

# 2025 Budget



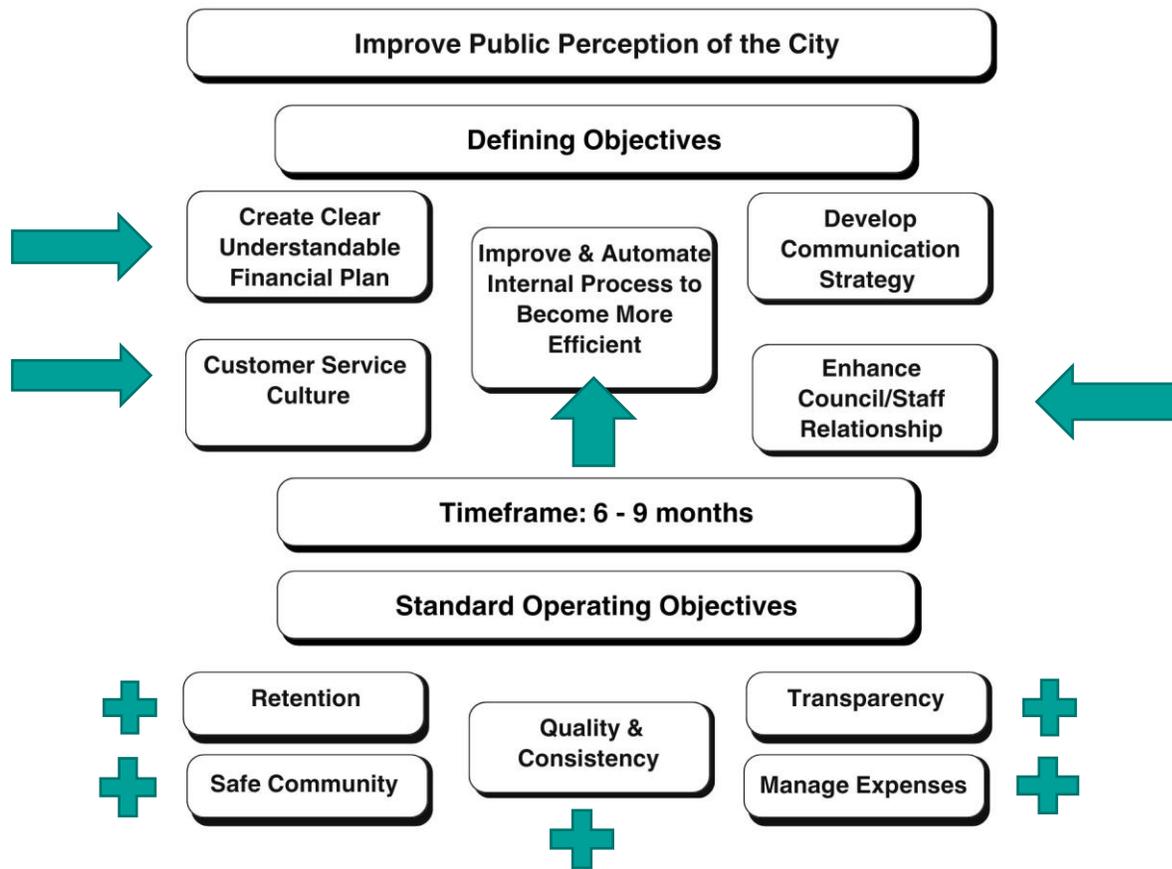
# 2025 Budget Presentation Agenda

- Budget Highlights
- 2025 Initiatives - Consolidations, Fleet Management, Facilities Maintenance, PD/HSA Partnership-Thematic Goal
- Total Budget Comparison vs 2024
- Primary Revenue Sources
- Budget Funds Overview – General, Special Revenue, Enterprise
- Outside Agency Support
- Measure 28 Contingency
- Capital Improvement Plan (CIP) Highlights
- CIP Overview
- CIP Revenues/Expenditures
- Departmental CIP Projects



## 2024 Department Head Thematic Goal

Developed by Department Heads on July 30, 2024.



*The Real Cost of Mediocrity,  
At the Table with Patrick Lencioni*



# 2025 Budget Calendar

## May - September



## October



## November



## December

- Internal budget meetings between City Manager and Department Heads.

- Proposed operating and 2025 Capital Budgets are developed.
- Certify 2024 Property Tax Levy payable in 2025
- Public hearing on the 2025 proposed operating budget.

- First and second readings of the 2025 budget and Appropriation Ordinance.
- Publish the 2025 budget and Appropriation Ordinance
- Council Workshop on Long-Range CIP

- Proposed Fee Resolution for 2025 is approved by City Council.
- Long-Range CIP approval
- Finalize 2025 budget book



# 2025 BUDGET PRIORITIES

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1. **Our People:** successful union negotiations maintaining wages in line with peer communities and the Midwest CPI. Continued emphasis on professional development.
2. Transitioning from a historical averaging budget process to a **base budgeting process.**
3. Creation and Implementation of a **City-Wide Facilities Maintenance Program.**
4. Creation of a **City-Wide Fleet Management Program.**
5. **No new FTEs.**
6. **No new programs** that cannot be absorbed within the 2024 budgetary dollars.

# 2025 SUMMARY OF BUDGETED FULL TIME PERSONNEL

City of Watertown											
Summary of Budgeted Full Time Personnel											
2015-2025											
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Administration</b>	12	12	12	12	12	12	13	14	13	16	16
City Manager	-	-	-	-	-	-	1.5	1.5	2	4	4
Mayor	0.5	0.5	0.5	0.5	0.5	0.5	-	-	-	-	-
Attorney	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	-	-	-
Human Resources	-	-	-	-	-	1	2	3	3	3	3
Finance	7	7	7	7	7	6	5	5	5	5	5
Information Technology	3	3	3	3	3	3	3	3	3	4	4
<b>Public Safety</b>	93	93	93	94	93	93	98	98	101	102	101
Police	42	42	42	42	42	42	45	45	46	46	45
Fire/Ambulance	38	38	38	39	39	39	39	39	39	40	40
Animal Control/Code Enforcement	1	1	1	1	1	1	1	1	2	2	2
E-911	12	12	12	12	11	11	13	13	14	14	14
<b>Public Works</b>	58	59	60	62	64	65	66	68	68	68	68
Admin	-	-	-	-	-	-	-	-	2	2	2
Streets	12	13	13	14	15	15	15	15	16	16	16
Engineering	7	7	7	7	7	7	7	7	6	6	6
Community Development	4	4	4	5	5	5	6	6	5	5	5
Airport*	3	3	4	4	5	6	6	8	7	7	7
Wastewater*	14.5	14.5	14.5	14.5	14.5	14.5	14.5	14.5	15	15	15
Solid Waste*	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5	17	17	17
Upper Big Sioux	1	1	1	1	1	1	1	1	-	-	-
<b>Parks and Recreation</b>	36	36	37	38	39	40	42	44	47	47	50
Admin	3	3	4	4	4	4	3	3	2.75	2.75	2.75
PLWC	6	6	6	6.5	7	7	7.5	8.5	7	7	5
Golf	3	3	3	3	3	3	3	3	4	4	4
Park System	5	5	5	5	5	5	5	6	7.5	7.5	7.5
Forestry	2.5	2.5	2.5	2.5	2.5	2.5	3.5	3.5	4.5	4.5	4.5
Cemetery	2.00	2.00	2.00	2.00	2	2	2	2	2	2	2
Recreation	4.00	4.00	4.00	4.00	4.4	4.4	5.1	5.1	5.75	5.75	3.75
PLIA	0.50	0.50	0.50	0.50	0.5	0.5	0.5	0.5	1.5	1.5	1.5
Zoo	10.00	10.00	10.00	10.00	10.0	11.0	12.0	12.0	12	12	12
Facilities Management	-	-	-	0.5	0.6	0.6	0.4	0.4	-	-	7
Library	9	9	9	9	9	9	9	9	9	9	7
	208	209	211	215	217	219	228	233	238	242	242

\*denotes  
Enterprise  
Fund

# 2025 BUDGET HIGHLIGHTS

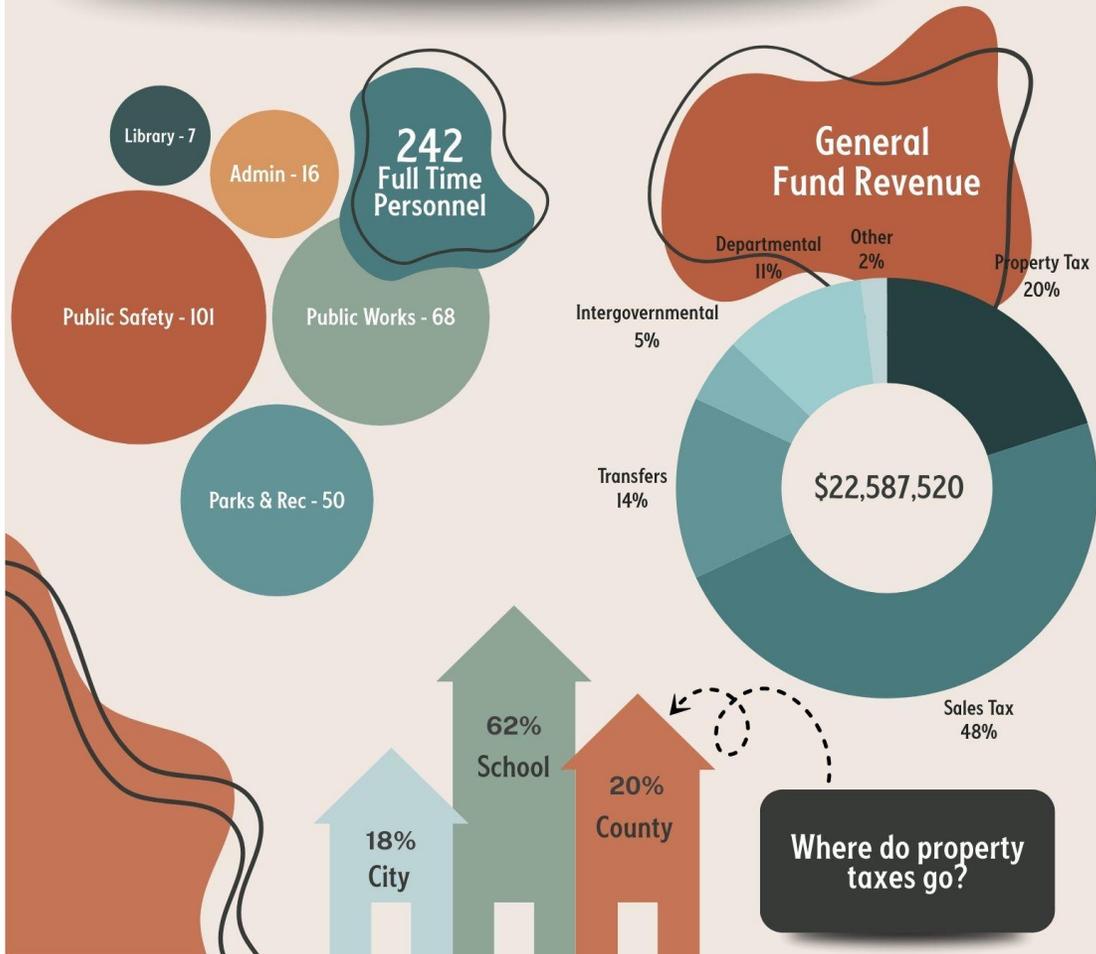
- Accurate and Conservative Budgeting
  - Reduced budgeted deficit for General Fund vs. previous years.
  - 4% wage increase for employees
  - 7% health insurance cost increase
- Modest Sales Tax growth of 2.1%
- \$0.41M General Fund increase from 2024 Adopted Budget or 1.6%.
- Intuitive, Lean and Streamlined
- Efficiency / Organizational Improvement
- Long-term Financial Sustainability Mindset.

