



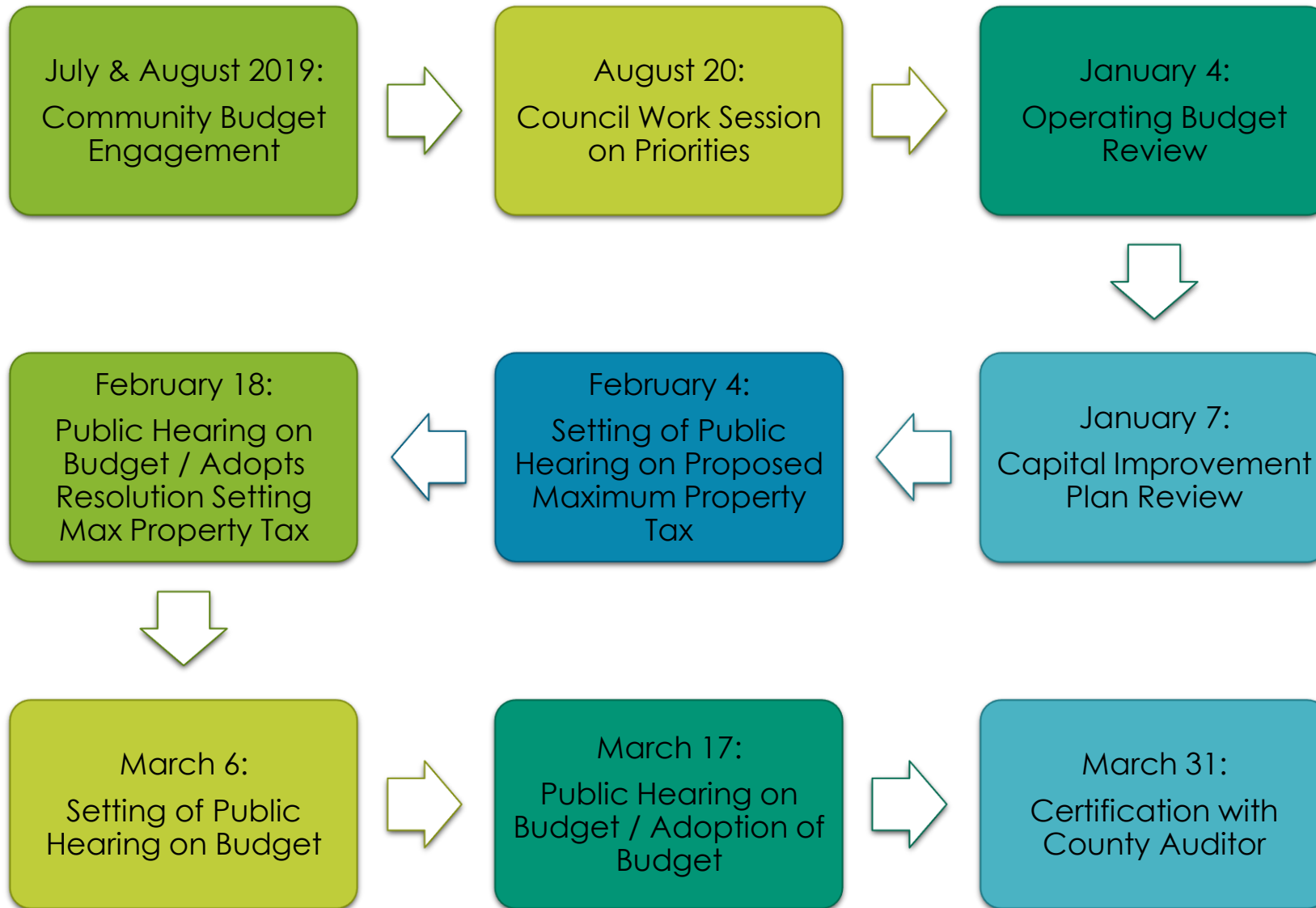
CITY OF IOWA CITY
UNESCO CITY OF LITERATURE

City of Iowa City

FY2021 Budget Proposal

January 4, 2020

City Council Budget Review Schedule



Budget Document

Areas to Focus:

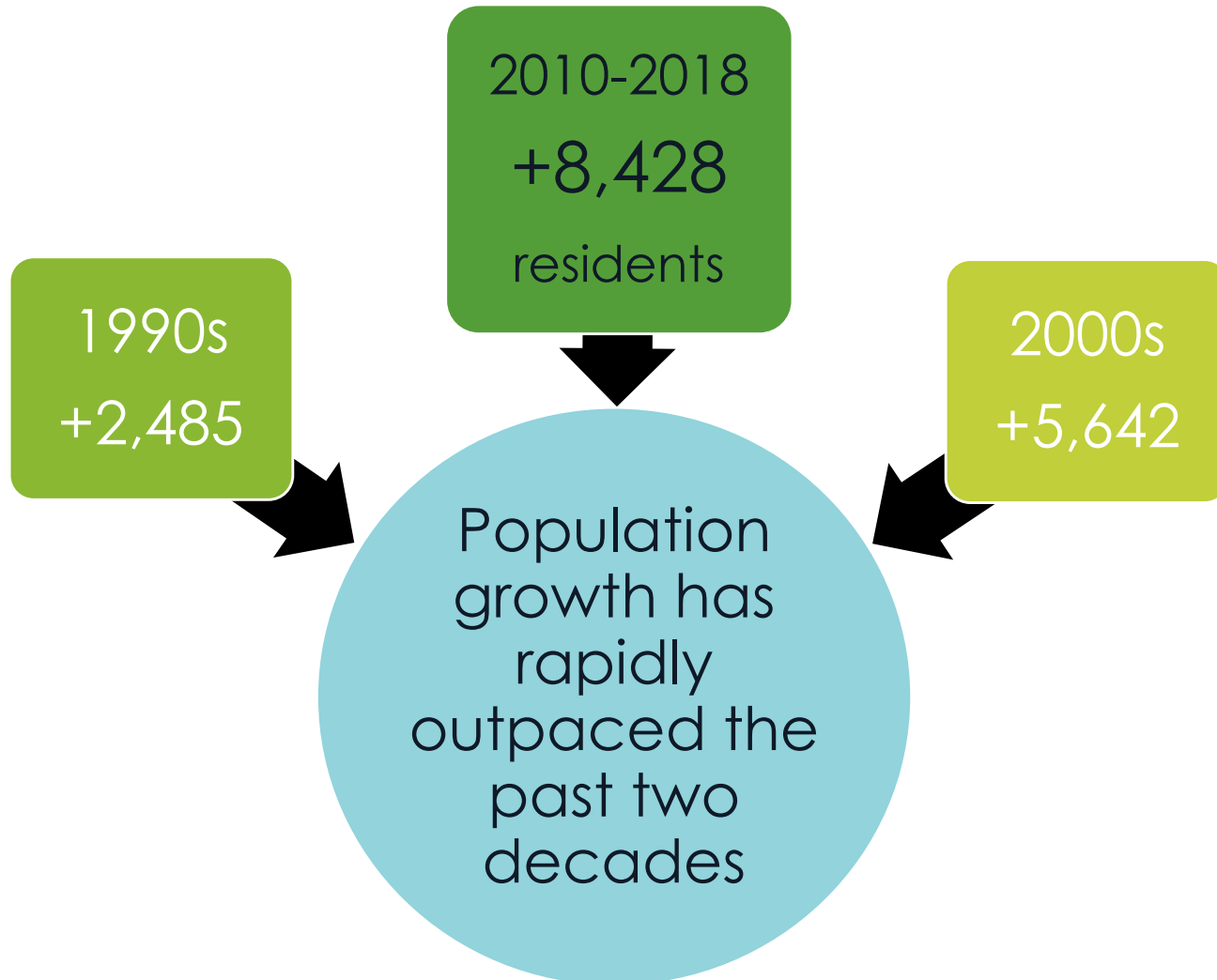
- Transmittal Letter (Executive Summary) Pages 9-26
- Economic Trends Pages 36-39
- Fund Structure and Description Pages 68-73
- Financial and Fiscal Policies Pages 83-89
- Long Range Financial Planning Pages 90-93
- General Fund Summary Pages 113-127

**City of Iowa City
Fund Structure**

Budgetary Funds					Non-Budgetary Funds
General Fund	Special Revenue Funds	Debt Service Fund	Enterprise Funds	Capital Projects Fund	Internal Service Funds
General (10**)	CDBG (2100)	Debt Service (50**)	Parking (710*)	Capital Projects	Equipment (810*)
	HOME Grant (2110)		Transit (715*)		Risk Management (8200)
	Road Use Tax (2200)		Wastewater (720*)		Information Technology Services (830*)
	Other Shared Revenues (2300)		Water (730*)		Central Services (8400)
	Metro Planning Organization of Johnson County (2350)		Refuse Collection (7400)		Health Insurance (8500)
	Employee Benefits (2400)		Landfill (750*)		Dental Insurance (8600)
	Emergency Levy (2450)		Airport (7600)		
	Affordable Housing (2500)		Storm Water (7700)		
	Peninsula Apartments (2510)		Housing Authority (79**)		
	Tax Increment Financing (26**)				
Major funds	Self-Supporting Municipal Improvement District (2820)				
					Agency Funds
					Project Green (9102)

Iowa City Fund Structure

Iowa City: A Robust Era of Growth



- 4th largest population growth in the State of Iowa (top 3 in DSM Metro)
- Estimated growth in this decade is already greater than the previous two decades combined
- 2014-2018 five year annual averages:
 - 159 new single-family and duplex residential units
 - 476 new multi-family residential units

Takeaways:

August 20, 2019 Budget Work Session

Aggressively respond to the City Council's climate crisis declaration

Continue to contribute \$1 million to the City's Affordable Housing Fund

Raise the minimum wage for temporary employees to \$13.25

Invest in new permanent staff positions with a focus on basic services and City Council strategic plan priorities

Achieve a moderate reduction in the City's overall property tax rate

Develop strategies for funding road and transit needs

Climate Action

- 100 Day Report released in November 2019 to accelerate actions
- To meet newly adopted goal of reducing citywide emissions 45% by 2030, the report calls for:
 - Creation of a Division of Climate Action and Outreach with three staff members
 - Nearly \$1 million in new property tax funding to be combined with TIF and existing operational funds to implement climate strategies

• Areas of Concentration in FY 21:

- Education and Awareness Campaigns
- Incentives to reduce energy consumption and expand renewable energy
- Increase tree planting
- Expand climate action grants and build new partnerships
- Promotion of alternative transportation, waste reduction and natural area efforts



Achieving 45% Reduction in Carbon Emissions by 2030 and Reaching Net-Zero by 2050

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Social Justice

- Step 2 of the hourly wage rate increase for temporary employees (\$13.25/hr)
 - Step 1 to \$11.50/hr, estimated to cost \$261k (FY 2020)
 - **Step 2 to \$13.25/hr estimated to cost \$275k (FY 2021)**
 - Step 3 to \$15.00/hr estimated to cost \$400k (FY 2022)
- \$75k for the Social Justice and Racial Equity Grant program
- \$25k to support the expansion of Kirkwood Community College's English Language Learning program
- Further expansion of translated City documents and operational resources for continued cultural outreach programming and training
- Funding for accessibility improvements (parks, sidewalks and public facilities)

Social Justice – Aid to Agencies

- The City Council made a mid-year decision in FY2020 to include a one-time budget increase to fund all requests from 'legacy agencies'

General Fund Support		} General Fund support is in addition to approximately \$100,000 from Community Development Block Grant funds
FY2018	\$246,656	
FY2019	\$250,000	
FY2020 budget	\$501,500	
FY2021 proposed	\$345,850	

- FY2021 proposed budget includes a 25% increase in General Fund funding over historical levels (in addition to shifting utility fund support to the General Fund)
- The 25% increase in General Funds exceeds both a 2% inflation factor and CPI increases since General Fund support leveled-off in FY2010
- The Housing and Community Development Commission has requested a joint meeting with the City Council to discuss a permanent expansion of funding of this program at or above the level that Council set with the FY 2020 mid-year adjustment

Affordable Housing

Since FY2015 the City has invested approximately \$10 million in affordable housing initiatives

- Funds have assisted more than 450 affordable units (excludes public housing and workforce housing tax credits)
- City funds have leveraged \$6.75 million in outside Low Income Housing Tax Credit (LIHTC) funding
- The majority of funds provided to the Housing Trust Fund of Johnson County are distributed as loans and thus will continue to bolster affordable housing resources as loans are paid off

The FY2021 budget contains \$1 million in General Fund support for Affordable Housing for the third straight year (including \$350,000 in one-time funding)

