

2023
Preliminary
Budget

June 27, 2022



January 1, 2022								
	City Tax	School Tax	County Tax	Other Tax	Sewer*	Water	Garbage	Annual Total
Spearfish	406	1177	612	30	623	254	250	3354
Sturgis	790	1122	581	0	514	273	196	3476
Rapid City	480	1168	703	140	396	324	284	3496
Belle Fourche	802	1163	588	0	451	283	244	3530
Deadwood	813	1075	612	122	324	391	275	3613
Hot Springs	897	1132	595	50	381	369	244	3668
Lead	1238	1075	612	241	396	345	231	4138
Seven City					\$			
average	\$ 775.22	\$ 1,130.19	\$ 614.87	\$ 83.46	\$ 440.78	\$ 319.92	\$ 246.28	\$ 3,610.72
Sturgis over			\$		\$	\$	\$	
(under)	\$ 14.68	\$ (8.19)	(34.37)	\$ (83.46)	73.30	(47.04)	(49.84)	\$ (134.92)

*includes \$16.05/month surcharge

- Based on a \$150,000 assessed value home (not the same in each community)
- Assumes 2,000 gallons of water per month
- 2014 Sturgis was tied for 5th at an annual cost of \$4151/year

The background of the slide features decorative, light gray curved lines that sweep across the top and bottom corners, creating a sense of motion and depth.

Assumptions - Costs

- 2023 City Health Ins Increase 10%
- 2023 City Dental Ins Increase 5%
- 2023 City Life Ins Increase 5%
- 2023 Utility Cost Increase 2%

Assumptions - Revenue

■ 2022 2% General Sales Tax Growth	5%	7.0%
■ 2023 2% General Sales Tax Growth	4%	
■ 2022 BBB Sales Tax Growth	2%	0.5%
■ 2023 BBB Sales Tax Growth	2%	
■ 2022 Increase in Utility Accounts	1%	
■ 2023 Increase in Utility Accounts	2.6%	
■ 2023 Water and WW Surcharge	-1.6%	
■ 2023 Sanitation Rate Increase	5%	
■ 2023 Water Base Rate Increase	5%	
■ 2023 Water Usage Increase	0%	
■ 2023 WW Base Rate Increase	5%	

