



February 25, 2025

City of Storm Lake
PO Box 1086
Storm Lake, IA 50588
p (712) 732-8000
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Honorable Mayor, City Council and Storm Lake Community:

The City Manager's Recommendation FY 2025-20256 Budget is offered for your review and consideration. In order to present a balanced budget, there were significant challenges and cost reductions that are suggested for the Mayor and Council's consideration.

It is evident due to recent legislation that Property Tax reform (HF718) and other forms of fee reductions being considered at the State level that the public has an appetite to have smaller local government. To our community members and State of Iowa- we hear your message.

The budget presented does include recommended program cuts as well a hiring freeze for general fund positions. Priorities for projects and programs were determined by City Council during their annual Strategic Planning session. In addition, the Mayor, City Council and Leadership Team have made a concerted effort to provide our employees market rate compensation packages in order to strive to have the best and most qualified staff. This budget package does include a modest 2.5% pay increase that is expected to be sustainable in the future. We are still in collective bargaining with the Police Department.

The FY 2025-2026 City Manager's Recommended budget is a balanced budget due to moving more capital projects and additional transfer of costs to Local Option Sales Tax and Franchise Fees. By default the City had to move that direction when backfill was removed and significant property rollbacks occurred.

Our current Fiscal Year 2024-2025 is our first year experiencing the revenue ramifications from the new property tax reform. Property taxes cover 100% of our Public Safety, Library, Park systems, Recreation and Outside Agency funding. What HF 718 did is reduce the amount of collected property tax in communities that are growing, such as ours. The revenue reduction, coupled with increased cost for insurance, utilities and equipment has created a situation we are experiencing now.

The General Fund Balance will also be able to remain at 40% which will allow for six (6) months of government operations to continue should we experience a disaster. It is also important to note that our bond rating would suffer if we do not sustain a 40% fund balance.

Utilizing fund balances is not a sustainable solution to the revenue deficit we are experiencing. The Leadership Team made decisions that were long term and able to provide the Mayor, City Council and our community members a stable and sustainable budget.

In order to make that happen the following reductions are recommended with an anticipated budget reduction of \$437,000:

- Hiring freeze will allow for five positions to not be filled \$ 100,000
- Library reduction of hours by 2080 and materials \$ 37,000
- Removal of portable toilets at parks \$25,000
- Removal of kayak/bike rentals \$15,000
- Removal of in-kind economic development such as curb cuts/replacements etc.- varies/yr.
- Removal of derelict building program \$70,000
- Airport budget reduction of \$100,000
- Outdoor Waterpark/Golf Course reduce expenses or increase revenues by 15% \$40,000
- Outside Agency Reductions- \$50,000

These recommended budget reductions do not conflict with the 2025 adopted City Council Goals and Priorities.

- Water & Wastewater
- Economic Development Retail & Restaurants
- Street Resurfacing & Maintenance
- Fire Department modernization and expansion
- Recreation Center
- Housing
- Daycare Center
- Spoil Site Development
- Police Recruitment and Retention

With the exception of the Airport, all departments have committed to the above mentioned reductions. Budget reductions or revenue enhancements will be discussed at the March Airport Commission meeting, however preliminary information shared equates to \$37,000 of revenue generation still leaving the need for \$63,000 budget reduction.

Roughly one-third (1/3) of the total tax bill is the City levy. For the first time in seven (7) years our tax levy increased and proposed to be \$15.17441. This is due to the pre-payment of fire apparatus that added \$0.58217 to the levy this year. This one year increase saved over \$600,000 of tax payer dollars.

We are finally able to refine our benefit levy. It would be a disservice to those in our community if we were not transparent and show the true cost to cost to run local government. This levy does reflect the five (5) positions removed from payroll.

I am proud of the dedicated professionals that encompass our organization and thank you for all of your hard work and dedication to the Mayor, City Council and Community of Storm Lake. It is truly my privilege and pleasure to serve the Mayor, City Council and the community of Storm Lake.

Keri Navratil
City Manager

FY2026 PROPOSED TAX LEVIES

Tax Levy

Revenues for the General Fund are based on taxable valuations determined by the County Assessor. Below is the past and proposed levy rate for City of Storm Lake:

FY2023	\$13.60595
FY2024	\$13.40670
FY2025	\$13.60000
FY2026 Proposed	\$15.17441

Consolidated General Fund Levy

During the 2023 legislative session, State Legislators passed house file 718 which combined multiple levies, including the General Fund and Emergency Levy fund, which the City previously used.

FY2023	\$8.37000
FY2024	\$8.37000
FY2025	\$8.12621 – Year 1 of HF718
FY2026 Proposed	\$8.04575 – Year 2 of HF718

The goal of HF718 was to bring all levies back under or to the \$8.10 max rate over time. The new consolidated general fund levy reduces the newly combined levy rate of non TIF taxable growth triggers are met or exceeded, or fiscal years 2025-2028. For FY2025-2026 those limitations are:

- 0-2.74% growth –no change in rate from current year
- 2.75-3.99% growth –1% limitation factor applied
- 4.00 –5.99% growth –2% limitation factor applied
- 6.00% or more growth –3% limitation factor applied

For fiscal year 2025-2026, Storm Lake grew at 2.79% which triggered the 1% limitation on the City CGFL from \$8.12621 to \$8.04575, a reduction of \$30,128 in general fund tax revenue.

Insurance Levy

The Insurance Levy is a levy on property valuation to cover the cost of insurance.

Proposed Levy Rate:

FY2023	\$0.50438
FY2024	\$0.38237
FY2025	\$0.31647
FY2026 Proposed	\$0.68110

Insurance rates are expected to increase by 10.2% for general property insurance and liability insurance.

Employee Benefits Levy

The Employee Benefit Levy is a levy on property valuation to cover the cost of benefits offered to City Employees. This benefit levy includes the employers portion of FICA, IPERS, MFPRSI, life, disability, health, dental, and vision insurance.

Proposed Levy Rate:

FY2023	\$2.81807
FY2024	\$2.93173
FY2025	\$4.43099
FY2026 Proposed	\$5.13906

Employee health benefits increased 9.03% and 3.01% for life, disability, dental, and vision insurance. IPERS and MFPRSI maintained a 9.44% and 22.98% respectively. There was a slight increase in the employee portion of insurance this year and considered in the proposed levy.

Debt Service/Bond Payments

The Debt Levy is a levy imposed on local property owners for public improvements which are covered by bonds.