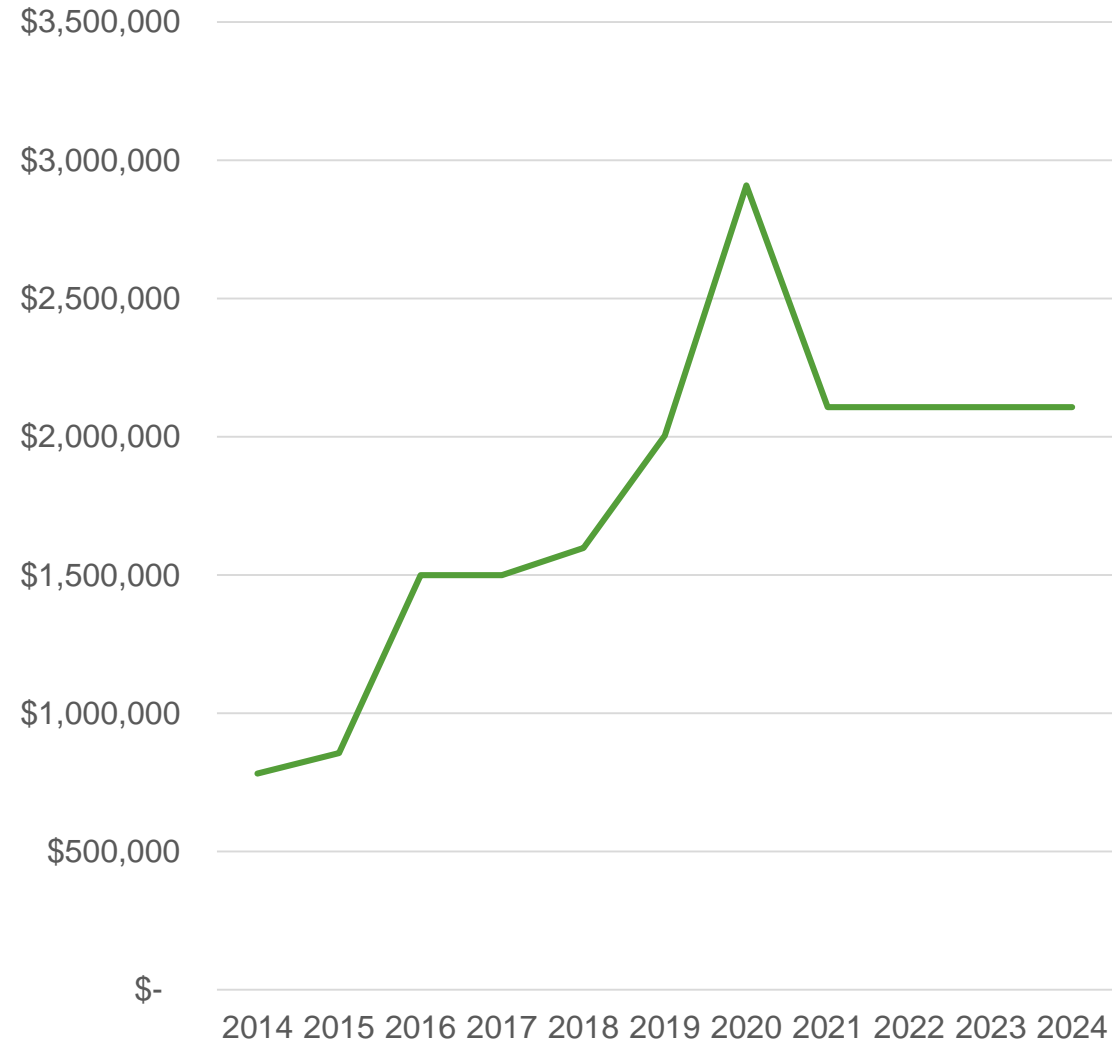
- 70% of funds will be distributed to the Housing Trust Fund of Johnson County (20% reserved for LIHTC)
- 7.5% of funds are dedicated to an Opportunity Fund
- 7.5% of funds are dedicated the City's Healthy Homes Program
- 10% is reserved for community security deposit assistance and a risk mitigation fund projects
- 5% is reserved for emergent situations (e.g. sudden displacement)

Investments in Roads

- Budget continues to increase funding for pavement rehabilitation
- Provides for new equipment to help the Streets Division improve efficiency and effectiveness of in-house pavement management efforts
- Necessarily increasing our reliance on General Obligation bonds for road projects in the CIP

Projected Road Use Tax revenues may not sustain the annual pavement rehabilitation project at the same levels in future years; greater fuel efficiency, low fuel prices, and State fee increases for EV/hybrid vehicles create uncertainty.

Annual Pavement Rehabilitation Capital Expenditures



Major Road Improvements

Major Upcoming CIP-Funded Road Projects (outside of the annual pavement rehab program)

- 2020: McCollister Blvd extension
First Ave and Scott Blvd intersection
American Legion Rd reconstruction
- 2021: Rochester Ave reconstruction
Benton Street improvements
Orchard Street reconstruction
Melrose Ave improvements
Gilbert Street Bridge replacement
- 2022: Court Street reconstruction
Market/Jefferson two-way conversion
- 2023: Kirkwood/Capitol connection
Dubuque Street reconstruction
- 2024: Dodge Street reconstruction
Park Rd reconstruction
N. Gilbert Street reconstruction

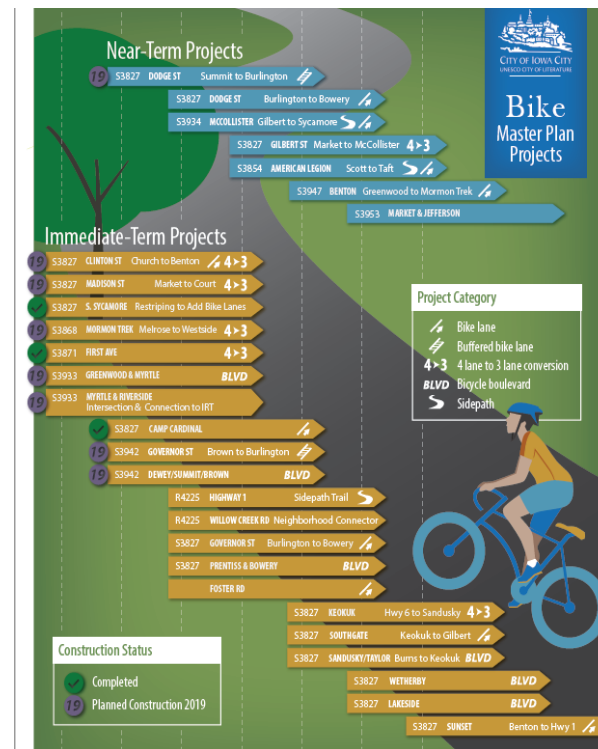


Bike and Park Master Plan Implementation

- Complete destination playgrounds and other enhancements at Lower City Park and Willow Creek Park
- Improve Wetherby, Fairmeadows, Scott, and Napoleon Parks by replacing existing playgrounds and shelters
- Accessibility improvements planned at Harlocke Hill, Ryerson, Black Spring, and Oak Grove Parks



- Bicycle lanes:
 - Crossing Burlington St Bridge
 - Benton Street
 - Southgate Ave
 - Governor Street
 - Complete Foster Road lane striping
- Bike Boulevards:
 - Sandusky / Taylor
 - Prentiss and Bowery
- Keokuk 4 to 3 lane conversion
- Construction of McCollister from Gilbert to Sycamore with bike lanes
- Reconstruction of American Legion Road with bike lanes



Changes to Staff Support

- Council directive to increase minimum wage for hourly staff to \$13.25/hour:
 - FY2021 \$275,000
- Initiative to convert temporary/hourly positions to permanent resulted in a wage and benefit increase of:
 - FY2021 \$272,526
 - Projected cost for salary and benefits of positions not recommended: \$430,036

Positions converted to permanent status in FY2021-22

Position Title and number of persons	Number of full-time equivalents (FTE)
Communications Aide (2)	1.26
Creative Assistant (1)	.63
Animal Care Assistant (2)	1.26
Senior Center Receptionist (1)	.63
Public Works Aide (2)	1.0
Housing Authority Receptionist (2)	1.0
Total Added (10 individuals)	5.78
Not recommended	
Senior Center Video Specialist	.50
Library Maintenance Aide MW I	2.13
Library Maintenance Custodian	1.0
Recreation Customer Service Aide	7.0
Total	10.63

Recommended Additions to Core Staff Support

Position Title	FTE Added	Position Supports...
Police Officer	1.00	Continuation of Data-Driven Justice initiatives
Maintenance Worker - Forestry	2.00	Urban forestry/climate initiatives
Building Inspector	1.00	Enhanced energy code inspections
Associate Planner	0.50	Long-term planning /code revisions
Civil Engineer	1.00	Significant engineering project workload
Transportation Operations Supervisor	0.25	Transit and Parking evening operations
Data Analyst - Transportation Services	1.00	Enhanced operations and planning
Customer Service Representative (Parking, Transit, Refuse)	0.75	Improved customer service response time
Maintenance Worker I - Parking	1.00	Enhanced service and response in PM hours
Housing Program Assistant	0.63	Management of additional HUD special population housing vouchers issued in late 2019
Senior Center Receptionist	0.13	Enhanced customer service desk coverage
Total	9.26	

Future Concerns

Sustaining our Strong Fiscal Position

Commercial backfill
from State of Iowa
continues to be
vulnerable

Multi-residential
taxability continues
to erode

Uncertain 'residential
rollback'
(taxable percentage
of home value)

Volatile expense
items
(e.g. fuel, pensions,
healthcare)

Not likely to sustain
level of taxable
growth from past
several years

2024 cliff – preparing
for sharp, immediate
decline in multi-
residential taxability

Multi-Residential Property Taxability

Multi-residential property class has been separated from Commercial and is taxed at a declining rate – the taxable percentage decreases annually until it equals the residential tax rate in 2024

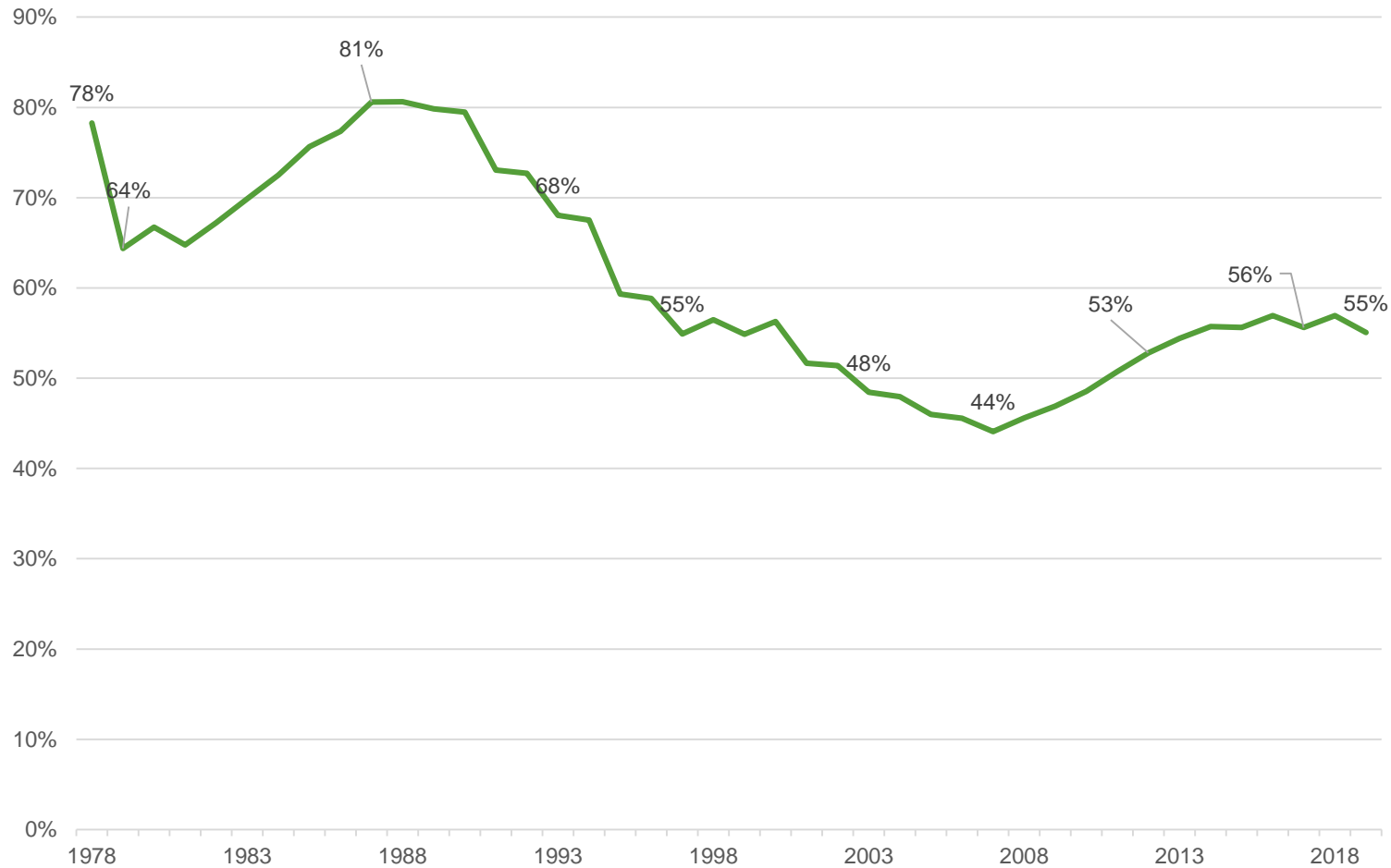
In FY21, multi-residential property will be taxed at 71.25%, which equates to a loss of \$157 million in taxable value

The loss of taxable value equates to approximately \$2.5 million in lost property tax revenue for FY2021

Cumulative loss through FY2021 is projected to be over **\$8 million** without a state backfill

Residential Rollback Trend

Rollback by Assessment Year



The rollback dropped to 55% in FY2021

A 1% change in the rollback figure represents approximately \$788k in tax revenue

	Residential Rollback	Multi-Residential Rollback
FY14	52.82%	100.00%
FY15	54.40%	95.00%
FY16	55.73%	90.00%
FY17	55.63%	86.25%
FY18	56.94%	82.50%
FY19	55.62%	78.75%
FY20	56.92%	75.00%
FY21	55.07%	71.25%
FY22	?	67.50%
FY23	?	63.75%
FY24	?	

