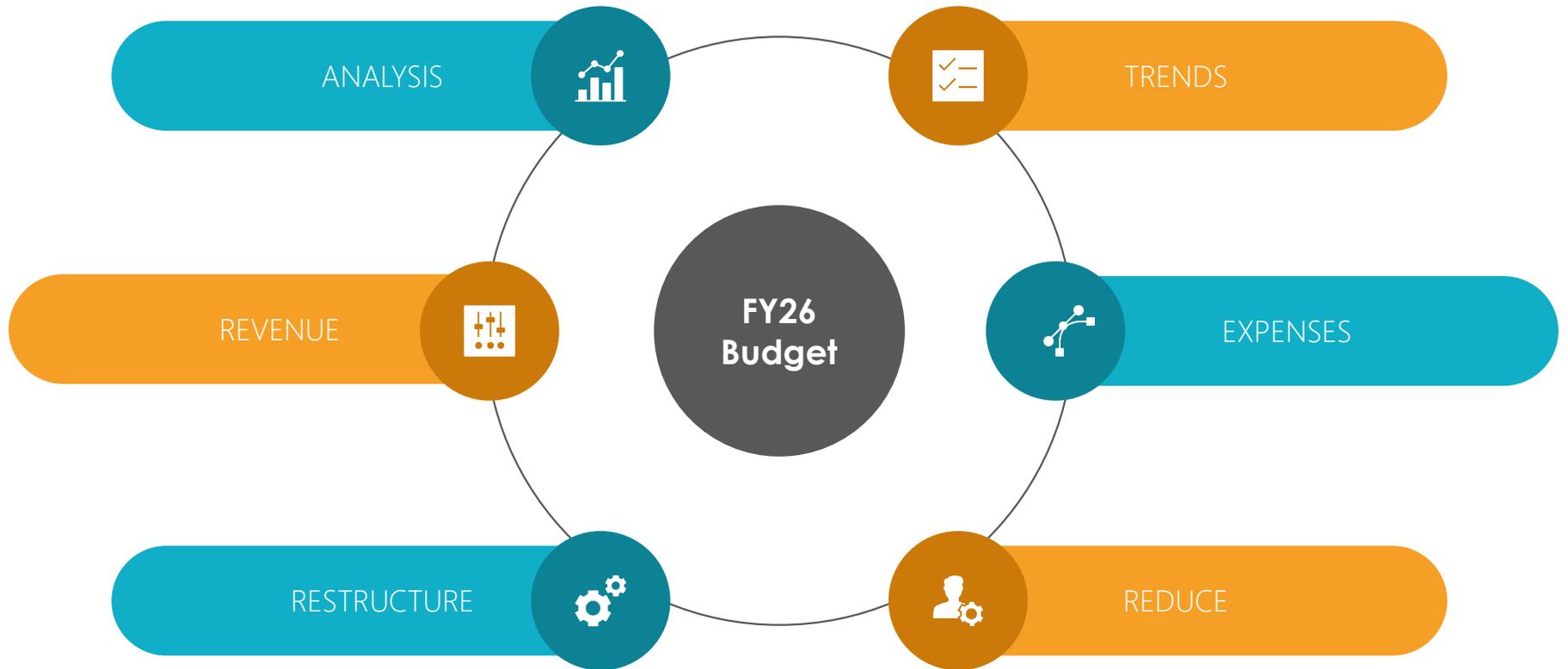


# City of Buffalo FY26 Proposed Budget Presentation



# Project Analysis



# Budget Process



## ANALYSIS

A budget analysis is the process of reviewing and evaluating financial data to compare actual performance against a budget. It helps identify trends, areas of overspending or underspending, and opportunities for adjustments to improve financial planning and efficiency.



## TRENDS

Looking at trends in budgeting helps predict future financial needs, identify patterns of revenue and expenses, and make informed decisions to allocate resources effectively.



## REVENUE AND EXPENSES

Examining revenue and expenses during budgeting ensures a clear understanding of financial capacity and obligations. It helps prioritize spending, identify areas for cost-saving, and maintain a balanced budget aligned with goals.



## RESTRUCTURE

Restructuring programs can help a budget by streamlining operations, reducing redundancies, and reallocating resources to more efficient or high-priority areas, ultimately cutting costs and improving financial health.

