



AGENDA
CITY OF CEDAR FALLS, IOWA
STANDING COMMITTEE MEETING
MONDAY, FEBRUARY 06, 2023
5:50 PM AT CITY HALL, 220 CLAY STREET

Call to Order

Roll Call

Finance & Business Operations Committee

1. FY2024 Budget.
(60 Minutes, Finance & Business Operations Director Jennifer Rodenbeck)

Adjournment

FY 24 Budget Presentation

FBO Committee

February 6, 2023



Budget Process

- October/November: Departments submit their budget requests to Finance.
- November/December: City Council holds goal setting session that outlines budget goals (cash reserves, budget limits, TIF, CIP, debt, and priorities)
- December: TIF certification
- December/January – Review and approve CIP

Budget Process

- January: Black Hawk County certifies valuations & Finance finalizes revenues
- February/March: City Council holds Public Hearings
 - **2 Hearings now required & the posting/publications:**
 - **Set Maximum Levy**
 - **Adopt Budget**
- Budget filed with County & State of Iowa
- **However, SSB 1056 now affecting schedule**

SSB 1056

- SSB 1056 – Legislation that would exempt multi-residential properties from the rollback calculation.
- October - the State announces the rollback figures at 56.49% for residential.
- **Now that rollback figure would fall to 54.65%**
- State noting this is a correction, not new legislation
- Estimated loss of \$430,000 to our General Fund
- Calculation for budget impacts will have to be re-done

SSB 1056

- There is discussion that bill will be to Governor's desk by February 10th.
- After that, the Counties will then have to do all new calculations and send us new valuation amounts.
- Bill is proposing giving Counties 10-15 days to do this.
- **Obvious effects to our budget timeline.**
- Proposed bill is discussing moving the deadline out to April 15th or April 30th.

Budget Presentation

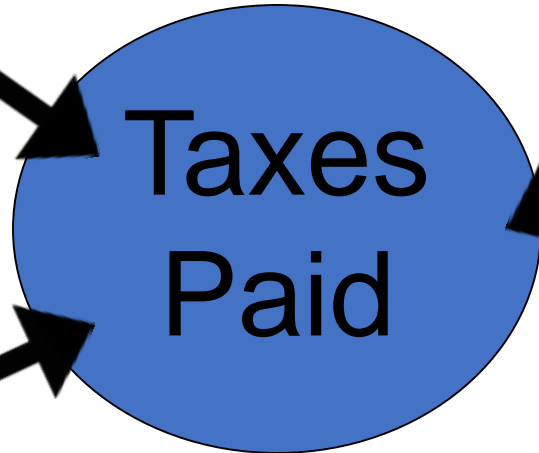
- Since there is still unknown about rollback and new taxable valuations, tonight's presentation is just reviewing some parameters of the budget and some preliminary estimations.



Valuations



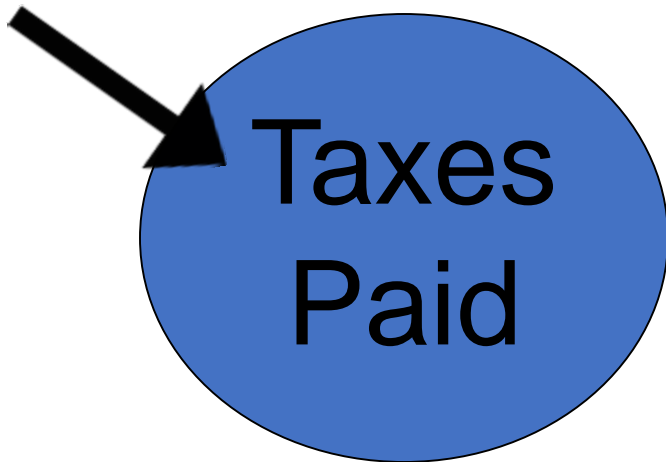
Rollback



\$Tax Rate



Valuations



(Set by County)