2024: Multi-Residential Cliff

- Prior to 2013 property tax reform, multi-residential properties were classified as commercial and taxed at 100% of value
- After FY 2024, multi-residential properties will be taxed at the same percentage as residential properties
- Residential has dipped as low as 44% in recent years (2007 Assessment Year)
- Multi-residential is approximately 9% of Iowa City's taxable valuation
- The single year drop in tax revenue between FY23 and FY24 could be a million or greater

State of Iowa Backfill

State backfill budget for FY2021:

General	\$755,128
Risk	\$27,076
Library	\$25,171
Transit	\$88,564
Employee Benefits	\$302,438
SSMID	\$33,989
Debt Service	<u>\$280,452</u>
Total	\$1,512,818

Future of Backfill Remains Uncertain

State lawmakers have routinely called for the elimination or phase out of the backfill.

In 2018 negotiations on a phase out bill stalled on the last day of the legislative session

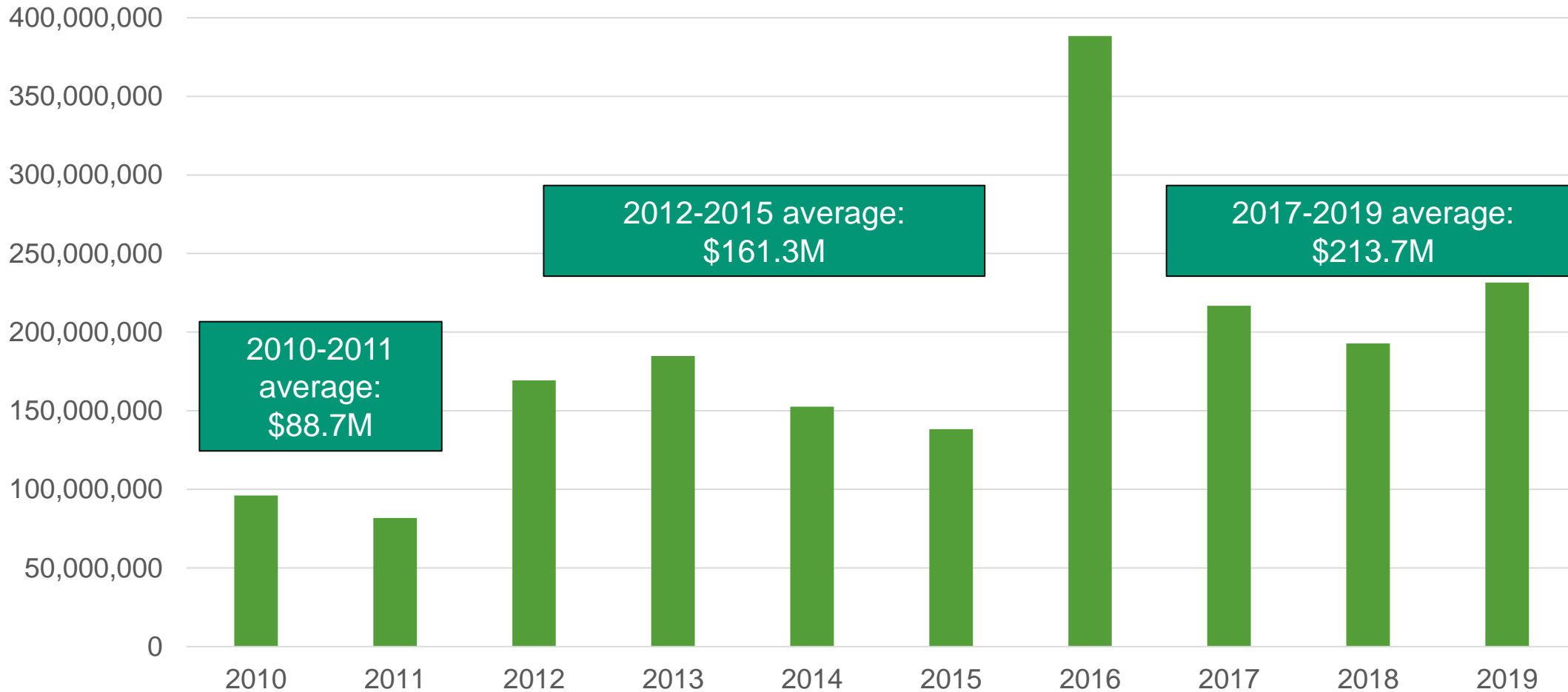
Iowa City Budget Equivalents

\$.36 added to our property tax levy

13.5 police officer or fire firefighter positions

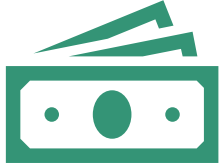
Sustaining Strong Growth

Building Permit Construction Value (calendar year)



2019 permitted \$63.6M in non-taxable construction value; five-year non-taxable average is \$38.5M

Other Variable Costs



Fuel

Moving to higher efficiency or electric vehicles and lower fuel costs are reducing costs, but buses, waste trucks, and heavy equipment must run.

Five years ago, the City's aggregate fuel cost was nearly **\$760k more** than anticipated fuel costs today.



Snow & Ice Management

It's challenging to predict a full season of winter weather therefore we may see periodic spikes in costs to manage snow and ice.

The 2018-2019 snow season saw a salt/sand and overtime cost increase of **\$100k (33%)** over an average year.



Healthcare

Health insurance costs vary year to year. As a self-insured organization, healthcare claims add up to real dollars.

In the last five years, costs have **increased by 47%**.

Revenue

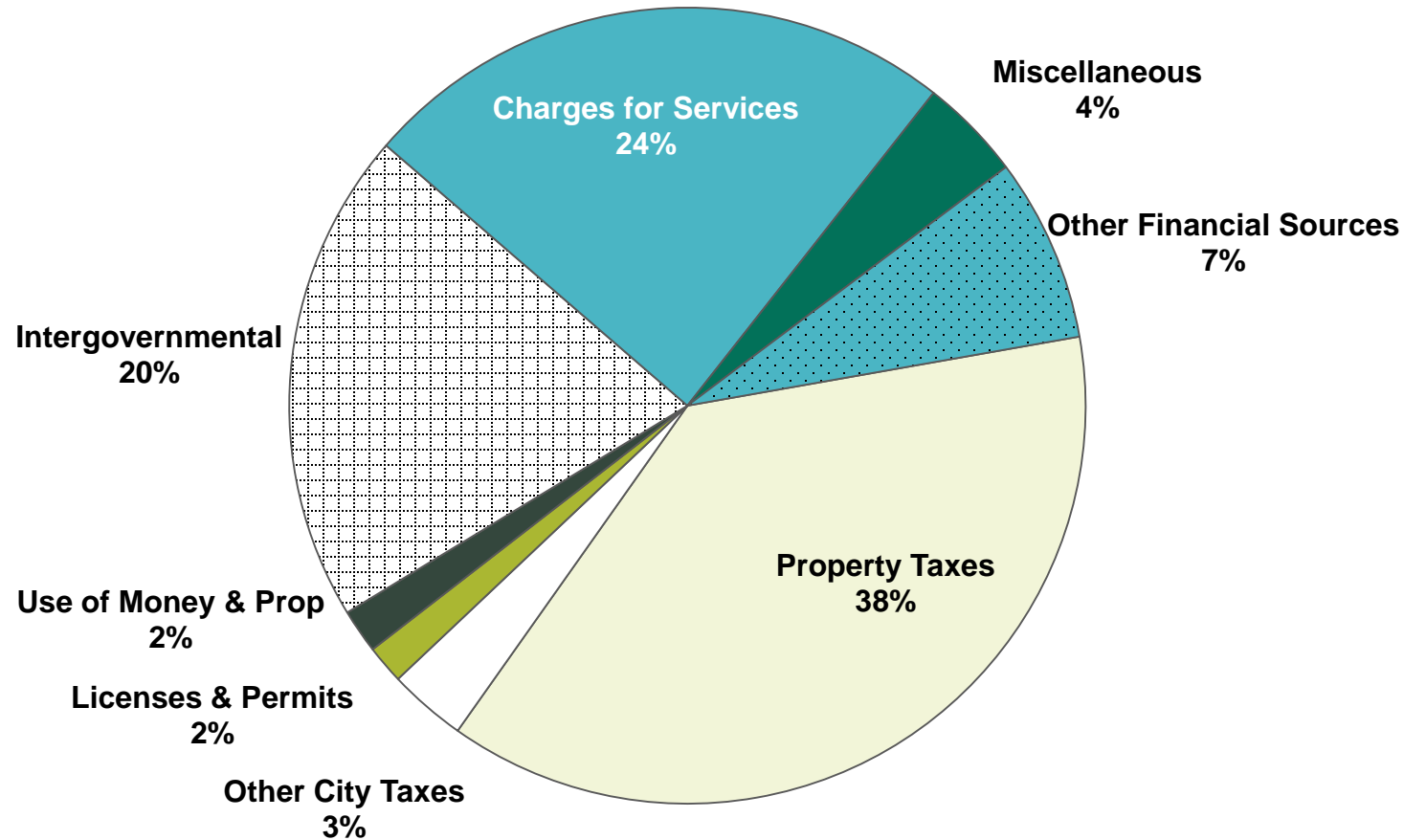
All Funds Revenue Comparison

All Funds Revenue Comparison of FY2020 versus FY2021			
	FY2020 Revised	FY2021 Proposed	Percent Change
Property Taxes	\$ 60,296,653	\$ 65,910,973	9.3%
Other City Taxes	\$ 6,210,156	\$ 5,551,041	-10.6%
Licenses & Permits	\$ 2,585,810	\$ 2,735,470	5.8%
Use of Money & Prop	\$ 3,615,275	\$ 3,143,149	-13.1%
Intergovernmental	\$ 46,379,146	\$ 35,159,064	-24.2%
Charges for Services	\$ 41,800,437	\$ 42,579,844	1.9%
Misc.	\$ 6,941,014	\$ 7,294,955	5.1%
Other Financial Sources	\$ 14,482,393	\$ 13,077,981	-9.7%
Total	\$182,310,884	\$175,452,477	-3.8%