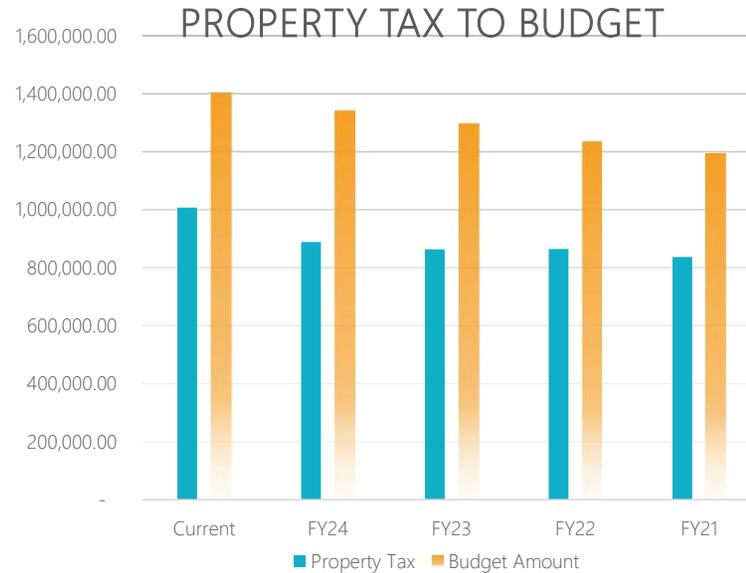


## REDUCE

Reducing expenditures helps a budget by lowering overall costs, creating financial flexibility, and ensuring resources are directed toward essential priorities or goals.



# Budget Analysis



## Proposed Property Taxes

\$1,006,145

This is the total amount of property taxes being levied.

## Proposed Budget Requests

\$1,401,155

This is the total amount of funds requested from Department Heads.

## Difference

\$ 395,010

This is the difference.



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# Analysis

Tools for Budget Balancing from City Clerk

## Project

- In cases where the city's budget is not balanced, it becomes necessary to employ a range of tools to address the issues effectively-often requiring a combination of approaches.
- These measures might include increasing service fees, reducing expenditures in a certain areas, discontinuing specific services, or relying on financial reserve as a temporary solution.



# Analysis

## Tools for Budget Balancing from City Clerk

### PROJECT EFFECTS

#### STRENGTH

- › **Increasing Service Fees-** Generate immediate revenue.
- › **Reducing Expenditures-** Cutting costs in certain areas can have quick impacts to balance budgets.
- › **Discontinuing Services-** Can save money quickly.
- › **Using Financial Reserves-** Reserves provide a quick fix but are not sustainable for long term budgeting.
- › **Community Engagement-** Involving residents in budget decision can lead to innovative solutions and increased transparency.

#### WEAKNESS

- › **Increasing Service Fees-** Dissatisfaction amongst residents or customers if fees are perceived as excessive.
- › **Reducing Expenditures-** Cutting costs in certain areas can have negative long-term impacts.
- › **Discontinuing Services-** Could face public resistance, especially if services are essential.
- › **Using Financial Reserves-** Over-reliance on reserves can deplete savings and leave the city vulnerable in emergencies.
- › **Community Engagement-** Increased time and effort.



# Analysis

## Tools for Budget Balancing from City Clerk

### Community Engagement

#### STRENGTH

- › **Enhanced Transparency-** Involving the public helps demonstrate that the government is open and accountable in its financial decisions, fostering trust and credibility.
- › **Diverse Perspectives-** Different perspectives can offer unique insights on how to cut costs, prioritize spending, or allocate resources more effectively.
- › **Shared Ownership-** Helps the community better understand financial constraints and trade-offs.
- › **Stronger Community Relationships-** Promotes collaboration between residents and government officials, leading to a sense of shared responsibility.

#### WEAKNESS

- › **Unproductive Comments-** Public forums may attract individuals with limited knowledge of the budget process, leading to suggestions that aren't feasible or practical.
- › **Hostility and Personal Attacks-** Budget decisions often involve tough choices, and some members of the public may respond emotionally. This can result in personal criticisms directed at officials or staff, creating a stressful and adversarial environment.
- › **Dominance of Vocal Minority-** Sometimes, a small but vocal group can overshadow the majority's opinion, potentially leading to decisions that don't reflect the broader community's needs.
- › **Misinformation Spread** – Misunderstandings or miscommunication about budget details can spread quickly, leading confusion or distrust amongst residents.
- › **Slower Decision Making-** Including the public input and filtering through unproductive comments can delay the short budget preparation timeline.



