

# City Council STAFF REPORT



**Meeting Date:** City Council - Sep 05 2023  
**Agenda Item:** First Reading of 2024 Budget  
**Prepared By:** Fay Bueno, Finance Officer

## BACKGROUND INFORMATION:

### Budget Process

In March/April the Finance Officer and City Manager gets together and goes over the actual revenues from the previous year. Revenue is determined for each Fund. The CM with help from HR determines wages. The other expense that is inserted by the CM into the worksheet, is the Utilities. The template of the budget is then sent out to each Department Head and the total amount that they can spend compared to the revenues that have been determined for the year. The CM and FO then meets with each Department Head and goes over their budget in June. (This year it was myself and Adam). We have two Council meetings in July that the Budget is discussed and the 1st reading is the meeting in August after the Rally. Second reading is the 1st meeting in September. The Finance Officer verifies to the County Auditor by September 30th the amount of Property Taxes that will be requested.

## DISCUSSION:

Due to the growth of the community and the continued focus on innovation and efficiency, the City has been able to ensure that the ongoing cost of providing general municipal services (Public Safety, Streets, Parks, Recreation, Library, Administration, etc.) to property owners of the community continues in this Budget.

The growth of the community, the continued profitability of the annual City of Sturgis Motorcycle Rally and continued efficiency has allowed the City to continually reduce its property tax rate. The final mill levy in 2023 is still preliminary, however based on the draft total assessed valuation provided by the county and the requested property tax revenue, the City will have reduced its (2024 0.004274%, 2013 0.007928%).

The reduction in property taxes has been funded through an increase in a larger variety of revenue.

- The increased profitability of the Liquor Store
- The increased profitability of the annual City of Sturgis Motorcycle Rally
- The increased revenue from interest payments made to the City on TIF loans
- Increased sales tax revenue
- Increased contractor licenses and building permits

### City's 2024 Income Projections

The city's sales tax receipts continue to remain strong. This is being fueled by the continued growth of the community, increased number of retail outlets and the continued growth of the tourism industry. This growth has remained strong in 2023. The preliminary 2024 budget assumes a 8% growth in actual sales tax collection in 2022 and a 2% growth in 2023.

The City Water utility is anticipated to have a 5% increase in the monthly minimum charge to maintain revenue consistent with increases costs. There is no anticipated change to metered water sales. The Wastewater surcharge will increase to \$16.88. The Wastewater utility base rate is anticipated to increase by 5%. The Sanitation utility rate is anticipated to need to be increased by 5%, to reflect the significant increases in fuel, tipping fees (paid for every ton of garbage hauled to Belle Fourche), employee costs and truck replacement costs.

### Additional 2024 Budget Highlights

In addition to the infrastructure investments, the proposed 2024 Budget continues the City's efforts to ensure a fully equipped and functional City fleet. All City Departments have identified capital equipment valued in excess of \$10,000 and the anticipated life expectancy of the equipment. From that point, a schedule for eventual replacement for each of the pieces of equipment has been scheduled. This helps to ensure that the City maintains a more functional and efficient fleet and reduces the impact when major pieces of equipment fails. The equipment scheduled for purchase in 2024 include:

- \$ 250,000 Motor Grader
- \$ 10,452 - Animal Shelter Vehicle

The proposed budget seeks to demonstrate to all regular full-time employees that their work and dedication on behalf of the residents of the community is truly appreciated. In doing so, the proposed budget includes a 3.5% COLA in order for the City to remain competitive and retain employees as well as attract new talent. In addition, it includes an increase in the supplementary retirement system match of an additional \$1000 per employee per year.

### Closing

The proposed 2024 budget makes continued strides to enhance the community's infrastructure, enhance recreation and cultural amenities, redevelop the Downtown, grow the economy, maintain the City's status as an employer of choice and reduce property taxes. The budget maintains the City's strong financial position. In order to continue the City's property tax reductions, the Community's tax basis must continue to expand. This can immediately be completed with residential growth. Growth in rooftops allows the existing community's infrastructure costs to be spread amongst more individuals and allows the existing businesses to grow their customer basis. In addition, residential customer base is the best way to attract new retailers to enhance the existing retail base within the community.

### **RECOMMENDATION:**

to approve first reading of 2024 Budget.