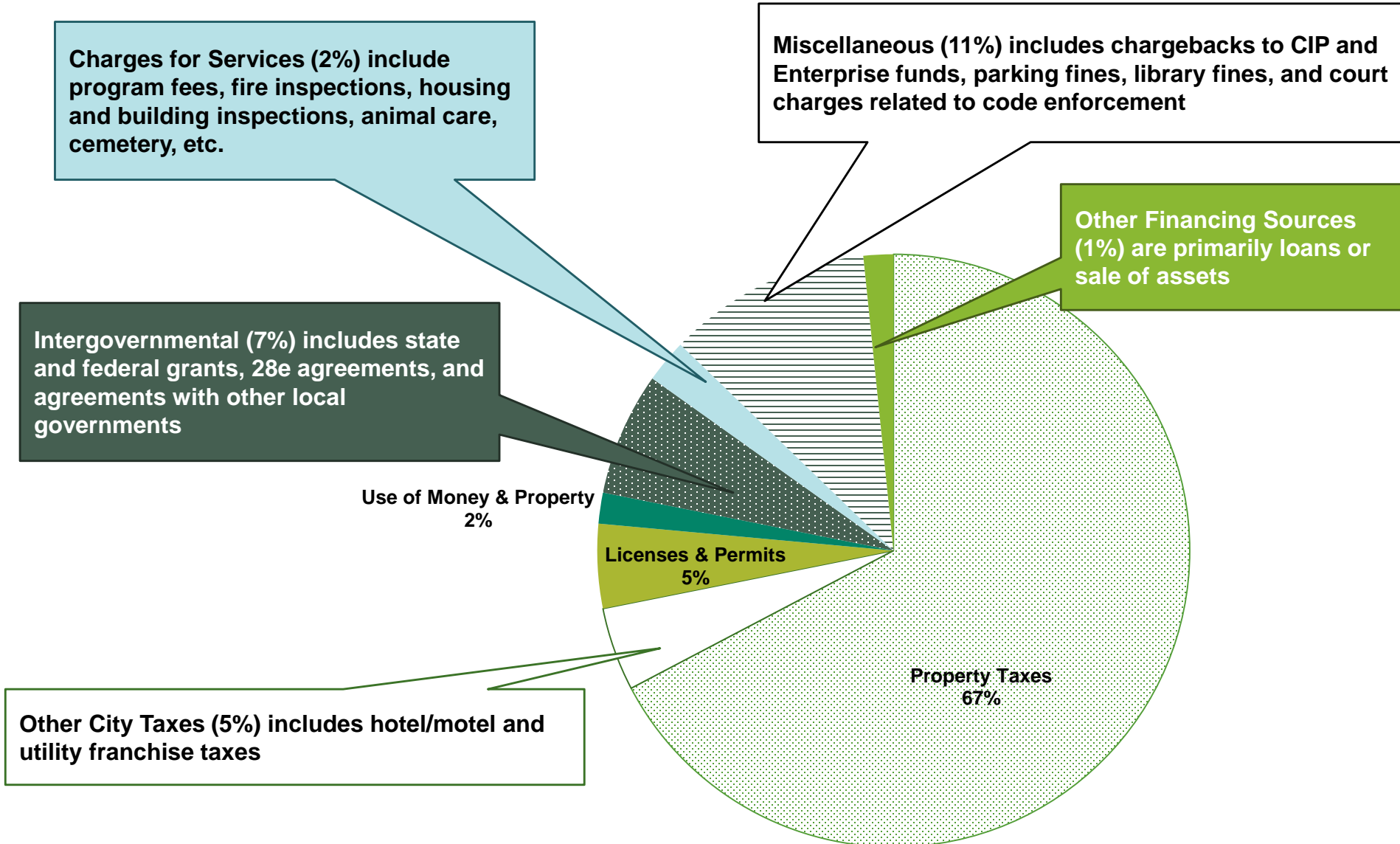
Note: Excludes Transfers

All Funds Revenue Sources

All Funds Revenue Sources

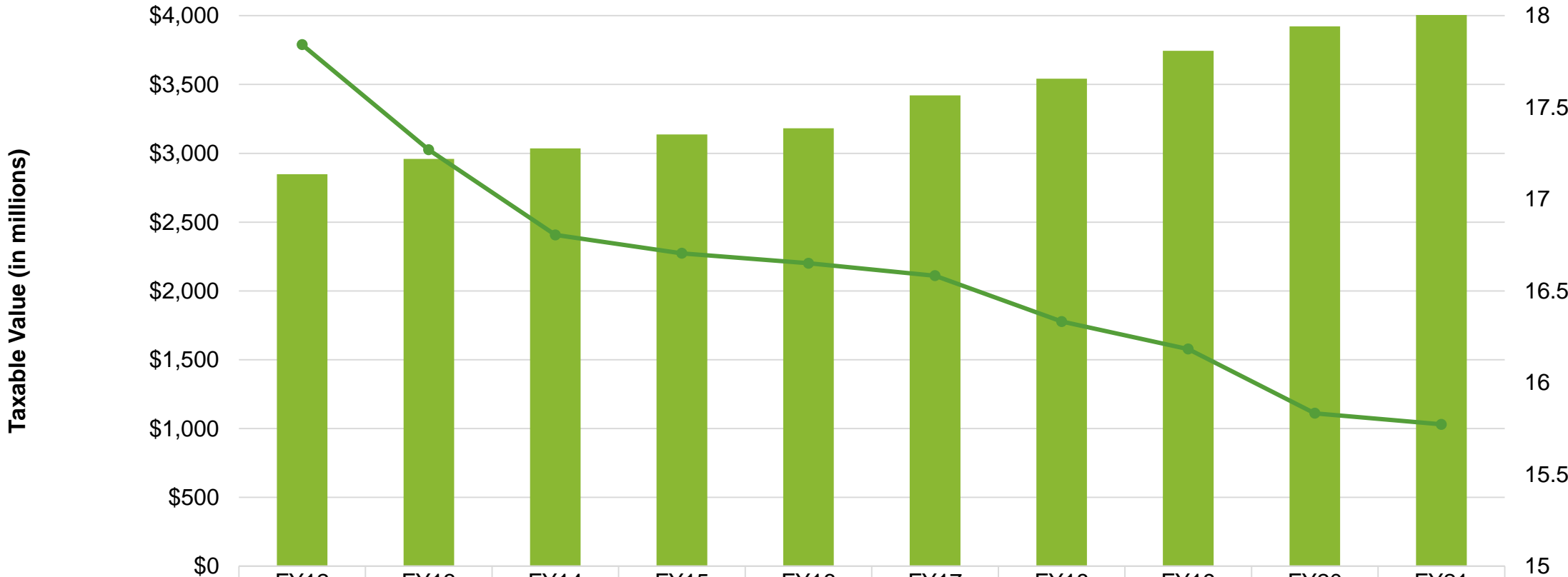


General Fund Revenue Sources



Property Tax Rate Trend

Taxable Value and Levy Rate



■ Tax Val (millions)	\$2,848	\$2,960	\$3,036	\$3,137	\$3,183	\$3,421	\$3,543	\$3,745	\$3,923	\$4,259
Val % Change	3.27%	3.93%	2.56%	3.32%	1.46%	7.50%	3.55%	5.72%	4.74%	8.55%
● Ptax Rate	17.842	17.269	16.805	16.705	16.651	16.583	16.333	16.183	15.833	15.773
Rate % Change	0.48%	-3.21%	-2.69%	-0.60%	-0.32%	-0.41%	-1.51%	-0.92%	-2.16%	-0.38%

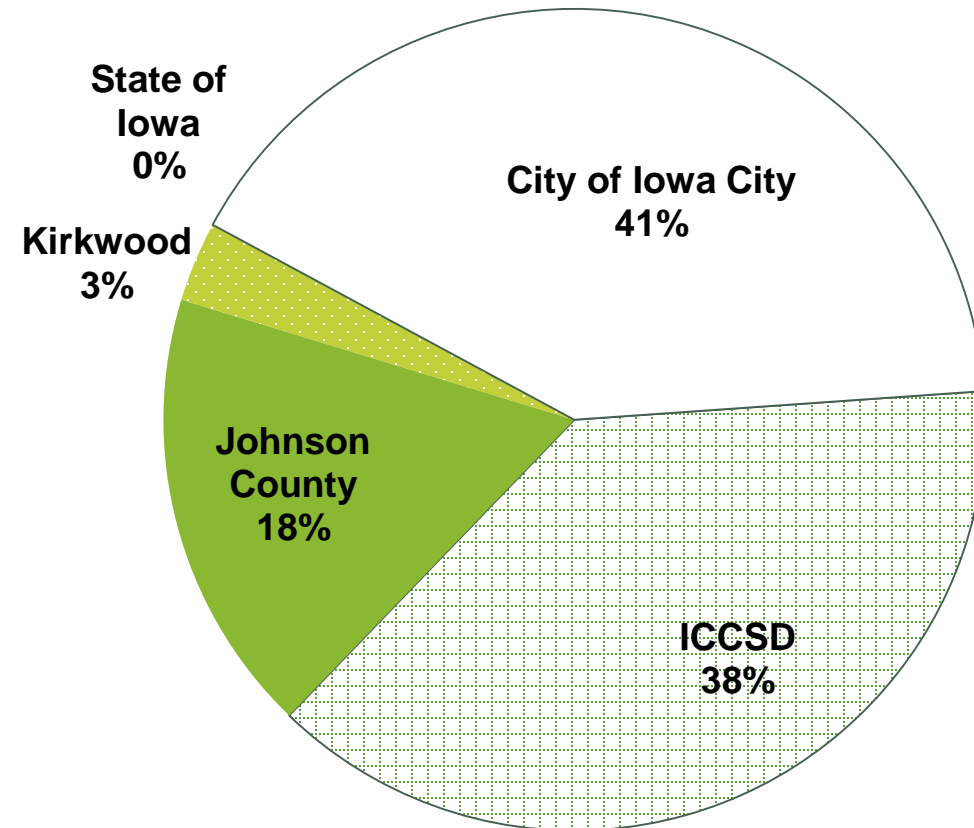
*FY2021 Proposed

Overlapping Tax Rate – FY2020 Levy Rates

- The City of Iowa City tax levy rate is one component of the total property tax rate residents and businesses pay.
- The three largest components of the overlapping property tax rate are the City, the School District, and the County.

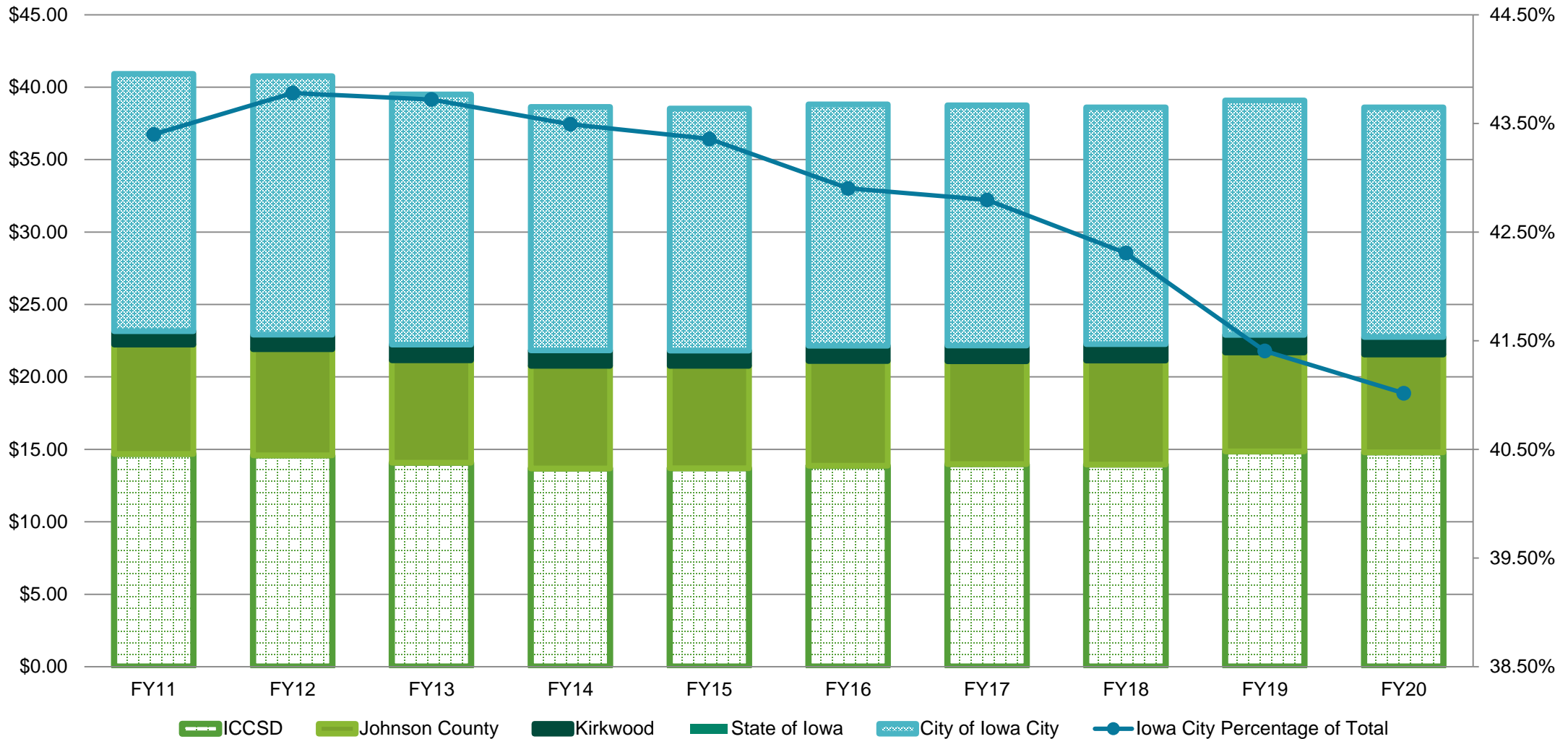
The City's Levy rate has dropped over the last 8 years but our rate accounts for less than half the total rate paid by property owners

Percent of Overlapping Tax Rate



*The State of Iowa has a special levy of \$0.0031/\$1,000 of taxable value

Overlapping Tax Rate Trend



Property Tax Levy Comparison

City	FY2019 Tax Rate	FY2012 Tax Rate	% Change FY12-FY19
Council Bluffs	\$18.26	\$17.85	2.30%
Waterloo	\$17.55	\$18.53	(5.30%)
Davenport	\$16.78	\$15.53	8.05%
Des Moines	\$16.64	\$16.58	0.36%
Iowa City*	\$15.83	\$17.84	(11.25%)
Sioux City	\$15.68	\$16.66	(5.88%)
Cedar Rapids	\$15.44	\$15.22	1.42%
Coralville	\$13.53	\$13.53	0.00%
North Liberty	\$11.03	\$11.03	0.00%
West Des Moines	\$10.99	\$12.05	(8.80%)
Dubuque	\$10.33	\$10.45	(1.13%)
Ames	\$10.03	\$10.84	(7.51%)

* Proposed Iowa City tax rate for FY2021 is \$15.77.