Property Valuations - Assessed

Assessed (100% Value) Valuations - increased
\$76 Million or 2%

Residential \$153 million

Commercial/Industrial \$ 21 million

Multi-Residential \$ (98) million

Assessed Valuation = \$ 76 million

Property Valuations –

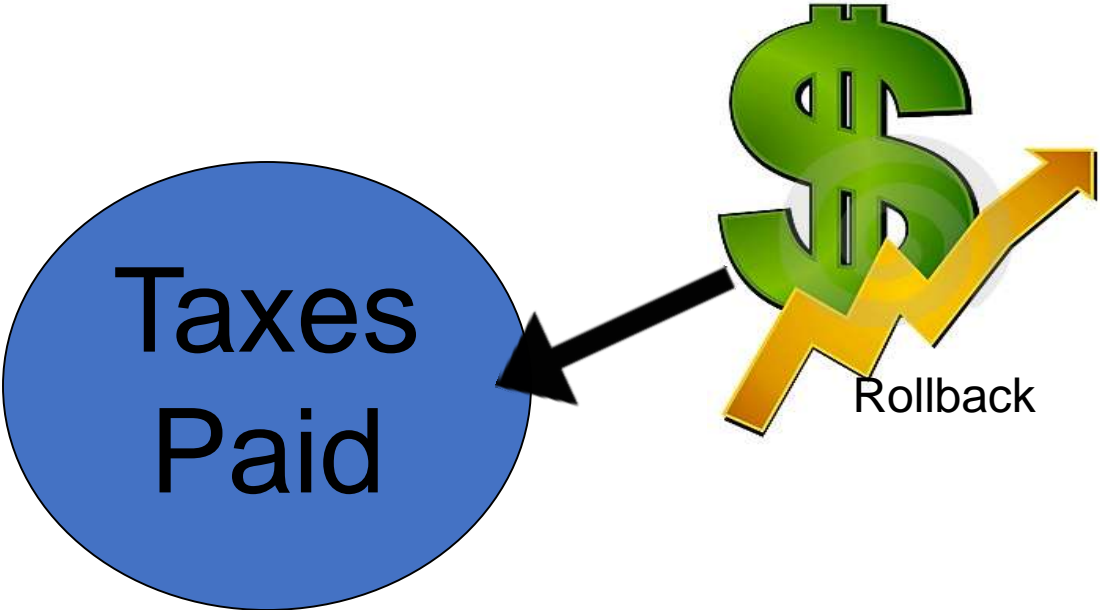
No county-wide revaluation this year



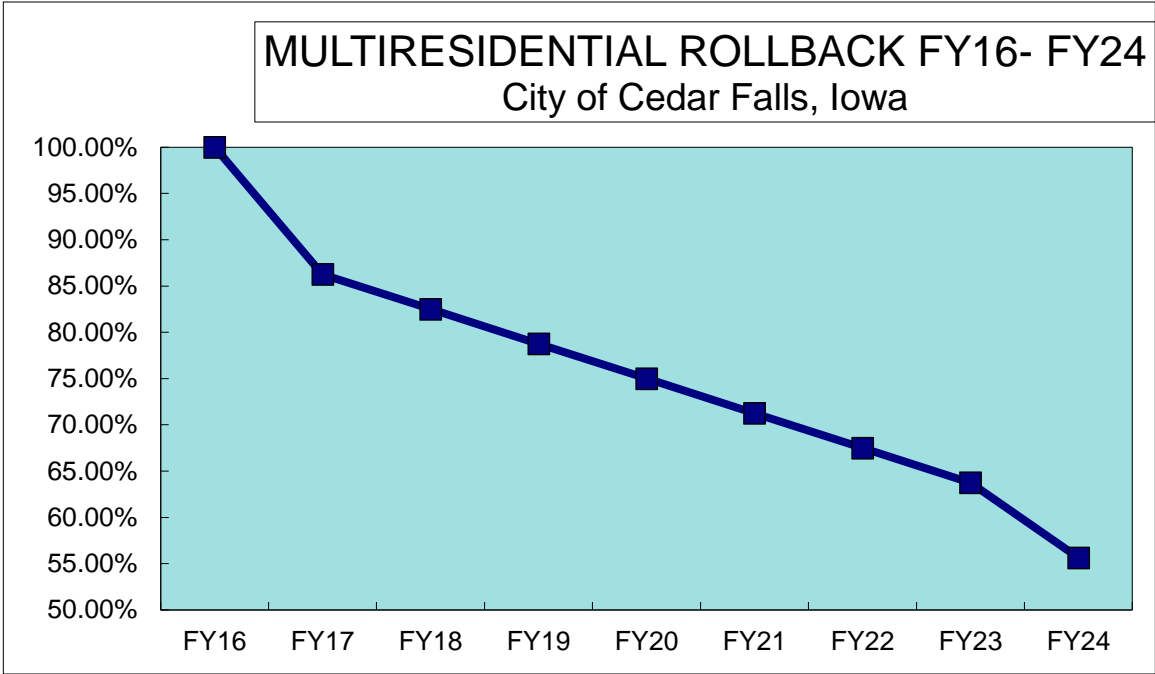
\$100,000



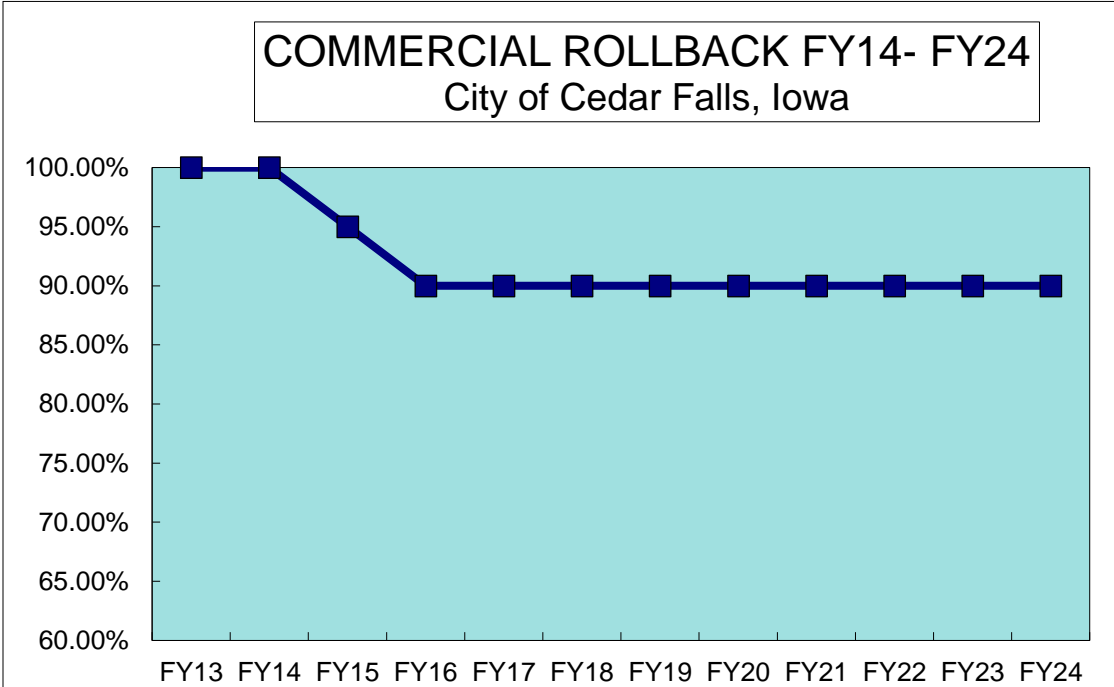
\$100,000



(Set by State)

