



January 31, 2025

Mayor and Members of the Ames City Council:

Attached is the City Manager's Recommended Budget for FY 2025/26, totaling \$332,325,520. This program performance budget reflects 1) the numerous services and Capital Improvement projects that will be provided to our residents, 2) the costs and supporting revenues for each of these services and capital improvement projects, and 3) the associated performance measures that will allow us to evaluate the effectiveness and efficiency of our program service delivery as well as benchmark our productivity with other comparable cities.

Because we operate a number of enterprise operations that requires us to separate their expenditures and revenues from other funds, it is difficult to interpret this service/financial plan for the City in FY 2025/26 by focusing on the macro level. Therefore, on the following pages in this transmittal letter, I have attempted to emphasize the major highlights at the program/activity level.

Property Taxes
16-Cent or 1.59% Increase in Overall Tax Rate
From \$10.09 to \$10.25

A number of changes are impacting the FY 2025/26 budget, which will result in \$298,500 less State revenue than was received in the prior year.

Homestead Exemption

Under the 2023 State legislation, the property tax exemption for homeowners aged 65 and older will increase to \$6,500. **This change is projected to reduce revenue by approximately \$85,000 in the FY 2025/26 budget.**

Military Exemption

The State legislature has modified the Military Exemption, increasing its valuation exemption for FY 2024/25. This exemption applies to residential properties owned by veterans who served in designated conflicts during specific periods. As a result, the increase is expected to reduce revenue by approximately \$18,500 in the FY 2025/26 budget.

State “Backfill” Funding

In 2015, the State Legislature reduced the percentage of commercial and industrial property subject to property taxation from 100% to 90%. At that time, Iowa cities were promised that the lost revenue from this legislation, which totaled \$975,000 annually for the City of Ames, would be reimbursed by the State. Unfortunately, in 2021, the State decided to phase out this backfill over five years. **FY 2025/26 will represent the fifth year of this phase out, which will result in an additional \$195,000 of reduced State revenue for the City’s budget.**

Budget Restraints on the General Levy

The General Levy is one of three levies that generate property tax funding for the city budget. This levy primarily funds Law Enforcement, Fire Safety, Building Inspections, Animal Control, Library, and Parks & Recreation services. For many years, the General Levy was capped at \$8.10 per \$1,000 of taxable valuation. However, in 2023 the State Legislature established a new law that placed further restrictions on a city’s ability to generate property tax funding for these important services. In addition to reducing the number of levies available to cities, the legislation retains the \$8.10 levy cap and requires a reduction in the maximum percent of funding that can be generated in the General Levy.

It is ironic that our increase in taxable valuation for FY 2025/26 is at a level of 2.6%. As a result, we are one of a few cities in the state that could raise our General Levy rate from the current \$6.22 all the way up to \$8.10. Any increase higher than 2.75% would have reduced the revenues generated in the General Levy by requiring us to reduce the non-TIF taxable value growth in the General Levy by 1% to 3%, depending on the three tiers reflected in the legislation.

However, over the years, it has been our practice to refrain from raising the General Levy tax rate just because we could. When taxable valuation increased substantially in the past several years, the City Council reduced the levy rate to the point where we would only generate the revenue needed to fund the desired service levels. **You will see that this budgetary philosophy continues in FY 2025/26.**

Rollback

Finally, the State Legislature has created a mandated “rollback” calculation that establishes the percentage of the assessed valuation on residential property subject to taxation. In FY 2024/25, this percentage decreased from 55% to 46%, while in FY 2025/26, the rollback rate will increase from 46% to 47%, **resulting in \$566,055 additional revenue to the General Fund.**

Property Tax Asking

In the face of the aforementioned revenue losses and gains, the FY 2025/26 Recommended Budget reflects a total property tax levy rate increase from the prior year of 16 cents, from \$10.09 per \$1,000 of taxable valuation to \$10.25 per \$1,000 of taxable valuation.

This modest 1.59% increase in the total city tax levy, coupled with the 2.6% increase in the taxable assessed valuation, generates an additional \$1,543,408, or 4.28%, in property tax revenues compared to the previous fiscal year. This increase is necessary to fund the services highlighted in the FY 2025/26 Recommended Budget.

As you will see in the following pages, a portion of the additional property tax revenues being requested for FY 2025/26 is associated with operating costs for the new Fitch Family Indoor Aquatic Center and additional staffing for the Animal Control operation. If these amounts are excluded, the new property tax revenues requested would increase by approximately 3.5%, rather than 4.28%.