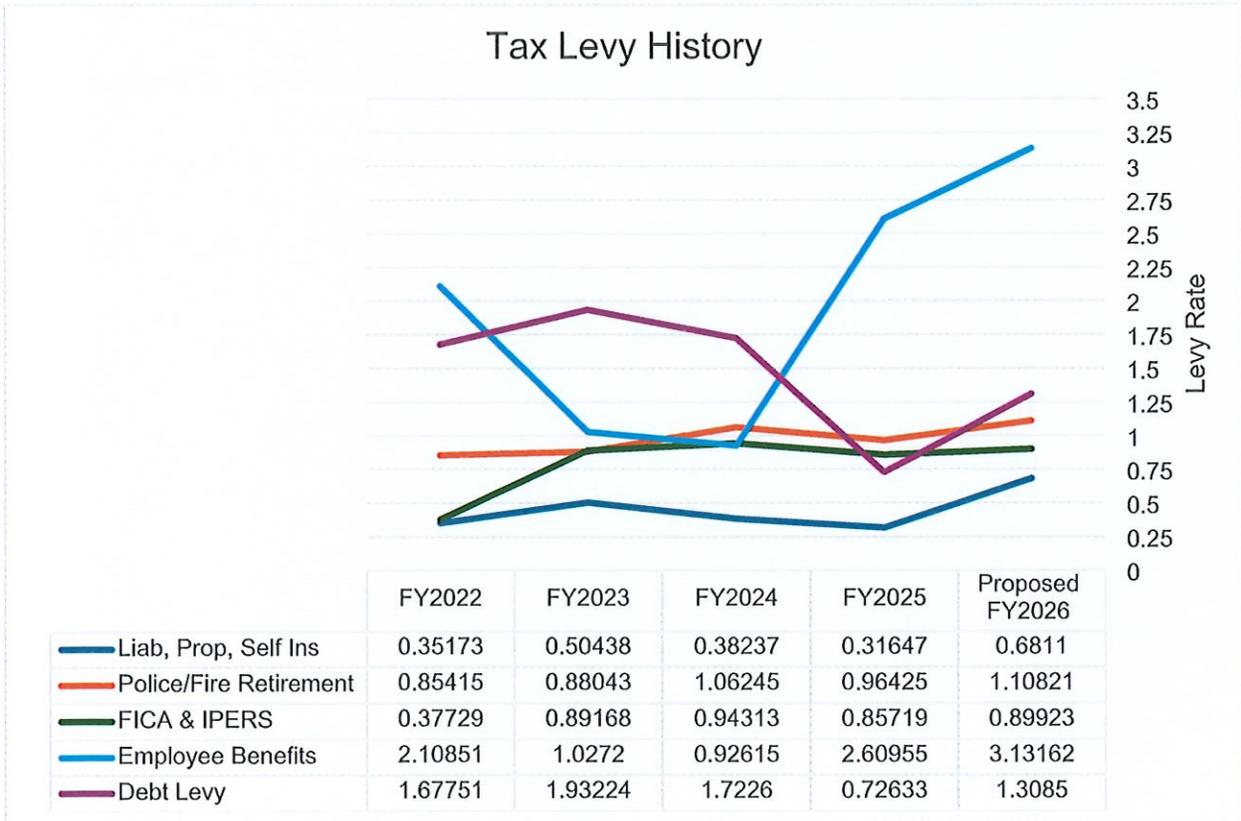
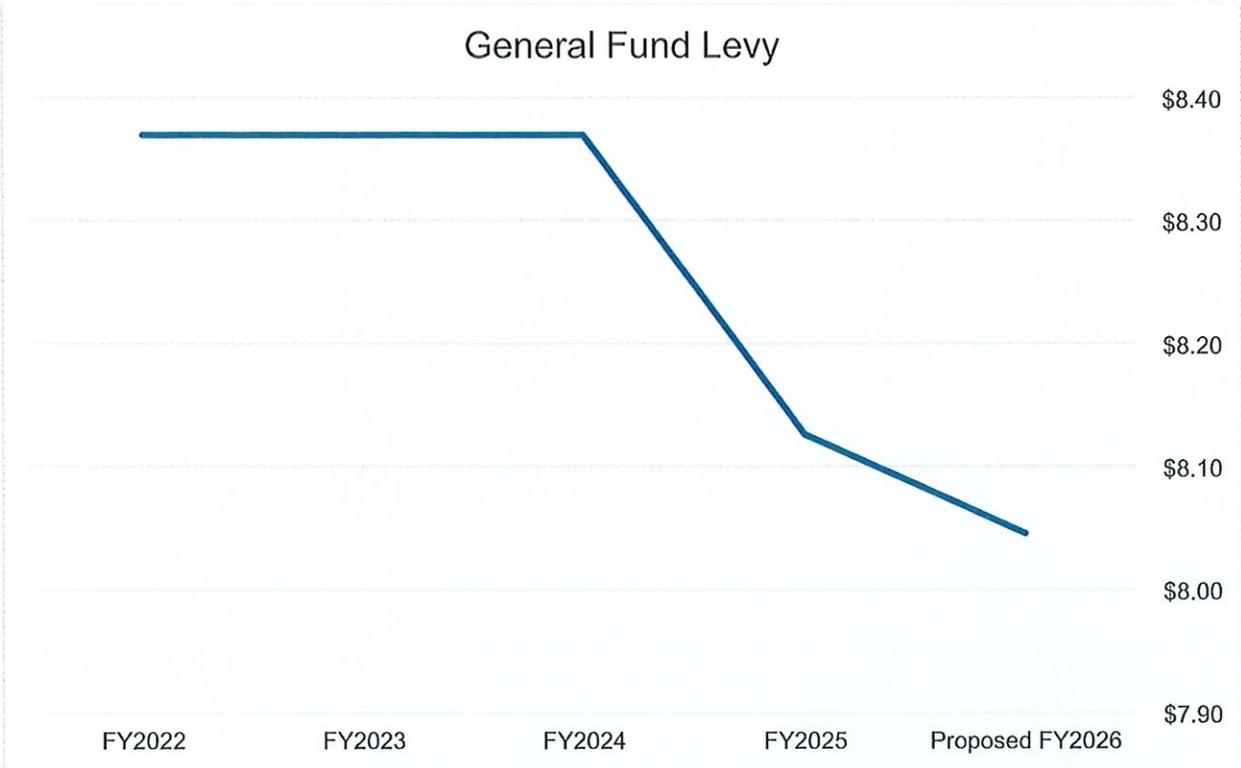
Previous/Proposed Levy Rates:

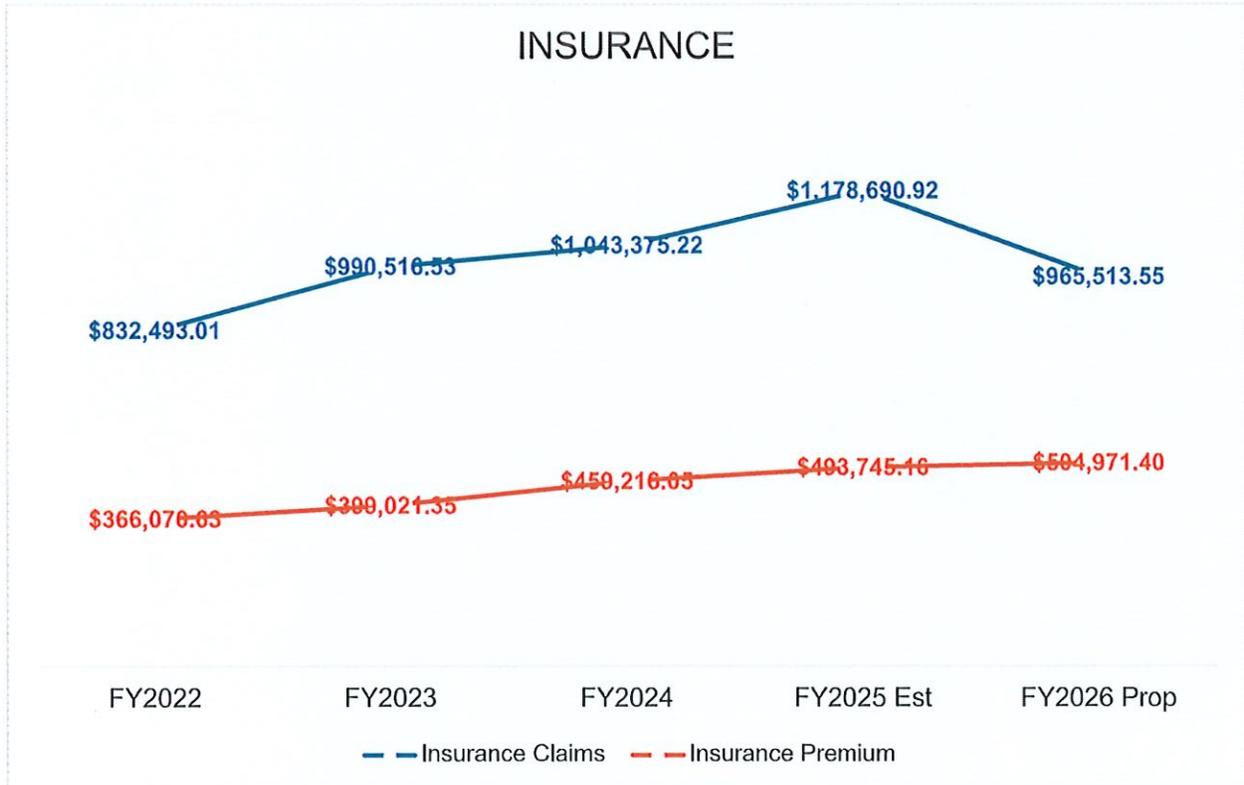
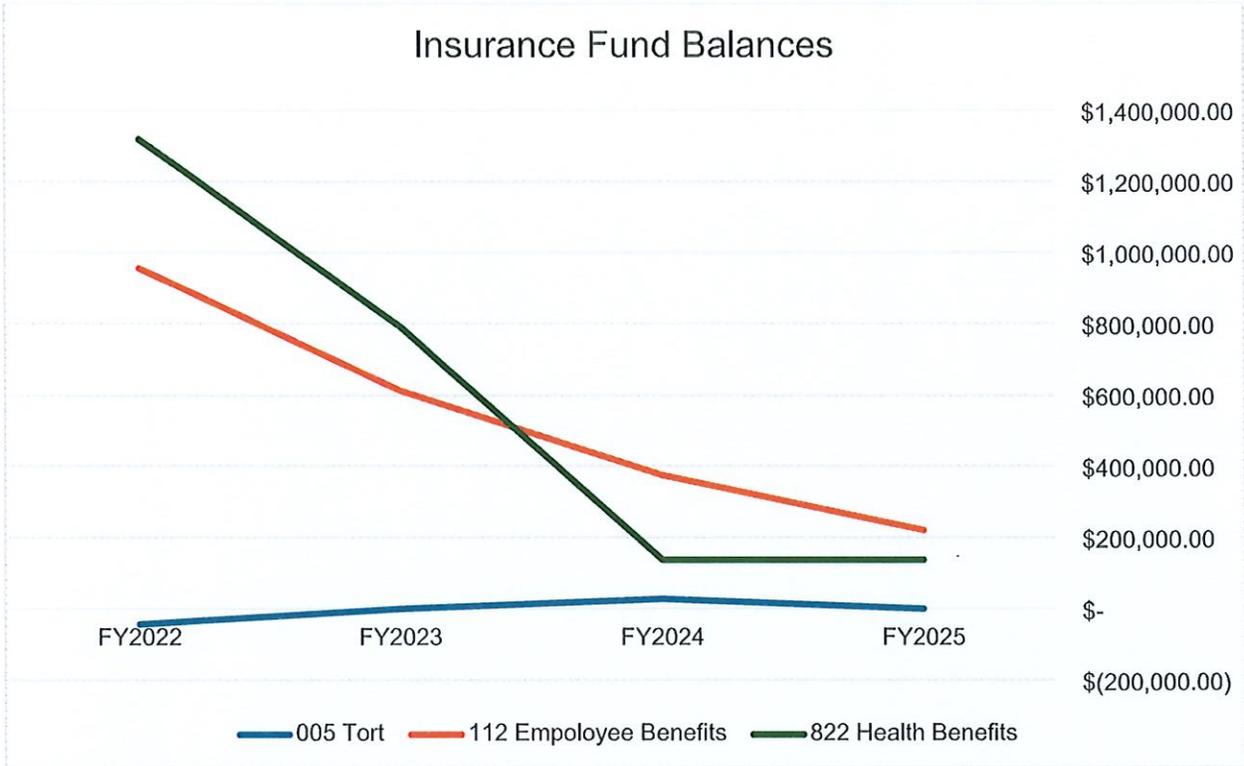
FY2023	\$1.93224
FY2024	\$1.72260
FY2025	\$0.72633
FY2026 Proposed	\$1.30850

Total Debt (Principal General Obligation, rounded to the nearest thousand) as reported:

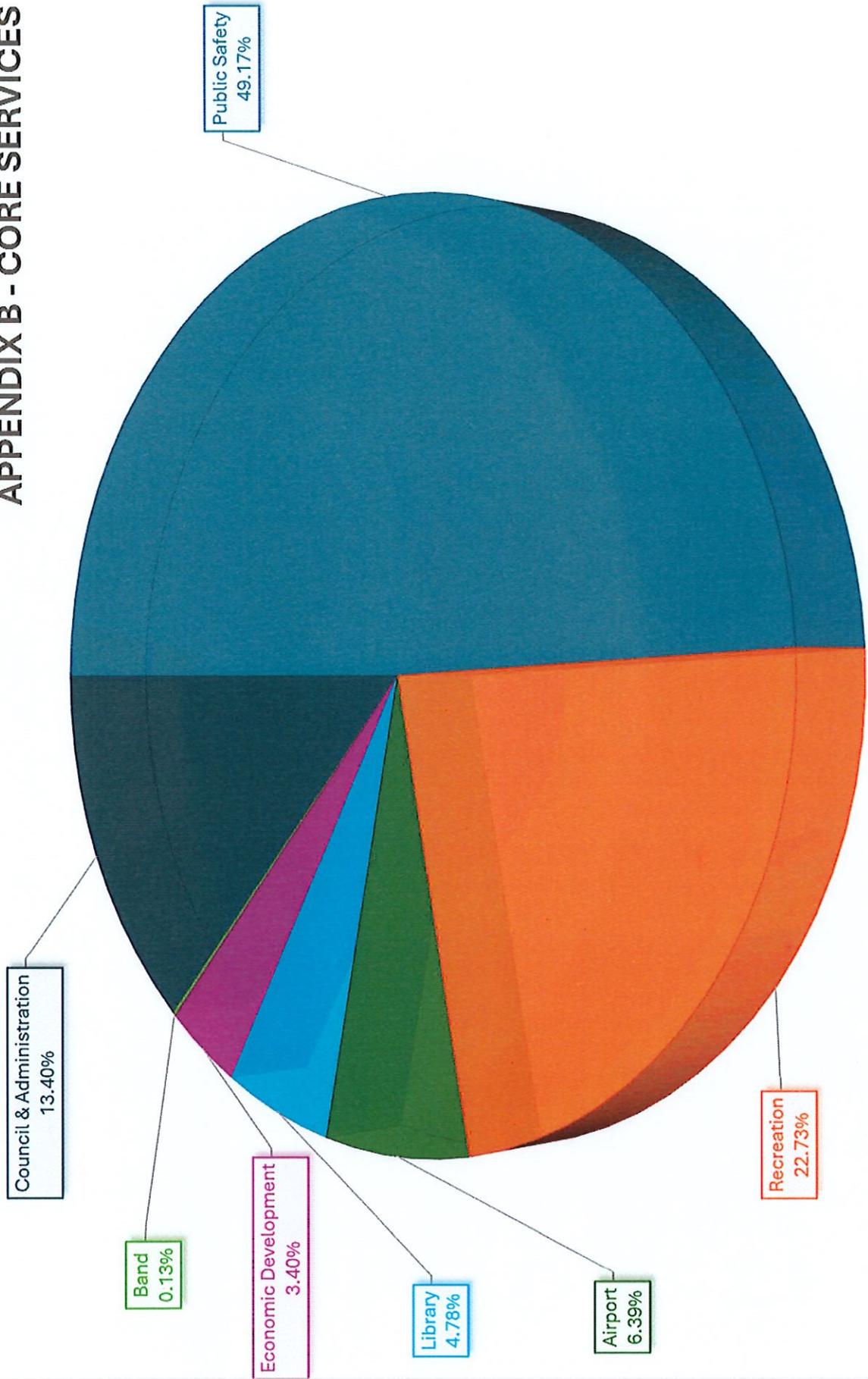
FY2022	\$17,389,000
FY2023	\$15,520,000
FY2024	\$13,559,000
FY2025 (est.)	\$14,306,000

Levied Bonds include the Fire Truck and partial coverage of the Outdoor Water Park and Awaysis Bonds. The new fire truck bond is the result of the \$0.58217 increase for FY2026, below the estimated \$0.64.





APPENDIX B - CORE SERVICES





CITY OF STORM LAKE – PARCEL DATA 2024

City of Storm Lake
 PO Box 1086
 Storm Lake, IA 50588
 p (712)732-8000
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\$ 833,975,946	Total Assessed Value		
\$ 474,304,330	Total Taxable Value		
\$ 939,175,976	Full Total Assessed Value		
\$ 902,297,720	Prior Year Full Total Assessed Value		
\$ 105,200,030	Total Exempt Assessed Value		
11.201%			
1,487,910	All Assessed City Acres		
874,318	Total Assessed City Acres		
613,592	Total Exempt Assesed Acres		
41.24%			
35	Properties with \$75k Abatements		
Exempt Amount	Exempt Property Classifications		
\$ 38,782,370	Taxing Authorities		
\$ 27,277,930	Economic Development Exemption		
\$ 17,667,950	Literacy Society & Educational Institutions		
\$ 11,692,690	Religious Institutions		
\$ 7,646,200	Charitable and Benevolent		
\$ 2,132,890	College		

General Funds

General Fund

The General Fund is the primary ledger accounts that record all assets and liabilities of the City which are not assigned to a special purpose. The primary divisions of the General Fund include: Public Safety, Code Enforcement, Airport, Library, Parks, Campground, Golf Course, Economic Development, Finance, Administration, Cottages, and Outdoor Water Park.

Revenues

During the 2023 legislative session, State Legislators passed house file 718 which combined multiple levies, including the General Fund and Emergency Levy fund, which the City previously used. The goal of HF718 was to bring all levies back under or to the \$8.10 max rate over time. The new consolidated general fund levy reduces the newly combined levy rate of non TIF taxable growth triggers that are met or exceeded for fiscal years 2025-2029. For FY2025-2026 those limitations are:

- 0-2.74% growth –no change in rate from current year
- 2.75-3.99% growth –1% limitation factor applied
- 4.00 –5.99% growth –2% limitation factor applied
- 6.00% or more growth –3% limitation factor applied

Since 2021 the City of Storm Lake’s Non-TIF Taxable Valuations have an average growth rate of 3.615% this triggers the 1% limitation factor if the legislation is not changed for its current standings. Future projects of valuations and CGFL are outlined below and in Appendix A:

	2025	2026	2027	2028	2029
Non-TIF Taxable Valuation:	\$ 355,846,341	\$ 366,098,253	\$ 387,977,701	\$ 402,003,094	\$ 416,535,506
Max CGFL:	8.12621	8.04575	7.96609	7.88722	7.8083478

For FY2026, the CGFL max dollars for collection with the new levy rate is \$3,012,664, a revenue growth rate of 1.77%.

Department Overview (Appendix B & C):

Revenues:	\$4,382,471
Property Tax:	\$3,012,664
Charges for Service:	\$1,369,807
Expenses:	\$7,004,393
Personnel:	\$3,308,636
Non-Discretionary:	\$2,311,048
Discretionary:	\$ 517,009
Capital Projects:	\$ 867,700

Police Department:

Revenues- \$ 48,400
Expenses- \$2,554,697
 Personnel- \$2,047,667
 Non-Discretionary- \$ 256,830
 Discretionary- \$ 64,500
 Capital- \$ 185,700

Emergency Management:

Expenses- \$13,881
 Non-Discretionary- \$ 13,881

Fire Department:

Revenues- \$152,185
Expenses- \$597,910
 Personnel- \$ 416,762
 Non-Discretionary- \$ 114,848
 Discretionary- \$ 15,300
 Capital- \$ 51,000

Building Official:

Revenues- \$ 46,000
Expenses- \$149,205
 Personnel- \$ 109,165
 Non-Discretionary- \$ 31,540
 Discretionary- \$ 8,500

Animal Care:

Expenses- \$6,000
 Non-Discretionary- \$ 6,000

Airport:

Revenues- \$376,600
Expenses- \$406,680
 Non-Discretionary- \$ 304,545
 Discretionary- \$ 96,135
 Capital- \$ 6,000

Transit System:

Expenses- \$8,000
 Discretionary- \$ 8,000
In-Kind Support includes parking location and use of electricity.