Levy breakdown and Emergency Levy usage

Levy Applied	Rate FY2020	Rate FY2021	Change
Combined General Fund Tax Levies	9.610	9.610	0.00
Employee Benefits	3.244	3.344	+0.10
Emergency	0.00	0.000	+0.24
Debt Service	2.978	2.578	-0.40
Total	15.833	15.773	-0.06

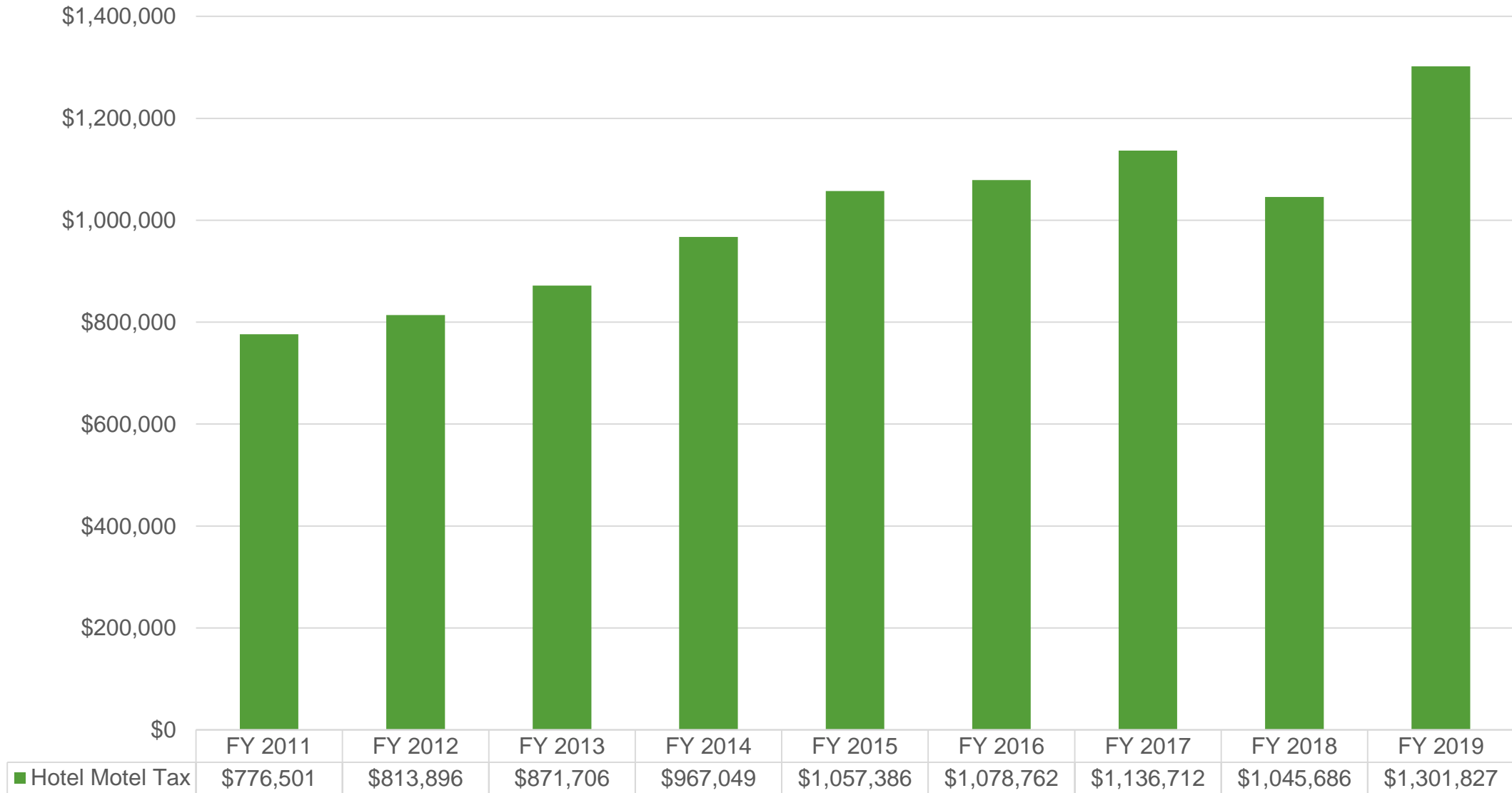
Emergency Levy

Use of the Emergency Levy is permitted after the \$8.10 General Tax Levy is fully utilized.

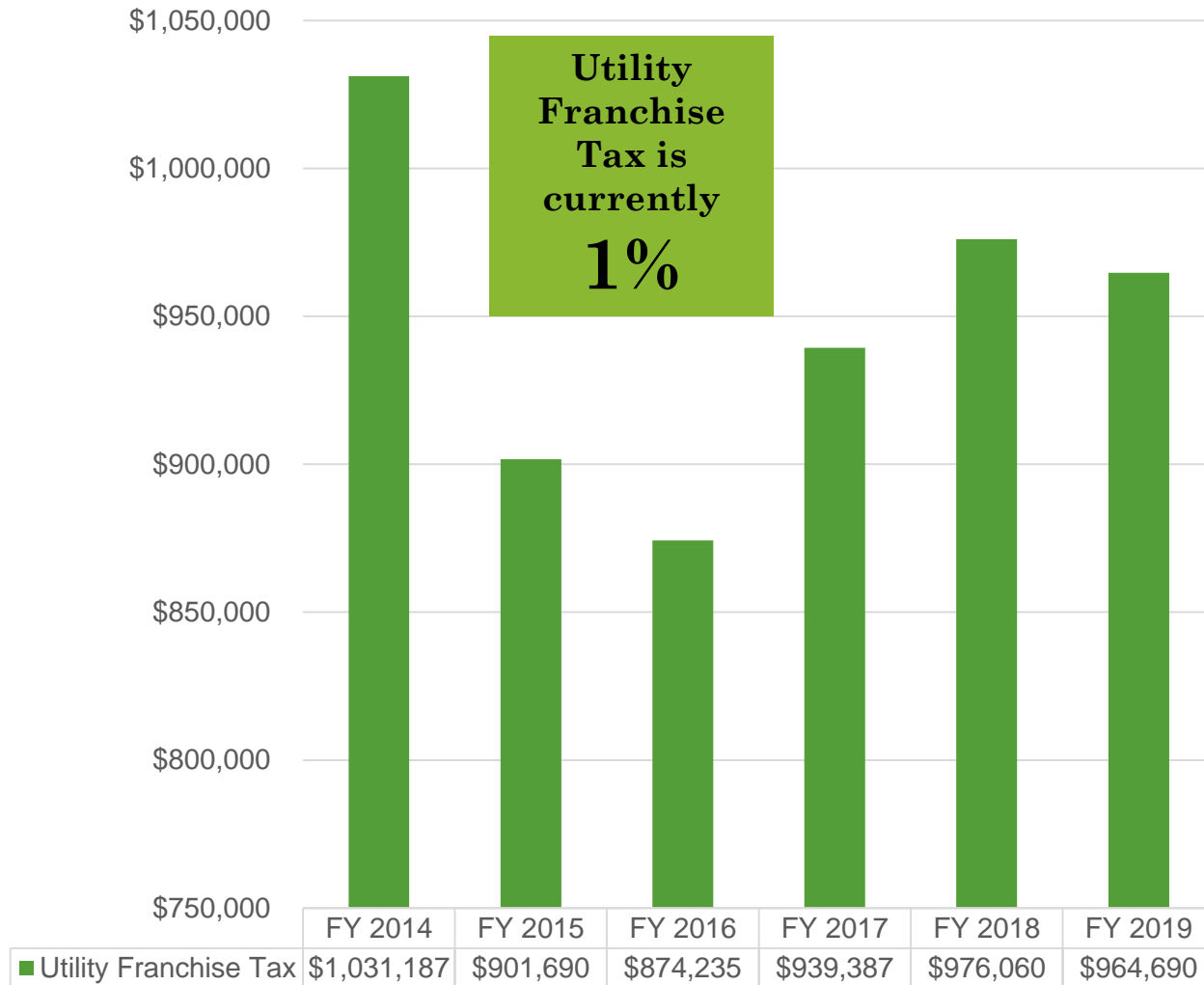
The emergency levy is **used by 45%** of cities in Iowa.

As of November 2018, 50% of Iowa cities with populations over 50,000 were using the emergency levy, all of them at the max of \$0.27.

Major Revenue Sources – Hotel Motel

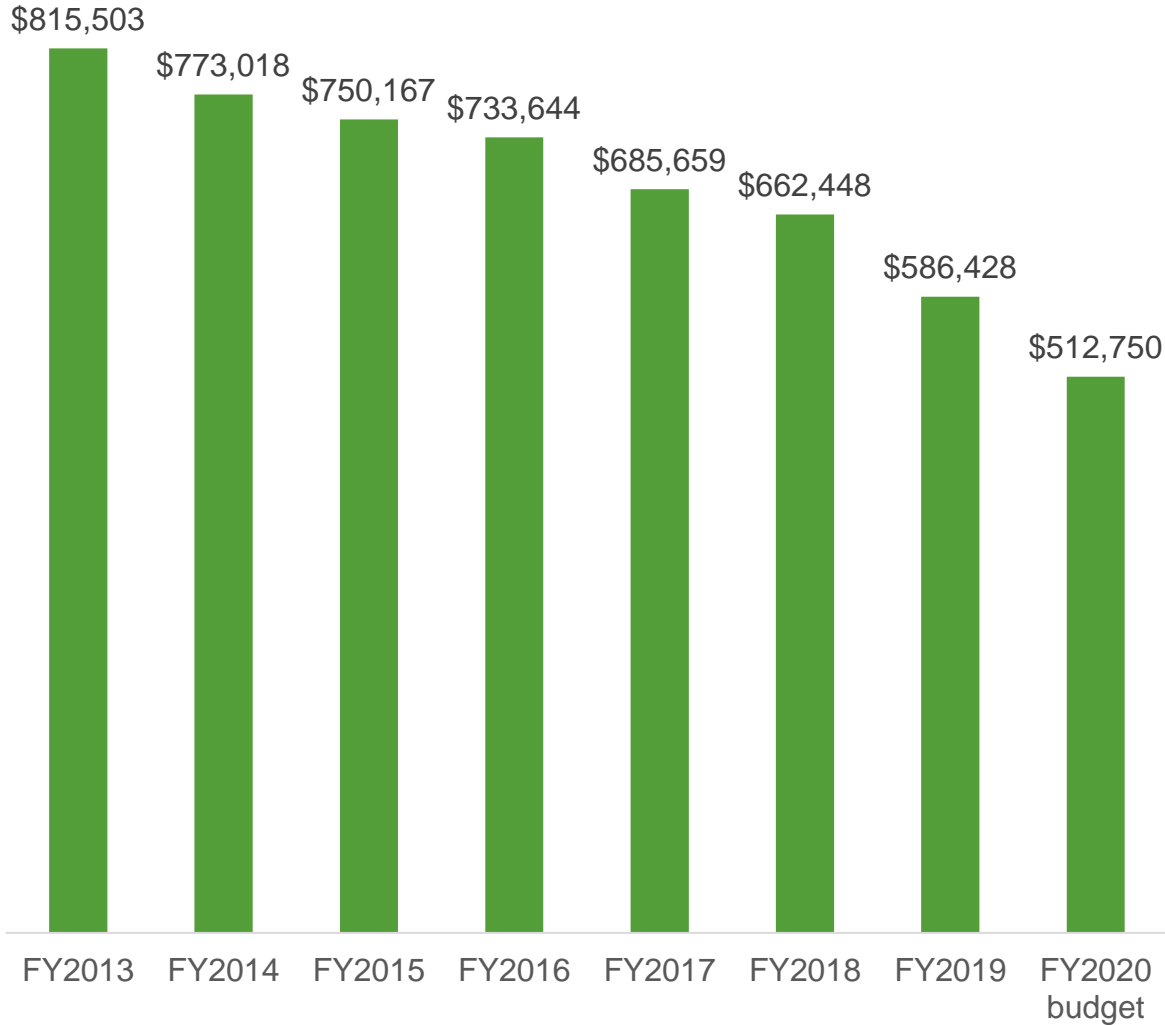


Major Revenue Sources - Utility



City	FY2017 Franchise Fees Rate
North Liberty	0%
Davenport	0%
West Des Moines	0%
Ames	0%
Coralville	1%
Iowa City	1%
Council Bluffs	2%
Cedar Rapids	3%
Waterloo	3%
Dubuque	5%
Sioux City	5%
Des Moines	5%