The total increase of \$1,543,408 in additional property tax revenue needed to fund the expenditures in the FY 2025/26 Budget breaks down in accordance with the following three levies:

General Levy - \$1,018,684, or a 4.60% increase in dollars over the prior year.

This levy supports primarily the Law Enforcement, Fire Safety, Building Inspections, Library, Planning, and Parks & Recreation services.

Transit Levy - \$66,089, or a 3.11% increase in dollars over the prior year.

This levy pays for the City's share to support the CyRide System.

Debt Service Levy – \$458,635 or a 3.90% in dollars over prior year.

This levy funds the annual debt service payments for General Obligation Bonds issued to pay for capital improvements.

While it is not possible to know how this budget recommendation will impact the property taxes for each property owner's specific circumstances, by analyzing each tax classification, we can estimate that, on average, in FY 2025/26:

- **A residential property tax bill will increase by 4.05% or \$18.96 per \$100,000 of assessed valuation.**
- **A commercial property tax bill will increase by .06% or \$.53 per \$100,000 of assessed valuation.**
- **An industrial property tax bill will increase by 2.81% or \$24.97 per \$100,000 of assessed valuation.**

Carryover Funds in General Fund

We are fortunate that we are estimating significantly greater than expected revenues and decreased expenditures from the City's FY 2023/24 and FY 2024/25 amended budgets. Additional interest revenue from our General Fund investments and Local Option Sales Tax receipts have contributed to unanticipated revenue, while our difficulty filling vacancies accounts for the greater-than-expected savings on the expenditure side.

Because these are one-time savings, I strongly recommend that they should not be used to support ongoing operational costs. Therefore, I have included the following one-time expenditures in the FY 2024/25 Adjusted Budget. Utilizing these funds in this way will still provide savings to our taxpayers since these items are needed and would have otherwise been included in the FY 2025/26 Budget, requiring a further increase in property taxes.

Fire:

Station #1 emergency circuits	\$ 15,000
Extrication stabilization equipment	\$ 35,543
Apartment fire training prop	\$ 27,128
Station alerting system (plus \$211,905 from GO Bonds)	\$ 80,000

Animal Sheltering & Control:

Animal Shelter equipment	\$ 7,252
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Other Public Safety:

Mobile Command Trailer supplies	\$ 10,000
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Parks & Recreation:

Recreation Center conceptual plan	\$100,000
Community Center security cameras	\$30,000
Bandshell restroom door reconfiguration	\$20,000
All-Terrain Vehicle for Ada Hayden Heritage Park	\$27,000
Parks & Recreation Scholarships	\$200,000

Facilities:

City Hall blinds	\$90,000
Police parking on north side of City Hall	\$25,000

Other:

City Council Priorities Capital Fund	\$3,000,000
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Public Safety

Law Enforcement

In FY 2025/26, the City will continue our partnership with Mary Greeley Medical Center by funding the Alternative Response for Community Health (ARCH) program again. The City's financial support for FY 2025/26 is \$132,000, a \$30,000 increase compared to FY 2024/25.

This service provides a mental health professional teamed with an EMT/paramedic to respond to calls that historically fell to our police officers to handle. As the number of mental health calls has grown significantly over time, it is agreed that by responding with the ARCH team rather than with our law enforcement personnel, we are able to provide trained professionals equipped to de-escalate the situation, stabilize the crisis, and provide mental health support. Another significant benefit of this partnership is that it frees up our officers' time, allowing them to respond to other calls for service.

In FY 2024/25, the City supported the ARCH budget with an appropriation of \$102,000 for 56 hours per week of this service. Staff believed the City was paying 50% of the total cost at the time. It has now been clarified that the City only contributed 50% of the cost of personnel assigned to ARCH. MGMC absorbed other costs related to vehicle fuel/maintenance, education, software, etc.

In addition to the City's contribution, MGMC has agreed to contribute \$132,394, while a new partner, ISU, will contribute \$30,000 to the ARCH program for the same 56 hours per week of service. MGMC staff is indicating that they: 1) are open to adjusting their schedule to better respond to service demands, 2) will proactively engage in outreach efforts to educate the public about their services when they are not out on calls for service by interacting with the homeless community and other clients at schools, homeless shelters, and at other public locations such as the Library and Bandshell Park, and 3) will continue to explore future grant opportunities to reduce the partners' financial obligation in ARCH.