2021 Assessed Value \$510.8 mill

2022 Prel. Assessed Value \$610.3 mill

Reduction in Tax Collected \$100,000

\$2,672,280 2023

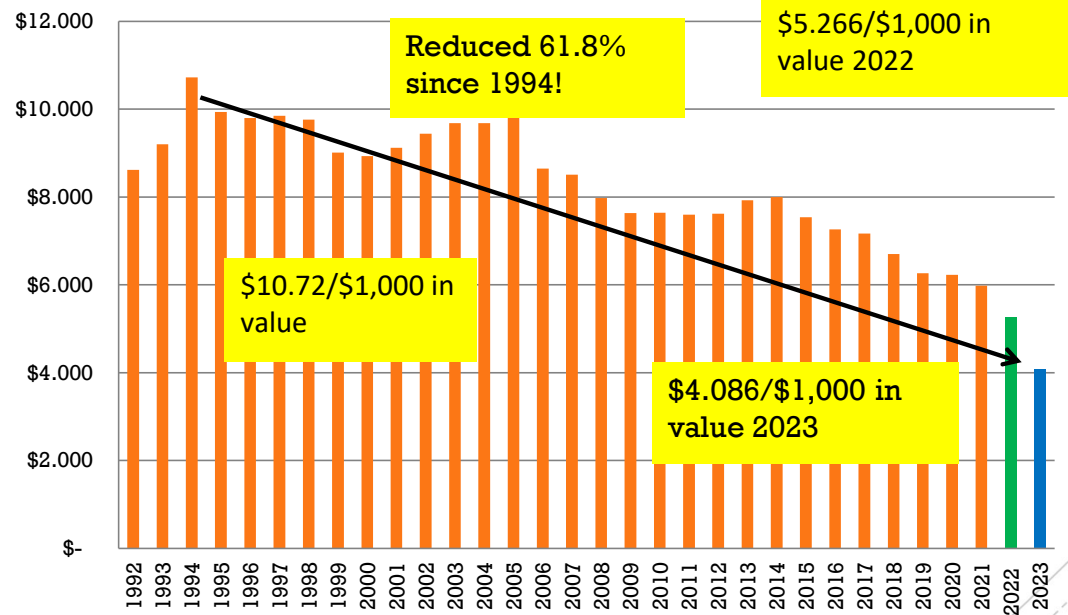
\$2,772,280 2022

\$2,911,940 2021

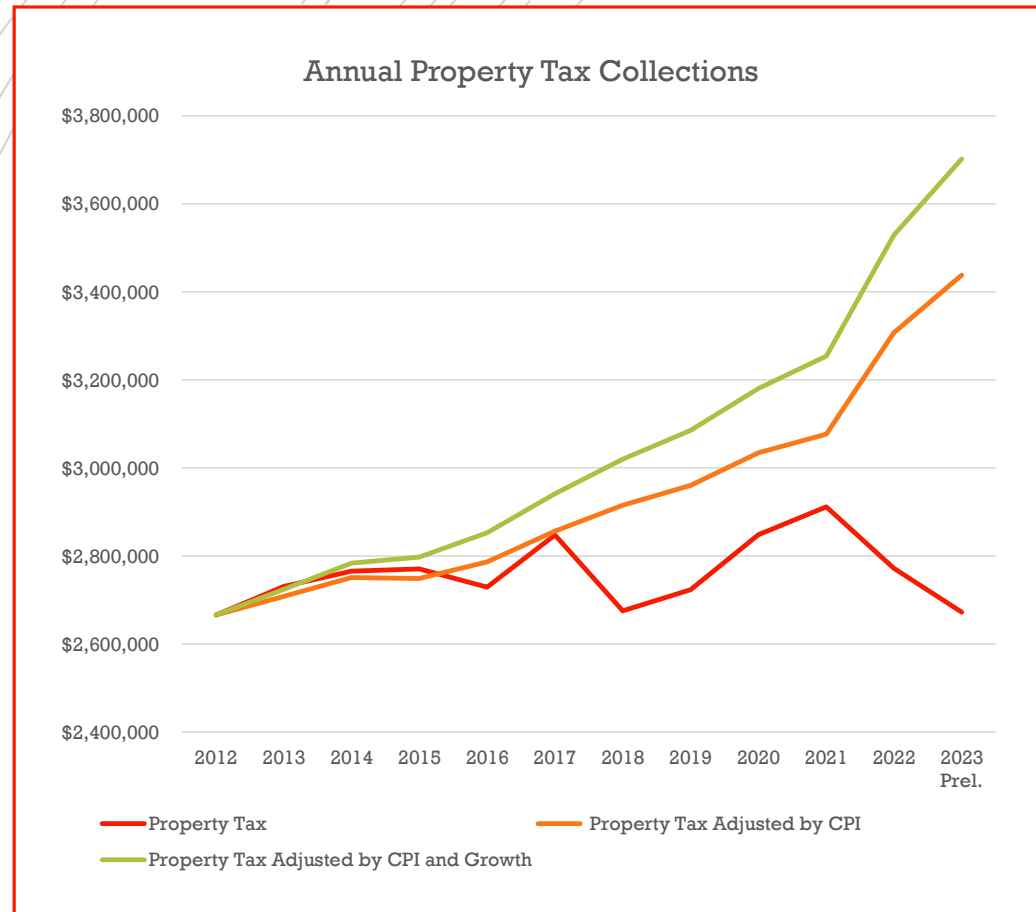
\$2,665,904 2012

\$50.9 mill increase in assessment from growth
(8.3%)

History of Sturgis City Mill Levy 2023 would be the lowest in 31 Years!