# Analysis

Where are my taxes going? (Not including utility Revenue)

## Proportional Dollar to Budget Expense

Where your funds are proposed to be spent



# Analysis

Where are my taxes going? (Not including utility Revenue)

## Details

- › Police Budget Includes- Wages, operations (safety equipment, office supplies, telephone, utilities, insurance and vehicle fuel) and Reserves for large item purchases such as a squad, equipment, or a building.
- › Fire Budget Includes- Wages, operations (safety equipment, office supplies, telephone, utilities, insurance and vehicle fuel) and Reserves for large item purchases such as a squad, equipment, or a building.
- › Street Budget Includes- Wages, operations (safety equipment, office supplies, telephone, utilities, insurance and vehicle fuel) and Reserves for large item purchases such as a squad, equipment, or a building.
- › Snow Budget Includes- Operations, and reserves for equipment and vehicles.
- › Solid Waste Budget Includes- Costs for garbage and recycle pickup.
- › Library Budget Includes- Costs that are paid to the Scott County Library system towards library services.
- › Parks Budget Includes- Operations (mowing, chemicals, restroom facilities, and minor maintenance), and reserves for larger projects.
- › BAC Budget Includes- Operations (utilities, janitorial services, and building repairs), and reserves.
- › Clerk Budget Includes- Wages, meetings, promotions and relations (parade candy), audits, computer services, dues, and postage for all departments (costs associated to the clerk's position)
- › Legal Budget Includes – Attorney fees and publications.
- › Other Budgets Include - City Hall (costs associated to the city hall building) , Flood protection, Building Department, Mayor & Council, Historical society, Street Lighting, and Elections.



# Public Safety Analysis

## Police Department

### Details

- › Squad car purchase reduction: There was a proposal to reduce the capital improvement for a squad purchase from \$15,000 to \$5,000, then ultimately to zero. There is also a reduction in fuel costs, building reserves, and evidence upgrades. Total PD reduction. \$29,750
- › Staffing considerations: The council discussed the impact of not replacing the fourth officer and the potential savings for the budget. Discussions also had the effect of cutting from this service with increased probability of training new staff due to people leaving. There was further discussion on whether the fourth officer would reduce the overtime costs.
- › Vehicle usage: There was a suggestion to investigate police officers, taking vehicles home to save on gas and maintenance costs. While there is not a direct cut, this was seen as a potential cost-saving measure. Weakness is that the “take home vehicle” program is an incentive for employees and provides the capability for officers to arrive on duty with equipped squad.
- › Overall expense review: The council emphasized the need to look at overall expenses and find areas to cut back across all departments, including the police
- › Equipment sharing: The council proposed looking into equipment sharing with other cities to save on costs, which could potentially affect the PD budget



# Public Safety Analysis

## Flood Protection

### Details

The flood department reserve, originally set at \$20,000, was proposed to be reduced to \$5,000. This adjustment mirrors the same reduction implemented in the FY25 budget.



# Public Safety Analysis

## Fire Department

### Details

The council reviewed the Fire Department's proposed budget and addressed various aspects to balance financial pressures while maintaining essential services. Below are the key points:

#### 1. Proposed Project and Budget Impact:

- The Fire Department proposed a new initiative to compensate firefighters for call attendance and training, resulting in a \$41,000 increase to their budget.
- This project was introduced to address declining call attendance by volunteers and was viewed by the department as a viable solution to the issue.
- While the council recognized the importance of the program, they expressed concerns about the timing of the request given current budgetary constraints and uncertainty regarding funding sources.

#### 2. Operational and Reserve Increases:

- Additional increases totaling \$35,411 were identified for operations and reserve funds.
- To offset these increases, the department recommended \$29,950 in cuts, including \$23,500 from the proposed firefighter compensation project.
- The adjusted allocation would eliminate "per call" pay and redirect funds toward firefighter training.

#### 3. Budget Balancing:

- Due to financial pressures, the city prioritized making reductions across departments.
- The Fire Department's capital improvement reserve was identified as an area for potential reductions to help achieve overall budget balance.



# Public Safety Analysis

## Fire Department Continued

### Details

**1. Equity Across Departments:**

- Other departments have already reduced their capital reserves, while the Fire Department's reserve remained relatively high at \$150,000, with only a \$5,000 reduction.
- Further cuts were proposed to align the Fire Department's reserve with reductions made in other departments.