Similar to most Police Departments throughout the country, it has become extremely difficult to fill law enforcement position vacancies. In response to this challenge, we have implemented four changes to improve our success in this critical activity: 1) offering a referral bonus for department employees who refer a candidate that is ultimately selected, 2) implementing a hiring bonus to an officer candidate who is selected, 3) allowing for "lateral transfers" for officers with experience coming into our department, and 4) taking advantage of a new state law to bypass parts of the Civil Service process to expedite the physical agility test and interview process so a conditional offer can be made more quickly.

The department will be introducing a new Small Unmanned Aircraft Systems (drone) team in FY 2024/25. The purchase of three new devices, funded through Police forfeiture funds, will enhance our capabilities in overwatch, searches, and disaster responses by the Police Department. This equipment will also be available to other departments when not in use for law enforcement activities.

In addition to fulfilling their law enforcement activities, the department remains committed to building trusting relationships with various groups throughout the community. This outreach effort is being accomplished by sponsoring such gatherings as Coffee with Cops, Donuts in the Park, National Night Out, and Carving with Cops, as well as attending the Downtown Farmer's Market and other community events.

Animal Sheltering and Control

You will note that the Animal Sheltering and Control activity reflects an increase of 1.45 FTEs in FY 2025/26. This increase involves the addition of one FTE in anticipation of a new, much larger shelter being opened in late FY 2025/26, as well as the expansion of one existing .30 FTE to a .50 FTE and one .75 FTE to a 1.0 FTE to reflect the amount of hours that these two employees currently have been working to cover the workload over the past year.

Fire Safety

The FY 2025/26 Budget includes an additional Firefighter FTE in preparation of staffing a fourth fire station in north Ames as the City expands in accordance with our Comprehensive Plan. With this new position, 11 FTEs will be available to assign to this new station as we build towards our goal of 12 to 15 FTEs.

Even with the addition of a new position, the Fire Safety budget reflects only a 4% increase in property tax support. The total is particularly impressive given that 93% of the Fire Safety budget consists of personal services spending.

The benefits received by partnerships with other public entities are evident in this activity, with Iowa State University paying 25% of the Fire Safety operating budget and debt service on our apparatus (\$2,352,177) and Mary Greeley Medical Center contributing towards the cost of our firefighters' EMT certifications to assist with ambulance responses (\$40,000).

To better serve our community, the Fire Prevention Team is developing standardized educational programs that will be delivered consistently across the city. This initiative aligns with the City Council's goal of enhanced community outreach and will initially prioritize high-risk and underserved populations. Furthermore, thanks to FEMA grant funding, we are introducing a new safety trailer to provide comprehensive all-hazard safety education. This investment underscores our commitment to proactive fire prevention, complementing our essential fire suppression response.

Building Safety: No Increase in Building and Rental Housing Permit Fees

The new Property Maintenance Code went into effect in January 2024. Since that time, the number of code complaints has almost doubled (568 to 1,024) in comparison with the same period last year.

The “Ames On The Go” app continues to account for approximately half of all neighborhood complaints. Interestingly, 20% of these complaints were proven to be unfounded. The Inspection staff remains committed to working with their customers to help development occur in accordance with Council-approved codes, regulations, and plans.

Even though our revenue in the Building Safety program is expected to be about the same in FY 2025/26, so too are the expected expenditures. This is primarily due to a longer-tenured Inspector retiring, resulting in the position being filled at the entry level. Therefore, no increases are being requested in building and rental housing permit fees.

Electric Utility – 1.5% Increase in User Rate Increase

The Electric Utility’s long-range strategic plan is guided by three overriding objectives: 1) providing service reliability, 2) mitigating customer cost, and 3) promoting environmental sustainability. As a result, the Electric Utility’s budget is impacted mostly by the CIP projects to accomplish the three aforementioned objectives.

In accordance with the City Council’s plan to reduce carbon emissions, the FY 2025/26 Budget includes a 1.5% electric rate increase. This increase, coupled with a similar percentage increase in each of the next four years, will position us financially to be able to support adding an estimated 50 MW of wind power to our energy portfolio, thereby increasing our renewables from 15% to 31%. The net impact on the median residential customer’s electric bill is estimated to be an additional \$1.20 per month in FY 2025/26.