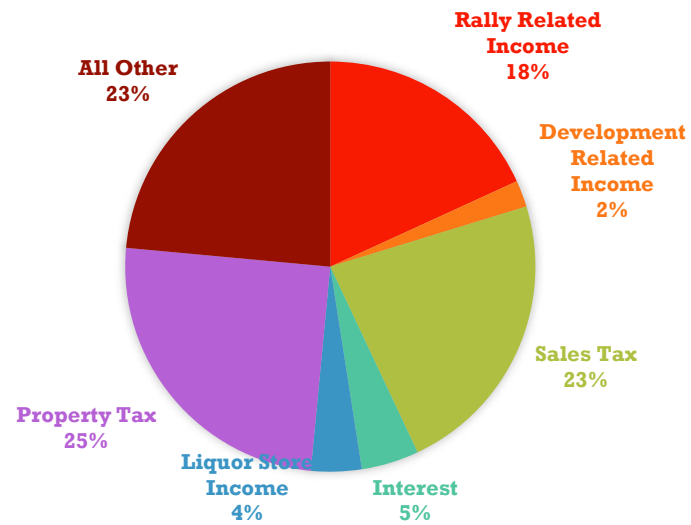


Annual Property Tax Collections through the Decade

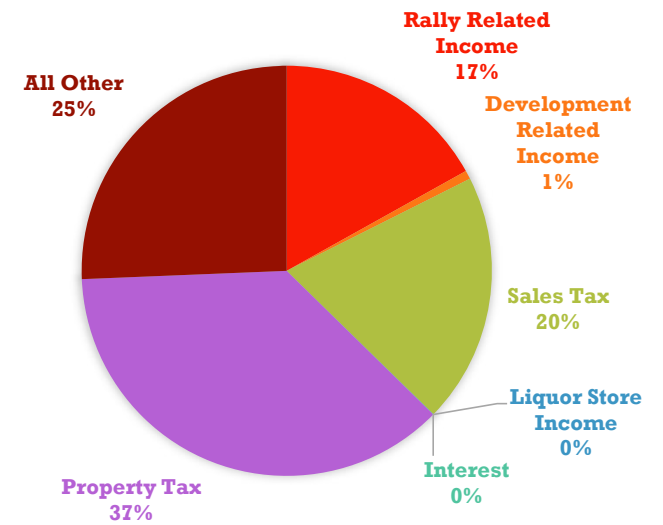


- Adjusted for inflation, property tax collection is 28.6% lower than in 2012
- Adjusted for inflation and population growth, property tax collection is 38.5% lower than in 2012

2023 GENERAL FUND REVENUE SOURCES



2012 GENERAL FUND REVENUE SOURCES



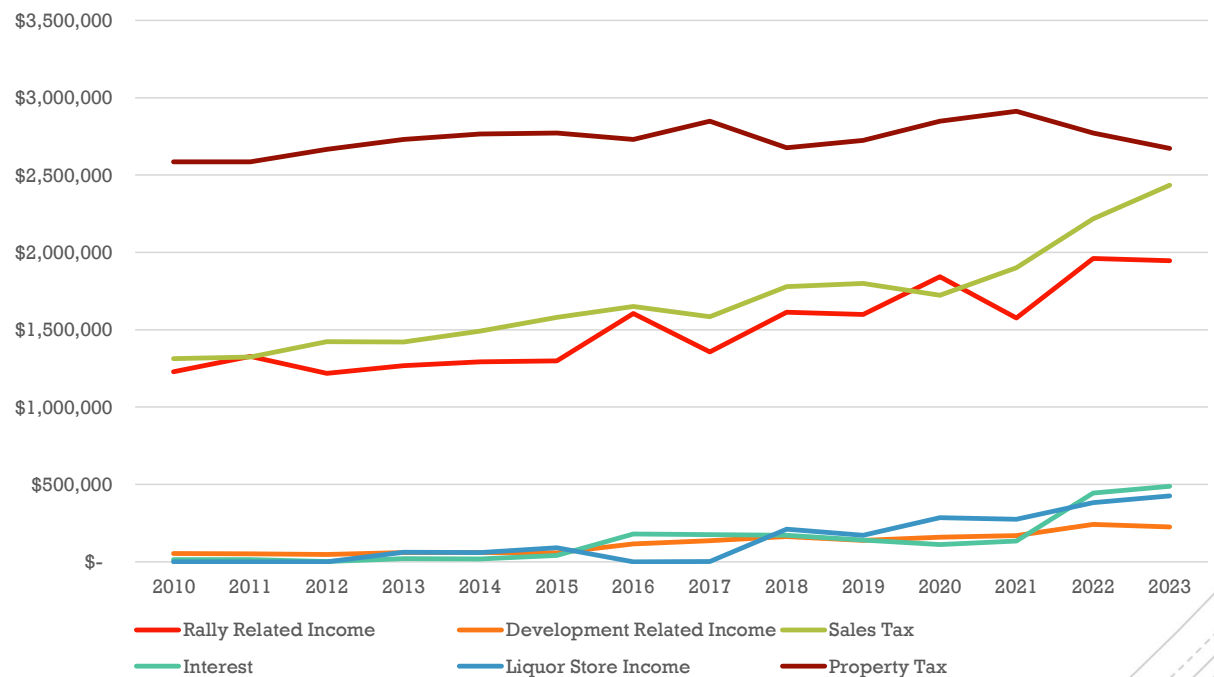
Sources of Revenue Growth for General Fund

