

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

Call to Order

Roll Call

Finance & Business Operations Committee

1. FY2024 Budget.
(30 Minutes, Finance & Business Operations Director Jennifer Rodenbeck)
2. Economic Development Incentives.
(30 Minutes, Economic Development Coordinator Shane Graham)

Adjournment

FY 24 Budget Presentation

FBO Committee

March 6, 2023



Budget Process

- SF181 (formerly SSB 1056) signed by Governor on 2/20/23.
- Department of Revenue performed the recalculation of the residential rollback
- Reduced it from 56.49% to 54.65%
- County recalculated the taxable valuations and City received those 2/24/23.
- City has redone budget calculations and can now proceed ahead with the process.

SF181 Effects

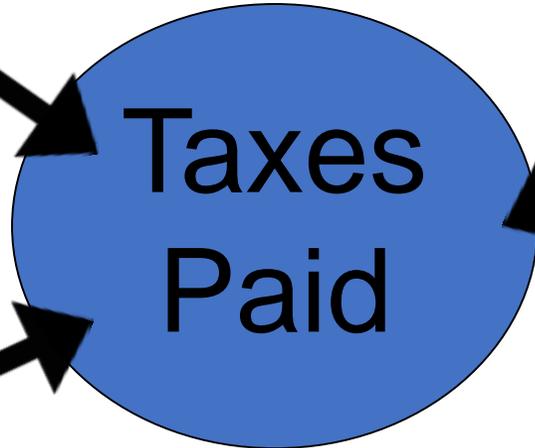
- Estimated loss of \$430,000 to our General Fund
- Naturally shifts tax burden from Residential to Commercial/Industrial properties
- For this year only, extended deadline to April 30th.