Our long-range financial analysis projects significant savings by transitioning away from refused-derived fuel at our Resource Recovery facility in FY 2027/28. Eliminating this process will reduce our boiler gas consumption, resulting in an estimated annual savings of \$13 million. These funds can be strategically reinvested in two key priorities: the planned replacement of Unit #7 and the anticipated capacity increases required as our customers electrify their vehicles, homes, and businesses.

Electric staff will be working on an Integrated Resource Planning Study to assess the impacts of load shifting, energy conservation, rate design, the Climate Action Plan, and increased generation/transmission on the utility.

In addition, a team from Electric, Water Pollution Control, and Finance is refining our plan for an Advanced Metering Infrastructure (AMI) platform. This upgraded system will provide enhanced network information, improved outage notifications, remote control of air conditioning, remote meter reading capabilities, and tamper alerts.

Electric staff will also review the current rebate program to better support the Climate Action Plan. This might involve moving away from incentivizing air conditioners to geothermal and air-source heat pumps. Finally, an evaluation will be made to identify how to better support residential solar installations, time-of-use rates, and EV chargers.

Water Utility – 3.5% Increase in User Rates

In the past, we planned to alternate user rate increases between the Water and Sanitary Sewer Utilities each year. However, after further analysis, we believe scheduling smaller increases for both utilities in the same year will prove more beneficial to our utility customers by avoiding larger rate increases every other year. **Therefore, the FY 2025/26 budget includes a rate increase designed to generate 3.5% additional revenue, with similar adjustments anticipated annually for the following four years. These incremental increases will support essential operational needs and critical capital improvement projects planned for the coming years.**

The budget for this utility is designed to maintain the status quo, improve resiliency, and manage capital improvement projects. While projects highlighted in the Capital Improvements Plan will take up a significant amount of staff time at the Water Utility, a number of operational improvements will also be undertaken in FY 2025/26. For example, online chlorine analyzers will be installed to continuously monitor the total chlorine levels in multiple locations throughout the distribution network. Piping at the old High Service Pumping Station will be cleaned and repainted to curtail corrosion. The introduction of a new Split Treatment process will achieve savings in lime, carbon dioxide, and line sludge hauling.

In response to a new federal edict, the Water and Pollution Control Department is exploring plans for a new lead service line replacement incentive program. We intend to unveil our recommendation once more is known about this new requirement.

The Water Meter Division staff is working with their Electric Utility counterparts on installing an Automated Metering Infrastructure that will allow more efficient readings of the meters as well as producing real-time usage data in the two utilities.

Sanitary Sewer Utility – 5.5% Increase in User Rates

Based on our long-range financial modeling, a series of 5.5% rate increases in each of the next five years, beginning in FY 2025/26, will be needed to generate revenue sufficient to pay for the operational and capital improvement costs scheduled in our CIP.

The staff in this utility also have engaged in a number of efficiency improvements that should benefit customers. For example:

- We purchased an additional 120 acres of farmland adjacent to the WPC Plant. These acres will ensure that we will be able to continue to land apply biosolids from the liquid storage lagoon at a lower cost than drying our biosolids for offsite disposal. While the additional acres will lead to increased seed and fertilizer costs, a corresponding increase in farm income will more than offset these costs.
- WPC staff has found that running an additional pump to increase the recycle flow allows the Plant to use the natural alkalinity more effectively. While this practice will increase electricity for pumping, it is projected to be more cost-effective than feeding the sodium bicarbonate to increase plant alkalinity.
- The UV disinfection system's obsolete control center and hydraulics will be upgraded to ensure compliance with our National Pollutant Discharge Elimination System Permit and efficient operation.
- In keeping with our Climate Action Plan recommendations, improvements to our Fats, Oils, and Grease (FOG) station are scheduled for FY 2025/26. These improvements will increase our capability to accept hauled food waste diverted from the general solid waste stream handled at the Resource Recovery Plant. The FOG material will be anaerobically digested to produce additional methane, which will result in more on-site electricity generation at the Water Pollution Control Plant.

Stormwater Utility No Increase in Equivalent Residential Unit (ERU) \$5.20 Monthly Fee

Based on the feedback received from the recent Resident Satisfaction Survey, the services provided by this utility to protect our property owners from overland flooding remain a high priority. To help fund the expenditures devoted to the repair of the City's storm sewer outlets, manholes, and outfalls, as well as managing developers' compliance with the City's National Pollutant Discharge Elimination System permit to protect waterways, a four-tier fee structure based on impervious area is in place.