***Focused on opportunities and responsible growth***

# 2025 BUDGET

## Analysis Report

The City of Watertown adopts an annual budget to set the direction for the upcoming year. The budget serves as the financial guide for the City to provide services, programs, and projects. The budget is the City's plan to accomplish strategic goals while remaining fiscally responsible and dedicated to continually providing opportunities and responsible growth for the community and its citizens.



### Budget Summary

Total Budget:  
\$72,113,120

24.89 M  
35% General Fund

Special Revenue 12.35 M  
17%

14.62 M  
20% Capital Improvement

Enterprise 20.25 M  
28%

#### Budget Highlights

- No Additional Staff Added
- City-Wide Facilities Maintenance Program Established
- City-Wide Fleet Maintenance Program Established
- Overall 24% decrease from 2024 Budget

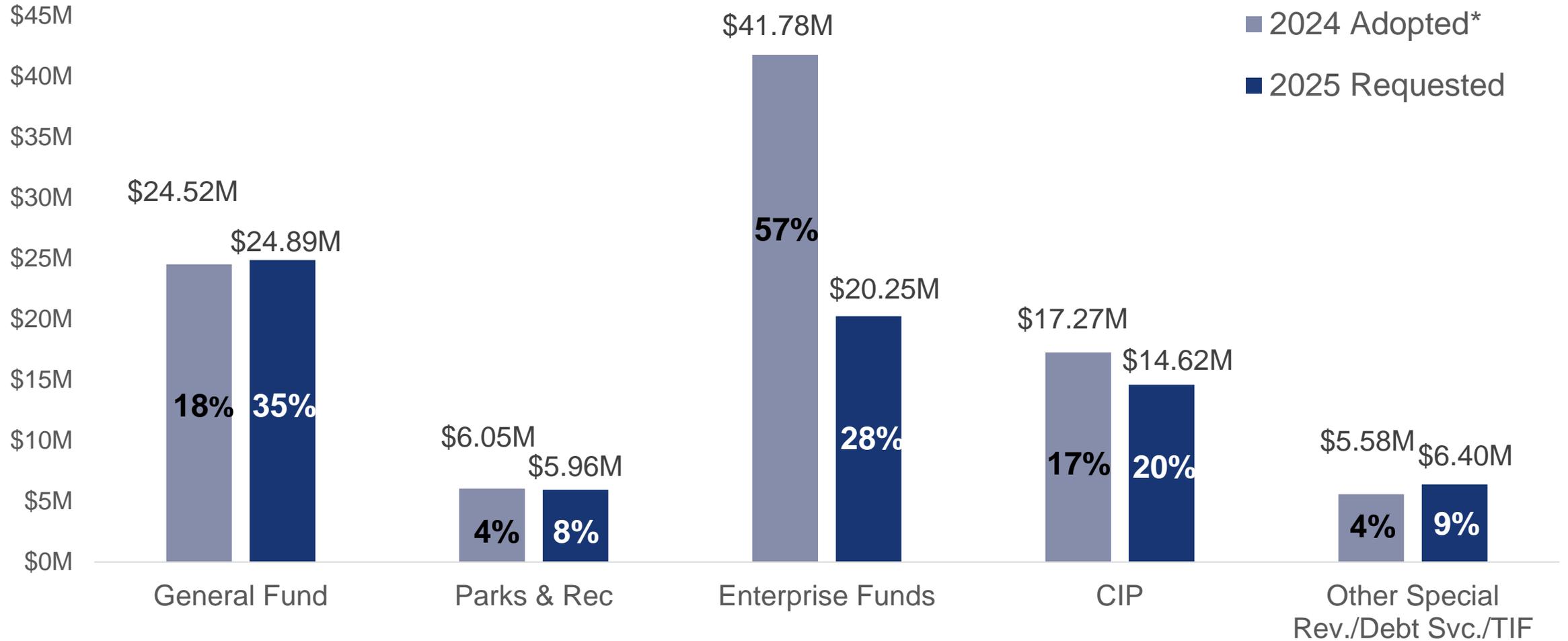
#### Projects

- Update Zoo Carnivore Habitat
- McKinley ADA Accessible Playground
- Develop River Ridge Playground
- Kampeska Bike Trail - Segment 2B
- Renovate Eastwoods Bike Trail
- Police Patrol Vehicles Replacement
- Ambulance Replacement
- Street Division - Replace 2 Dump Trucks

### General Fund Expenditures: How Each \$ Is Spent



# Total Budget Expense Comparison



	2024 Adopted*	2025 Requested	Difference
Total Budget	95,157,860	72,113,120	(23,044,740)



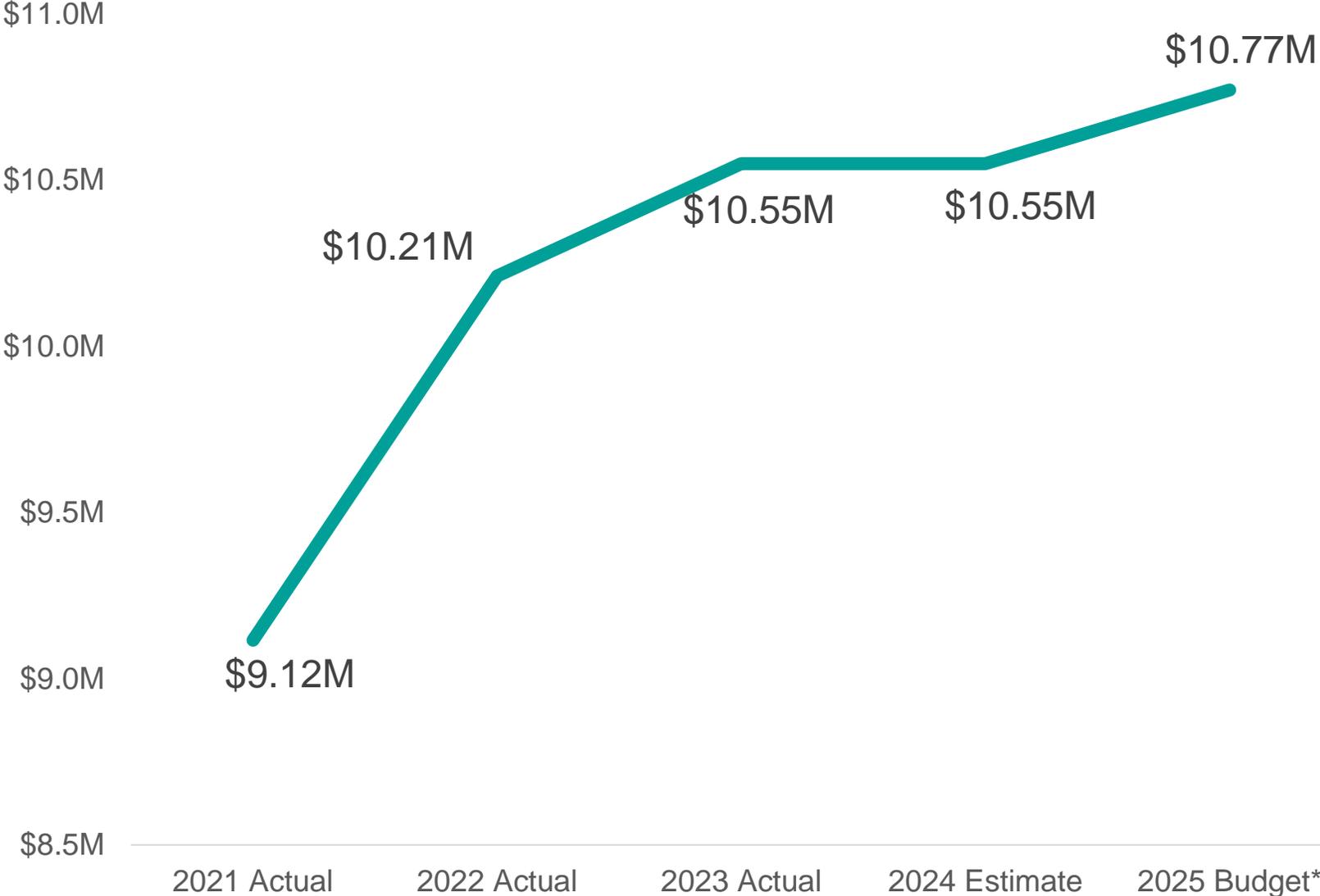
\*To facilitate comparison, 2024 Adopted excludes large capital projects approved through budget appropriations

# Primary Revenue Sources

- Sales and Use Tax – 1<sup>st</sup> and 2<sup>nd</sup> Penny
- Property Tax
- BBB Tax
- Transfers In from other funds
- Charges for Services, Fees, Permits, and Other Taxes