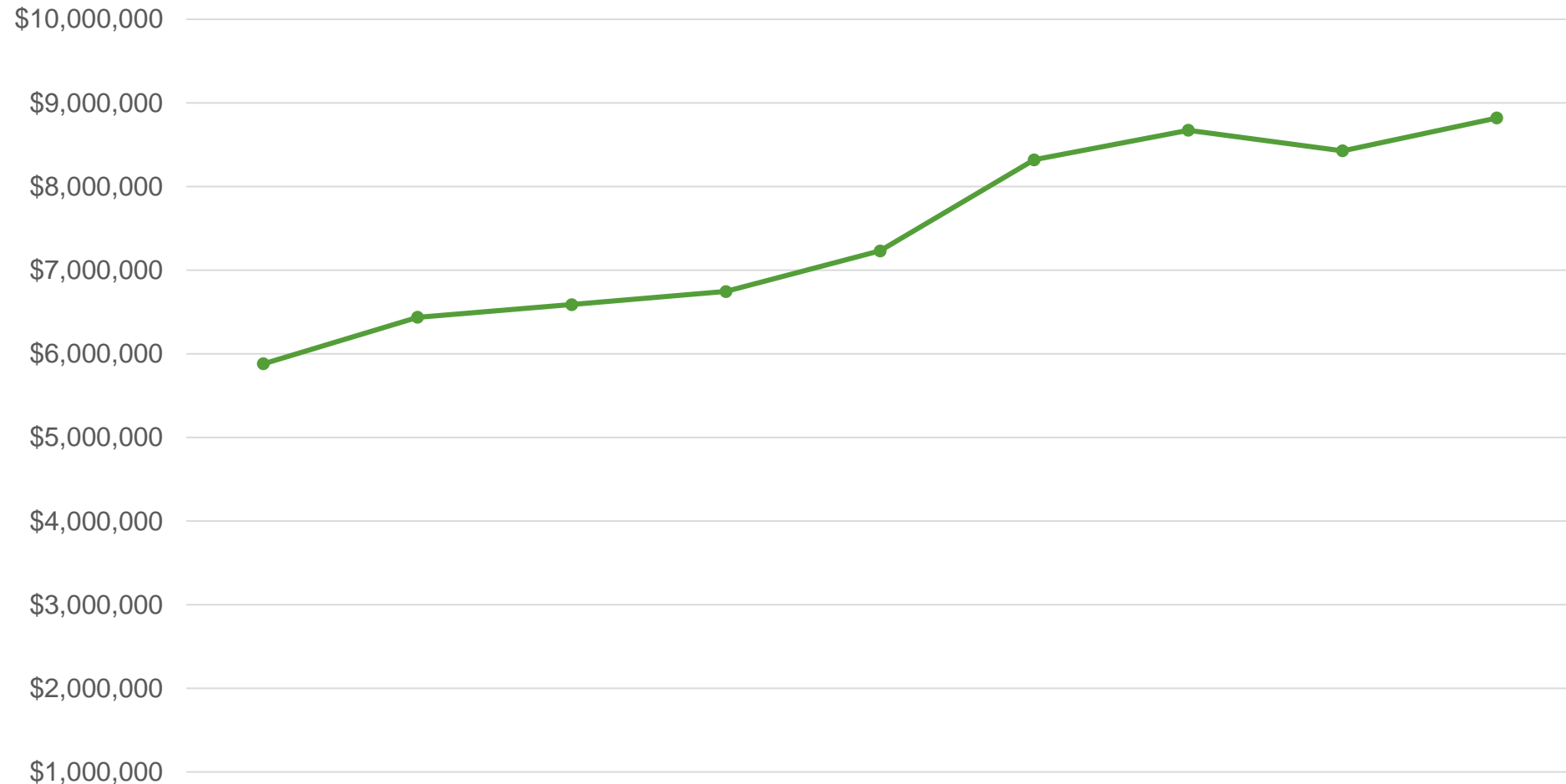
Cable Franchise Fee Revenue



Cable TV Franchise

- Revenue declining as alternate forms of media increase in popularity
- City franchise agreement expired August 1, 2018 and will result in additional loss of funds
- Pass through funding for PATV (~\$242k) and PEG funding (~89k) have ceased – PATV merged with PS1 in 2019
- Future of franchise fee revenue is uncertain at best

Major Revenue Sources – Road Use Tax



	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
● Road Use Tax Receipts	\$5,881,020	\$6,436,785	\$6,589,111	\$6,744,663	\$7,230,663	\$8,320,117	\$8,672,279	\$8,426,502	8,820,138.0

Local Option Sales Tax (LOST)

City	Year Effective	Sunset Year	FY2020 Estimated Receipts	Purpose
Des Moines	2019	None	\$45,268,074	50 % Property Tax Relief, 50% Street, Neighborhood and Public Safety Improvements
Cedar Rapids	2009	2024	\$19,368,587	100% Street Repair
Davenport	1989	None	\$16,522,128	60% Property Tax Relief, 40% Capital Improvements and Equipment
Sioux City	1987	None	\$12,317,912	60% Property Tax Relief, 20% Infrastructure Projects, 10% City Facilities, 10% EDX
West Des Moines	2018	None	\$11,051,230	50% Property Tax Relief; 50% Quality of Life Projects
Council Bluffs	1990	None	\$9,848,279	100% Streets and Sewers
Waterloo	1991	2025	\$9,702,458	100% Street Repair
Dubuque	1988	None	\$8,775,003	50% Property Tax Relief, 20% City Facilities Maintenance, 30% Special Assessment Relief
Ames	1987	None	\$7,849,222	60% Property Tax Relief, 40% Community Betterment