In FY 2025/26, of the \$1,960,000 anticipated to be generated from these fees, \$433,085 is earmarked for direct operating costs to maintain the system. The remaining \$1,526,915, along with other revenue, will be devoted to engineering, GIS, other support services, and CIP projects.

Based on the most recent financial analysis, no modifications to the current fee structure or rates are needed in FY 2025/26. When and at what level the next rate increase is needed in this utility will depend on how quickly previously approved but unfinished projects are completed.

Staff in this area will continue to inspect and selectively clear stormwater easements of debris, inspect and repair intakes and pipes to ensure the water flows as efficiently as possible during rainstorms, and enforce the Iowa Department of Natural Resources' stormwater management and pollution prevention plans as they relate to construction projects.

<p style="text-align: center;">Resource Recovery Utility No Increase in the \$10.50 Per Capita Property Tax Subsidy from Partner Entities No Increase in the \$75 Per Ton Tipping Fee to Garbage Haulers</p>

Since the mid-1970s, we have 1) promoted reusing materials so they don't enter the waste stream, 2) recycled material such as glass for free by offering drop-off sites throughout the City, 3) processed garbage brought by private haulers to our Resource Recovery Plant by separating metals for resale, and 4) burned the remaining material, known as Refuse Derived Fuel (RDF), in the Electric Utility's boilers as an alternative fuel source. However, new federal requirements and operational challenges will make it impossible to continue burning RDF. Therefore, we are finalizing a plan for a new path forward with the introduction of a new Resource Recovery and Recycling Campus that will facilitate solid waste disposal in a partner landfill, recycling materials sold on the open market, yard waste disposal, hazardous waste disposal, and lightweight demolition material disposal.

Since we will likely not drastically change our operations for another two years, we have attempted to develop a maintenance-of-services budget in FY 2025/26. **Therefore, the tipping fee charged to local haulers who bring garbage to the Resource Recovery Plant for processing will remain at \$75 per ton for FY 2025/26. In addition, the per capita property tax subsidy paid by the City (\$592,484) and our other government partners in Story County (\$319,966) will remain the same for FY 2025/26.**

A number of developments have caused us to dip into our available balance, including 1) unplanned maintenance at the Power Plant, which reduced our tipping fees and recycled metal revenue, 2) the contract with the Boone County Landfill increased from \$57 to \$60 per ton, and 3) recycling commodity markets have been trending downward. Therefore, we project that we may need to increase the tipping fee at the Resource Recovery Plant up to \$95 per ton beginning in FY 2026/27 and maintain that level until we develop more accurate costs for operating our new campus.

Streets and Traffic

The primary focus areas in these two activities are improved public outreach, service efficiencies, and service deliveries. A few examples include:

- Our Geographic Information Systems (GIS) staff is implementing new citizen engagement tools that will allow customers to find GIS information on their own easily. In addition, their website will now provide snow removal status, hydrant flushing projections, electric outages, construction information, and recycling locations.
- Public Works vehicles will be outfitted with hardware to collect pavement condition data routinely. This data will be uploaded to a maintenance program that can constantly update information. This information will be used to analyze the longevity of various pavement repair techniques and identify where funds from the street maintenance budget can be best allocated to improve user experiences. This service will replace a program previously provided by the state, which did not offer the same functionality and was more suited for use on highways rather than local streets.
- The budget includes the purchase of new pavement marking grinders that will significantly improve our efficiency in removing outdated markings. In accordance with changes in federal traffic regulations, lane markings will be increased in width. These efforts will assure high-quality, visible markings on our roadways, which will be particularly helpful in poor weather, at night, and for vehicles equipped with more advanced lane detection equipment.
- Per the City Council's directive, staff plans to initiate proactive inspections of sidewalks in late FY 2024/25, with an anticipated 10% of the sidewalk system to be inspected annually. Guidelines recently adopted by the City Council provide property owners additional alternatives to repair sidewalks to a safe condition, which should prove less costly to the property owner when compared to replacement while still providing a safe and effective sidewalk network.

- In keeping with the Council's commitment to sustainability, we are using material cleaned from the street sweeper and mixed with compost for our backfill projects to sustain plant and grass growth.
- The City will continue supplementing our plow trucks and operators for snow and ice events by contracting with 12 private individuals with the necessary equipment. This helps the City reach all parts of the street network more quickly during snow and ice emergencies without adding the increased costs associated with additional full-time staff and equipment.