# Sales Tax – 1<sup>st</sup> Penny



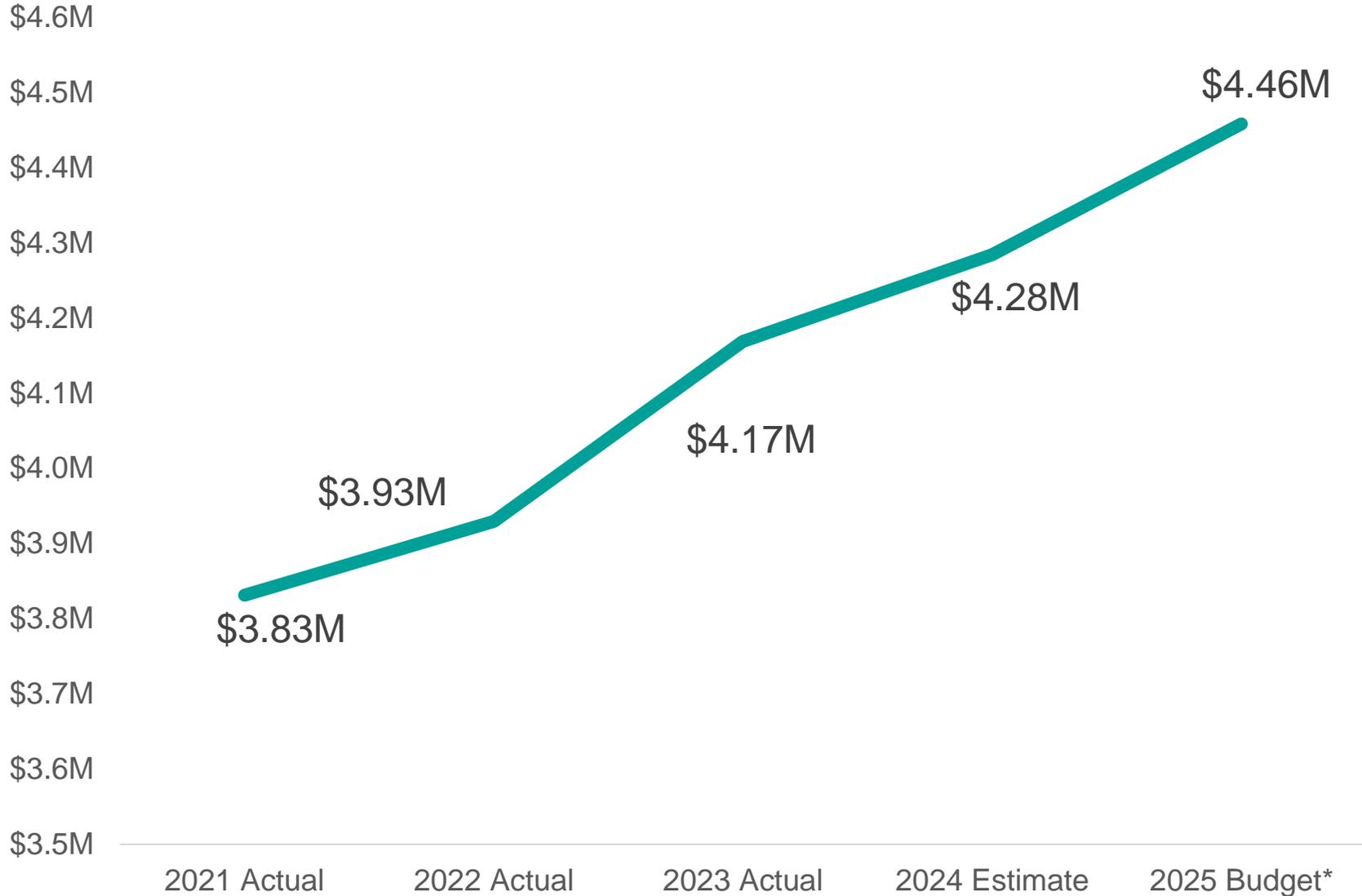
**Growth Assumptions**

- ▶ 2024 → 0%
- ▶ 2025 → +2.1%

\*2025 Budget assumes no revenue impact from Measure 28 ("Tax on Groceries")



# Property Tax



### Growth Assumptions

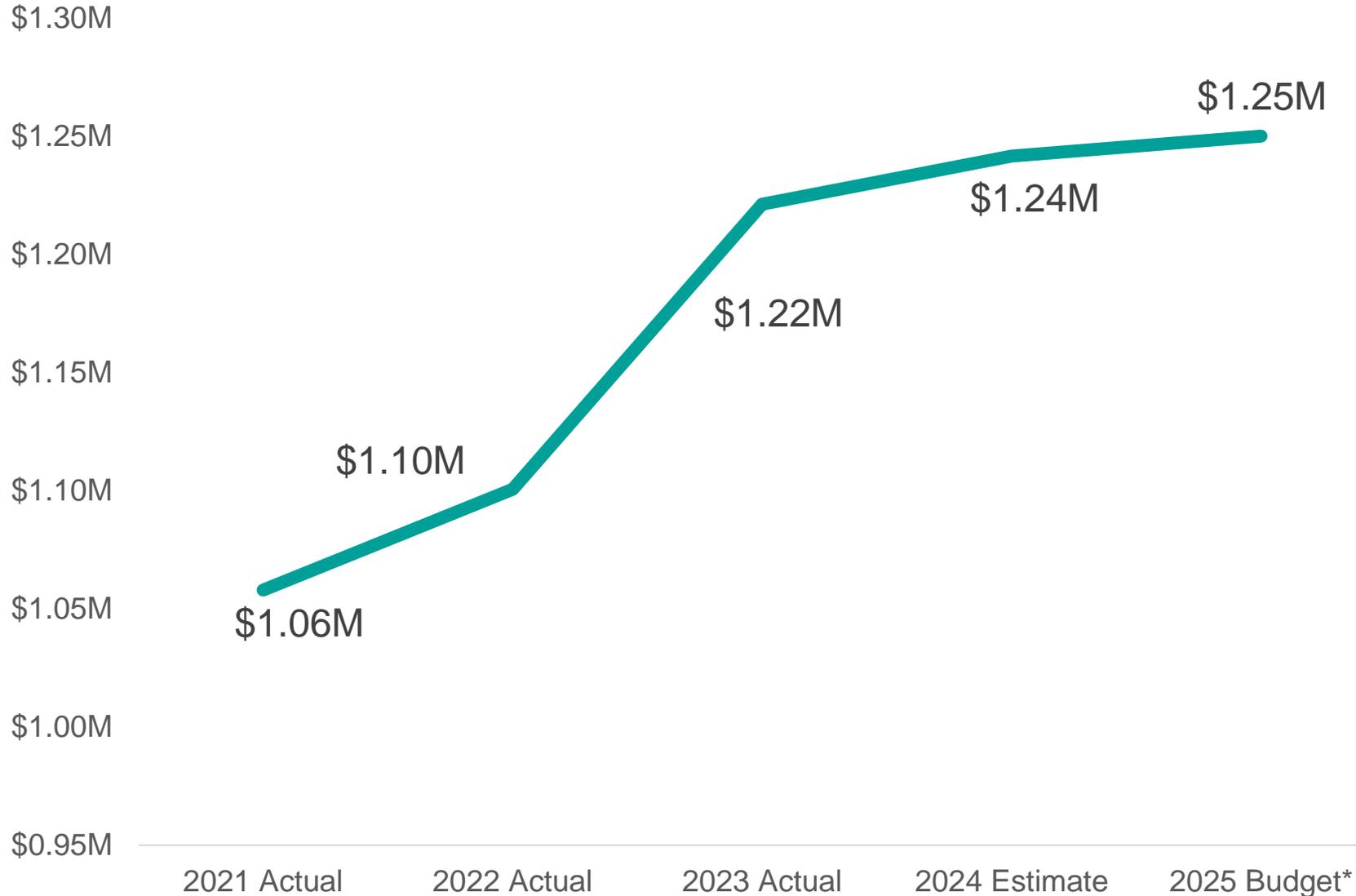
- ▶ 2024 → +2.77%
- ▶ 2025 → +4.06%

	Property Tax
2024 Adopted	\$4,284,100
Growth Factor (1.05%)	44,983
CPI Factor (3.0%)	128,523
2025 Budget	4,458,000

**Total % Increase** **4.06%**



# BBB (Bed, Board, and Booze) Tax



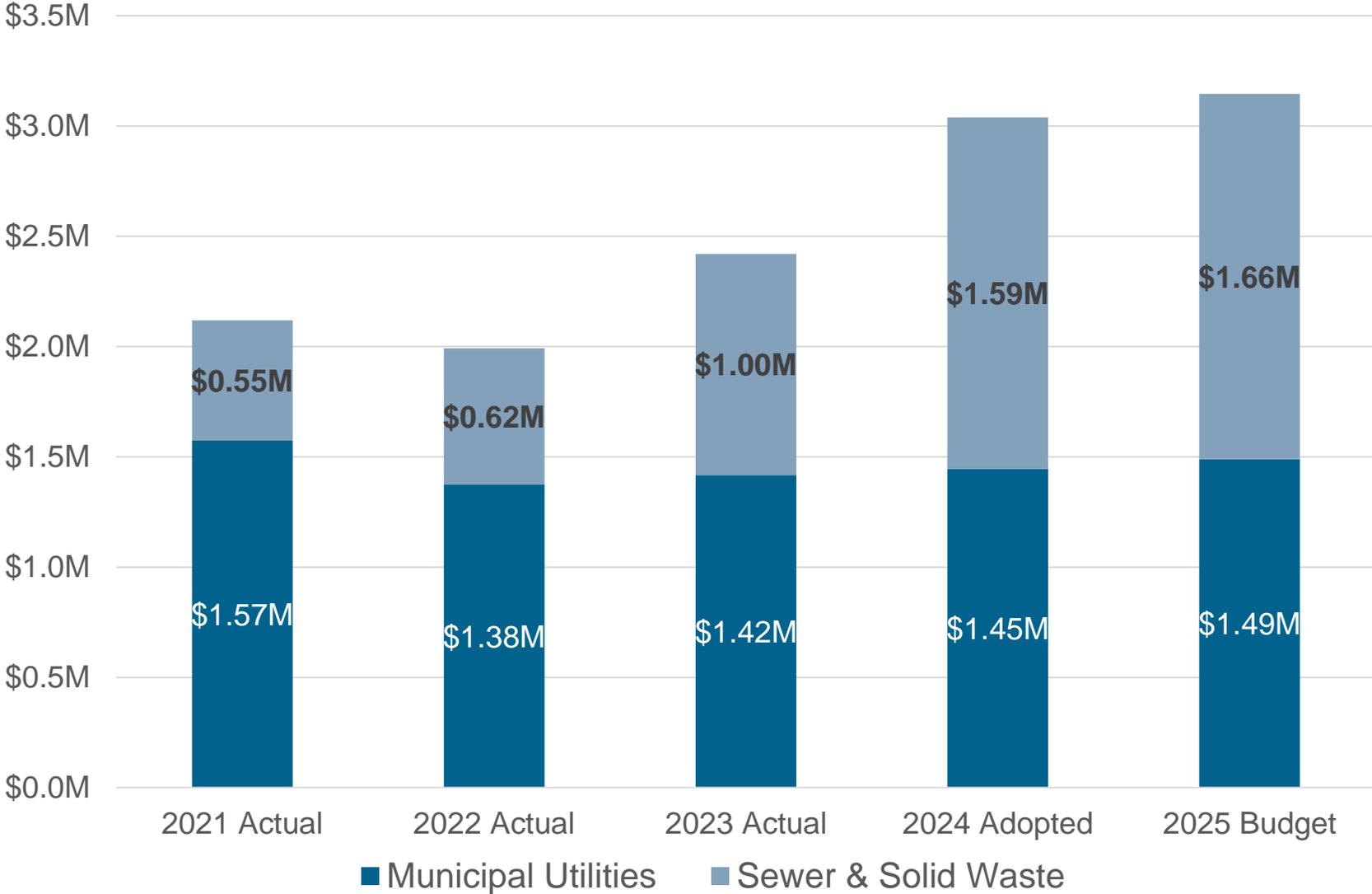
**Growth Assumptions**

- ▶ 2024 → +1.7%
- ▶ 2025 → +0.7%

*The BBB tax is a local sales tax applied to lodging, dining, alcoholic beverages, and certain entertainment services, with the revenue typically restricted for use in promoting tourism, community beautification, and recreational facilities.*



