

City of Iowa City

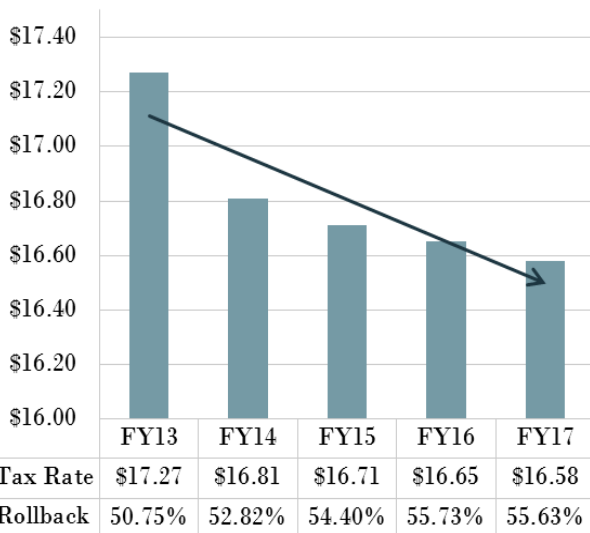
FY2017 Budget At-a-Glance

July 1, 2016 to June 30, 2017

Fiscal Year 2017 Budget Summary:

- Priorities determined by Strategic Plan
- Budget guided by clear financial goals
- Focused on a sustainable, multi-year financial model
- Adopted property tax levy rate, \$16.58 per \$1,000 of taxable value
 - Rate decrease of \$.07 from Fiscal Year 2016
 - Fifth consecutive rate decrease

5 Year Property Tax Rate History



Strategic Plan and the Budget

This Fiscal Year 2017 budget was prepared with a strategic plan serving as a guide. In preparing the budget, the City recognized the impact that funding decisions would have on future progress to the organization’s stated priorities in the plan. As a result, this budget aims to provide resources that accomplish the following objectives:

1. Maintain the City’s core municipal services at levels that meet or exceed community expectations and the City Council’s strategic plan goals, and
2. Direct discretionary funding to projects and initiatives that directly align with the stated priorities of the Strategic Plan, and
3. Continue to strengthen the City’s strong financial foundation and enhance the budget document through the incorporation of best practices in the industry.

The following are the strategic plan priorities and initiatives that were adopted by the City Council along with the Fiscal Year 2017 budget.

Strategic Plan Priorities

This Strategic Plan intends to foster a more Inclusive, Just and Sustainable Iowa City.

1. Promote a Strong and Resilient Local Economy
2. Encourage a Vibrant and Walkable Urban Core
3. Foster Healthy Neighborhoods throughout the City
4. Maintain a Solid Financial Foundation
5. Enhance Community Engagement and Intergovernmental Relations
6. Promote Environmental Sustainability
7. Advance Social Justice and Racial Equity

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Maintaining a Solid Financial Foundation

Preparation of the City budget was guided by the City's four primary financial goals.

First, the City continues to respond to the State's 2013 property tax reforms. The estimated impact over the first ten years is over \$50 million in lost revenue, with approximately \$15 million eligible to be backfilled by the state. The City has taken steps to manage the impacts of tax reform, but maintaining service levels will require prudent decisions over the next several years. By preparing for reform before the full financial impacts are realized, the City will be able to shift resources and adjust operations gradually, avoiding abrupt service disruptions or steep tax rate increases. It is also important to manage the budget in a way that does not shift the entire burden of tax reform to residential taxpayers.

Second, the budget attempts to establish conditions that will enhance the community's fiscal condition and ensure that it will maintain its prestigious Moody's Aaa bond rating. Council has adopted fund balance and debt policies consistent with Moody's best practices and are intended to preserve our top bond rating. Bond ratings have real impacts on community well-being; dollars used to make interest payments compete with those used to provide important services.