Library:

Revenues- \$ 27,177
Expenses- \$329,927
 Personnel- \$ 202,013
 Non-Discretionary- \$ 46,414
 Discretionary- \$ 51,500
 Capital- \$ 30,000

Municipal Band:

Expenses- \$8,000
 Personnel- \$ 1,000
 Non-Discretionary- \$ 7,000

Parks Department:

Revenues- \$ 695
Expenses- \$339,028
 Personnel- \$ 182,328
 Non-Discretionary- \$ 100,200
 Discretionary- \$ 26,500
 Capital- \$ 30,000

Golf Course:

Expenses- \$198,331
 Personnel- \$ 41,481
 Non-Discretionary- \$ 41,850
 Discretionary- \$ 30,000
 Capital- \$ 85,000

Management Contract:

Revenues- \$247,675
Expenses- \$207,707
 Non-Discretionary- \$ 207,707

Campground:

Revenues- \$195,000
Expenses- \$168,798
 Personnel- \$ 83,548
 Non-Discretionary- \$ 27,750
 Discretionary- \$ 27,500
 Capital- \$ 30,000

Community Education:

Expenses- \$115,250
 Non-Discretionary- \$ 115,250

Shelter House:

Revenues- \$25,500

Expenses- \$10,000

Non-Discretionary- \$ 7,500

Discretionary- \$ 2,500

Economic Development:

Expenses- \$197,947

Personnel- \$ 39,422

Non-Discretionary- \$ 56,100

Discretionary- \$ 72,425 (Council Authorized Memberships)

Capital- \$ 30,000

Mayor, City Council, Administration:

Revenues- \$ 250,575

Expenses- \$1,191,416

Personnel- \$ 185,249

Non-Discretionary- \$ 472,017

Discretionary- \$ 114,150 (Includes Outside Agency Funding)

Capital- \$ 420,000

Outside Agency:

Applications were received by:

	<u>Requested</u>
Imagine the Possibilities	\$ 3,840 (Waived Fees)
SALUD!	\$ 5,000
BV Historical Society	\$ 2,125
Ready-Set-Grow	\$10,000
Witter Gallery	\$24,000
Upper Des Moines	\$22,000
Lake Preservation Association	\$50,000
SLU Development	\$60,000

Cottages:

Revenues- \$137,412

Expenses- \$38,109

Non-Discretionary- \$ 38,109

Outdoor Water Park: (Management Contract)

Revenues- \$379,566

Expenses- \$463,507

Non-Discretionary- \$ 463,507

Franchise Fees

Franchise fees are a 5% fee for gas and electric utilities in the City of Storm Lake. These revenues have a specific purpose for economic development, energy efficiencies, public safety, streets, public works, and public improvements.

Revenues- \$1,267,350

Local Option Sales Tax

Local Option Sales Tax is the 1% voter approved specific purpose tax that is returned to the City for streets, buildings, debt retirement and capital improvements.

Estimated Revenues: \$1,885,871
 Debt Expenses: \$ 383,258
 Departmental Costs: \$ 342,843
 Outdoor Water Park: \$ 87,446
 Capital Expenses: \$1,286,000

Hotel Motel Tax

Hotel Motel Tax is the tax generated and returned to the community from recreation. Per Section 422A.2(4)(a) of the Code of Iowa, 50% of this revenue must go back into the community for recreation, culture and tourism, and related debt.

Estimated Revenues: \$432,600
 Debt Expenses: \$348,316
 Tourism: \$ 50,000
 Grant Match: \$ 20,000
 Community Dept Rec: \$ 14,284

Sales Tax Increment Financing Fund

As part of our flood mitigation projects, the State enacted a STIFF program to assist with offsetting costs for flood mitigation projects. These funds are used to repay bonds incurred by flood mitigation projects.

Estimated Revenues: \$249,900
 Debt Expenses: \$249,900

Tax Increment Financing

Tax Increment Financing is a public financing method used as an incentive for redevelopment, infrastructure, and other community improvement projects. TIF is a way for the City to divert future property tax revenue increases from a defined area (Urban Renewal Area) toward an economic development or public improvement project in the community. The City currently has 4 Urban Renewal Areas:

Industrial Park URA

Projected Revenues: \$2,873,333
 Rebate Agreements: \$ 207,836
 Debt Repayment Expenses: \$2,665,497

Bargloff URA

Projected Revenues: \$405,515
Debt Repayment Expenses: \$405,515

LMI #3 URA

Projected Revenues: \$24,825
Rebate Agreements: \$22,584
Debt Repayment Expenses: \$ 2,241

LMI #4 URA

Projected Revenues: \$28,352
Rebate Agreements: \$25,988
Debt Repayment Expenses: \$ 2,364

Donations

The City of Storm Lake maintains several donation funds which are earmarked for specific purposes. These funds are collected and disbursed accordingly per the use of the funds.

Crime Prevention

Estimated Revenues: \$3,500
Projected Expenses: \$3,500

Parks

Estimated Revenues: \$1,000
Projected Expenses: \$1,000

Memorial Funds

The City maintains several memorial funds. Each are limited per a contractual agreement on what the funds are used for.

Library Memorial Funds

Estimated Revenues: \$9,535
Projected Expenses: \$8,330

Law Enforcement Funds

The City maintains evidence funds for the Public Safety Department which are held for a judge's ruling.