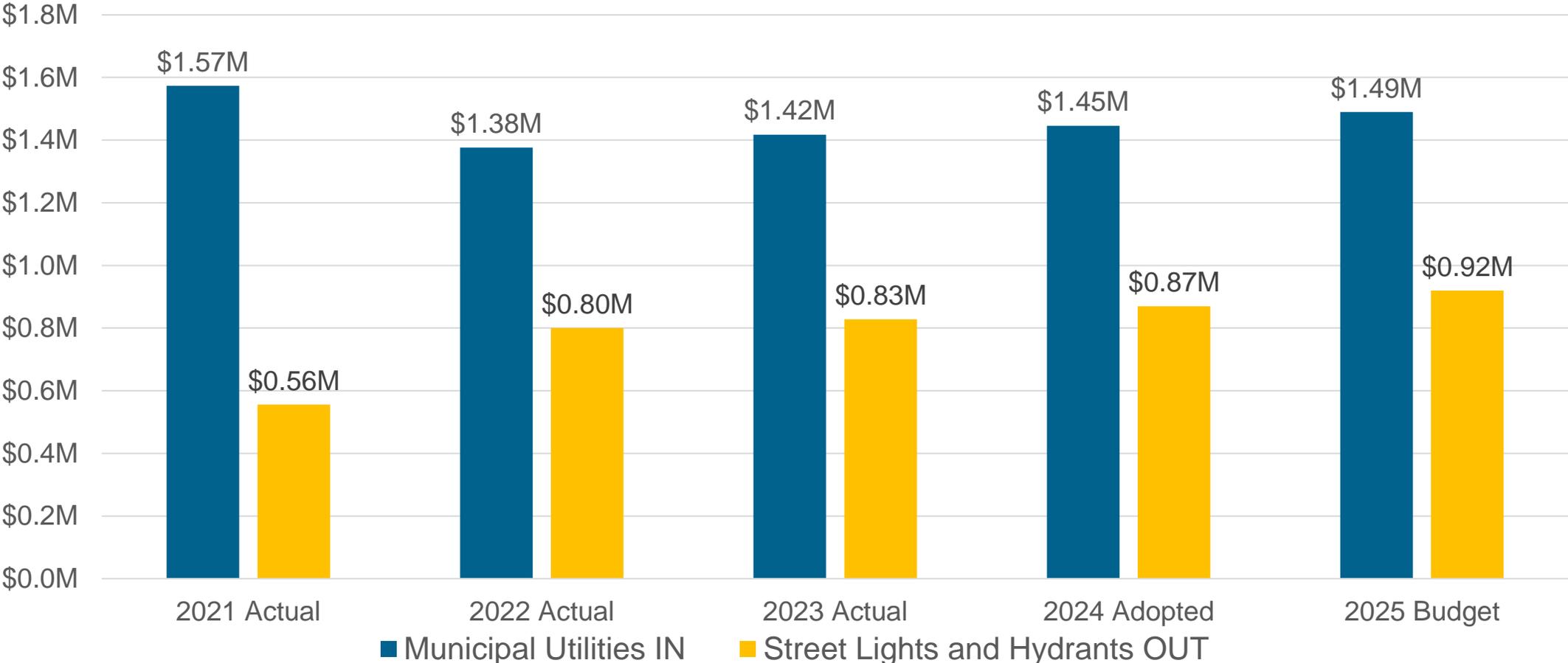
# General Fund Transfers IN



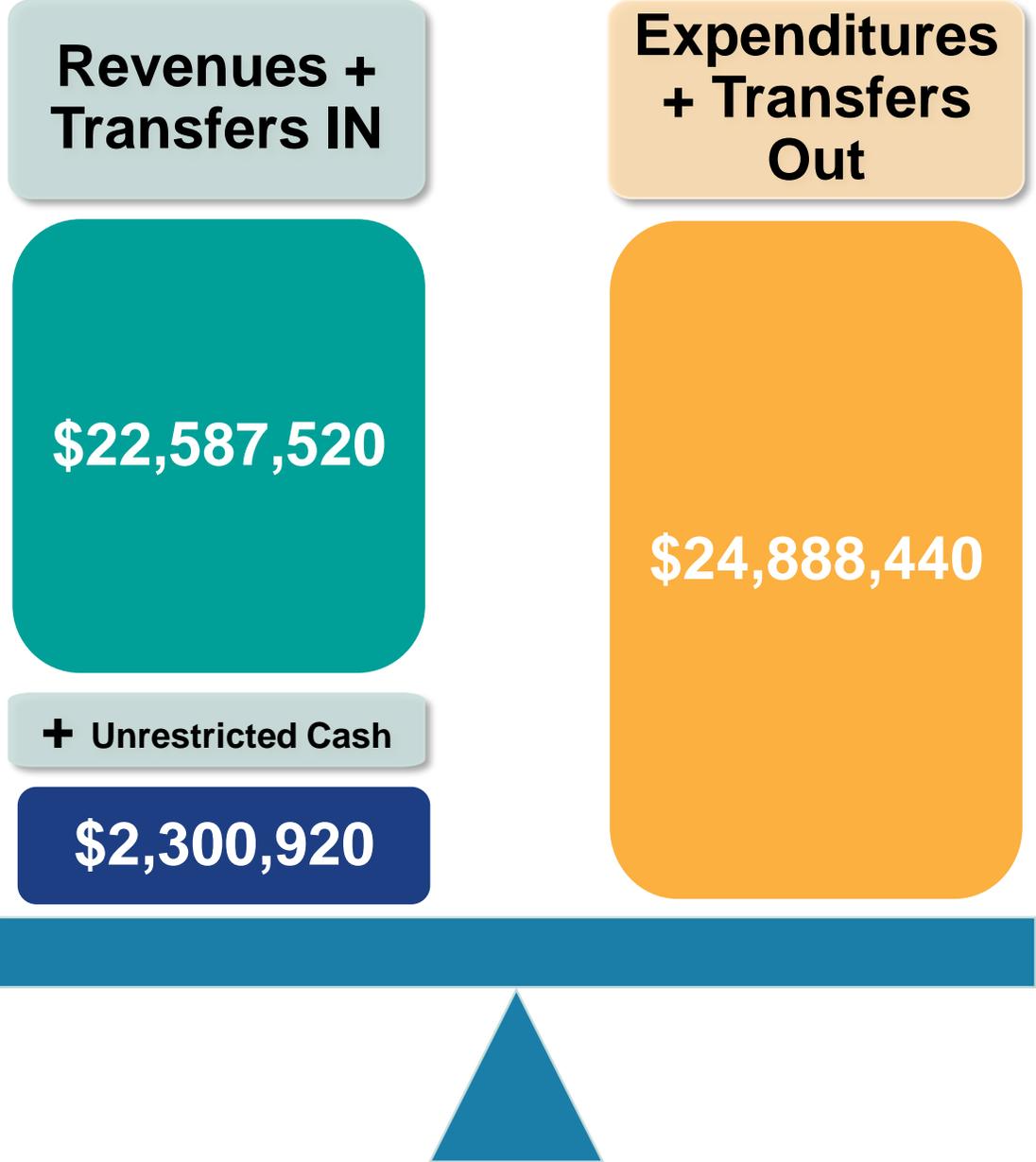
- A transfer is the movement of resources from one fund to another to support activities without the expectation of repayment.
- The General Fund receives an annual transfer IN from municipal utilities and solid waste, and wastewater.



# Municipal Utilities transfer IN compared to Street Lights and Hydrants transfer OUT



# General Fund Overview



# 2025 General Fund Projects & Initiatives

- NO Additional Full-Time Positions.
- Streamlining operations-phones, recruitment, publications, etc.
- Creation and implementation of City-Wide Facilities Maintenance Program, including a comprehensive facilities study.
- Creation of City-Wide Fleet Management Program
- Software and Technology
  - ▶ Implementation of Accounts Payable Automation.
- Employee Development
  - ▶ Updated Market Analysis of Wages.
  - ▶ Continued emphasis on employee professional development with increased accountability measures.

# 2025 Initiatives – Budget Consolidation

Streamlining operations through budget consolidation while maintaining our commitment to financial transparency and accountability

Centralization of phone line expenses in IT's budget

Unified Recruitment Budget in HR's budget

Consolidation of Publications in Finance's budget

# 2025 Initiatives – HSA/PD Partnership

Develop a Co-Responder program to enhance responses to mental health emergencies, particularly for individuals facing opioid addiction and other substance use disorders.

Seeks to provide more effective and compassionate interventions

Sworn officer partnered with trained social worker (20-25 hours per week contract)

Utilization of the National Opioid Settlement Fund Dollars

# 2025 Initiatives – HSA/PD Partnership

Develop a Co-Responder program to enhance responses to mental health emergencies, particularly for individuals facing opioid addiction and other substance use disorders.

Public Education and Prevention

Reduce Recidivism and Relapse

Improve Crisis Response

# 2025 Initiatives – City-Wide Centralized Facilities Maintenance Program Implementation

Establishing a proactive, city-wide approach to facilities maintenance, ensuring long-term sustainability and improved resource management and capital improvement planning.