### **ATTACHMENTS:**

[Ordinance 2023-04 - Appropriations for 2024 \(Budget\)](#)

**Approved By:**

Fay Bueno, Finance Officer

**Status:**

Approved - Aug 31 2023

Be it ordained by the Common Council of the City of Sturgis, Meade County, South Dakota, that the following amounts are hereby appropriated to meet the obligations of the Municipality for the Year 2024

PART I

	General	Special	Capital	Bid	Hotel	Revolving	Equipment	SPM	DC	CV	WD	TR	SM	SL	GG	HE	HM	12TH ST APT	GG II & III	HH	Perp	AWD	Liquor	Water	Wastewater	Sanitation	Ambulance	
	101	211	212	213	214	218	219	TIF 11	TIF 12	TIF 13	TIF 15	TIF 16	TIF 17	TIF 18	TIF 20	TIF 21	TIF 22	TIF 23	TIF 24	TIF 26	401	402	601	602	604	612	643	TOTAL
410 General Government																												
4111 Legislative & Executive	\$	459,954																										\$459,954
4141 Attorney		265,016																										265,016
4142 Finance Office		438,790																										438,790
4143 Administrative Service Dept		136,336																										136,336
4143 City Manager		276,287																										276,287
4145 Information Technology		59,400																										59,400
4147 Insurance & Bonds		341,759																										341,759
4192 Buildings		240,849																										240,849
4193 Custodial		243,900																										243,900
4194 Engineering		261,151																										261,151
4196 Planning & Permitting		327,391																										327,391
4197 Fleet Management		346,503																										346,503
4198 Sponsorship		874,080																										874,080
4199 Rally/Brick Project/Mayor's Ride		689,686																										689,686
4199 TOTAL GENERAL GOVERNMENT	\$4,961,101	\$0	\$0	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,961,101
420 Public Safety																												
421 Police	\$	2,427,590																										\$2,427,590
421 Animal Shelter	\$	199,097																										\$199,097
4218 Dispatch		182,639																										182,639
4227 Ambulance		0																								\$ 1,881,802	1,881,802	
4229 Fire		195,000																										195,000
4229 TOTAL PUBLIC SAFETY	\$3,004,326	\$0	\$0	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,881,802	\$4,886,128	
433 Public Works																												
4311 Streets, Snow Removal	\$	839,809																										\$839,809
4315 Storm Sewer		0																										0
4316 Street Lighting		170,000																										170,000
4323 Sanitary/Special Sanit		0																								\$ 1,662,279	1,662,279	
4325 Wastewater		0																										1,516,419
4330 Water		0																						\$ 1,668,502	\$ 1,516,419		1,668,502	
4350 Airport		337,293																										337,293
4370 Cemetery		132,216																			\$2,560							134,776
4370 TOTAL PUBLIC WORKS	\$1,479,317	\$0	\$0	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,560	\$0	\$0	\$1,668,502	\$1,516,419	\$1,662,279	\$0	\$6,329,077
434 Equipment Replacement							\$ 260,452																					\$260,452
437 Capital Improvements			\$2,092,857															1,300,000		800,000								\$4,192,857
450 Culture - Recreation																												
4511 Community Center	\$	583,036																										\$583,036
4512 Recreation		149,702																										149,702
4520 Parks/West Nile		862,529																										862,529
4551 Library		419,256																										431,456
4560 Auditorium		24,000																				\$12,200						24,000
4560 TOTAL CULTURE-RECREATION	\$2,038,523	\$0	\$0	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$12,200	\$0	\$0	\$0	\$0	\$0	\$2,050,723
465 Economic Development																												
4280 Rally Point Utilities, Maintenance		6,763																										\$6,763
4290 Loans						16,000																						\$16,000
4651 Sturgis Economic Development		95,000																										\$95,000
4652 Chamber of Commerce		115,000																										115,000
4653 City Promotion						\$0																						0
4680 Downtown BID-City owned land		5,000																										5,000
Event Funding		20,000			\$ 190,889																							210,889
Movies at Rally Point and Comm Center		5,000																										5,000
Fireworks		17,000																										17,000
Fall Festival/Music Weekend		27,500																										27,500
Movie at Rally Point																												0
Sturgis Hospital Contribution		0																										0
Movie Screen Projector																												0
Print Promtion		0																										0
Rally Digital Campaigns		80,000																										80,000
Rodeo Grounds Capital Contr.		25,000			\$ 83,000																							108,000
Tourist Season Promotion/Event		12,000																								\$0		12,000
4650 TOTAL ECONOMIC DEVELOPMENT	\$0	\$ 408,263	\$0	\$190,889	\$83,000	\$16,000	\$0	\$0	\$0																			

