

2022-2023 City of Albion Budget Narrative

On September 13, 2022 the Albion City Council adopted a balanced budget for the fifteenth year in a row. The following is a brief narrative summary of the City of Albion's fiscal system and budget considerations for the 2022-2023 fiscal year (October 1, 2022 – September 30, 2023).

Listing of Sources of Revenue and Significant Areas of Expenditure; Ranked in order of highest to lowest:

Significant Sources of Revenue:

- 1) Utility User Fees
- 2) Sales Tax
- 3) Property Tax
- 4) Business Occupation Tax
- 5) Private Funding for Specific Programs

Significant Areas of Expenditure:

- 1) Utility Departments & Reserves for future improvements
- 2) Capital Improvements: Parks/Camp Grounds, Pool, Streets
- 3) Operation Budget for Governmental Service Departments

Our projected sources of revenue continue to match up well with our projected expenditure bases.

Utility user fees finance the costs and reserves associated with the utility department operation and capital projects, including debt service for such projects.

Sales Tax revenues are used for capital projects, equipment purchases and maintenance, street improvements (including debt), swimming pool debt, and economic development.

Property Tax and Business Occupation Taxes are used to finance the operation budgets for all city governmental service departments such as administration, streets, park, pool, library, airport, police, and fire protection.

Private Funding restricted for specific uses: in 2022, the City of Albion and Albion Economic Development Corporation created an Albion Housing Initiative Program and several charitable organizations contributed funds to a restricted Housing Fund to support this program.

1) City Utilities & User Fees

The largest expenditure base is in the city utility departments and their reserves for future improvements. In order to finance the expenditures (costs) incurred to provide utility services, the City of Albion uses a user fee system that generates revenue from users who gain benefit from utilization of the utility services provided by the city. The amount billed per customer is proportional to the use or benefit gained by the specific user. *Sewer rates are higher than water rates because the costs to pump clean water from the ground and deliver it to consumers are less than the costs associated with treating the water for re-introduction into the environment once it is returned to the city via the sewer collection system.*

Historically, the City of Albion has had utility rates among the lowest in the State of Nebraska. In the mid-2000's, the City leadership team acknowledged that costs to operate the utilities had outpaced revenues from such low user fees and that significant improvements to the City utility system were necessary. Originally, the City responded by incorporating incremental annual user fee increases based upon an economic indicator known as the CPI (Consumer Price Index). At the time, this system was recognized by the City Council as a financially responsible method of preparing for our community's future by keeping revenue increases at pace with the increasing costs associated with providing utility services.

Several upgrades to the existing sewer system have been made in recent years, the most significant of which is the new Waste Water Treatment facility, completed in 2013. We continue to reserve funds to prepare for future projects as they may become necessary. The City has begun extensive video camera assessment of all Sewer Collection lines to evaluate and prioritize future system maintenance.

In 2009, capital improvements to the water system were mandated by the state due to high levels of selenium in the drinking water. There have been no water rate increases as a direct result of two new well projects that were completed to address the issue. The City water recently finished a major capital improvement project to provide a backup water source to the water system which is being financed by State Revolving Loan Funds with 25% off the project cost in debt forgiveness. The City is also able to offset interest costs of the loan with

investment of Water Capital Reserve Funds – **the majority of which was derived from a transfer of Capital Improvement Sales Tax Funds, not water rates.**

All utility rates are reviewed annually in July/August. The Albion City Council considers information from the CPI, NRWA’s rate study and comparison, as well as any other information about the system that may indicate increasing costs to provide the utility services to the community. **The City Council elected to increase all utility rates by 5% for the 2022-2023 fiscal year.**

The Nebraska Rural Water Association provided the City with a survey of current water and sewer rates from what they determined to be an appropriate community peer group across the State of Nebraska. According to the data provided by NRWA, Albion’s 2022-23 water and sewer rates remain below average.