Transit

All three major funders of CyRide—the Iowa State University Student Government, the City of Ames, and the Iowa State University Administration—are under extreme pressure to hold the line on expenditures. In response to this pressure, CyRide has prepared a budget for FY 2025/26 that calls for only a 2.50% increase in funding from all three parties. The funding request to the partners is expected to increase incrementally up to 4% by FY 2029/30. The City's share comes from property taxes generated by the Transit Levy.

The CyRide staff continues to exhibit its prowess in obtaining much-needed federal and state grants to cover vehicle purchases, facility improvements, and operational expenses. CyRide received three federal grants to replace seven 40' diesel buses with five Battery Electric Buses (BEBs) and two articulated 60' buses, increasing the BEB fleet to seven and the articulated fleet to ten. In addition, a discretionary grant was received for seven new 40' diesel buses. State grants were also awarded to complete the renovation of the shop, upgrade the sprinkler system, and install fire-rated doors.

Gaining access to these state and federal funds is critical for CyRide operations as it appears that in the future, the ability to raise local property tax funding for our transit system will be made even more difficult by the State Legislature. The reliance on federal funding does raise concern for staff, as changes to the availability of this funding source is being threatened by the federal government at this time.

Parking – No Increase in Parking Related Fees or Fines

The recent partnership with Story County to place registration stops on vehicles with a significant amount of unpaid parking tickets has resulted in a slight increase in outstanding tickets being paid. However, it is too early to determine whether this effort will significantly impact the Parking Fund's overall health. It appears we are unable to cover the projected expenditures in the Parking Fund with projected revenues for our parking operation in each of the next five years. We are getting by in the interim by drawing down the available balance in the Parking Fund. In addition, we will have to discontinue the

desired transfer to the Parking Capital Reserve Fund to cover needed improvements to our various public parking lots. Equally significant is that our current financial projections indicate that in FY 2027/28, we will end the year below our fund balance goal, and by FY 2029/30, the balance in the Parking Fund will be negative.

Approximately 20 new “smart” parking meters are slated for installation each year. These meters will improve our service by accepting credit cards, coins, smart cards, and payments via the Park Mobile app. They will also be capable of providing reports regarding parking space utilization at different times of the day.

Therefore, while not popular, it will soon be time for the City Council to consider increasing revenue in this fund by raising fines and/or meter fees to keep the fund solvent or switching from a user-based fee system to a property tax-supported system. However, dedicating property tax revenues to this fund may be difficult given the constraints imposed by the state in recent years on the City’s ability to raise taxes.

Airport

Airport operations are experiencing increasing maintenance expenditures due to the fuel farm reaching the end of its useful life and the T-hangers showing signs of structural wear. For FY 2025/26, we estimate Airport operating expenses to be \$162,801, supported by \$191,944 in user revenues in land leases, building leases, and fuel flowage fees. The \$29,143 of excess revenue will be available to pay toward the \$70,975 debt service payment for the new terminal. In accordance with a previously negotiated contract, ISU will pay the remaining \$41,832 debt service.

A consultant will be hired to assist in redesigning Airport Drive, enhancing accessibility and visual appeal within the terminal area. In addition, efforts will be made to improve the overall visual appeal of the Airport grounds with enhanced landscaping and turf management.

In keeping with the Airport Master Plan, staff is exploring a potential public/private partnership to add new aircraft hangars and improve support services. These investments, it is hoped, will bolster airport services while sharing the financial responsibility with private sector entities.

Airport farm operations help us provide the local match for the Federal Aviation Administration grants that fund various capital improvements at the Airport. In FY 2025/26, we anticipate \$6,000 in expenditures to maintain the farmland owned by the City surrounding the Airport, offset by \$92,691 of revenue generated from cash rent for our farm operation. The excess revenue will be transferred to the Airport Improvement Fund which is projected to have a balance of \$324,940 by the end of FY 2025/26.

Parks & Recreation

The General Fund support for Parks and Recreation activities appears skewed in FY 2025/26, where, for the first time, the budget reflects eight months of expenditures associated with the opening of the Fitch Family Indoor Aquatic Center. Included in these expenditures are two new FTEs: an Aquatics Coordinator and Principal Clerk to staff this new facility. Existing Parks & Recreation maintenance staff will assist with building cleaning and maintaining the HVAC and filtration systems.