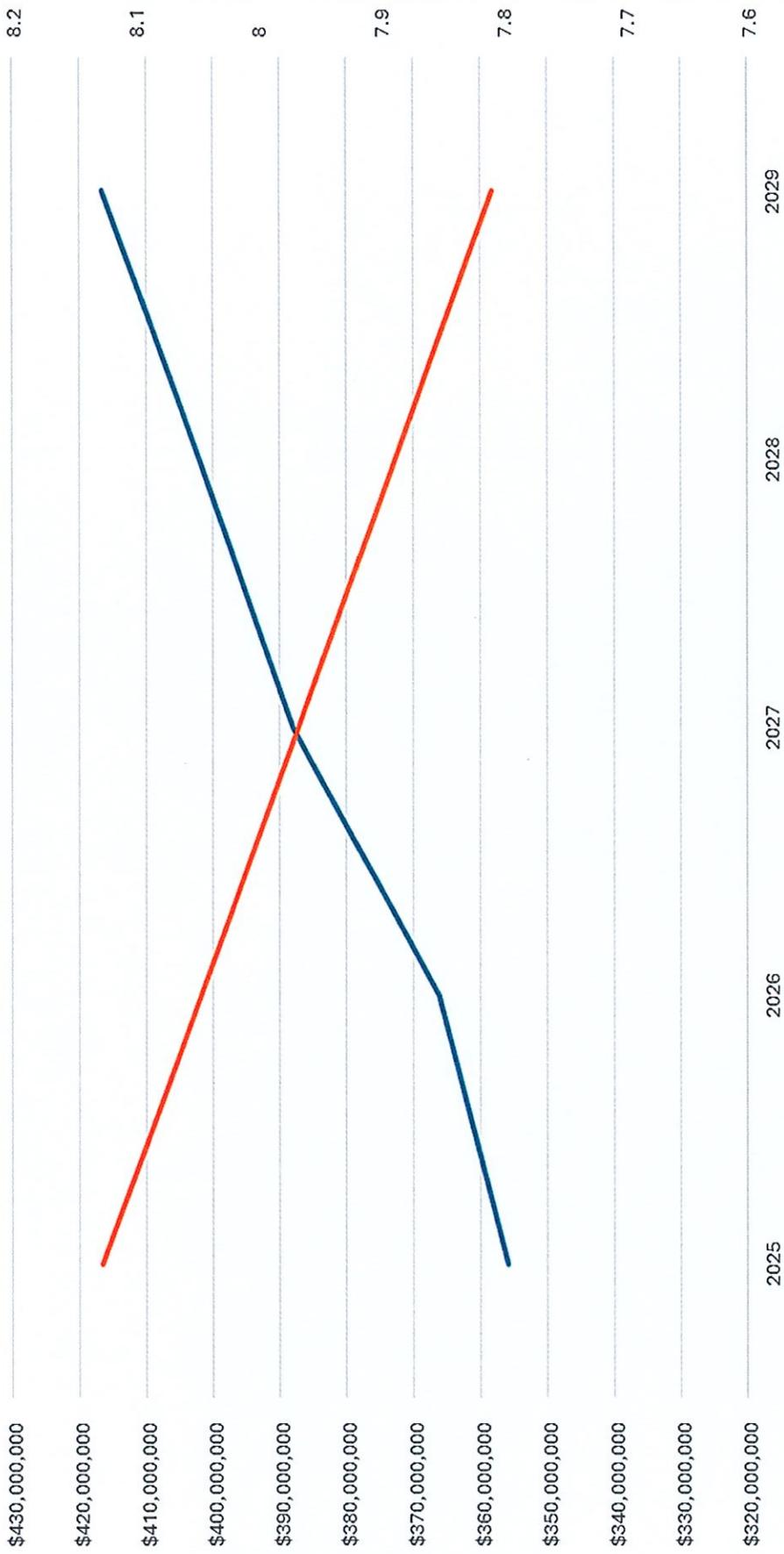
Law Enforcement

Estimated Revenues: \$5,500
Projected Expenses: \$5,500

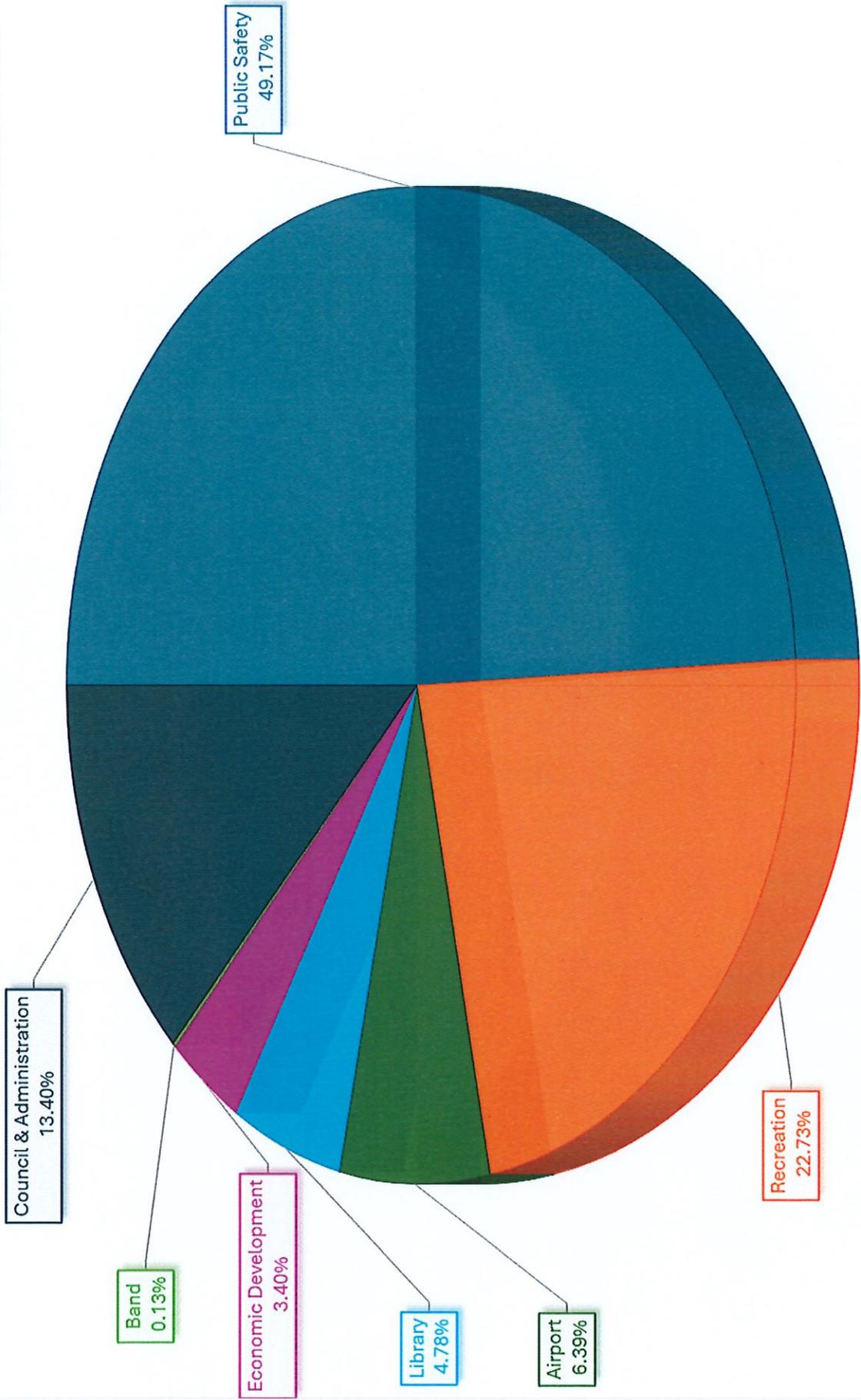
Evidence

Estimated Revenues: \$0
Projected Expenses: \$0

Appendix A



APPENDIX B - CORE SERVICES



Appendix C: Personnel Costs and GF Property Tax Revenue



RUT FUND

The Road Use Tax Fund is funds eligible for street reconstructions, street maintenance, street lighting, and snow removal for Storm Lake's 109 miles of streets. This number has grown over the years with the addition of the Early Education building and the new Tyson Feed Mill. We also implemented an additional Emergency Route which cuts down the distance to a cleared road during a storm.