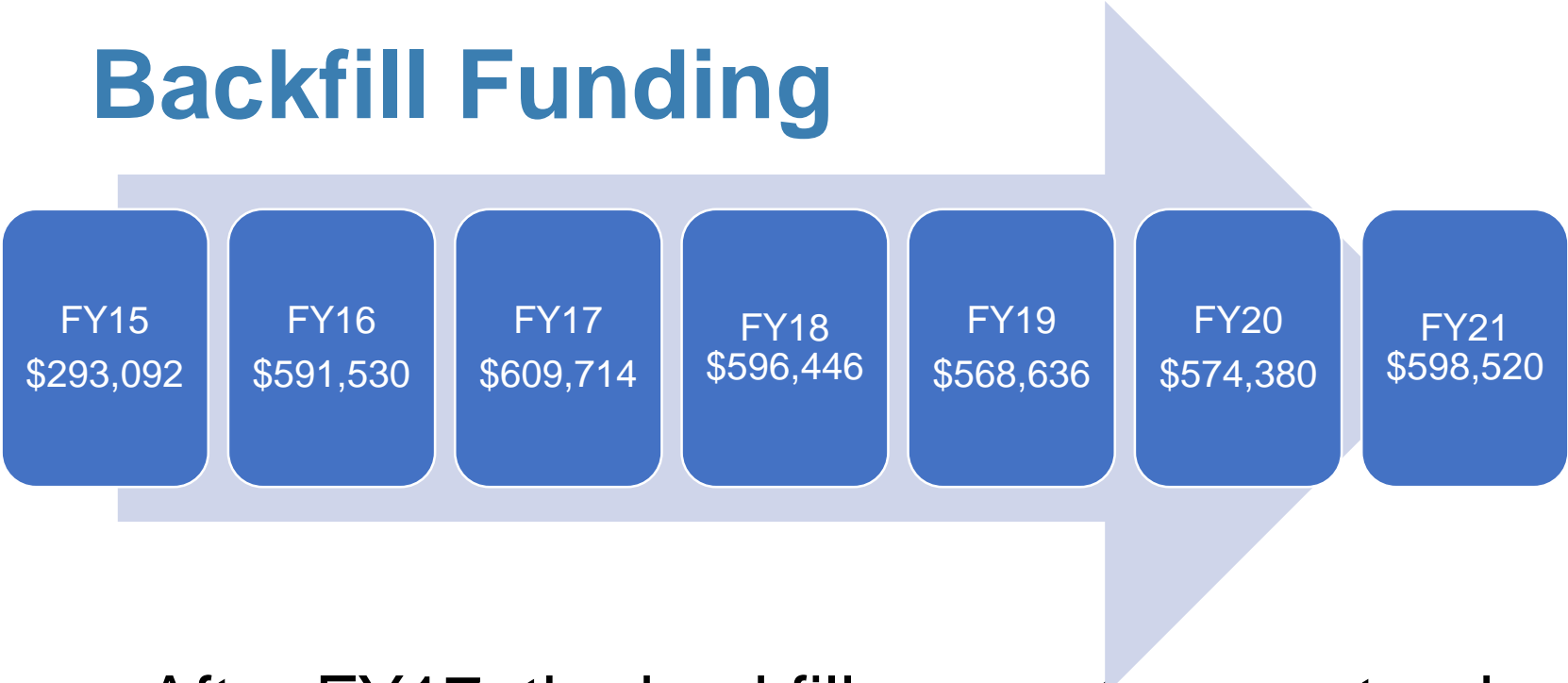


- 8-year Phase in until reaches residential rollback.
- 63.75% for FY23 and now same as residential (56.49% or lower) in FY24 and moving forward.



