

FY2018 BUDGET AT-A-GLANCE

JULY 1, 2017 TO JUNE 30, 2018

The budget is one of the most important documents the City prepares because it identifies the services to be provided and the mechanisms that finance those services. This Budget at-a-glance document summarizes the City's budgeting methods, highlights revenues and expenses for Fiscal Year 2018 (FY2018) and provides an outlook for future years.

FY2018 Budget Summary:

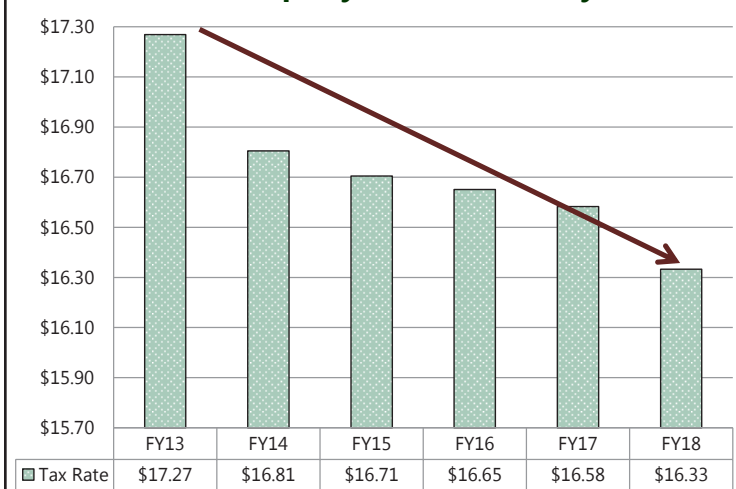
- Budget priorities determined from the Council Strategic Plan
- Budget guided by clear financial goals
- Focused on a sustainable, multi-year financial model
- Adopted property tax levy rate, \$16.33 per \$1,000 of taxable value
 - Rate decrease of \$0.25 from FY2017
 - Sixth consecutive rate decrease

Strategic Plan and the Budget

The City Council's 2016-2017 Strategic Plan served as a guide for developing this Fiscal Year 2018 budget. The City recognizes the impact that funding decisions have on the progress of the organization's prioritized 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 flexible 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 use of best practices in the industry.

6 Year Property Tax Rate History



Strategic Plan Priorities

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

The following are the strategic plan priorities and initiatives adopted by the City Council along with the Fiscal Year 2018 budget:

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

Maintaining a Solid Financial Foundation

Overall, the City's financial condition remains strong and reserve levels provide sufficient flexibility in the event of unexpected conditions. While property tax reform will create funding challenges in the upcoming years, with proper planning and realistic priority setting, the City will be in a position to achieve our long-term goals.

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

- **The City continues to respond to the State's 2013 property tax reforms.** As the taxable percentage of multifamily rental properties' value continues to be reduced, pressure on the budget will increase. Though the approved budget contains funding for new initiatives, maintains service levels, and reduces the tax levy rate, there are revenues the City receives that are unlikely to continue at the current level. For instance, the City receives property tax "backfill" payments from the State, which are subject to the State's budgeting process. These payments were approximately \$1.58 million in the current fiscal year.

Consequently, there are millions of dollars in revenue in the current fiscal year that we do not expect to continue to receive in future years and therefore must plan and budget accordingly.

- **The budget attempts to establish conditions that will enhance the community's fiscal position and maintain the City's prestigious Moody's Aaa bond rating.** City Council's adopted fund balance and debt policies are all 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 needed public improvements. Every dollar used for an interest payment is one that is not directly contributing to a community need.