Total property tax collections have remained relatively constant as the total cost and number of taxpayers have increased, reducing reliance on property tax and reducing the mill levy

Sales tax has increased by 71% since 2012 (increased risk due to recession, reduced tourism). Statewide growth has been 62%

Rally related income has increased as has interest income and Liquor Store Profits

Change of General Fund Revenue Sources



- Average cost in Sturgis would decrease by \$149/year
- This does not include changes in other cities, counties, schools

January 1, 2023 (forecast, only Sturgis City Change)

	City Tax	School Tax	County Tax	Other Tax	Sewer*	Water	Garbage	Annual Total
Spearfish	406	1177	612	30	623	254	250	3354
Sturgis	613	1122	581	0	527	279	206	3327
Rapid City	480	1168	703	140	396	324	284	3496
Belle Fourche	802	1163	588	0	451	283	244	3530
Deadwood	813	1075	612	122	324	391	275	3613
Hot Springs	897	1132	595	50	381	369	244	3668
Lead	1238	1075	612	241	396	345	231	4138
Seven City average	\$ 749.94	\$ 1,130.19	\$ 614.87	\$ 83.46	\$ 442.59	\$ 320.73	\$ 247.68	\$ 3,589.46
Sturgis over (under)	\$ (137.04)	\$ (8.19)	\$ (34.37)	\$ (83.46)	\$ 83.46	\$ (42.21)	\$ (41.40)	\$ (262.46)

*includes \$15.77/month surcharge

- Based on a \$150,000 assessed value home (not the same in each community)
- Assumes 2,000 gallons of water per month
- 2014 Sturgis was tied for 5th at an annual cost of \$4151/year

The background of the slide features several thin, curved lines in a light gray color, some solid and some dashed, creating a sense of motion or flow. On the left side, there is a large red rectangular area with a white text box inside it.

Baseline Budgeting

- Departments determine budgetary needs to provide services for an “average year”
- If something is out of the ordinary, there will need to be a supplemental appropriation, Departments are not provided cushions
 - Cushions are typical in government agencies, this results in spend it or lose it, we never appropriate additional to departments for this reason
- Administration provides increases for inflationary or known adjustments/assumptions
- Administration reduces Departmental allocations for one-time projects completed

2023 Changes – General Fund

- Utilities across the board are reduced slightly with the additional BHE 2021 winter storm surcharge deleted
- Fuel was determined by each department with current costs and changes made to reduce consumption
- **Community Center**
 - New position Maintenance Superintendent Added, will also oversee custodial
 - Air Handler Balancing (\$10,000), every five years
 - Replacing roof over western portion completed in 2022
- **Finance**
 - No municipal election scheduled in 2023 (savings of \$3,000)
- **Fire**
 - Added \$20,000 Supplemental Cancer Insurance/ Retirement Benefit for Volunteers
 - Added \$12,000 for bunker gear replacement and savings

2023 Changes – General Fund, cont.

- **Administration**

- Funding for Leadership Training across City (\$10,000)
- Onboarding forms modules (\$3,000)

- **IT**

- Onboarding module moved to Admin budget
- Added Accounts Payable Software, reduce workload and human error (similar to timecard software)
- Additional allocation (2,500) for continued changes to cameras, repairs, etc.
- Completed new server upgrades, reduced allocation by \$17,000

- **Library**

- Increased allocation for professional development for staff (add'l \$2,500)
- Enhanced programming, AV and Books (\$8,600)