The Road Use Tax Fund is a special revenue fund with support from the State of Iowa through Fuel Taxes. The State disburses funds on a per capita basis via the last census. A Street Finance Report is completed and submitted to the State each year.

REVENUES

The Road Use Tax Fund is operating slightly above the Council desired 40% fund balance, projected ending fund balance is \$834,830.

This year the Department of Transportation Per Capita Forecast is \$139.50 with estimated revenues are projected to be \$1,572,026.

FISCAL YEAR 2025-2026 BUDGET ADJUSTMENTS

Insurance rates are expected to increase by 10.2% for general property insurance, worker's comp insurance, and liability insurance. The proposed budget includes a 2.5% increase for full-time employees and the 9.03% increase in employee insurance. Adjustments have been appropriately made for chemicals, telecommunication, electric service, gas services, and software subscription costs.

Operations include an additional \$250,000 for street seal coating and crack sealing.

Supplemental Requests include:

Shop Heaters:	\$5,000
Electrical Upgrades:	\$5,000
Shop Tools:	\$5,000

Additional Projects include design work on Oneida Street from 3rd street to Lakeshore Drive and a HAWK crossing signal on Lakeshore Drive.

BUDGET OVERVIEW

Total Revenues- \$1,585,526

Capital Supplement Revenue- \$360,000

Expenses- \$2,085,478

Personnel- \$ 678,314

33% of the total expenses

Non-Discretionary- \$512,714

25%

Electric Service: \$205,500

Fuel: \$50,000

Equipment Repairs: \$65,000

Sand/Salt: \$92,000

Signs & Signals: \$30,000

Discretionary- \$159,450

7% of the total expenses

Capital Expenditures- \$735,000

35%

KING'S POINTE

The Awaysis project was funded by an \$8M Vision Iowa Grant and voter approved bonds. The projects included a hotel and indoor waterpark, outdoor water park, lighthouse, great lawn, family playground, redesigned golf course and cottages. The purpose of the project was to diversify economic development and increase Local Option Sales Tax Revenue and Hotel/Motel revenue.

KINGS POINTE RESORT 2025-26 FISCAL YEAR BUSINESS PLAN

We will continue to focus on creating memorable guest experiences, building awareness and creating a brand that leaves a lasting impression. In addition to attracting outside visitors to our community, we will continue to work on local engagement and growing family-friendly events like Kids' Fest, Breakfast with Santa and much more. We will also continue to look for ways to update the resort and update our processes to reflect the needs of our guests and make the resort more efficient and enhance profitability.

We will stretch our marketing budget by leveraging travel sites, continuing to use social media, and email campaigns to ensure our beautiful resort is top of mind for as many people as possible. Revamping our website, launching a fresh ad campaign with captivating photos and videos, and utilizing digital marketing will help us expand our reach. We will modernize our in-room guest directory and increase visibility with digital billboards in other communities and expanding our television, radio and print advertising to reach a large variety of audiences.

By collaborating with local organizations and our partners at the City of Storm Lake, we will tap into creative ideas for new event planning and marketing. We look forward to continuing to attract a variety of events, from corporate meetings, weddings and more, making King's Pointe a year-round destination for all types of travelers and adventure seekers for years to come.

FISCAL YEAR 2025-2026 FORECAST

Rooms Sold	18,161 of the 36,500 available room nights
Occupancy	49.80%
Average Daily Rate	\$155.78

Total Projected Revenue	\$4,803,303
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Total Projected Expense	\$4,493,158
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OUTSIDE AGENCY FUNDING

Each year the City of Storm Lake takes requests from tax-exempt organizations throughout the community to award grant money the City has available on an annual appropriation basis. This year, the City received 8 requests totaling \$176,695, of which \$3,840 is in-kind services.

REVENUES:

Revenues to support the outside agency funding will come from the general fund. The City Manager's recommendation is to award \$50,000 for FY2025-2026.

FISCAL YEAR 2025-2026 BUDGET:

Outside Agency Requests

Applications were received by:

<u>Agency</u>	<u>Project</u>	<u>Total Request</u>
Imagine the Possibilities	Shelter House- Waived Fees	\$ 3,840
SALUD	2 Workshops- Interpret/Immigration	\$ 5,000
BV Historical Society	Preservation of Cabin & School House	\$ 2,125
Ready-Set-Grow	Facility Remodel	\$10,000
Witter Gallery	Mosaic Art, Facility Improv, Education	\$24,000
Upper Des Moines	Emergency Assistance	\$22,000
Lake Preservation Assoc	Lake Shoreline Re-Armoring Project	\$50,000
SLU Development	Membership, Events, Tourism/Marketing	\$60,000

Notes:

***Awardees must be willing to enter, or have already entered, into a 28E agreement with the City of Storm Lake pursuant the State Auditor's Office.

***Awardees must provide a mid-year update to the City Council on project status.

***Awardees are required to account to the City the use of the public funds to determine that the public purpose is met.

***Awardees are not permitted to use public funds for salaries.

Council to come to a consensus on amounts (if any) of Outside Agency funding.

WATER FUND

The Water Fund is one of the City's enterprise funds. Enterprise funds are self-supporting used to account for goods and services for which user fees and charges are paid in exchange for services provided. The Water Fund includes the following divisions: Administration, Water Plant, Distribution, and Water Meters.

Number of Water Accounts- 4,035
Average Water Daily Flow- 4.0 MGD
Highest Peak Flow- 5.5 MGD
Number of Wells- 11 (Only 9 are in service)
Number of Water Towers- 3
Number of Clear Wells- 2
Miles of Water Pipe- 90.7
 Water Mains: 82.4 mi
 Irrigation: 4.19 mi
 Raw Water Line: 4.11 mi
Number of Hydrants- 540

FACTORS AFFECTING THIS BUDGET YEAR

Inflation is making everything, from parts to services, more expensive. We're also seeing a significant rise in demand for water, which puts additional pressure on resources. On top of that, we have seen an increase number of issues with the software and hardware on our operating systems, SCADA. These challenges are affecting everything from our daily routines to the services we rely on.

