs
- FY25 budget showed \$37,892 in Revenues over Expenditures / FY26 Budget is \$324,534 more in Expenditures over Revenues
- No Capital purchases in General fund Budget
- Unknown Future Legislation

Options for FY26 Budget or Future Budgets

1. Delay hiring 2 police officers ahead (August 1st) to train and replace for 2 retirements – Savings \$70,000
2. Not hire additional Financial Analyst on 7-1-25 to be trained and fully ready to take on duties in March/April of 2026 when Finance Officer retires- Savings \$35,000
3. Do not rehire for positions left vacant - \$40,500 to \$65,685 dependent on position not rehired
4. Raise Debt Service and/or Employee Benefits Levy
5. Reduce COLA from 3% to 2% for Non-Union Staff - \$ 27,000
6. Reduce COLA from 3% to 1% for Non-Union Staff - \$ 54,804
7. Reduce COLA from 3% to 0% for Non-Union Staff - \$ 82,206
8. One less Firefighter through attrition - \$63,770
9. One less Police Officer through attrition - \$65,685
10. One less Groundskeeper through attrition – \$54,140
11. 1% Franchise fee - \$32,000
12. 2% Franchise fee - \$244,322
13. 3% Franchise fee - \$456,482

Options for FY26 Budget or Future Budgets, cont.

13. 4% Franchise Fee - \$668,643
14. 5% Franchise Fee - \$880,804
15. Library open 5 days/week instead of 6 - \$116,000
16. Library open 4 days/week instead of 6 - \$232,000
17. Eliminate GF Partner Contributions - \$78,000
18. Institute mobile food vendor fees - \$1,500
19. Institute premise permit fees for mobile food vendor hosts - \$1,500
20. Reinstitute business registration fees - \$11,925
21. Institute Cost Recovery for Fire-Based Emergency Response Services for residential/commercial fire calls, grass fires, car fires, vehicle accident and extrication fees, nuisance fire alarm fees, treat and release (ambulance) fees, and public assistance fees. After these services are provided, the Fire Department would issue a claim to the insurance company of the people receiving these services - \$30,000-\$60,000

Options for FY26 Budget or Future Budgets, cont.

22. Freeze Non-Union Wages in Future years – FY26 increase is \$185,530

23. Freeze Union Wages in Future years

FY26 Police Union General Fund increase - \$109,935

FY26 Fire Union General Fund Increase - \$77,201

FY26 Teamsters Union General Fund Increase - \$38,166

24. Do not open Maytag Pool - \$110,999

FY26 General Fund Budget impact if the City would implement options #1, #2, and #21

FY26 Proposed Budget - Expense over Revenues: \$ 324,534

Less Expenses for hiring ahead

(2 PD officers & Financial Analyst) Option 1 & 2: -\$105,000

Implementation of Cost Recovery / Fire (Option 21): -\$ 50,000

Ongoing Deficit Expenditures over Revenues: \$169,534

General Fund Percentage of Expenditures: 28.80%

012 Tort Liability Fund

Projected Fund Balance 6-30-25:	\$ (4,086)
Budgeted FY26 Revenues:	\$ 479,500
Budgeted FY26 Expenditures:	\$ 475,000
Projected Fund Balance 6-30-26:	\$ 414

*projected increase in Property Insurance costs is estimated to be 10%

024 Hotel/Motel Tax Fund

Projected Fund Balance 6-30-25: \$ 0

Budgeted FY26 Revenues: \$ 402,000

-Hotel/Motel Tax: \$355,000

-TIF Funds \$ 47,000

Budgeted FY26 Expenditures: \$ 402,000

-City Parks \$152,551

-Community Marketing \$ 202,449

• \$40,000 set aside for Tourism

-TIF Funds \$47,000

Projected Fund Balance 6-30-26: \$ 0

082 City Garage Fund

Projected Fund Balance 6-30-25:	\$ 31,551
Budgeted FY26 Revenues:	\$ 110,000
Budgeted FY26 Expenditures:	\$ 107,452
Projected Fund Balance 6-30-26:	\$ 34,099

110 Road Use Tax Fund

Projected Balance 6-30-25: \$2,909,514

Revenues:

- \$2.25 Million in Road Use Tax
- \$21,900 in various reimbursements

Expenditures:

- \$2,777,306
 - Street Sweeper Replacement - \$400,000
 - Wash Bay Project - \$500,000
- Interest & Principal payment on 2021 & 2024 RUT Revenue Bonds: \$328,050 in FY26

Projected Ending Fund Balance 6-30-26: \$2,404,108

112 Employee Benefits Fund

Projected Fund Balance 6-30-25:	\$ 963,822
Projected Revenues:	\$3,586,051
Projected Expenditures:	\$4,043,345
Projected Ending Fund Balance 6-30-26:	\$ 506,528

- Health insurance rates projected to remain stable in FY26
- MFPRSI Rates increased slightly to 22.68% from 22.66% in the current year
- 2 Transfers into Fund – LOST Tax \$787,500 and Insurance Fund \$500,000