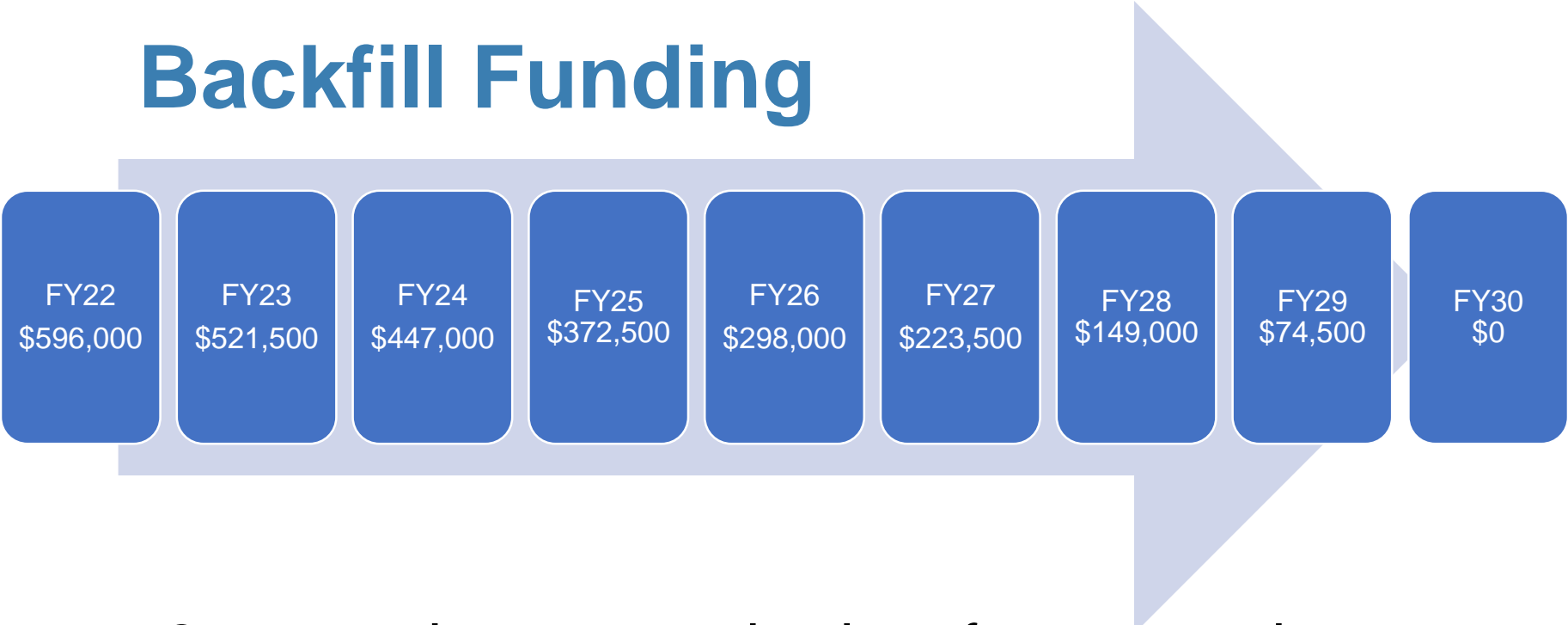
- Rollback will be same for FY24 as FY23 at 90%.

Backfill Funding



- After FY17, the backfill was not guaranteed
- FY18 – FY22 budgets did not include any backfill revenue, but if received will be used for one-time capital project