## Comprehensive Facilities Study

- A detailed analysis of all city facilities to assess current conditions and needs.
- Prioritized list of needed improvements and associated costs across all facilities

## Centralized Maintenance Strategy

- Creation of a unified program to streamline upkeep and repairs.
- New Division of Parks, Recreation and Forestry
- Will manage 6 existing FTEs consolidated to new Division
- Will manage Comprehensive Facilities Study

## Long-Term Cost Savings

- Reduced repair costs and improved facility utilization through planned maintenance and upgrades.
- Reduced cleaning services budget through streamlining services, economy of scale purchasing, and Lean approach for operations

## Efficient Resource Allocation

- More effective budgeting for repairs and improvements based on data-driven insights from the facilities study.
- Strategic deployment of internal resources for repairs, maintenance and cleaning (Lean approach)



# 2025 Initiatives – Creation of a City-Wide Centralized Fleet Management Program

In 2025, the city will design a comprehensive fleet management program to enhance operational efficiency, centralize oversight, and lay the groundwork for cost-effective and sustainable vehicle and equipment management starting in 2026

## Comprehensive Fleet Assessment

- Review and analysis to establish citywide fleet inventory to identify usage patterns, maintenance needs, and opportunities for optimization.
- Evaluation of existing citywide vehicle and equipment maintenance costs.
- Projections on centralized program cost efficiencies.

## Centralized Fleet Oversight

- Unification of vehicle management to streamline maintenance, reduce duplication and waste (Lean approach), and enhance coordination.
- Future creation of a new Division of Public Works upon plan implementation in 2026

## Cost-Effective Operations

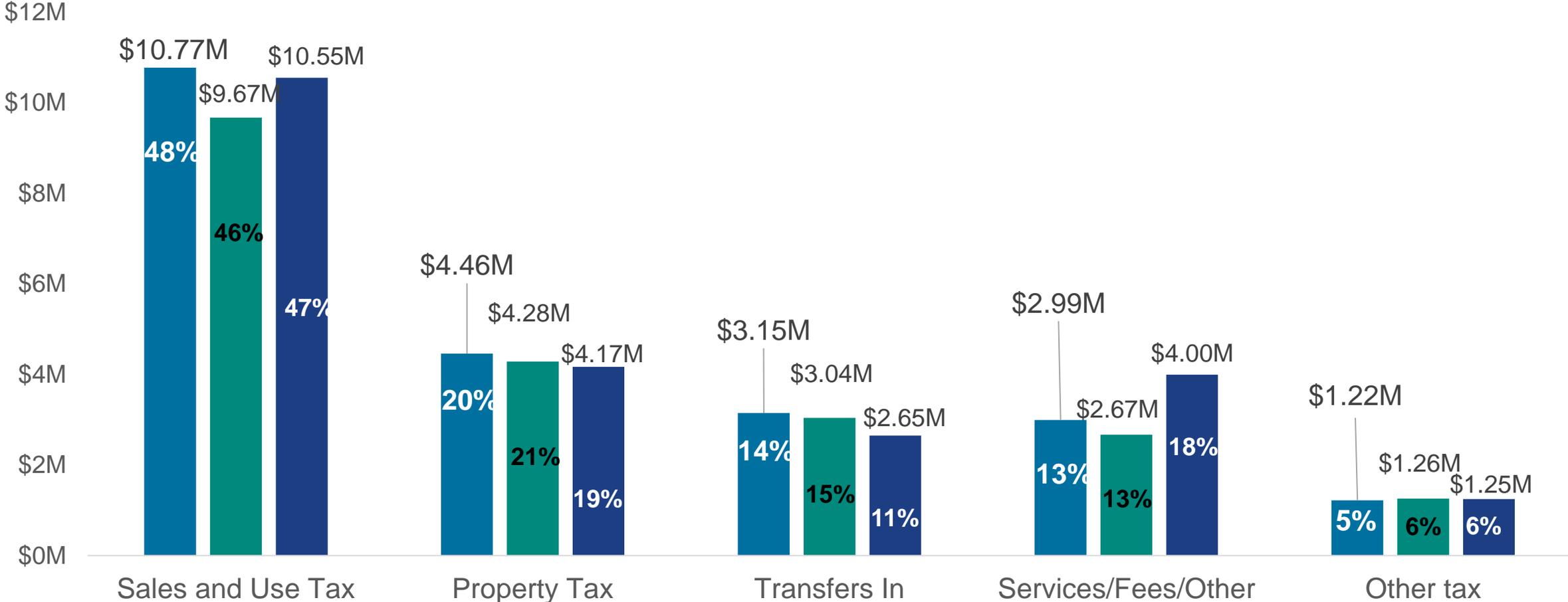
- Long-term savings through bulk purchasing of parts, materials, and supplies, and centralized fuel management.
- Effective city-wide budgeting through centralized fleet replacement during planning in the City's CIP process.

## Preventive Maintenance

- Shift towards scheduled preventive maintenance to reduce breakdowns, extend vehicle lifespans, and lower repair costs across entire City fleet.

# General Fund Revenue

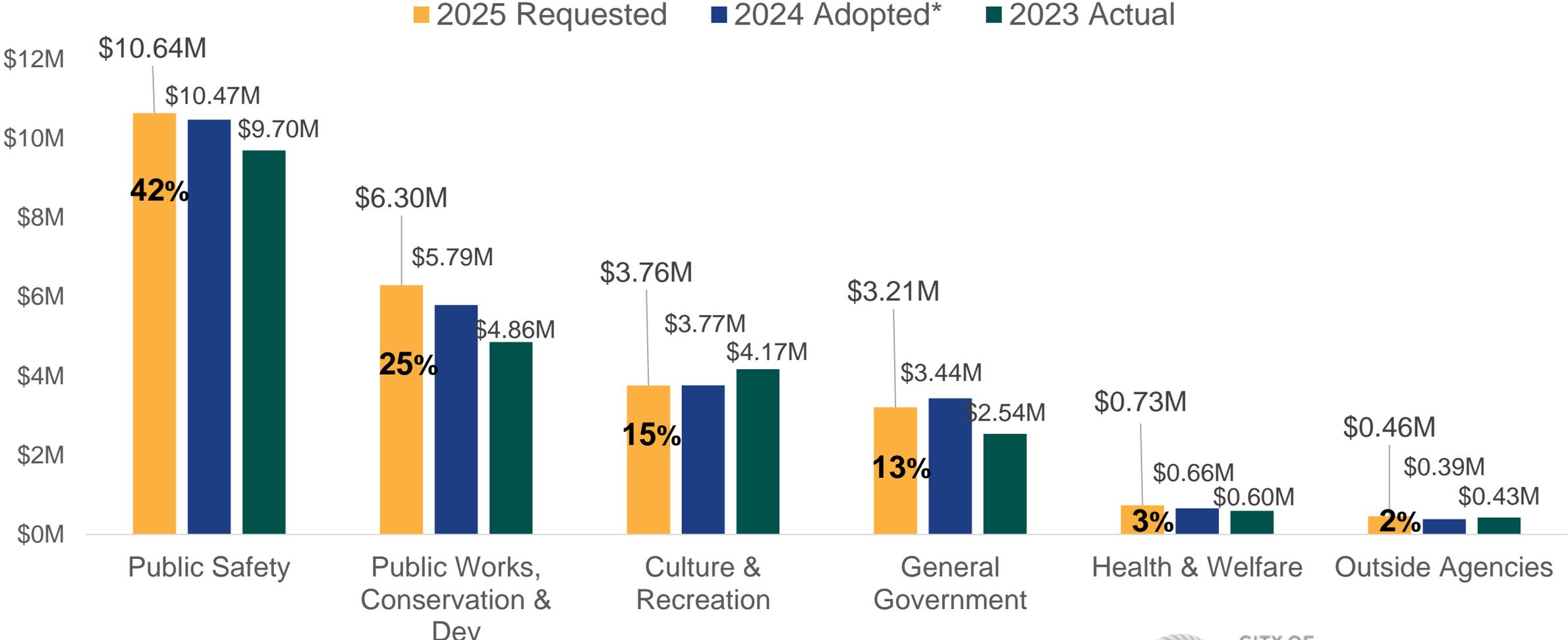
■ 2025 Requested ■ 2024 Adopted\* ■ 2023 Actual



\*2024 Adopted Budget includes approved budget appropriations  
 \*\*Other revenue sources include grants, asset sales, interest earned and donations



# General Fund Expenditures



\*2024 Adopted Budget includes approved budget appropriations



# General Fund Transfers OUT



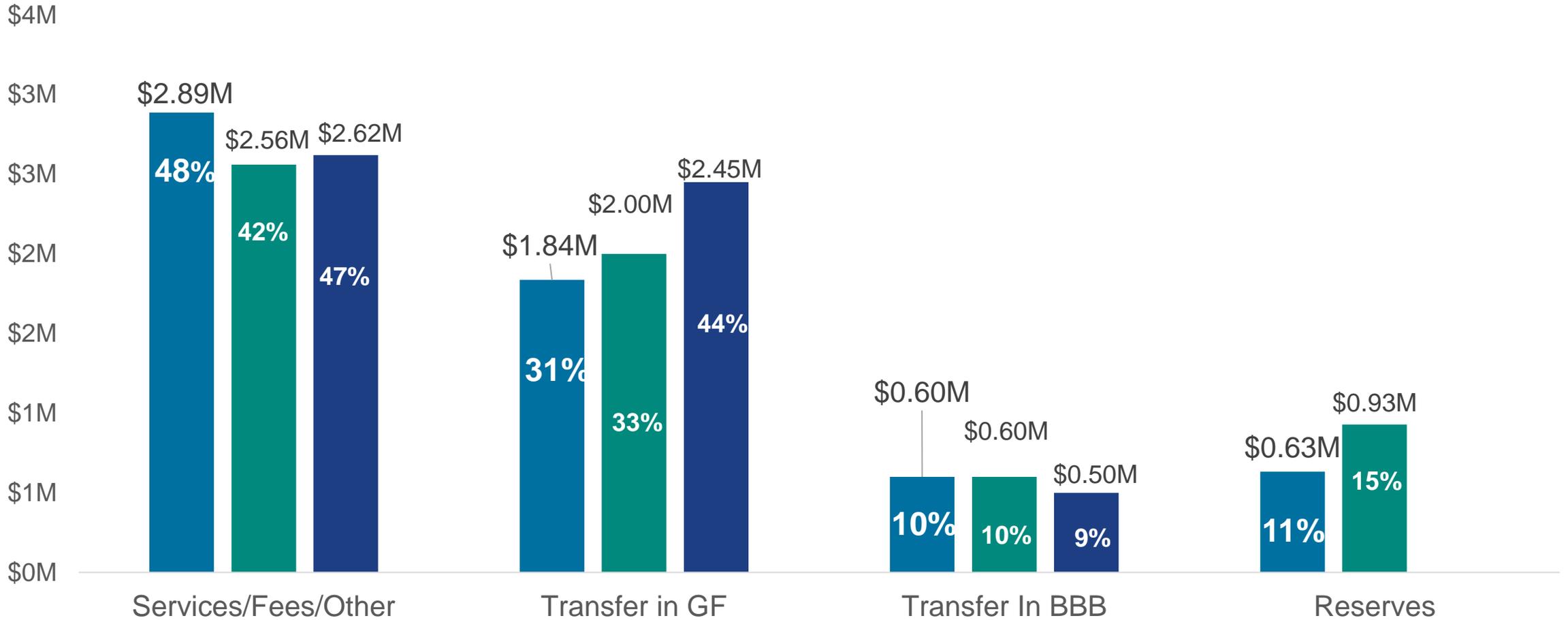
- Parks & Rec is a “Special Revenue Fund”.
  - The fees and charges for use in programs and facilities help offset the operational costs, but are not enough to fully cover operations and capital costs.
  - This requires a transfer from the General Fund to maintain operations.
- The Airport is an Enterprise Fund.
  - However, it does not produce enough revenue to maintain its operations and requires a transfer from the General Fund.