**2. Minimizing Taxpayer Burden:**

- The council suggested reducing the Fire Department reserve from \$150,000 to \$100,000 to lessen the financial impact on taxpayers while maintaining a reasonable reserve level.

**3. Alternative Funding Methods:**

- Discussions included exploring the use of internal loans for major purchases, such as fire trucks, as had been done previously, instead of relying on large reserves or long-term bank loans.

**4. Prioritizing Immediate Needs:**

- Some council members advocated preserving \$80,000 of the reserve to focus on urgent safety equipment needs, like air packs, while deferring funding for long-term purchases to seek alternative funding methods.

**5. Overall Financial Strategy:**

- The Fire Department faced total cuts of \$79,950, including \$23,500 from the firefighter compensation program.
- The final total reduction proposed was \$97,950.



# Public Safety Analysis

Streets Department/Public Works

## Details

**1. Equity Across Departments:**

- Public works reduced all increased budget amounts besides wages to Street department.

**2. Minimizing Taxpayer Burden:**

- The Council discussed wage allocation increasing in the streets department, and the potential solutions.
- Looking at the number of vehicles and vehicle take-home policy for employees to reduce wear and tear and fuel consumption.

**3. Overall Financial Strategy:**

- The Streets Department had a final reduction of \$21K. With plans to reallocate Road Use Tax funds back in to cover increased wages.



# Parks Analysis

## Parks

### Details

- The council reviewed the park department budget to identify potential areas for reduction. During the discussion, public works highlighted that under the "building and grounds" category, minimal activity was anticipated since mulching would already be addressed in the current fiscal year's budget.
- The council then examined the \$20,000 reserve allocated by the park board and its intended purpose. The Clerk clarified that the current reserve balance stands at \$42,000 and explained that any remaining portion of the \$20,000 would be added to this account for future projects at the end of fiscal year 2026. Following this discussion, the council proposed removing the \$20,000 reserve from the budget.
- Additionally, concerns were raised regarding expenditures for port-a-potties at locations where permanent restroom facilities already exist, suggesting this as another area for potential cost savings.



# Trends

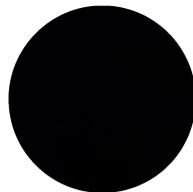
All trends reviewed

## Expenses

- There are increases in wages and costs of benefits for employees.
- Costs of goods purchased increasing in price.
- Increased departmental reserve requests.

## Revenues

- State limiting levy increases based on growth.
- Reduced special revenue funds from the state, including Local Option and Road Tax Funds.
- State restricting the use of Automated Traffic Enforcement fines (ATE Funds),
- Undetermined legislative discussions about restructuring property tax levy rules.



# Restructure

## Garbage and Recycling Fee Restructure

### PROJECT SUMMARY

- › Phasing out Garbage and Recycling being paid through property taxes. Billing residents directly for services.
- › During last years budget conversations, council was working on a five-year phase out process to charge residents directly for garbage and recycling, instead of paying for those remaining costs through property taxes.

FY24 residents pay 16% equivalent to \$3.00 on their monthly bill.

FY25 residents pay 32% equivalent to \$6.46 on their monthly bill.  
Or \$77.52 on their annual bill.

FY26 residents pay 53% equivalent to \$11.00 on their monthly bill.  
Or \$132.00 on their annual bill.

FY27 residents pay 80% equivalent to \$17.50 on their monthly bill.  
Or \$210.00 on their annual bill.

FY28 residents pay 100% equivalent to \$23.10 on their monthly bill.  
Or \$277.00 on their annual bill.

### PROJECT EFFECTS

#### STRENGTH

- › Garbage and recycling fees would be paid for directly from the customer.
- › This would increase the amount of money to be spent in other areas of the General Fund.
- › FY25 \$20,262 Increase
- › FY26 \$38,064 Increase
- › FY27 \$38,064 Increase
- › FY28 \$32,793 Increase

#### WEAKNESS

- › A growing number of individuals, particularly those who only receive annual bills, may choose not to remit payment for these services. The only way to recoup these costs would be through tax liens. Consequently, the financial burden would unfairly shift to those who do pay, requiring them to shoulder the costs that cannot be recovered from others.
- › Increasing utility bills that residents already find high.