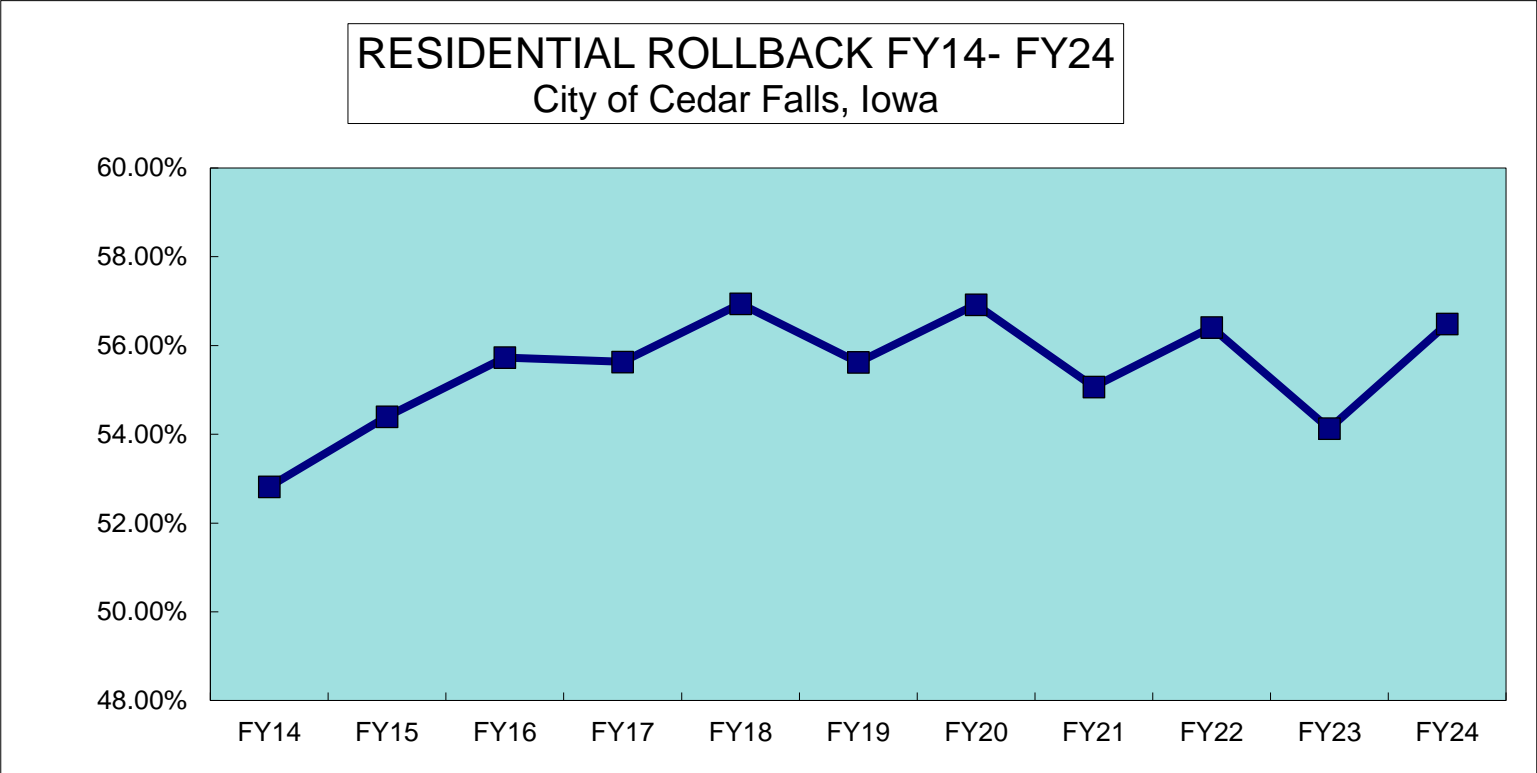
Backfill Funding



- 8 years phase out – budget for reduced revenue and continue to budget for use of the funds for one-time capital project
- Lose approx. \$74,500/year