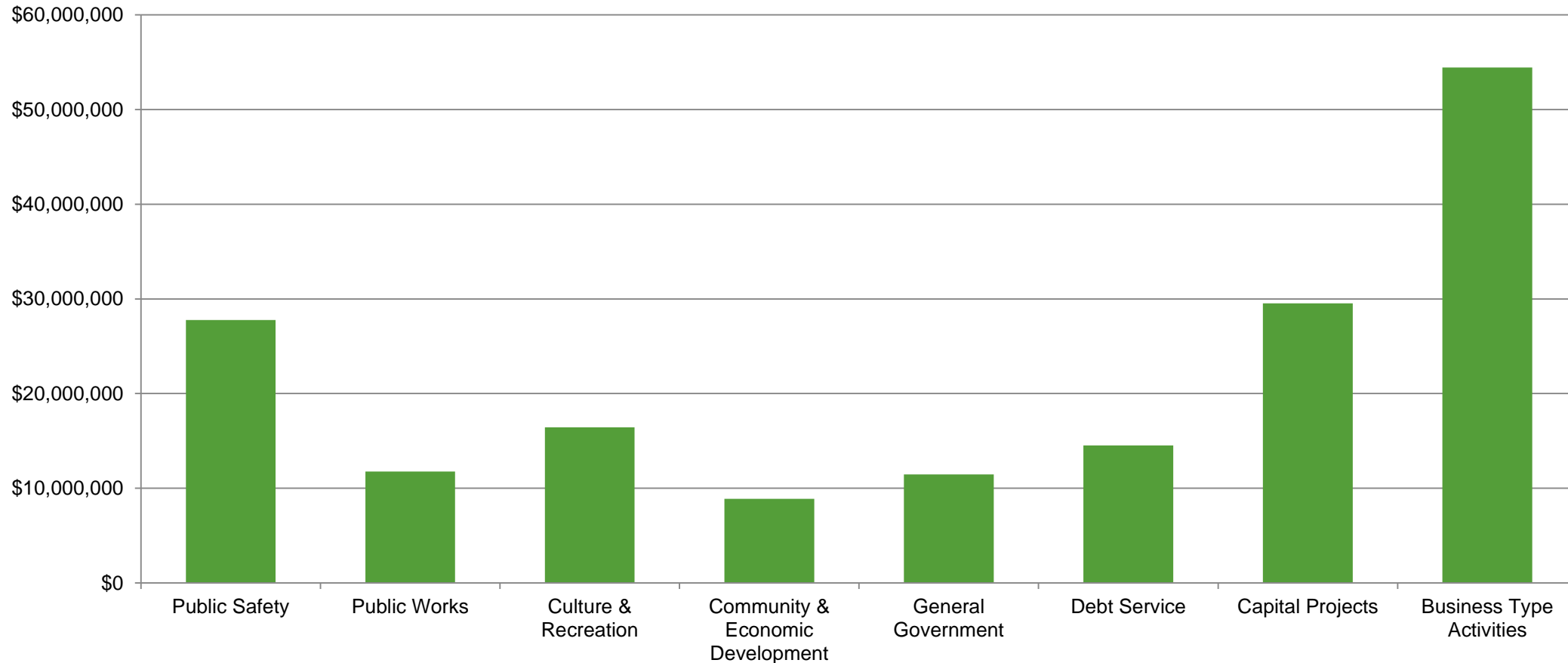
***All cities have a LOST rate of 1%**

****Iowa City's LOST expired in FY 2013 and generated approximately \$8.8 million annually for four years.**

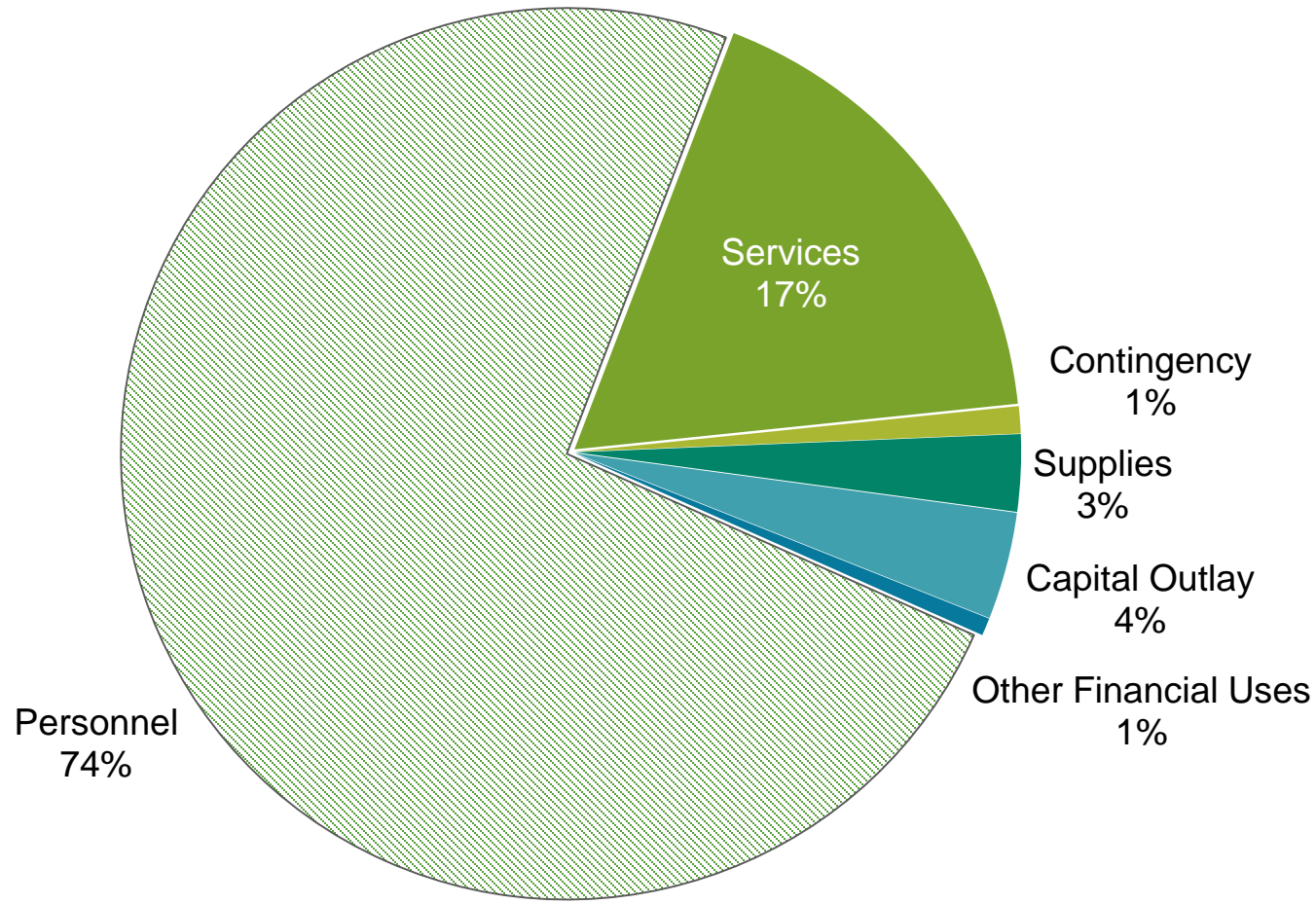
Expenditures

All Expenditures by Category

FY2021 Expenditures by State Budget Category
Excludes transfers



General Fund Expenditures



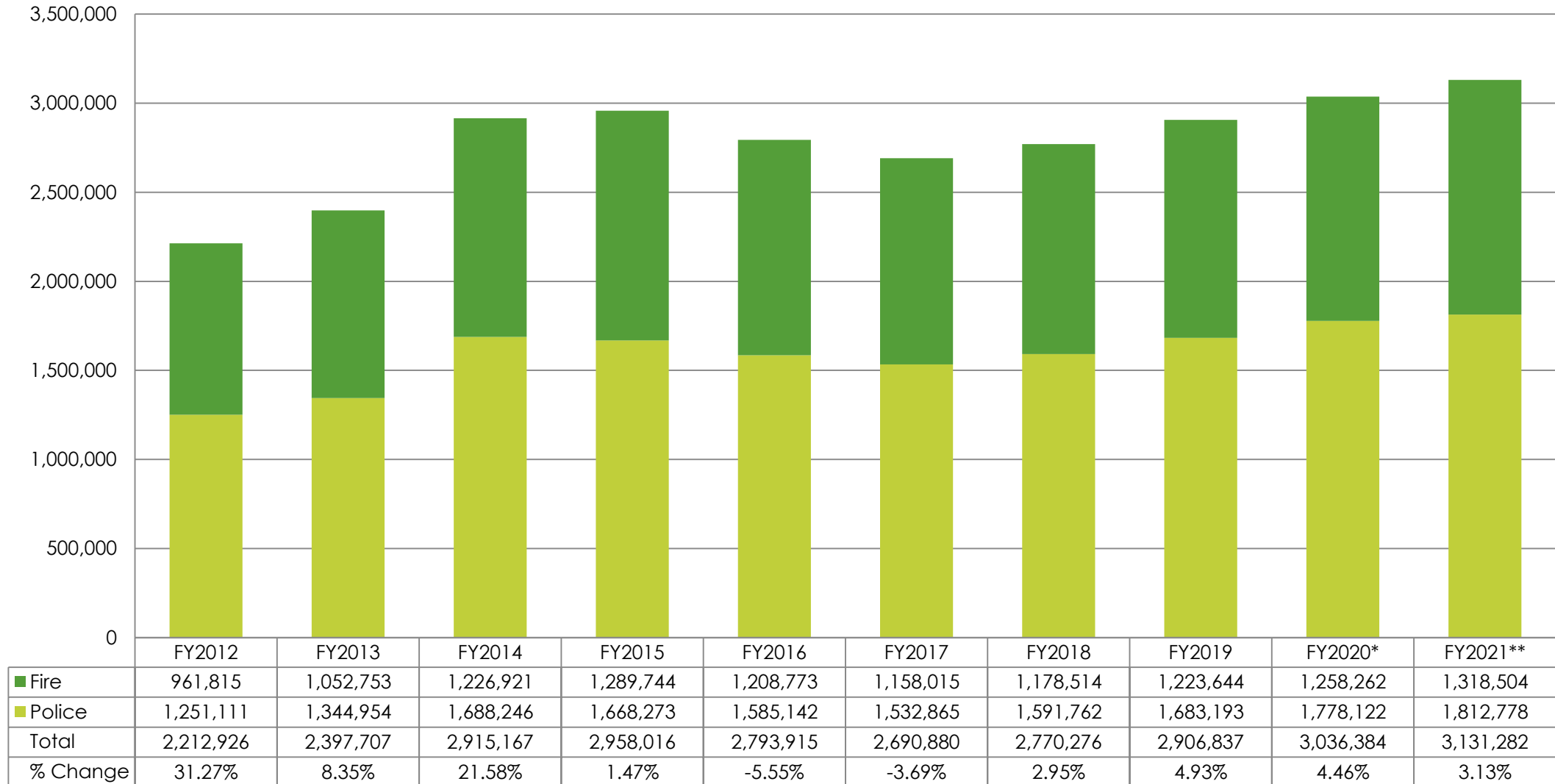
Excludes transfers

General Fund Expenditures

	FY20 (Revised)	FY21 (Proposed)	Percentage Change
Personnel	\$43,813,771	\$46,581,470	6.32%
Services	\$12,414,445	\$11,026,756	-11.18%
Supplies	\$1,814,362	\$1,752,995	-3.38%
Capital Outlay	\$3,122,110	\$2,445,585	-21.67%
Other Financial Uses	\$861,000	\$400,000	-53.54%
Contingency	\$530,596	\$617,000	16.28%
Total Expenditures*	\$62,556,284	\$62,823,806	0.43%

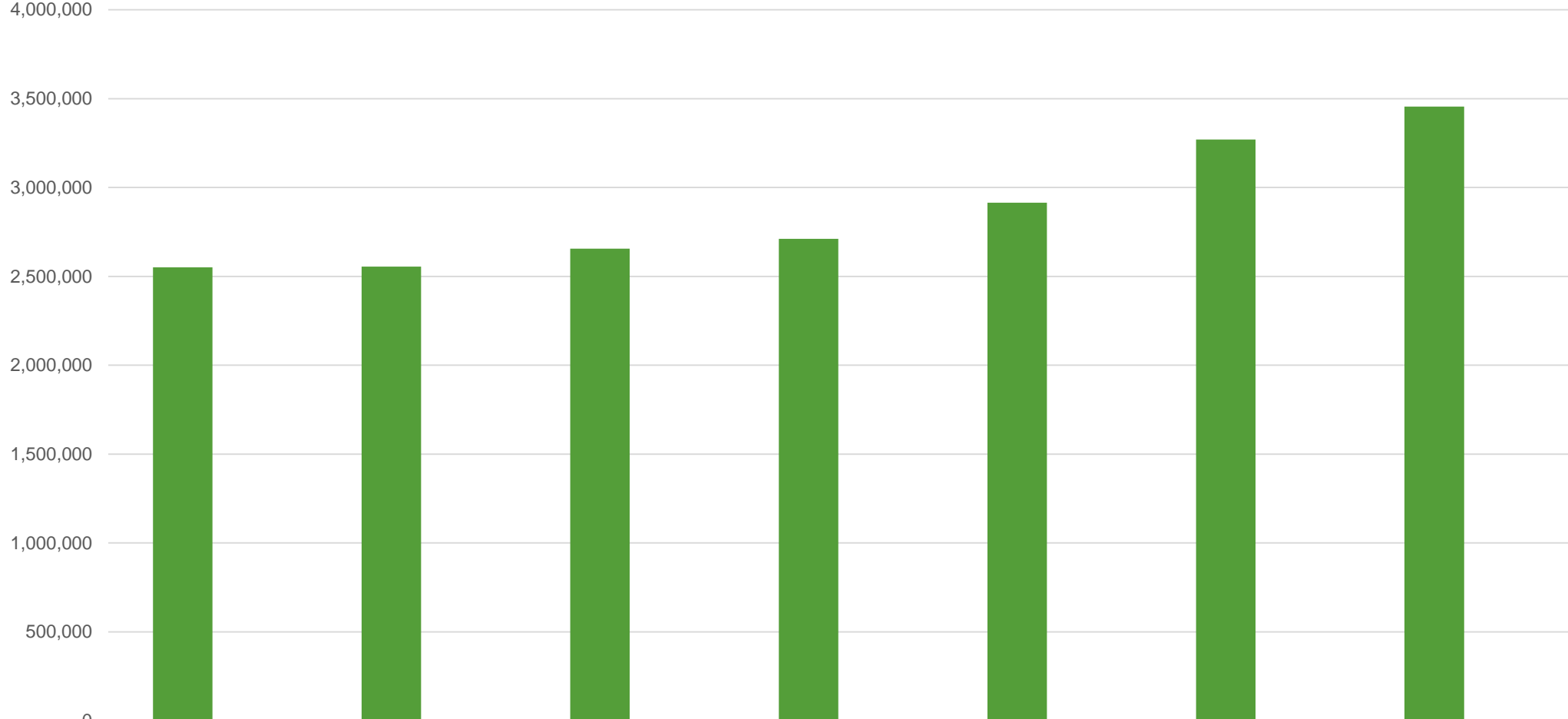
*Excludes Transfers Out

Public Safety Pension Contributions



*Amended
** Proposed

IPERS Pension Contributions



	FY15	FY16	FY17	FY18	FY19	FY20*	FY21**
■ IPERS	2,550,271	2,555,490	2,655,816	2,710,906	2,914,700	3,270,393	3,455,884
■ % Change	-0.66%	0.20%	3.93%	2.07%	7.52%	12.20%	5.67%

*Revised
**Proposed

Debt Service

Debt Service

- Debt restructuring and elimination continues to be a critical component of the strategy to respond to property tax reform

State of Iowa limits debt service to no more than 5% of total assessed property value.

Iowa City currently utilizes 19.8% of the allowed debt limit

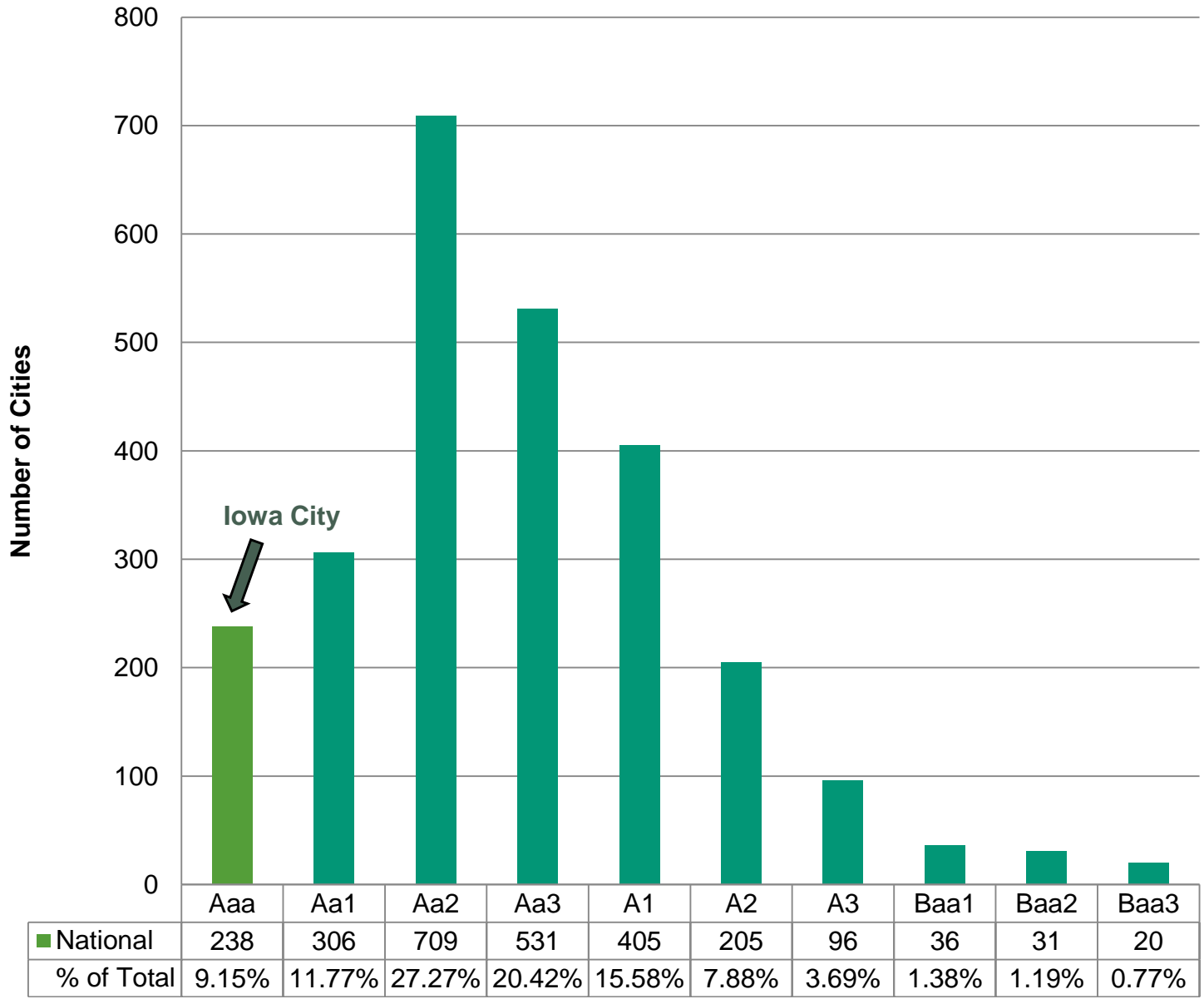
City goal is to meet Moody's Aaa benchmark of net direct debt outstanding of .75% of city's total assessed value.