2) City Sales Tax & Uses

Our City Sales Tax revenues have been providing employable reserves for capital improvements to the City’s infrastructure since 1998. Proceeds financed the 2000 water tower project, financed all 2008 street improvement projects with cash reserves, financed the 2008 fire hall construction project, allows for major fire equipment purchases, provided additional reserves for the 2013 Sewer plant construction project, provided reserves for the 2014 Albion Family Aquatic Center project, financed a 2014 Library improvement project, financed ballfield improvements to the Sport Complex as well as the 2016-17 multi-purpose sport court project, financed the 2016, 2018, and 2020 Phases of the Fairview Street Storm Sewer project as well as the 2017 Church Street Downtown Entrance project, and continues to finance the Albion Economic Development Program, which has successfully assisted commercial development in the community through demolition, loan security, recruitment, business façade improvement, Downtown Revitalization Planning, and other community economic development programs. The City of Albion has a positive retail pull factor which means that Albion is drawing in sales from other areas and that retail sales in Albion are higher than the state’s average per capita sales.

As of September 22nd, the Fiscal Year 2022-2023 sales tax revenues were \$687,085:

\$106,115 for the Swimming Pool Bonded Debt; \$63,670 for Fire Dept Building, Equipment, & Maintenance, \$21,223 for Police Dept Building, Equipment, & Maintenance; \$10,611 for City Hall Building & Maintenance; \$10,611 for Library Building & Maintenance; \$50,395 Motor Vehicle Sales Tax for the Street Department; \$318,345 for Public Works Capital Improvements; and \$106,115 allocated for the Albion Economic Development plan.

3) City Property Taxes/Business Occupation Taxes

Since the City of Albion has specific user fees to generate revenue to offset costs for utility services and Sales Tax Revenues are in place to finance other capital improvements and purchases, the City is able to focus property taxes and business occupation taxes to the operating budgets for Governmental Service Departments such as Administration, Streets, Parks, Pool, Library, Police, Debt Service and Fire Protection.

The 2022-23 operating property tax request, to be used for day-to-day operations of the governmental units listed in the above paragraph is \$525,785 and the total requested levy rate, which also includes property taxes required for bonded debt payments, for 2022-23 is \$0.3617 per \$100 valuation.

The following tables illustrate the property tax obligation for property of various values as well as recent levy history. These tax obligations fund the Streets, Park, Pool, Police, Fire Protection, Library, Administration – and also partial debt service of a voter approved Bond for construction of the new pool facility.

Annual Property Owner Tax Obligation for City Services and Bonded Debt – 2022-23 Budget					
Property Value	\$ 100,000	\$ 150,000	\$ 250,000	\$ 300,000	\$ 350,000
Annual Property Tax Obligation	\$ 361.70	542.55	\$ 904.25	\$ 1085.10	\$ 1265.95

City of Albion Levy History - 2007-2023



4) Summary of General Budgetary Issues and Community Strategy

The City has conducted Community Attitude Surveys to establish a basis for public feedback and ratings of City facilities and services. Since 2011, those responses have been utilized in part to assist the City in establishing budget priorities and identifying potential Capital Improvement Projects. Respondents were asked to rate the City services as *Good, Fair/Average, or Poor*. The overall results for all government provided services on the 2016 survey results were *Good*.

The highest rated services were Fire and Rescue Services, Police Protection, Airport, and Garbage Services. The sales tax approval for Fire Construction and Equipment is greatly assisting in improving facilities and equipment for our fire department – an ambulance was purchased in 2010, a new pumper truck was purchased in the fall of 2011, a Grass Rig purchased in 2012, a Quick Response Rescue Truck was purchased in 2014, SCBA Air Tanks and a Crew-cab Pickup were purchased in 2015, a new SCBA fill station and additional air packs were purchased in 2016, a new training facility was purchased in 2017, in 2018 a new ambulance was purchased, in 2019 a new bin rescue facility was added to the training site, and a new pumper truck was purchased in 2022.