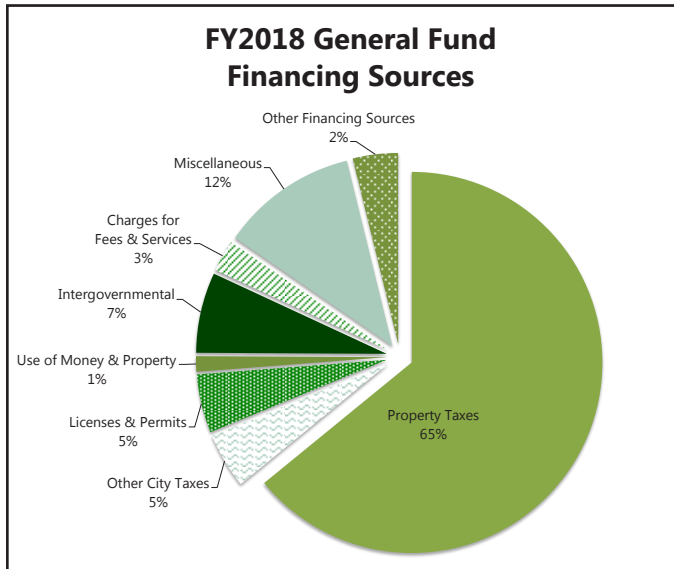
The City's budget document and comprehensive annual financial report also strive to continue to earn the Government Finance Officer Association's awards for excellence.

- **The budget strives to maintain an affordable tax and fee environment for residents and businesses.** Sharp increases in property taxes or fees for services can have a significant impact on households' monthly budgets. We pursue efficient service delivery, review fees annually, and maintain adequate reserves in order to avoid severe, immediate impacts to resident and business finances.

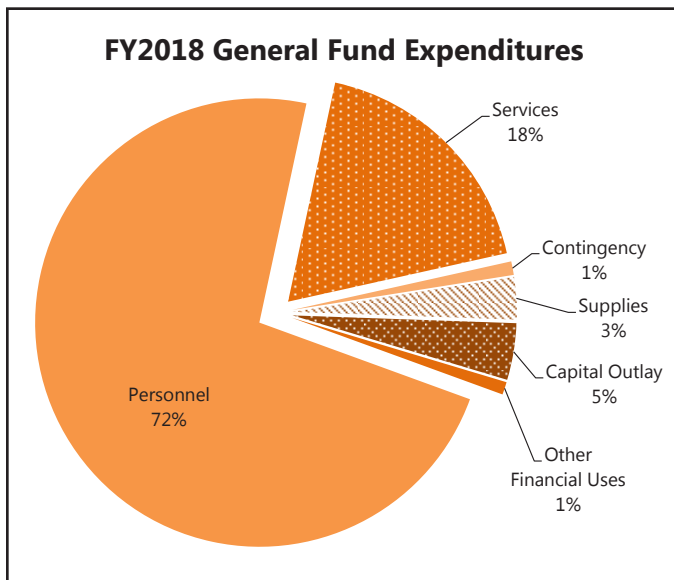
- **Healthy Enterprise Funds** – Enterprise or Business Funds refer to separate funds for City operations intended to be self-sustaining with fees collected for operations. Iowa City's Enterprise Funds include Parking, Transit, Water, Wastewater, Refuse Collection, Landfill, Airport, Storm Water Management, and the Housing Authority. The City's Enterprise funds, comprising close to 30% of Iowa City's budget, are currently stable. Minor adjustments were made to the FY2018 fees for solid waste collection, landfill operations and parking, with some changes not to take effect until January 1, 2018. There are no fee increases proposed for water, sewer, storm water or transit operations.

General Fund Highlights

The General Fund is the City's primary operating fund and represents approximately 32% of the total budget.



On the expense side, General Fund operations largely consist of personnel expenses. In the FY2018 budget, 72% of General Fund expenditures are personnel related.