# Restructure

## Wage Restructure

### PROJECT SUMMARY

- › The allocation of wages has recently shifted to favor the general fund more significantly than before, diverging from the usual more balanced distribution across the general fund and utility funds.
- › Employee wages are tracked through a time sheet; however, this method is outdated, unreliable, and overly complex. As a result, it fails to provide an accurate reflection of wage allocation.
- › The proposal is to consolidate all Public Works wages and allocate them proportionally across all departments.
- › Alternatively, a specific employee could be assigned to each utility, ensuring wages are redirected to their appropriate sources. With each employee working in multiple departments, this is difficult.
- › New software will allow employees to input time to the correct department worked. This is only as accurate as the employee chooses to report their time.

### PROJECT EFFECTS

#### STRENGTH

- › Using an average wage for calculations is advised, as newer employees typically earn lower salaries.
- › This approach would simplify long-term budgeting and enhance future planning efforts.

#### WEAKNESS

- › Not 100% accurate of how wages are used within each department or fund. Therefore, creating inaccurate numbers.



# Restructure

## Local Option Sales Tax Restructure

### PROJECT SUMMARY

- › Local Option Sales Tax funds in Iowa are allocated to communities based on property taxes and population, as determined by the state. In 1986, electors designated these funds to be distributed as follows: 50% to the general fund, 25% to community development, and 25% to street project reserves.
- › The proposed project aims to reallocate the portions designated for community development and street project reserves to cover levied wages, thereby alleviating some burden on the general fund.

### PROJECT EFFECTS

#### STRENGTH

- › Reducing burden on the general fund and reduce levy amount

#### WEAKNESS

- › Will reduce reserves in Street Projects and Community Development for larger projects or internal loans
- › Could be argued that wages do not constitute as a “community development” activity, as noted in the election levy
- › Unreliable, as the state has had discussions about eliminating this funding



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# Reduce

## Fuel Usage on Vehicles

### PROJECT SUMMARY

- › Evaluate Police and Public Works Take Home Vehicles
- › Investigate to see where fuel is being utilized

### PROJECT EFFECTS

#### STRENGTH

- › Officer ready to go when they arrive
- › Incentive for officers with a take home vehicle
- › Public Works has equipment in vehicle, for a quicker response time

#### WEAKNESS

- › No incentive for officers or public works employees
- › Equipment not in vehicle when arriving on scene



# Reduce

## Self Collecting Garbage

### PROJECT SUMMARY

#### Potential Savings:

- Current annual garbage collection cost is around \$103,000
- Residents currently pay 32% of costs, increasing to 53% next year
- Suggested to the city, that they could potentially charge as low as \$9 for garbage service if self-collecting, while eliminating recycling collection

#### Considerations:

- Additional staffing costs (part-time wages, insurance)
- Equipment purchase (garbage truck)
- Increased workload for current employees
- Mechanicsville, IA (population 500) was mentioned as an example of successful self-collection
- Need to calculate full cost, including:
  - Employee wages
  - Insurance
  - Workman's compensation
  - Equipment maintenance

#### Recommended Next Steps:

- Conduct a detailed cost-benefit analysis
- Calculate total associated costs, not just face-value expenses
- Explore staffing options (e.g., having current employees like Richard assist)
- Compare long-term savings versus initial investment
- Consider potential revenue generation

The council agreed this option is worth thoroughly investigating to potentially reduce expenses and generate revenue.



# Other Reductions

## PROJECT SUMMARY

- › Council and Department heads have discussed the following and are other topic of interest to discuss further to save additional funding for the taxpayers. No decisions have been formalized.
- › Snow Removal
- › Mowing
- › Insurance Premiums
- › Sharing equipment and services with other communities.
- › Fuel Usage
- › Number of vehicles
- › Update Policies
  - › Equipment sold
  - › Budgets and planning
  - › Other cost savings policies
- › Reduce costs of paper supplies at BAC and investigate bulk purchases
- › Request additional dollars for Landfill Host Fees
- › Get alternative costs for janitorial services at BAC
- › Reduce phone lines
- › Look for alternative internet providers
- › Collect input from residents
- › Generate additional revenue sources
- › Plan to eliminate multiple locations for city buildings
- › Eliminating the Library and costs associated
- › Note: These items are discussion purposes only and brought to the council for discussion. No decisions have been made and may not be supported by the council.





# Thank You

Council Welcomes any input to be emailed to [buffalocityhall@mchsi.com](mailto:buffalocityhall@mchsi.com)

Or Council Members may be contacted directly.  
Contact Information may be found at [www.buffalocityhall@mchsi.com](http://www.buffalocityhall@mchsi.com) for members.