\*The Upper Big Sioux Project was disbanded in 2023  
 \*\* The-911 surcharge was recently increased by the State from \$1.25 to \$2.00 eliminating the need for a transfer out

# Parks Fund Revenue

■ 2025 Requested ■ 2024 Adopted\* ■ 2023 Actual



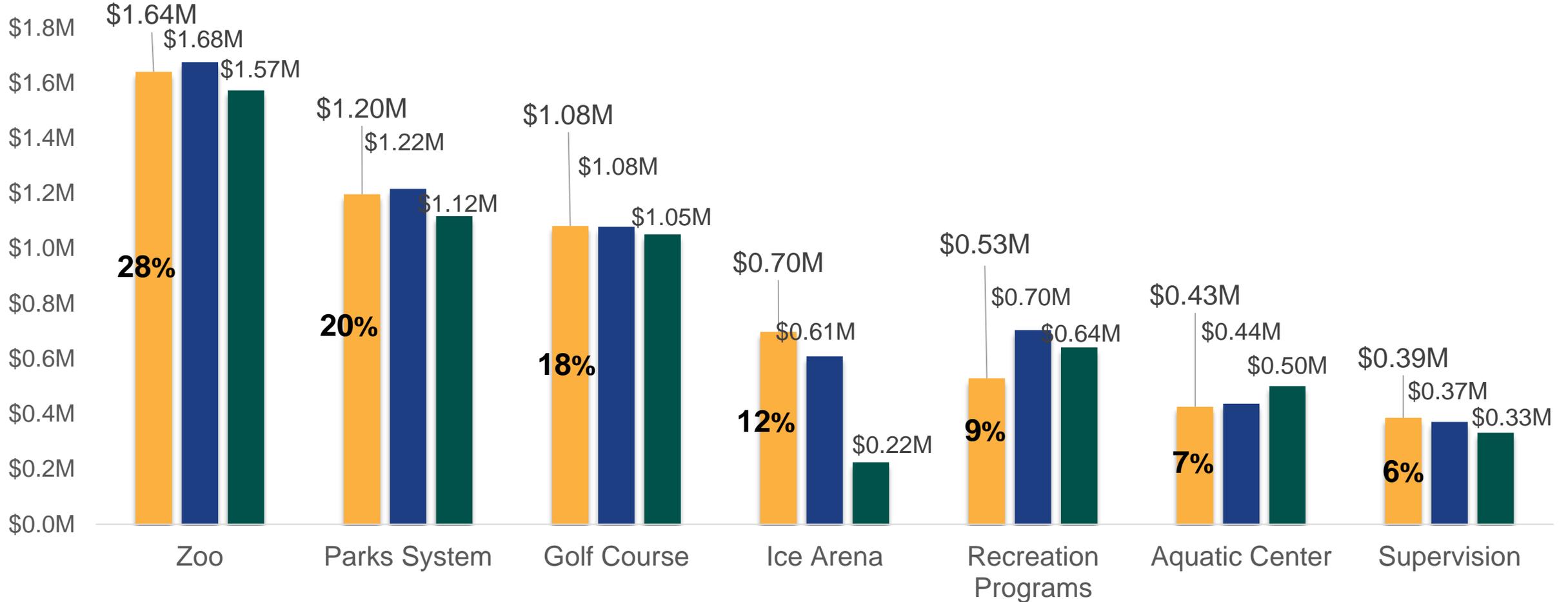
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# Parks Fund Expenditures

■ 2025 Requested   
 ■ 2024 Adopted\*   
 ■ 2023 Actual



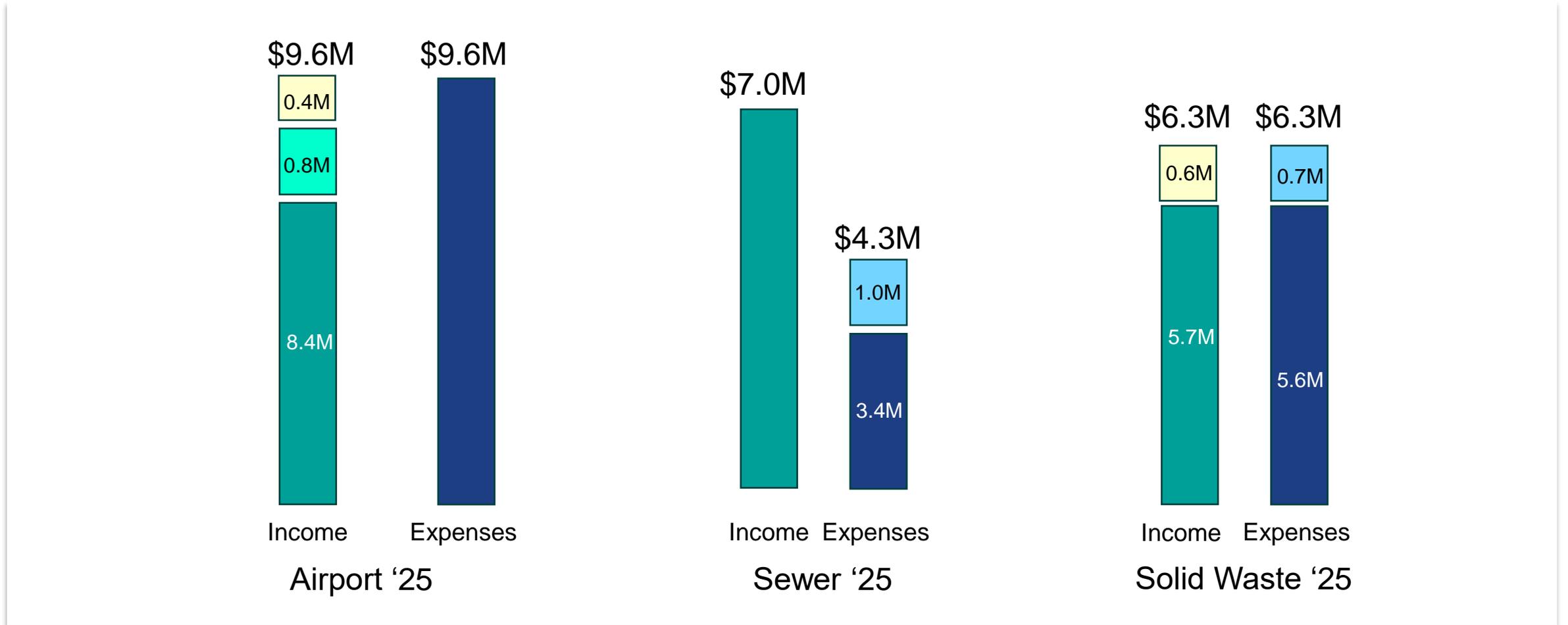
\*2024 Adopted Budget includes approved budget appropriations

\*\* For comparison purposes, 2024's department consolidation is reflected in 2023's actuals:

- Auditorium – Recreation Programs
- City Park & Camping, Softball/Baseball Complex – Parks System



# Enterprise Funds



■ Revenue   
 ■ Transfer In   
 ■ Expenses   
 ■ Transfer Out   
 ■ Reserves

*\*Revenue and expense figures include grant funded projects*



# Other Special Revenue Funds

Fund	2025 Budget				
	Revenues	Tranfers In	Expenses	Transfers Out	Surplus/(Deficit)
911	1,494,500	-	1,471,850	-	22,650
BBB SALES TAX	1,270,000	-	716,500	600,000	(46,500)
CASUALTY RESERV	-	-	15,000	-	(15,000)
LIBRARY FINES	19,000	-	39,450	-	(20,450)
PRAIRIE LAKES WC	1,696,500	-	1,712,450	-	(15,950)
TIF 2	-	-	-	-	-
TIF 5	512,600	-	512,600	-	-
TIF 7	332,800	-	332,800	-	-
TIF 8	42,200	-	42,200	-	-
TIF 9	31,600	-	31,600	-	-
TIF 10	1,600	-	1,600	-	-
TIF 11	71,300	75,000	141,170	-	5,130
TIF 12	43,350	-	43,350	-	-
TIF 13	80,750	-	80,750	-	-
TIF 14	307,700	-	307,700	-	-
TIF 15	208,700	-	208,700	-	-
TIF 16	60,000	-	60,000	-	-
TIF 17	42,000	-	42,000	-	-
TIF 19	20,800	-	20,800	-	-
TIF 20	22,200	-	22,200	-	-
<b>Total</b>	<b>6,257,600</b>	<b>75,000</b>	<b>5,802,720</b>	<b>600,000</b>	<b>(70,120)</b>

Fund	2024 Adopted				
	Revenues	Tranfers In	Expenses	Transfers Out	Surplus/(Deficit)
911	706,000	425,000	1,430,000	-	(299,000)
BBB SALES TAX	1,140,000	-	702,000	600,000	(162,000)
LIBRARY FINES	19,000	-	35,750	-	(16,750)
PRAIRIE LAKES WC	1,650,860	-	1,757,700	-	(106,840)
TIF 2	106,000	-	106,000	-	-
TIF 5	250,000	-	224,500	-	25,500
TIF 7	352,000	-	352,000	-	-
TIF 8	44,000	-	44,000	-	-
TIF 10	1,000	-	1,000	-	-
TIF 9	33,000	-	33,000	-	-
TIF 11	600	141,500	141,200	-	900
TIF 12	38,000	-	38,000	-	-
TIF 13	45,500	-	45,500	-	-
TIF 14	93,000	-	93,000	-	-
TIF 15	500	-	500	-	-
TIF 16	1,000	-	1,000	-	-
TIF 17	10	-	10	-	-
<b>Total</b>	<b>4,480,470</b>	<b>566,500</b>	<b>5,005,160</b>	<b>600,000</b>	<b>(558,190)</b>



# External Funding Policy:

Objective of Municipal Subsidies. The City of Watertown is committed to providing a high quality of life for its citizens and fostering a diverse economic base through innovative thinking, strategic planning, and proactive, fiscally responsible municipal management.