The partnership with 60 Forward Center, which opened in September 2024, has provided additional space for programming weightlifting, yoga, and aerobic classes for those over 60 years of age.

Savings in the General Fund realized in prior years have been incorporated into the budget to increase our scholarship funding for recreation programs by \$200,000. This additional funding will bring the total balance in the Scholarship Fund to approximately \$500,000 at the end of FY 2025/26. Funding of \$100,000 from General Fund savings is also included to hire a consultant to develop a conceptual plan, along with estimated expenditures and revenues, for a new indoor recreation center.

In keeping with the Council's goal to promote partnerships with local organizations, we will be offering new STEM camps, cooking classes, chess camps, and Challenge soccer camps where the organization provides the instructors and curriculum for the camp and Parks and Recreation markets the event, provides the facility, and handles registration. Obtaining this broader knowledge from partnerships allows us to offer a wider variety of offerings to our residents in our Instructional Programs.

We will also explore a new partnership with Can Play to offer additional adaptive programming to serve the recreation needs of individuals with physical and/or intellectual disabilities.

To promote participation in our athletic programs, we will offer a new concept of one-time events (e.g., tournaments) rather than leagues. We hope these events will be attractive to individuals who are too busy for a longer-term time commitment.

Property tax support for Aquatics will increase significantly in FY 2025/26, rising from \$211,134 to \$468,836. This substantial increase reflects the inclusion of eight months of operating costs for the new Fitch Family Indoor Aquatics facility, which is slated to open in late fall.

The Lutheran Church of Hope, a major renter of our Auditorium and Gym, is building its own facility. This will result in an estimated annual revenue loss of \$44,000, prompting us to proactively develop new revenue streams for these venues. Our strategy includes attracting larger events, increasing the number of shared-use events, and partnering with a vendor to provide beer, wine, and non-alcoholic beverages during events.

In an effort to generate additional interest in our offerings, new programs have been added to our fitness portfolio, such as Cycle Zone, Cycle Beats Chair Yoga, Intro To Weight Lifting, Pilates Fusion, Xpress Upper Body Challenge, Xpress Cardio HIT, Xpress Leg Challenge, Xpress Strength, Zumba Beginners, and Triple Threat.

We anticipate very healthy balances in the two enterprise funds in Parks and Recreation. Unreserved balances of \$883,496 in the Homewood Golf Course and \$369,906 in the Ames/ISU Ice Arena funds are expected at the end of FY 2025/26.

A \$810,000 grant from the U.S. Forest Service will allow Park Maintenance crews to update our current tree inventory, remove invasive vegetation in woodlands, and plant new trees in our park system and along the City's rights-of-way over the next five years.

Library

The Library budget reflects a continued commitment to providing facilities, technology, collections, and programs to meet the educational needs of people of all ages. Because the community uses the facility heavily, funds have been earmarked for building upkeep and maintenance.

Partnerships with other city and county entities continue through participation in shared community events and hosting dialogs around a variety of issues of public interest. The Library's involvement with EcoFair, Juneteenth, National Night Out, Ames School District Community Enrichment, Parks and Recreation summer camps, and All Aboard for Kids camp highlight this outreach.

The staff has seen a higher interest in hands-on and interactive programs where participants can meet other people and learn in the community. Therefore, programs such as International Community Meeting, Speed Friending, and Ames Repair Café are being offered along with the more traditional educational lecture programs.

Thank You!

I have attempted to highlight only a few of the many initiatives that will be undertaken by our City employees in FY 2025/26, supported by the funding highlighted in the budget, as they strive to provide exceptional service at the best price to Ames residents and visitors to our community. I want to thank our Department Heads and their staff members for developing reasonable budget requests since this is not an easy task. We are often confronted by residents and customers pulling us in opposite directions with opposing views as to what excellent service means to them.

In addition, our budget management team, composed of our Finance Director, Corey Goodenow, our Budget Manager, Nancy Masteller, our Budget Analyst, Patti Lehman, our Finance Department Secretary, Bre Van Sickle, and our two Assistant City Managers, Brian Phillips and Pa Vang Goldbeck, deserve recognition for their work in reviewing each line item within the various program and activity budgets, assisting with the preparation of performance measures and highlights, and compiling the relevant financial information into this budget document.

Respectfully submitted,

A handwritten signature in dark ink that reads "Steve".

Steven L. Schainker
City Manager