New Legislation – Business Tax Credit

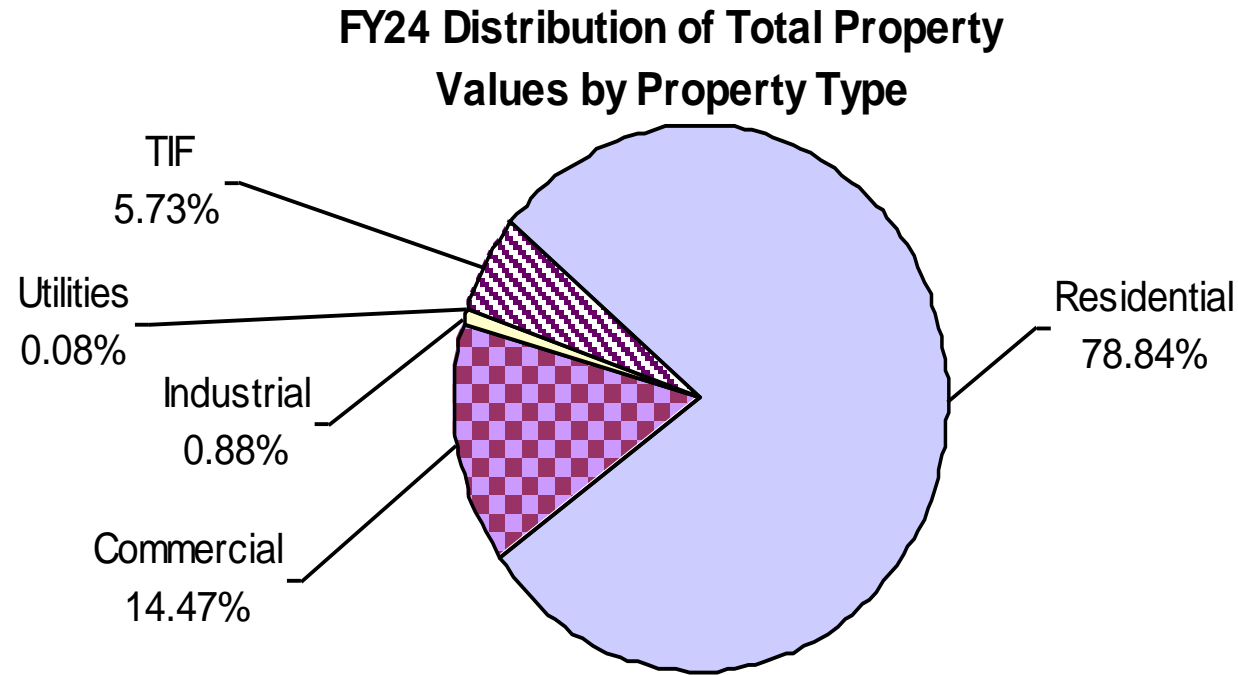
- Business Property Tax Reimbursement (BPTR)
- HF2552 Last Year
- First \$150,000 of taxable value on commercial/industrial taxed at residential rollback rate.
- State appropriated funds to backfill this amount (estimating it at \$330,000 for Cedar Falls)
- **This will now also be affected by the rollback change that the County will need to recalculate**



- Rollback factor for FY24 is 56.49% (FY23=54.13%)
 - Or now 54.65%
- Fluctuating over the last few years up and down.
- When residential rollback goes up, tax burden shifts back to residential.

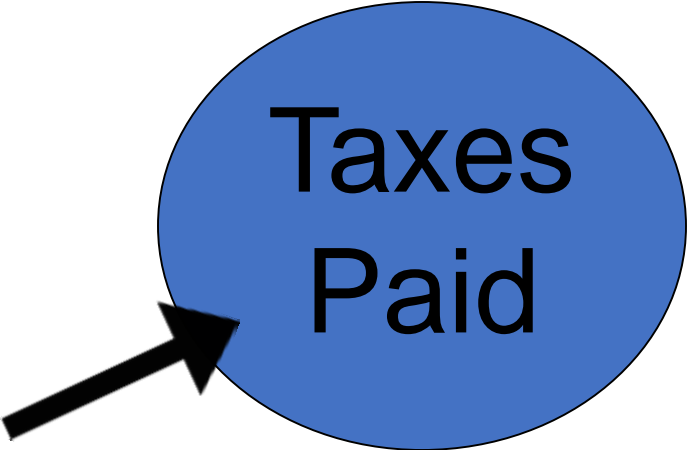
Residential Rollback

- Still waiting on this rollback figure and new taxable valuations from the County before can continue with the budget.



- Cedar Falls is over 78% Residential so any changes in the rollback factor has a major impact.