The following designates the fund on funds that money derived from the following sources are applied to:

	General 101	Special Sales Tax 211	Capital Improvement 212	Bid District #1 213	Hotel Occupancy 214	Revolving Loan 218	Equipment Replacement 219	TIF 11 329	TIF 12 330	TIF 13 331	TIF 15 332	TIF 16 335	TIF 17 334	TIF 18 338	TIF 20 336	TIF 21 337	TIF 22 339	TIF 23 340	TIF 24 341	TIF 26 343	Perp Maint 401	AWD Trust 402	Liquor 601	Water 602	Wastewater 604	Sanitation 612	Ambulance 643	TOTAL
Appropriated Fund Balance	162,758	\$2,727	\$357,489			\$0	\$0															\$0	\$37,376		\$293,487			\$853,837
3911 Operating Transfers	817,403			66,289																								883,692
310 Taxes	5,635,796	471,824	\$ 2,254,064	75,500			250,452	\$85,000	\$400,000	\$75,000	\$12,000	\$ 42,712	\$ 4,860	\$1,391,500	\$102,322	\$ 163,018		\$ 7,265										10,973,903
320 Licenses & Permits	704,425																							\$24,500	\$10,000			738,925
330 Intergovernmental	345,980		261,045																									607,025
340 Charges for Goods or Services	2,575,668		150,000																									2,725,668
340 Admin Charge-Enterprise Funds	762,987																											762,987
350 Fines & Forfeits	6,200																											6,200
360 Miscellaneous	593,540	0		49,100	83,000	16,000	10,000										1,300,000			800,000	60	12,200	1,200	34,000				2,899,100
379 Perpetual Maintenance																					2,500							2,500
380 Enterprise Funds-Goods & Services			0																				3,732,328	1,889,337	2,364,643	\$ 1,662,279	\$1,881,802	11,530,389
TOTAL	11,604,755	474,552	3,022,598	190,889	83,000	16,000	260,452	85,000	400,000	75,000	12,000	42,712	4,860	1,391,500	102,322	163,018	1,300,000	7,265	800,000	2,590	2,560	12,200	3,770,904	1,947,837	2,668,130	1,662,279	1,881,802	31,984,225
TOTAL MEANS OF FINANCE	11,604,755	474,552	3,022,598	190,889	83,000	16,000	260,452	85,000	400,000	75,000	12,000	42,712	4,860	1,391,500	102,322	163,018	1,300,000	7,265	800,000	2,590	2,560	12,200	3,770,904	1,947,837	2,668,130	1,662,279	1,881,802	31,984,225
COMPARED WITH PART I	11,605,267	474,552	3,022,598	190,889	83,000	16,000	260,452	85,000	400,000	75,000	12,000	42,712	4,860	1,391,500	102,322	163,018	1,300,000	7,265	800,000	2,590	2,560	12,200	3,770,904	1,947,473	2,667,675	1,662,279	1,881,802	31,983,917
ESTIMATED SURPLUS/DEFICIT	0	0	0	0	0	0	(0)	0	0	(0)	0	0	0	0	0	0	0	0	0	0	0	0	0	364	455	0	(0)	308
TRANSFER TO GF			\$225,000																				\$417,403		150,000			\$792,403
TRANSFER TO SPECIAL SALES TAX		66,289																										66,289
TRANSFER TO EQUIPMENT REPLACEMENT																									20,800			20,800
TRANSFER TO SANITATION	12,000																											12,000
TRANSFER TO AMBULANCE	110,000																											110,000

PART III

The Finance Officer is directed to certify the following dollar amount of tax levies in this ordinance      \$ 3,122,280.00

CITY OF STURGIS

Mark Carstensen - Mayor

ATTEST:

Fay Bueno, Finance Officer

First Reading:  
Second Reading:  
Adopted:  
Published:  
Effective:

General Government Totals	4,961,101
Public Safety Totals	4,886,128
Public Works Totals	6,329,077
Equipment Replacement	260,452
Capital Imp	4,192,857
Culture & Rec Total	2,050,723
Economic Dev Total	698,152
Debt Service Total	4,291,415
Liquor	3,312,521
Transfers	1,001,492
Total Budget	31,983,917

Published once at the total approximate cost of