2023 Changes – General Fund, cont.

■ Mayor and Council

- Added Director of Communications
- Eliminated overlap for Councilors due to no election 2023 (savings \$2,500)
- Added ongoing I-Compass maintenance & licensing (added \$10,600)
- Added instant conference and Google Voice, Workspace for meetings (added \$2,500)
- Added funding for BHCOLG Comprehensive Plan Update (added \$20,000)
- Reduced transfer to Ambulance to \$110,000 total in direct funding, also covers the Ambulance Fund's \$100,715 in Administration costs and \$8,807 in building costs (savings of \$25,000)

2023 Changes – General Fund, cont.

- **Parks**
 - Reallocation of one PT Gardeners to a near full-time year-round gardener
 - Addition for Pump Track and Rally Point Maintenance (\$5,000)
- **Planning and Permitting**
 - Reallocated half of Admin Assistant to Planning and Permitting
- **Police Department**
 - 21 FTE (2 Animal Control, 1 Admin, 18 Sworn LE)
 - Partly funded through COPS and Drug Free Community Grants
 - 2012 (2 Animal Control, 1 Admin, 16 Sworn LE)
 - Increased operational costs for Animal Shelter (additional \$5,000)
 - Equipment Upgrades (additional \$23,000)
 - Include new firearms and less lethal ammunition
 - Increase repairs and maintenance (added \$5,000)
 - Continue to budget for new vehicles, have been unable to purchase new vehicles due to inventory

2023 Changes – General Fund, cont.

■ Rally

- Minor changes between line items, nothing too significant
- New Director

■ Recreation

- Increase wages for referees and adding softball referees (added \$4,800)
- Reduce AMA Umpires (save \$4,400)
- Ft. Meade Softball Field Parking lots were re-graveled in 2022 (savings \$10,000 in 2023)
- Added line item for swimming expenses (\$1,500 expense, offset by \$2,000 in registration fees)

2023 Changes – General Fund, cont.

■ Sponsorship

- Change back to in person demographic survey from Live Gauge (net savings of \$23,000)
- Fewer properties leased and subleased
- Inclusion of cost for all Jack Daniel's Bottles (no longer accounted in Liquor Fund)
- Trademark Costs have reduced, still requires enforcement



Enterprise Funds

• Ambulance Service

- General Fund transfer \$110,000 and covers \$109,522 in admin and building
- Additional revenue from collections increase (higher training)
- SMART Program Grant and Fees
- Training Classes increased
- Increased costs for long distance transfers
- Continued savings for new ambulance
- Reduced maintenance costs due to newer fleet

■ Liquor Store

- No significant change
- Sales increased
 - 5.6% in 2021
 - 19.5% in 2020
- YTD in 2022
 - Down 3.4%
 - Margins similar
- No longer need to build cash balance
- Transfer entire estimated profit of \$425,000 to the General Fund

The background of the slide features several thin, curved lines in a light gray color, some solid and some dashed, creating a sense of motion or flow. On the left side, there is a large red speech bubble with a tail pointing towards the bottom left. Inside the speech bubble, the word "Utilities" is written in a white, sans-serif font.

Utilities

- **Waste Water**
 - Still onboarding new operators and mechanic
 - Testing costs doubled (up \$5,000)
 - Still estimating utility costs
 - Paying loan of \$675,515 for the WWTP
 - Paying loan of \$230,226 for the HS main and automated rake screen
- **Water**
 - No significant change
 - Continued savings for water main replacement (E. Main and Sherman) of \$240,000 (estimated project costs increased 35% in 18 months)
- **Sanitation**
 - Landfill fees paid to Belle Fourche \$333,830
 - Saving \$126,667 each year to purchase a new sanitation truck every 3 years

Equipment Replacement

- 10% of the 2nd Penny
- Anticipate \$243,408 in revenue (and \$10,000 from surplus auction)
- Added 2 additional Motor Graders for Public Works
- Added 1 Fire Apparatus Replacement
- Total annual revenue need of \$281,860
- Long term deficit of \$28,452
- Average need to extend life expectancy of 10%

BBB Tourism

2022 YTD up 0.5%

SEDC Funding up \$10,000

Chamber funding up \$10,000

Downtown BID fees for City property up \$2,300

Fall Festival Music Fest (\$27,500)

Print Promotion \$26,156

Tourist Season Promotion \$30,000

Tourism Sales Tax Growth