\$Tax Rate



Tax Rate

- Hard to determine rate at this point until can get new valuations.
- Preliminary calculations based on the new legislation would have a rate around \$11.65.
- However, preliminary since don't know the full impacts and updated valuations yet.
- Also, could set max levy and go down, but valuations would not be correct on the posted/published notice

Other Budget Factors



Hotel/Motel Tax Revenue

Item 1.

- Budgeted back up to “normal”
 - \$900,000
- This impacts support for parks, cultural, and tourism
- \$54,000 set aside for grants to outside agencies

FY24 - Outside Agency Funding

Item 1.

- Economic Development Funding
 - CFED - \$30,000 + \$32,000 for incentive
 - Grow Cedar Valley - \$30,000 + \$32,000 for incentive

FY24 - Outside Agency Funding

- Health Trust – \$0.
- Block Grant – \$40,960.
- Band – funded at \$35,000 per their request.
(Same as FY23).
- MET – 4.0% increase per their request.
\$474,340 budgeted for FY24.

FY24 Budget

- Did not utilize the \$.27 Emergency Levy. **This may change depending on valuation effects.**
- Incorporated projects listed in the FY24 column of the CIP into the budget.
- EMA – still waiting on decision in regards to a County-wide EMA levy.

EMA Levy

- County wide levy or Cities to still budget for the EMA costs?
- Budget for EMA at 100% or 125%?
- What is the budget oversight for EMA?

These are all questions yet to be determined and how they affect our city budget

FY24 Salaries & Benefits

- Salary increases in accordance with union agreement (3%-5% range)
- New positions outlined at goal setting session were budgeted for FY24.

FY24 Salaries & Benefits

IPERS

- FY23 – 9.44% - remained the same for FY24.
- Formula shares cost increases between employee and employer

FY24 Salaries & Benefits

- ❑ 411 Pension
 - ❑ FY23 – 23.90% and decreased to 22.98% for FY24.
 - ❑ Only a slight decrease in rate.
 - ❑ Property tax support will be \$1.1 million in FY24. Use of cash to reduce this support.

Looking Forward-Challenges - Revenues

Item 1.

- Backfill continued to be phased out for next 7 years. (\$74,500/year)
- New Business Tax Credit – will State continue to fund?
- Other state legislation regarding property tax reform, including changes in TIF
- Continue to watch the residential rollback
 - Recent estimates that could fall to 49% next year
 - Loss of \$1.7 million to our General Fund

Looking Forward – Challenges - Expenses

Item 1.

- Health insurance costs
- Personnel costs
- Inflation effects
- Construction costs

Looking Forward – “Tools”

- Saved up capital replacement funds for capital projects
- Continue to save the TIF release for future economic development
- \$.27 Emergency Levy - \$574,230. This may be necessary to use if significant drop in residential rollback.

Budget Schedule

- Feb. 6th – Set Public Hearing Date for Maximum Levy rate
- Feb. 7th – Publish Maximum Levy rate
- Feb. 20th – Hold the Hearing for Maximum Levy dollars
- Feb. 20th – Set Public Hearing Date for Approval of the Budget
- Feb. 21st – Publish the Budget for Hearing
- March 6th – Hold Public Hearing on Budget

Certify Budget to County before deadline of March 31st.

Updated Budget Schedule

- **Feb. 20th** – Set Public Hearing Date for Maximum Levy rate
- **Feb. 21st** – Publish Maximum Levy rate
- **March 6th** – Hold the Hearing for Maximum Levy dollars
- **March 6th** – Set Public Hearing Date for Approval of the Budget
- **March 7th** – Publish the Budget for Hearing
- **March 20th** – Hold Public Hearing on Budget

Certify Budget to County before deadline of **April 15th??**

Next Steps

Item 1.

- Hoping you could have approved a max levy tonight to publish and set the hearing for the max levy, unfortunately will have to delay that until more information is received

Questions?