To fulfill this commitment, the Watertown City Council will closely examine its goals and the goals of its city departments to identify outcomes that will meet the standards as outlined in the mission statement above.

The Council also recognizes that its support of programs and services outside the scope of its city departments may be necessary to fulfill the commitment and achieve the desirable quality of life for its citizens. As a matter of policy, the City of Watertown will consider using municipal funds to assist in the following areas, but are not limited to, opportunities in the areas of:

- ♣ Affordable Housing
- ♣ Arts & Culture
- ♣ Youth Development
- ♣ Diversity
- ♣ Economic Development
- ♣ Education & Literacy
- ♣ Environment
- ♣ Government Stewardship
- ♣ Health
- ♣ Parks, Recreation & Open Spaces
- ♣ Partnerships
- ♣ Preservation/ History
- ♣ Safety
- ♣ Transportation/Transit

The Watertown City Council may choose to annually allocate a specified funding amount for a specific category, regardless of the number of applicants for that particular programming area.



# Contributions to External Organizations – General Fund, BBB Fund

Organizations Name	Funding Amount Requested	Recommendation	Funding Source
Watertown Convention & Visitors Bureau	425,000	350,000	BBB
Boys & Girls Club of Watertown	254,000	254,000	General Fund
Watertown Cares*	10,000	10,000	New Request-GF
Mellette Memorial Association	10,800	10,800	General Fund
Human Service Agency	15,698	15,698	General Fund
The Goss Opera House*	22,000	22,000	New Request-GF
Watertown Figure Skating Club*	12,500	12,500	New Request-GF
Watertown Area Chamber of Commerce	90,000	90,000	BBB
Watertown Area Chamber of Commerce- Cookin' on Kampeska	18653	10,000	General Fund
Codington County Search and Rescue	18,000	18,000	General Fund
Watertown Artwalk, Inc.	5,000	2,500	General Fund
Community Transit of Watertown/Sisseton, Inc.	40,500	40,500	General Fund
Inter-Lakes Community Action Partnership, Inc	7,500	7,500	General Fund
Beacon Center*	50,000	50,000	General Fund
Dani's Balcony-Indigenous Outreach	3,000	3,000	New Request-GF
Watertown Municipal Band	24,750	12,500	General Fund
The Salvation Army*	5000	0	New Request
Codington County Historical Society	11,000	11,000	General Fund
Watertown Development Company	250,000	200,000	WW/SW Transfer

Total 2025 Requests:  
\$1,273,401

Total 2025  
Recommendations:  
\$1,119,998



# Measure 28's budget impact

- Measure 28 would prohibit the State of South Dakota from collecting sales or use taxes on items for human consumption, including food and drinks.
- It could remove an estimated \$1.2M (\$2.4M total) annually from both the General Fund and CIP.
- If implemented in July 2025, it may reduce or eliminate key services, initiatives, and contributions in 2026.
  - For 2025, the city will earmark the estimated funds needed to fund budgeted initiatives and contributions.

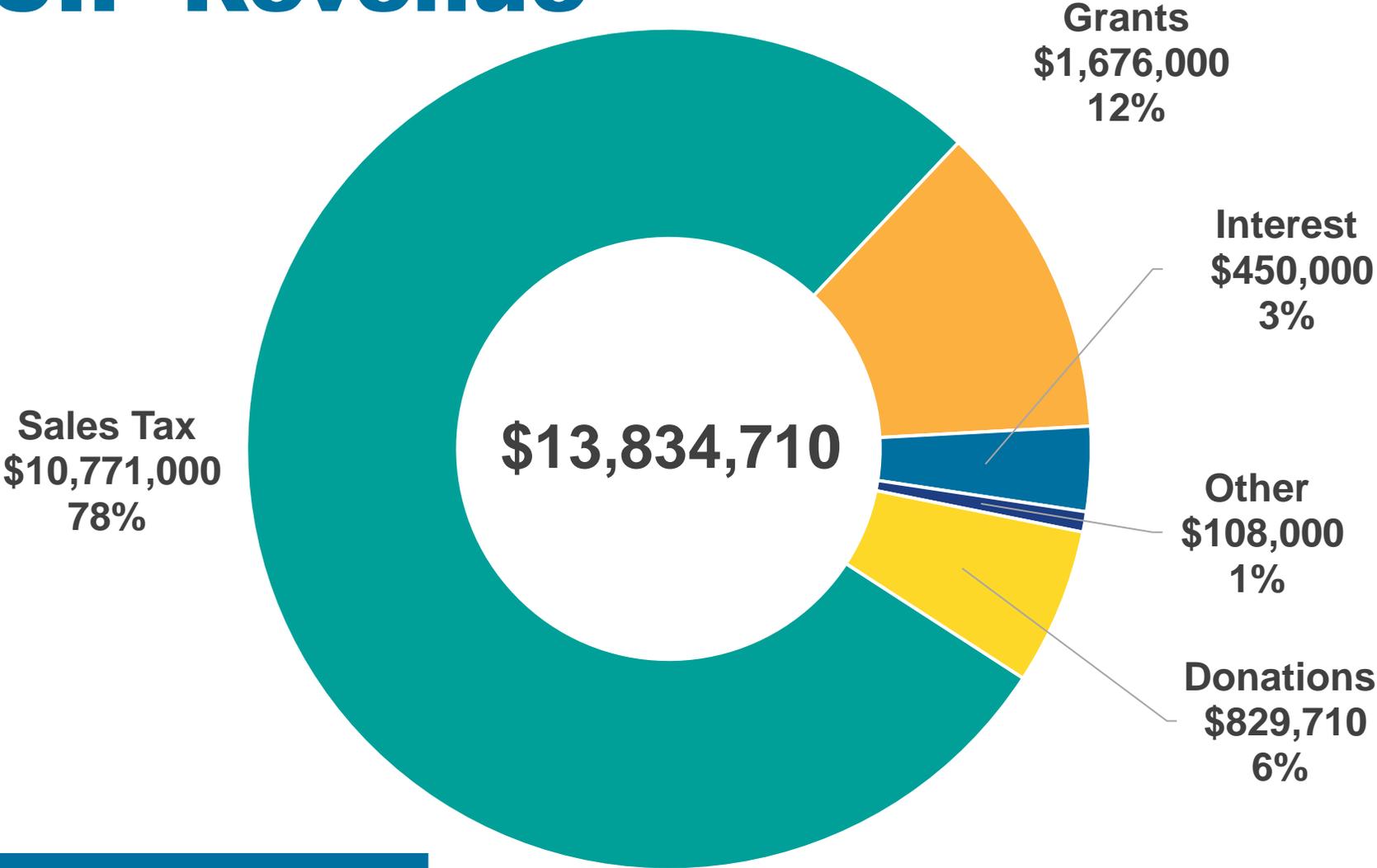


# 2025 CIP HIGHLIGHTS

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- What you will NOT see in the 2025 CIP: Street Facility, Fire Station, Clubhouse, other “Council Priority Projects” Those will be presented during the long-range CIP workshop for council prioritization
- 2025 “Operational Capital Budget”