There were a few one-time expenditures this fiscal year for the fees associated with 4 water revenue bond issuances. An unexpected cost to replace the HVAC system in the lime storage building was \$11,404.

Completion of Well 22 may carry over into FY2026.

REVENUES

The Water Fund is operating in good financial health maintaining the Council desired 40% fund balance. Anticipated ending fund balance for fiscal year 2024-2025 will be \$3,356,591. The fund balance includes balances earmarked for project carry overs.

Estimated operating revenues are projected to be \$6,707,960, which includes a 10% increase to our water rates as recommended by project costs and discussion with the City's financial advisor. This will result in an increase of water service charges by roughly \$3.31 per month for residential users using 600 cubic feet.

On average, 30.5% of Water revenues are generated by residential users. The remaining comes from commercial and industrial users.

According to the City of Ames, Iowa 2023 annual Water & Sewer Rate Study, the City of Storm Lake is at \$30.94 for bill amounts at 600 cubic feet of use. This ranks the City of Storm Lake in the bottom 3rd of cities with 10,000+ population. The current median bill is \$35.41, \$4.47 more than the City's current rate and \$1.16 less than the proposed user rate increases of 10% (prior to increases by any other entities for FY2026).

PROPOSED FEE CHANGES:

We raised the water shutoff/turn-on fees to \$30 last year. We also included an elective shut-off cost and a bulk water sales fee. No more price increases are suggested by the staff for the FY2026 fee resolution.

FISCAL YEAR 2025-2026 BUDGET ADJUSTMENTS

Consistent throughout the Water Fund budget, Insurance rates are expected to increase by 10.2% for general property insurance, worker's comp insurance, and liability insurance. The proposed budget includes a 2.5% increase for full-time employees and the 9.03% increase in employee insurance. Adjustments have been appropriately made for chemicals, telecommunication, electric service, gas services, and software subscription costs.

BUDGET OVERVIEW

Total Revenues- \$6,707,960

Expenses- \$6,705,865

Personnel- \$1,320,622	20% of the total expenses
Operations/Maintenance- \$2,876,609	43%
Debt Service- \$1,014,334	15%
Capital Expenditures- \$1,494,300	22%

SEWER FUND

The Sewer Fund is one of the City's enterprise funds. Enterprise funds are self-supporting used to account for goods and services for which user fees and charges are paid in exchange for services provided. The Sewer Fund includes the following divisions: Administration, Wastewater Plant, and Collection

Average Influent Daily Flow- 2.347 MGD

24.20% of the flow comes from residential users

75.80% of the flow comes from commercial and industrial users

Average Effluent Daily Flow- 2.211 MGD

Rain Events Daily Flow- We have seen up to 5 MGD

Sludge Hauled- 233.7 Dry Metric Tons in 2024

Miles of Sewer Pipe- 62.85

Force Main: 12.73 mi

Gravity Main: 50.12 mi

Lift Stations- 16

REVENUES

The Sewer Fund has a projected ending fund balance of \$3,573,434 and is operating at the Council desired 40%. The fund balance includes balances earmarked for future projects.

Revenues are projected to be \$5,220,927, which includes a 7% increase to our sewer rates. A 7% increase would result in an average residential bill increasing by \$3.56 per month.

According to the City of Ames, Iowa 2023 annual Water & Sewer Rate Study, the City of Storm Lake is at \$47.58 for bill amounts at 600 cubic feet of use. This ranks the City of Storm Lake in the middle of the pack of cities with 10,000+ population at 600 cubic feet. The median rate according to the study is \$43.03.

PROPOSED FEE CHANGES:

We increased the industrial FOG (fats, oils, and grease) and sanitary sewer fees last year. The staff does not suggest making any modifications to the fee resolution this year.

FISCAL YEAR 2024-2025 BUDGET ADJUSTMENTS

Consistent throughout the Sewer Fund budget, Insurance rates are expected to increase by 10.2% for general property insurance, worker's comp insurance, and liability insurance. The proposed budget includes a 2.5% increase for full-time employees and the 9.03% increase in employee insurance. Adjustments have been appropriately made for chemicals, telecommunication, electric service, gas services, and software subscription costs.

BUDGET OVERVIEW

Total Revenues- \$5,220,927

Expenses- \$5,210,635

Personnel- \$1,107,288	21% of the total expenses
Operations/Maintenance- \$1,706,600	33%
Debt Service- \$578,857	11%
Capital Expenditures- \$1,817,890	35%

STORM WATER FUND

The Storm Water Fund is one of the City's enterprise funds. Enterprise funds are self-supporting used to account for goods and services for which user fees and charges are paid in exchange for services provided. The Storm Water Fund includes the following divisions: Administration and Collection.

Lane miles of Streets to be Swept- 96

-All streets were swept 6 times in 2024 (3 times in spring and 3 times in the fall)

-Central Business District was swept as needed- 10 total times in 2024

Number of Storm Intakes-745

Storm Water Quality Controls-64

REVENUES

The Storm Water Fund operates just over the Council's 40% fund balance at \$278,325. The last increase to storm water fees was in May of 2013 which increased rates for Equivalent Residential Unit (ERU) to \$4.00 per ERU.

As a self-supporting fund, it is recommended Council consider increasing the ERU rate to \$5.00 per ERU for FY2025-2026. With the proposed ERU rate increase, revenues are estimated to increase by \$104,545 to \$530,545 total for FY2025-2026.

FISCAL YEAR 2025-2026 BUDGET ADJUSTMENTS

Consistent throughout the Storm Water Fund budget, Insurance rates are expected to increase by 10.2% for general property insurance, worker's comp insurance, and liability insurance. The proposed budget includes a 2.5% increase for full-time employees and the 9.03% increase in employee insurance. Adjustments have been appropriately made for chemicals, telecommunication, electric service, gas services, and software subscription costs.

BUDGET OVERVIEW

Total Revenues- \$530,545

Expenses- \$585,356

Personnel- \$351,483

60% of the total expenses

Operations/Maintenance- \$132,760

23%

Debt Service- \$101,113

17%

LANDFILL FUND

The Landfill Fund is one of the City's enterprise funds. Enterprise funds are self-supporting used to account for goods and services for which user fees and charges are paid in exchange for services provided.

REVENUES

The Landfill Fund is operating in good financial health and maintains the Council desired 40% fund balance of \$278,325.

Estimated revenues are projected to be \$503,500, slightly higher than in the last few years due to an increased number of housing developments.

FISCAL YEAR 2025-2026 BUDGET ADJUSTMENTS

Landfill assessment remains \$34 per capita. This assessment rate is determined by the Solid Waste Commission.

BUDGET OVERVIEW

Total Revenues- \$503,500

Expenses- \$543,636

Personnel- \$93,630

17% of the total expenses

Operations/Maintenance- \$66,860

12%

Landfill Assessment- \$383,146

70%