Third, the budget strives to maintain an affordable tax and fee environment for residents and businesses. We pursue efficient service delivery, review fees annually, and maintain adequate reserves in order to avoid severe, immediate impacts to residents' household finances. Maintaining a stable environment for the controllable costs of doing business in our

Financial Goals

Continue to implement steps to respond to the property tax shortfall resulting from 2013 legislative changes while maintaining service levels.

Maintain the City's Moody's Aaa bond rating.

Maintain an affordable tax and fee environment for residents and businesses.

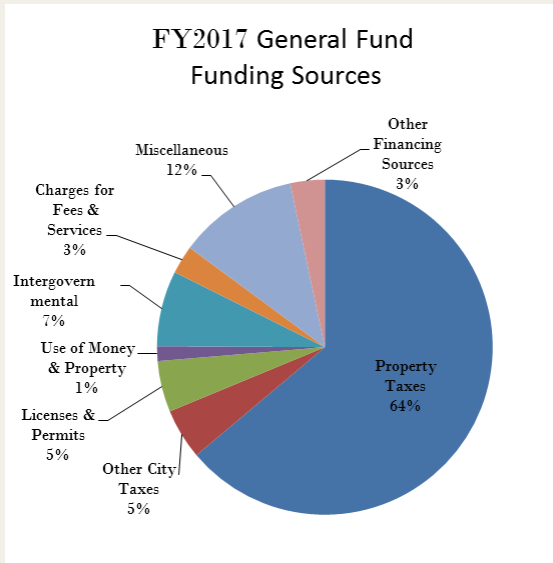
Continue to achieve the GFOA Distinguished Budget Award and Certificate of Achievement for Excellence in Financial Reporting.

community helps to create an atmosphere conducive to small business development. Increased costs have a disproportionate impact on new or family-owned businesses that may not have the resources to weather a sharp uptick in expenses.

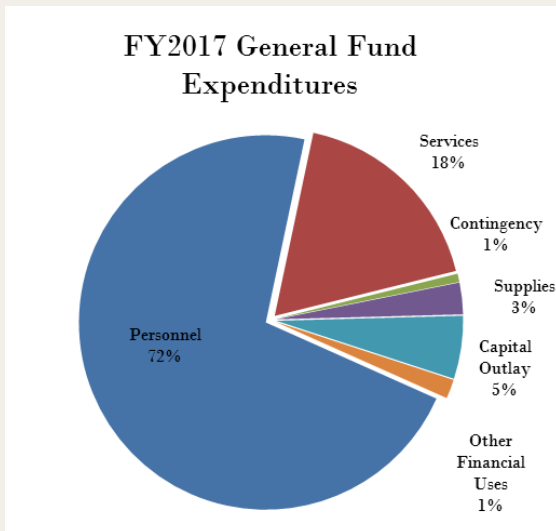
Finally, we will attempt to continue to earn the Government Financial Officers Association (GFOA) Distinguished Budget Award and the GFOA Certificate of Achievement for Excellence in Financial Reporting for the City's Comprehensive Annual Financial Report. These awards are strong indicators of transparency and accountability in financial reporting.

General Fund Highlights

The General Fund is the City's primary operating fund and represents approximately 32% of the total budget. A view of General Fund revenue sources can be viewed in the following pie chart.



On the expense side, General Fund operations largely consist of personnel expenses. In the FY2017 budget, 72% of General Fund expenditures are personnel related. A view on General Fund expenditures by category can be viewed in the following pie chart.