115 Self Insurance Fund

Projected Fund Balance 6-30-25:	\$ 1,067,142
Projected Revenues:	\$2,300,000
Projected Expenditures:	\$2,300,000
Projected Ending Fund Balance 6-30-26:	\$1,067,142

The City has done very well switching to Self Insured and it is anticipated to continue saving money in the future

Expenditures include a transfer into the Employee Benefits fund of \$500,000 in FY26

121 Local Option Tax Fund

Estimated Revenues:

- \$2,250,000 in FY26 \$2,150,000 in FY25 (4.6% increase)
- 35% of revenues are credited to the Employee Benefit Fund (\$787,500) to provide Property Tax Relief per ballot

Expenditures:

Transfer to Employee Benefit Fund \$787,500

- Salaries for Police/Fire/Parks \$1,389,249
- HIRTA: \$35,251
- YMCA: \$18,000
- United Way: \$15,000
- RSVP: \$ 5,000

Projected Balance 6-30-26: \$0

161 Housing Initiative Fund

Projected Balance 6-30-25:	\$ 35,507
• Projected Revenues FY26:	\$138,783
• Projected Expenditures FY26:	\$150,000 (Housing Incentives)
Projected Balance 6-30-26:	\$ 24,290

162 SSMID Fund

Projected Balance 6-30-25:	\$22,176
• Projected Revenues FY26:	\$21,625
• Projected Expenditures FY26:	\$19,000
Fund Balance Projection 6-30-26:	\$24,801

200 Debt Service Fund

Projected Beginning fund Balance on 6-30-25: \$ 137,415

Total Amount of Debt expenses in FY26: \$4,094,412

- TIF Funds Principal & Interest: \$1,276,687
- Debt Service Fund Principal & Interest: \$2,736,425
- Fees: \$6,300
- Bonding Expenses: \$75,000

Projected Ending fund Balance on 6-30-26: \$193,416

CIP items for FY26 Debt Service

The following is a list of projects/equipment proposed for FY26 bonding for Debt Service:

1. Asphalt Overlay Project	\$ 430,000
2. Tennis Court Resurfacing	\$ 416,000
3. Aurora LED Court Lighting	\$ 149,000
4. Medic 3 Replacement	\$ 360,000
5. Westwood Clubhouse Phase 3	\$ 250,000
6. Training Facility for Fire & Police	\$ 195,000
7. Animal Control Facility	\$ 150,000
8. Apron Expansion Airport	\$ 146,000
9. Police Vehicles & Equipment	\$ 340,000
10. Fire Station Flooring Upgrades	\$ 110,000
11. D&D Program	\$ 100,000
12. Housing Incentives	\$ 100,000

CIP items for FY26 Debt Service, cont.

13. Tree & Stump Removal	\$ 75,000
14. S 12 Ave W Reconstruction/Traffic Signal	\$ 75,000
15. Fire Equipment	\$ 47,000
16. City Hall 2 nd Phase HVAC Improvements	\$ 25,000
17. Hike & Bike Trail repairs	\$ 25,000
18. 6' Zero Turn Mower Parks	\$ 18,000
19. West Window Replacement City Hall	\$ 15,000
20. Fire Station Remodeling	\$ 15,000
21. Maytag Pool Paint	\$ 15,000
22. Park Shelter & Restroom Upgrades	\$ 15,000
23. Park Utility Cart	\$ 12,000
24. Zero Turn Mower Cemetery	\$ 12,000
25. <u>Server Upgrades Administration</u>	<u>\$ 5,000</u>
Total:	\$3,100,000

CIP Items for TIF

North Central TIF

1. Downtown Street Improvements FY26	\$ 955,000
2. Downtown Housing & Improvement Grants	\$ 100,000
3. Downtown Park Restroom & Equipment	\$ 350,000
4. <u>Sunset Park Improvements</u>	<u>\$ 12,000</u>
Total N Central TIF:	\$1,417,000

1st Avenue East TIF

1. Stormwater Project 1 st Ave / E 12 th St N	\$ 700,000
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The bonding process will start on the February 3rd meeting, with proceeds expected late April/early March.

600 Water Fund

Projected Fund Balance 6-30-25: \$3,391,436

Projected Revenues FY26: \$4,992,000

Projected Expenditures FY26: \$6,569,307

Projects included in Expenses:

- Capital Expenditures \$ 1,104,000
- Debt Payments \$ 310,935

Projected Ending Fund Balance on 6-30-26: \$ 1,814,129

610 Water Pollution Control Fund

Projected Fund Balance 6-30-25: \$2,946,905

Projected Revenues: \$3,786,900

Projected Expenditures: \$3,477,054

Projects included in Expenses:

- Capital Expenditures \$460,000
- Debt payments \$387,218

Projected Ending fund

Balance on 6-30-26: \$3,256,751

670 Landfill Fund

Projected Fund Balance 6-30-25: \$3,813,107

Projected Revenues: \$1,876,170

Projected Expenditures: \$1,973,921

Projects included in Expenses:

- Concrete Rubble Crushing Project \$350,000
- Backup Generator \$50,000

Projected Ending fund Balance on 6-30-26: \$3,715,356

671 Landfill Post Closure Fund

Projected Fund Balance 6-30-25: \$6,639,544

Projected Revenues: \$152,120

Projected Expenditures: \$ 0

Projected Ending fund Balance on 6-30-26: \$6,791,664

*The City was informed late last week that DNR will not require a transfer of \$92,120 and this change is not reflected on these numbers

740 Storm Water Utility Fund

Projected Fund Balance 6-30-25: \$268,709

Projected Revenues: \$625,000

Projected Expenditures: \$729,141

- Projects Included in Expenses: \$110,000 Stormwater Detention 1st Avenue East and E 12th Street

Projected Ending fund Balance on 6-30-26: \$164,568

750 Golf Fund

Projected Fund Balance 6-30-25: \$178,079

- Projected Revenues: \$742,000
- Projected Expenditures: \$857,730
 - Golf Cart Replacement \$57,000
 - Golf Course Greens Mower \$44,000

Projected Ending fund Balance on 6-30-26: \$ 62,349

Review of Proposed Tax Increment Financing Funds FY26 Budget

South West TIF

Projected Balance 6-30-25: \$71,091

- Projected Revenues: \$ 0
- Projected Expenditures: \$ 0

Projected Balance 6-30-26: \$ 71,091

126 North Central TIF

Projected Balance 6-30-25: \$(385,289)

- Projected Revenues FY26: \$ 1,596,658
- Projected Expenditures FY26: \$ 1,170,410
 - Main Street \$40,000
 - Newton Development Corp \$5,000
 - Debt Payments \$796,673
 - Property tax rebates \$177,000 (LeavenWealth Capital/Miller Valentine/CRH Quilting/Best Midwest/Ex Nihilo/GG115 LLC/Hotel Maytag)
 - Hotel/Motel Tax Fund: \$15,000
 - Administration of TIF Program: \$136,737

Projected Balance 6-30-26: \$ 40,959

*balance to be used for projects in N Central URA

Speedway/Prairie Fire TIF

Projected Balance 6-30-25: \$ (645,314)

- Projected Revenues FY26: \$865,000
- Projected Expenditures FY26: \$ 30,804
 - Debt Payments \$30,804

Projected Balance 6-30-26: \$ 188,882

(Remaining balance will be used to pay for the 2017C bond – Lincoln Street project payments thru 2032)

East Mart TIF

- **Projected Balance 6-30-25: \$ 147,482**
- Projected Revenues FY26: \$ 301,000
- Projected Expenditures FY26: \$428,117
 - Property Tax Rebate: \$235,000 (Van Maanen Electric/Theisens)
 - Newton Development Corp \$10,000
 - Community Marketing Services \$17,000
 - Administration of TIF Program \$ 66,117
 - Sidewalk by WalMart/Aldi \$100,000
- **Projected Balance 6-30-26: \$ 20,365**

Cardinal Ridge Housing TIF

Projected Balance 6-30-25: \$ 0

- Projected Revenues: \$39,083
- Projected Expenditures: \$38,783 (transferred to Housing Initiative)

Projected Fund Balance 6-30-26: \$ 300

Fairmeadows N Housing TIF

Projected Balance 6-30-25: \$(680,425)

- Projected Revenues: \$568,121
 - Property taxes: \$118,121
 - Lot Sales: \$450,000
- Projected Expenditures: \$476,047
 - Debt Payments: \$436,047
 - Newton Housing Development Corp: \$40,000

Projected Fund Balance 6-30-26: \$(588,351)

LMI TIF Fund

Projected Balance 6-30-25: \$ 146,997

- Projected Revenues: \$ 94,149
 - 37% of Housing TIF Property Tax Revenues
- Projected Expenditures: \$ 125,000
 - Funds can be used anywhere within the City for LMI eligible projects
- **Projected Balance 6-30-26: \$ 116,146**

1st Avenue East TIF

Projected Fund Balance 6-30-25: \$ 10,140

- Projected Revenues FY26: \$ 400,000
- Projected Expenditures FY26: \$ 301,786
 - Debt Service Payments: \$10,008
 - Property Tax Rebates \$ 64,000 to Newton Elite Properties / Nehring Auto / Jasper Point Plaza / Hopkins Properties
 - Newton Development Corporation: \$ 10,000
 - Hotel/Motel Tax Fund: \$15,000
 - Administration of TIF Program: \$75,741
 - Reimburse for D&D Projects: \$127,037

Projected Fund Balance 6-30-26: \$ 108,354

2018 McCann Village TIF

Projected Fund Balance 6-30-25: \$ 44

- Projected Revenues FY26: \$ 99,391
- Projected Expenditures FY26: \$ 99,391
 - Property Tax Rebate to McCann Housing Associates

Projected Fund Balance 6-30-26: \$ 44

**Grand total TIF Special Revenue Projected Fund Balance on
6-30-26: \$ (42,210)**

Council Comments on Employee Compensation Proposal

- Police Union – Officers 5% / CSO's 3%
- Fire Union 4%
- Teamster Union 3%
- Utility Union 3%
- Non-Union Pay Plan adjusted by 3%
- Directors/City Administrator 3%