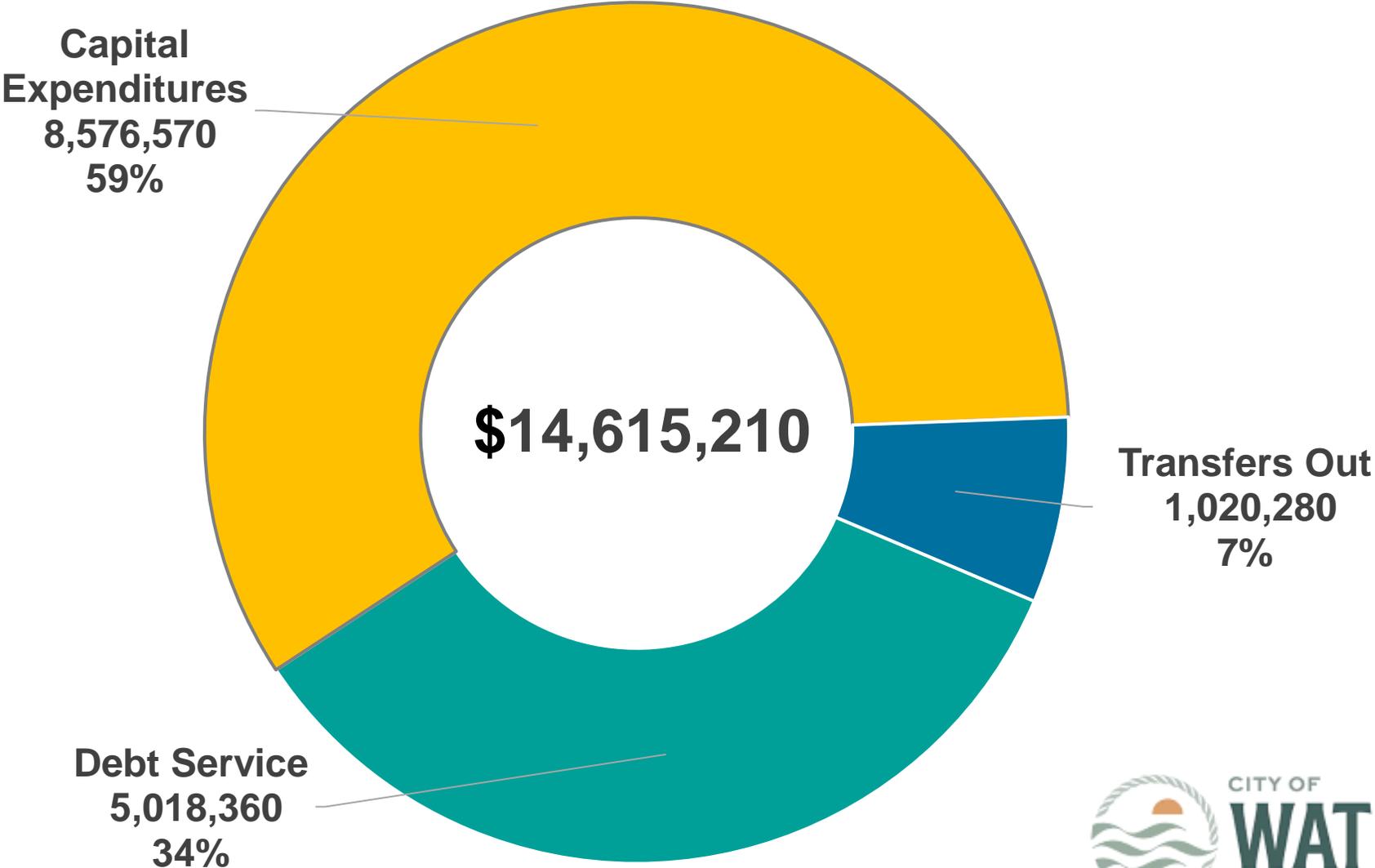
# 2025 CIP Revenue



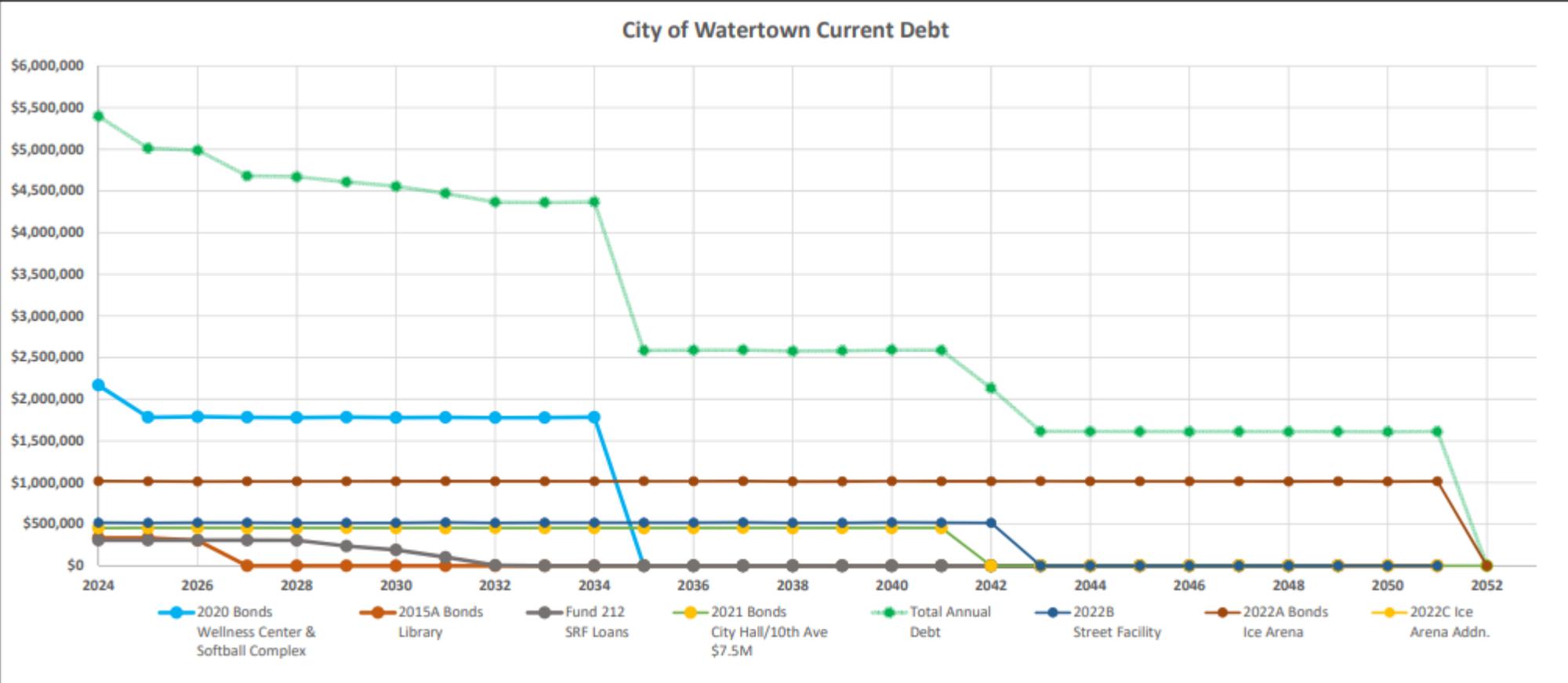
<b>Projected Beginning Balance</b>
\$5,592,090



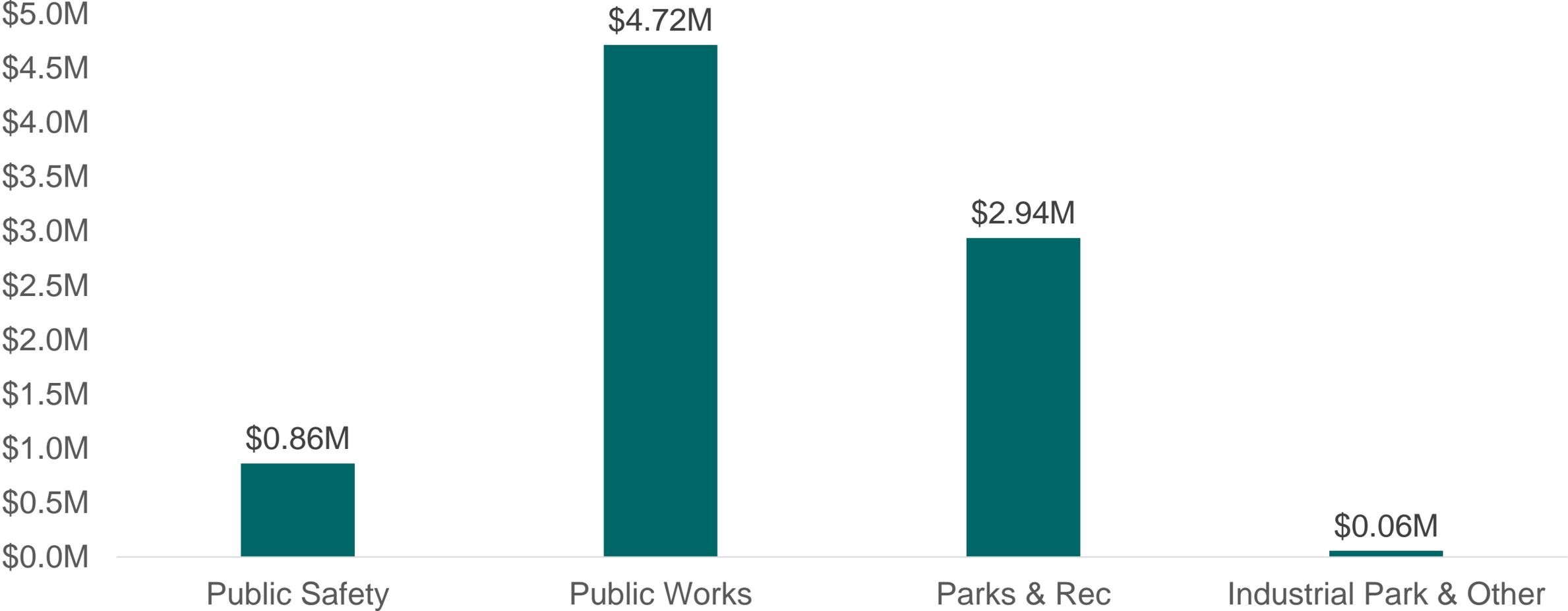
# 2025 CIP Expenditures



# 2025 CIP Expenditures (Debt Service)



# 2025 Capital Expenditure Summary



# 2025 Public Safety Capital

**Total Public Safety: \$862,500**

Fire/Ambulance Department	Amount
Replace Ambulance	\$263,500
On-Board Ambulance Equipment	82,000
<b>Total Fire/Ambulance Department</b>	<b>\$345,500</b>

Police Department	Amount
Vehicles (x3)	\$162,000
Lenco Bearcat Rescue Vehicle	355,000
<b>Total Police Department</b>	<b>\$517,000</b>



# 2025 Public Works Capital

**Total Public Works: \$4,717,670**

Vehicles & Equipment	Amount
Street Sweeper (Lease)	\$58,000
Street Loader (Lease)	51,000
Street Wheel Loader (Lease)	53,500
Street Asphalt Hotbox	130,000
Street Tractor w/Cab	70,000
Snow Plow Trucks (Lease)	98,200
Snow Dump Trucks (Lease)	104,750
Snow Motorgrader V-Plow	40,000
Street Loader (Lease)	62,220
Street Mobile Equipment Lifts	43,000
Engineering GPS Equipment	40,000
<b>Total Vehicles and Equipment</b>	<b>\$750,670</b>

Projects	Amount
Pavement Management Program	\$3,250,000
Misc. Concrete Repairs (i.e., ADA curb ramps, drainage, valley gutters)	250,000
Annual Bridge Inspections	10,000
14 <sup>th</sup> Ave Bridge Replacement (cost-share portion with County)	350,000
<b>Total Projects</b>	<b>\$3,860,000</b>



# 2025 Parks & Recreation Capital

Parks & Facilities	Amount
Golf Path Repair	25,000
Recreation Thunder Rd. Improvements	127,000
Zoo Discovery Center Furnace	65,000
Zoo update Carnivore Habitat (AZA)	125,000
PLWC Heater/Boiler	40,000
PLWC Roof Restoration	108,000
<b>Total Parks &amp; Facilities</b>	<b>\$490,000</b>

Vehicles & Equipment	Amount
Forestry Chipper Truck	\$110,000
Golf Fairway Mower	70,000
Golf Utility Vehicle	33,000
Parks Wide-Area Mower	86,000
PLWC Fitness Equipment (lease)	45,000
<b>Total Vehicles &amp; Equipment</b>	<b>\$344,000</b>

**Total Parks & Recreation: \$3,089,000**

Facility Improvements/Projects	Amount
Campground Drainage Project*	150,000
Parks Mckinley ADA Playground*	730,000
Parks River Ridge Development*	250,000
Parks Sidewalks Walkways	25,000
Tennis Courts Painting (13)	55,000
Bike Trail*	520,000
Eastwoods Trail Renovation	375,000
Cemetery Office	150,000
<b>Total Facility Improvements</b>	<b>\$2,255,000</b>



# 2025 Other Capital Expenditures

Other Capital	Amount
Aerial Imagery for GIS Mapping	\$57,400
<b><i>Total Other Capital</i></b>	<b><i>\$57,400</i></b>

# Questions?