Recreational facilities including the Parks, Sports Complex, Pool, and Library all received *Good* ratings in 2016 as well. Property taxes and transfers from administrative revenues fund the maintenance and operation of these facilities. In 2016, recreational trails were expressed as the highest recreation need for the community and in 2017 a community partnership including the City, County, Economic Development groups, and the Boone County Foundation Fund formed to help meet this need. A 1.8 mile trail project was initiated in 2017 and completed in fall of 2018. The Tennis Courts, and Public Restrooms were also exceptions that the public felt needed priority attention according to the 2011 and 2016 surveys. A multi-sport surface recreation project was completed in 2017. Improvements to the west ball fields were achieved in 2018 and a campground expansion project was completed in 2022. The City also plans to evaluate cost of addition of accessible play equipment in Fuller Park as well as new Sports Complex Light Poles in 2022-24. The Library had foundation and masonry repair and electrical upgrades in 2013, had a basement improvement project in 2014-15, and completed a landscaping project 2017-18. The Library is looking into a project to make the original building basement into a usable space 2022-24.

***Please participate when a new community survey is conducted in 2022-2023!**

In both 2011 and 2016 the lowest rating received for facilities/services was a *Fair/Average* rating for street conditions and storm water drainage. In October 2012, the City completed a major maintenance project that included armor coating and/or sealing of all asphalt streets in Albion. In 2015-16, various areas were repaired, including some downtown curbing. 2015-16 Capital Projects included Ruby Street partial reconstruction, new construction of 8th and South Streets near the Albion Family Aquatic Center, and Phase I of the Fairview Storm Sewer Project which has been completed in the Fall of 2016. In 2017, a micro-surfacing maintenance project - similar but also superior to the 2012 armor-coating - to recondition all asphalt streets in town and the Church Street improvement project (Hwy 91 to 2nd Street) were both completed. Fairview Phase II Storm Sewer and Paving Improvement Project was completed in 2018. The Fairview Phase III Storm Sewer project was completed in 2020 ahead of the Boone County Health Center expansion. 11th Street from Church Street to Old Mill Road is quickly deteriorating beyond the ability to patch/fill and has been deemed a high priority paving improvement project to be completed in sections. Routine maintenance, spot area patching, snow removal, and annual crack tarring were completed in 2022 and are also planned to continue through 2023. Micro-surfacing overlay is planned for all asphalt streets in 2023.

Other concerns raised in the 2011 and 2016 surveys about City facilities and services which impact the budget were: safe drinking water and code enforcement to clean up the appearance of the community. A City well project was completed in 2012 and is producing safe, clean water for the community and the city also developed a backup production well in 2020. The City hired a full-time building inspector in 2020 to provide full-time Code Department service. Property Maintenance enforcement is being pursued by the Code Department with support of the City Board of Health. The City Code Department is currently administrating a Vacant Property Registration ordinance that was adopted by the City Council in 2021. The nuisance abatement program is enforced by the Albion Police Department.

In conclusion, it continues to be exciting and encouraging for the City of Albion to have the opportunity to **1)** continue providing essential public services at or above acceptable levels, and **2)** realize significant progress in regard to Capital Improvements of various community facilities – while also maintaining a levy well below the state imposed limits. Although the process takes time and patience, the City and County economic development programs are positively impacting our citizens and our City budget. Positive economic impacts have directly resulted from such efforts and have provided the opportunity to adequately fund municipal services, maintain property tax rates at a secure level, and incorporate stable municipal financial planning for the future of our community.

Links to the completed State Budget forms, 2022-23 Capital Improvement Plan, City Sales Tax Information, and other public documents are available for review at: www.AlbionNE.com/live/city-government/

While citizens are encouraged to participate in budget workshops that are generally held in the summer months of July and August, the budget process requires consideration year-round so please feel free to stop by City Hall to review budget documents at any time.

Respectfully Submitted,



Andrew L. Devine
City Administrator/Clerk/Treasurer, City of Albion