Iowa City is projected to be at 0.99% of total valuations

Iowa City policy specifies that debt service levy shall not exceed 30% of the total City levy in any fiscal year

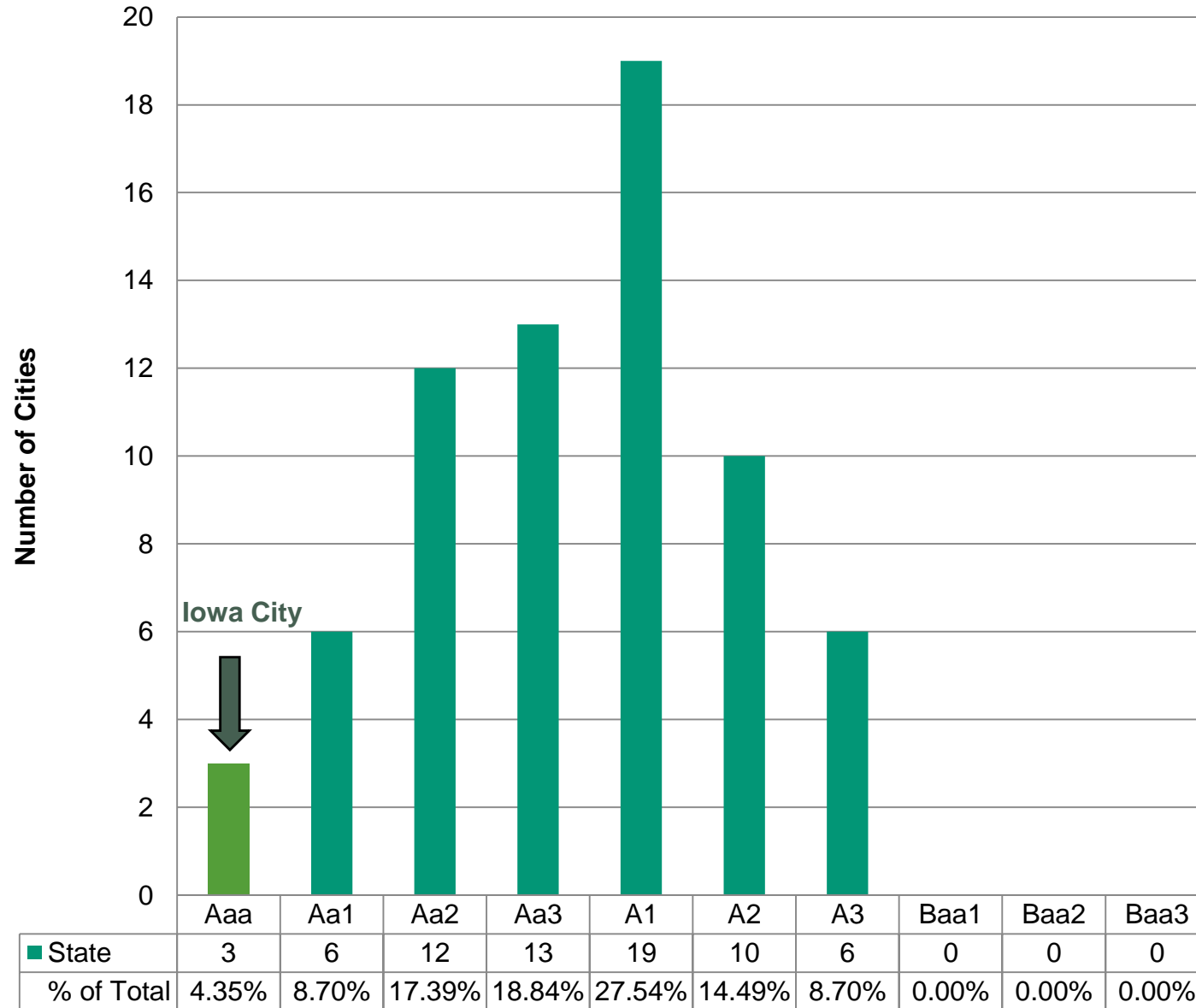
The projected debt service levy is approximately 16.3% of the total levy

Distribution of Moody's General Obligation Ratings for All US Cities



Moody's
Aaa
Rating

Distribution of Moody's General Obligation Bond Ratings for Cities in Iowa



Moody's Aaa Rating

Analysis and Summary

Enterprise Fund Balances

Fund	Estimated Revenues and Transfers In	Budgeted Expenditures and Transfers out	Estimated Fund Balance 6/30/20	Restricted, Committed, Assigned	Unassigned Fund Balance, 6/30/2020	Unassigned Balance as % of Rev & Trans In
Parking	8,377,522	11,206,312	5,863,145	1,955,000	3,908,144	47%
Transit	8,676,189	8,298,973	6,844,611	5,114,750	1,729,862	20%
Wastewater	18,134,586	16,516,914	23,281,413	12,105,693	11,175,720	62%
Water	12,749,425	12,925,405	11,513,227	5,814,249	5,698,978	45%
Refuse	3,891,720	4,470,390	827,253	0	827,253	21%
Landfill	8,486,496	7,449,953	25,566,262	24,281,421	1,284,841	15%
Airport	464,820	432,933	244,833	117,550	127,283	27%
Stormwater	2,715,700	2,610,879	959,016	79,000	880,016	32%

FY2021 User Fee Changes

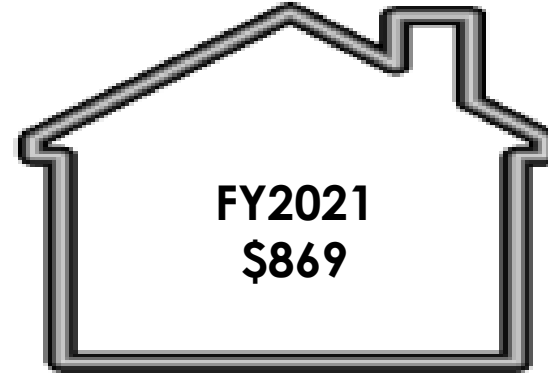
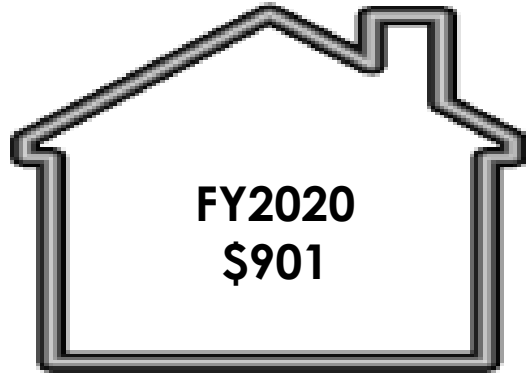
No fee increases recommended for sewer, stormwater, parking, or transit

5% water rate increase previously approved for FY2021 to fund system upgrades and maintenance

\$0.90 monthly refuse fee increase is recommended to support operations due to growth in recycling program use

\$2.50 Landfill trash disposal tipping fee increase recommended, along with a \$3.00 increase for recycling TV monitors over 18"

Property Tax Impact

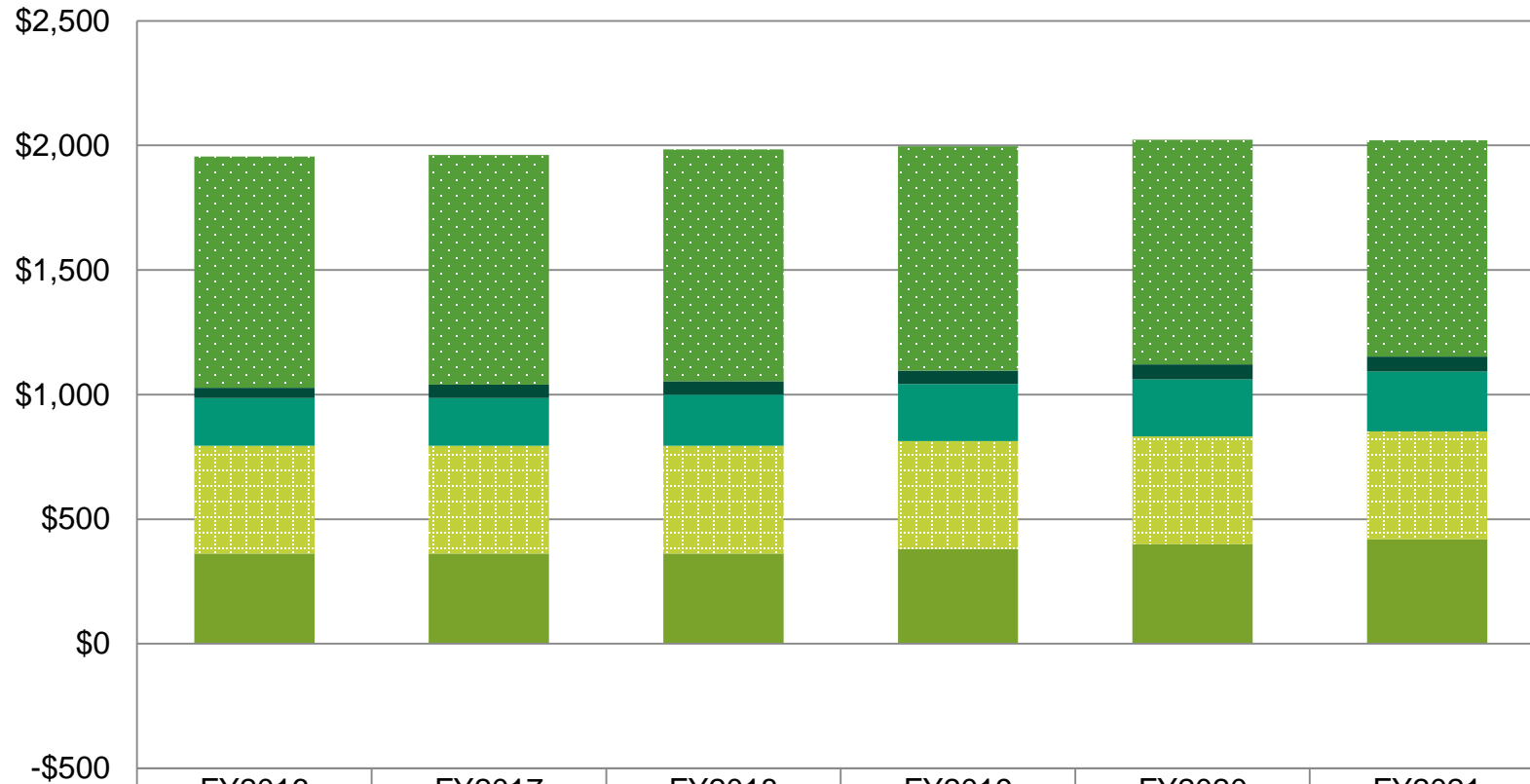


	FY2020	FY2021	FY2021 w/ average Assessment increase
Assessed Valuation	\$100,000	\$100,000	\$109,100
Taxable Valuation	\$56,918	\$55,074	\$60,086
City Levy	\$15.833	\$15.773	\$15.773
Property Taxes	\$901	\$869	\$948
Difference		(\$32)	\$47

\$100k used to allow for easy adjustment to an individual's home value. The average valuation increase for residential properties this year is 9.1%.

Annual Financial Household Impact

Based on a residential customer with \$100,000 property valuation.



	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Property Taxes	\$928	\$922	\$930	\$900	\$901	\$869
Stormwater	\$42	\$54	\$54	\$54	\$60	\$60
Refuse	\$191	\$191	\$205	\$229	\$229	\$240
Sewer - 800 cubic feet	\$433	\$433	\$433	\$433	\$433	\$433
Water-- 800 cubic feet	\$362	\$362	\$362	\$380	\$399	\$419
Total	\$1,955	\$1,962	\$1,984	\$1,996	\$2,022	\$2,021
Percent Change	1.9%	0.3%	1.1%	0.6%	1.3%	-0.1%

Building Critical Reserves

- Emergency Reserve (Balance = \$5.2 million)
 - Disaster response and mitigation (including land acquisition)
 - Cover unexpected shortfalls in revenues or loss in State funding
 - Mitigate sharp spikes in volatile line items (pensions, insurance, etc.)
 - Avoid any defaults in bonded debts
 - Rehabilitation / replacement of depreciated / outdated municipal buildings
 - Other financial emergencies declared by the Council
- Facility Reserve (Balance = \$4 million)
 - Reduce need for bonded debt
 - Avoid referendum requirement
 - Significant ten year facility needs:
 - Police Station
 - Transit
 - Equipment Maintenance
 - Senior Center (Rehabilitation)
 - Fire Station (Two new and one rehabilitation)
 - Pools and Rec Centers

Next Year's Budget

Plan for...

- Slowing growth in our taxable base (development activity normalizing + non-assessment year)
- Fairly stable utility fund rates
- A comparatively small reduction in the debt service levy
- Continued effort to expand the Facility Reserve fund
- More specificity on financial resources needed to execute the City's climate actions
- Adequate resources for continued strategic and master plan initiatives
- Continued pressure for enhanced staffing in key service areas

Major Considerations for the City Council Prior to FY 2022

Transit Service Expansion

- Study and recommendations expected to be complete in summer 2020
- Service enhancements such as Sunday service, expanded hours/frequencies and fare free operations will be costly
- The City will need to look to new revenue sources to implement the recommendations
 - Property taxes
 - Utility taxes
 - Parking fees

Roadway Maintenance Funding

- Road condition study nearly complete
- Iowa City's road condition stacks up well against other large cities in Iowa
- Maintaining our overall road conditions will require significant investment beyond our current efforts
- Local Option Sales Tax (LOST) should be considered as Road Use Tax monies will stagnate and more pressure will be placed on general obligation bonding

Final Thoughts

With this Budget the City of Iowa City:

Continues a significant commitment to Affordable Housing with a \$1 million General Fund contribution and increases non-profit support with a 25% General Fund increase to the Aid to Agency grant program

Aggressively funds Climate Action and Adaptation efforts setting the table for Iowa City to be a national leader

Makes the biggest investment in staff in well over a decade with a minimum wage increase, temporary to permanent conversions, new staff positions and investments to improve working conditions

Continues implementation of recently adopted bicycle, parks and natural areas master plans

At the same time, the FY2021 budget:

- (1) Builds stronger reserves for the future
- (2) Avoids significant spikes in utility and user fees by making incremental changes in water, recycling and landfill rates
- (3) Continues to reduce the tax levy rate, bringing our rate more in line with other large Iowa cities despite not accessing alternative revenues such as LOST



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Thank You