General Fund activities include the following departments and activities:

City Council	Neighborhood and Development Services
City Clerk	Parks and Recreation
City Attorney	Library
City Manager	Senior Center
Finance	Public Works
Police	Transportation Services
Fire	

The General Fund FY2018 budget 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 include:

- Increases to local food initiatives
- Resources for new community gardens and a beginning gardener program
- Micro-loan resources and funding for small business incentives
- \$40,000 historic preservation grant program supporting reinvestment in historic districts
- Two \$500,000 tax increment financing grants over two years to restore the Englert Theatre and elements of the Film Scene at the 1870s Packing & Provision.
- \$650,000 to Affordable Housing Fund
- \$150,000 for phase two of a form-based code zoning project
- Modest increases to PIN grants and Public Art program
- Continued resources for the temporary winter homeless shelter
- Continued funding for the racial equity grant program and police department disproportionate traffic stop analysis
- Broadened scope of Parks and Recreation programming to expand programming for underserved populations

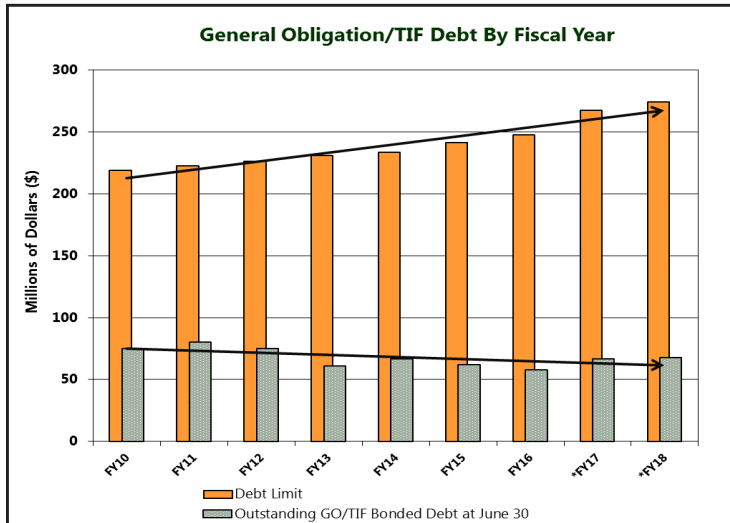
Debt Service Fund Highlights

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 \$67.9 million at FY18 year end, which is 1.24% of total valuations. Iowa City is carrying debt equal to roughly 24.8% of the allowable level.

The following chart provides a historical view of Iowa City's debt in relation to the allowable debt level.



For more information about the Iowa City budget, you can find the full budget document and historic budget documents at www.icgov.org/budget

Capital Improvement Plan (CIP) Highlights

The capital budget for fiscal year 2018 totals \$41,190,666 and the five year Capital Improvement Plan (CIP) totals \$172,052,355. The majority of CIP projects in the five year period improve the local transportation network and municipal utility system. The five year program continues to reflect the City Council's priorities established in previous fiscal years.

Although many projects will span multiple years, examples of significant upcoming projects include:

- 2017**
 - Gateway (Dubuque and Park Road Bridge)
 - Riverfront Crossings Park Development
 - Hickory Hill Park Redevelopment
 - Clinton/Burlington Intersection & Road Diet

- 2018**
 - Madison/Burlington Intersection & Road Diet
 - Public Works Facility - Phase 1
 - Highway 1 Trail Extension (Sunset to Mormon Trek)
 - Riverside Drive Pedestrian Tunnel and Streetscape
 - Pedestrian Mall Rehabilitation
 - Creekside and Cardigan Park Development

- 2019**
 - West Iowa Riverbank Restoration (Highway to Benton)
 - Willow Creek Park Redevelopment - Phases 2 and 3
 - McCollister Boulevard (Gilbert to Sycamore)
 - First Avenue Water Main (400-500 Block)

- 2020**
 - American Legion Road (Scott to Taft)
 - Melrose Avenue Improvements
 - Robert A. Lee Recreation Center Improvements
 - Wetherby Park Bathroom and Shelter

- 2021**
 - Highway 6 Trail (Sycamore to Heinz)
 - Chadek Green Park Improvements
 - Dubuque Street Reconstruction (Iowa to Washington)
 - First Avenue / Scott Boulevard Intersection
 - Kirkwood to Capitol Street Connector