The General Fund activities include the following departments and activities:

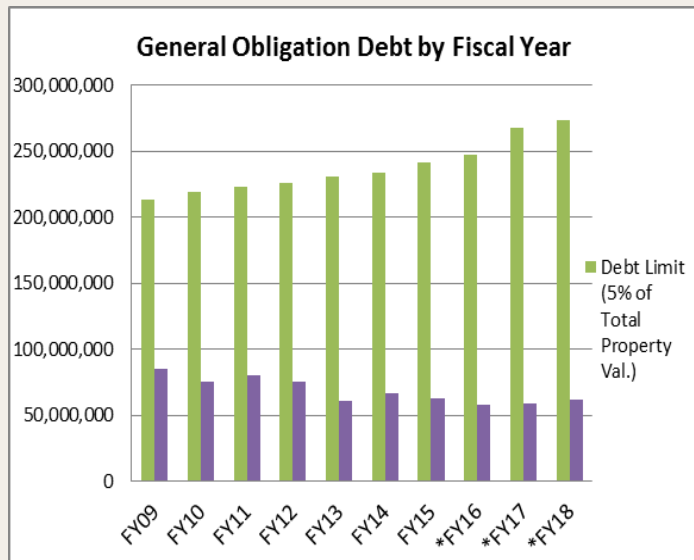
City Council	Neighborhood & Development Services
City Clerk	Parks & Recreation
City Attorney	Library
City Manager	Senior Center
Finance	Public Works
Police	Transportation & Resource Management
Fire	Administration

The General Fund FY2017 budget also incorporates new programs and initiatives intended to address the City Council's strategic plan priorities, including those that meet sustainability, inclusivity, and social justice goals. Items of note in the General Fund budget include:

- Funding for an intern in the Sustainability Office and increased hours for part-time historic preservation staff.
- Increased funding for nonprofit agencies through the Human Rights Office and the creation of an Iowa City social service endowment fund with the Community Foundation of Johnson County.
- An update to the Parks & Recreation Master Plan.
- Business incentives to positively affect employment opportunities for persons of color and youths.
- Enhanced street tree planting program.
- Funding for a full-time police Community Outreach (CSO) position.

Debt Service Fund Highlights

The State of Iowa limits City debt to no more than 5% of the total assessed value of taxable property within the corporate limits as established by the City Assessor. The budget anticipates an outstanding debt of \$58.96 million at FY2017 year end, which is 1.1% of total valuations and well below the State of Iowa threshold. Considering these figures, Iowa City is carrying debt equal to roughly 22.0% of the allowable level. The following chart provides a historical view of Iowa City’s debt in relation to the allowable debt level.



Capital Improvement Plan (CIP)

Highlights

The capital budget for FY2017 totals \$39,845,520 and the five year CIP totals \$175,580,892. The majority of CIP projects in the plan improve the local transportation network and municipal utility system. The five year CIP plan continues to reflect the City Council’s strategic priorities.

Examples of significant projects planned for the coming fiscal years include:

Flood Recovery and Mitigation:

- Gateway project - \$53.4 million

Critical Infrastructure Need / Committed Projects:

- Annual Pavement Rehab - \$7.5 million
- Washington St. Reconstruct - \$5.3 million
- American Legion Rd. - Scott to Taft - \$7.8 million
- Annual Sewer Main replace - \$2.5 million
- Mormon Trek and Benton Intersection/Road Diet - \$1.2 million

Strategic Economic Development Activities:

- Towncrest Area Redevelop - \$0.6 million
- Riverfront park - \$1.0 million

A Strong Urban Core:

- First Ave RR Underpass - \$4.5 million
- Parking facility restoration - \$1.4 million
- Riverside Dr. ped tunnel - \$1.5 million
- Burlington/Madison intersection - \$2.3 million & Burlington/Clinton intersection - \$1.1 million
- Black Hawk Mini Park/Ped Mall - \$2.3 million
- East/West Wing Ped Mall Reconstruction - \$4.2 million

Healthy Neighborhoods:

- Complete Streets Projects - \$1.2 million
- Elementary school recreation facility partnership - \$0.8 million
- Neighborhood park improvements: Frauenholtz-Miller, Pheasant Hill, Creekside, Highland

For more information about the Iowa City budget you can find the full budget document and historical budget documents at <https://www.icgov.org/budget>