Valuations



Rollback



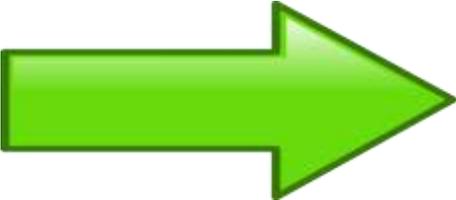
\$Tax Rate

Property Valuations –

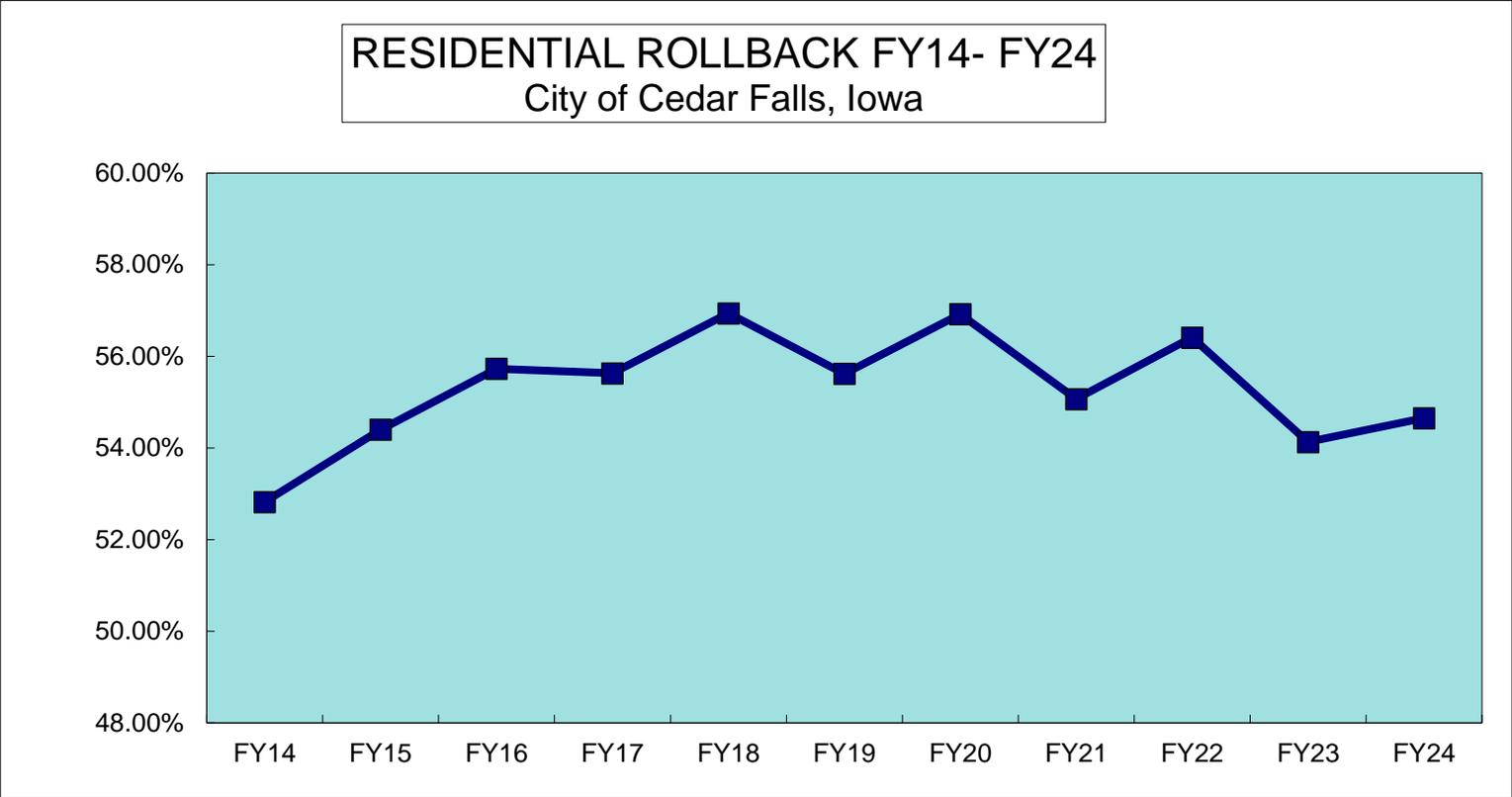
No county-wide revaluation this year



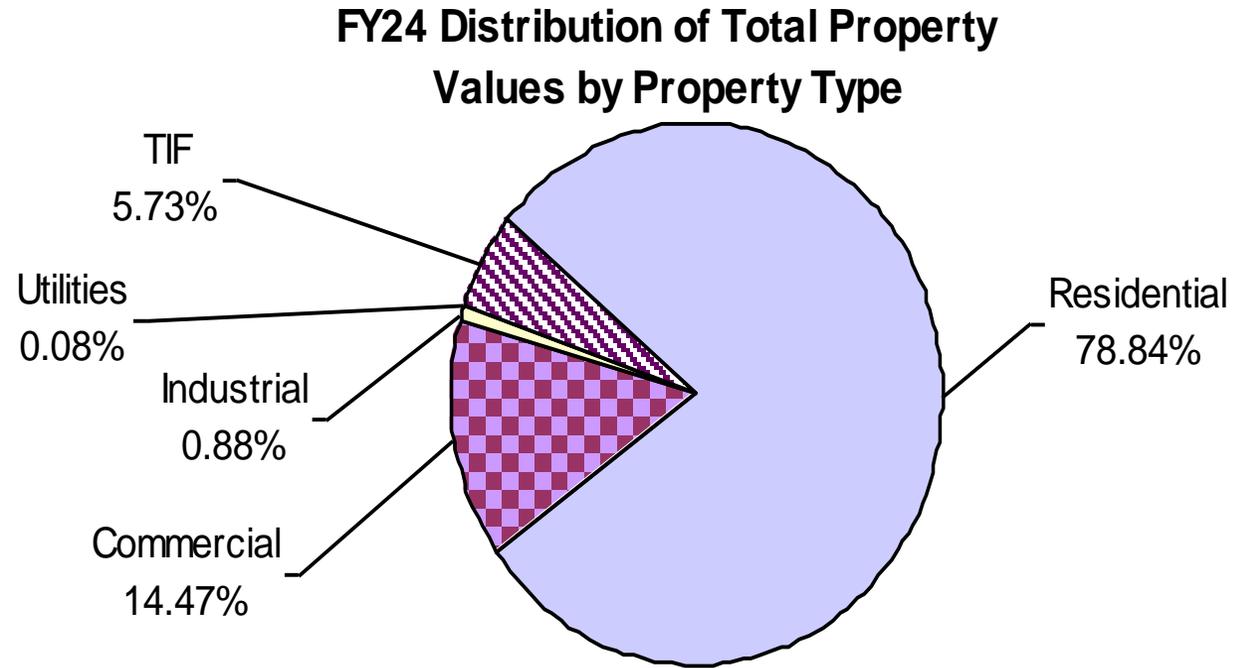
\$100,000



\$100,000



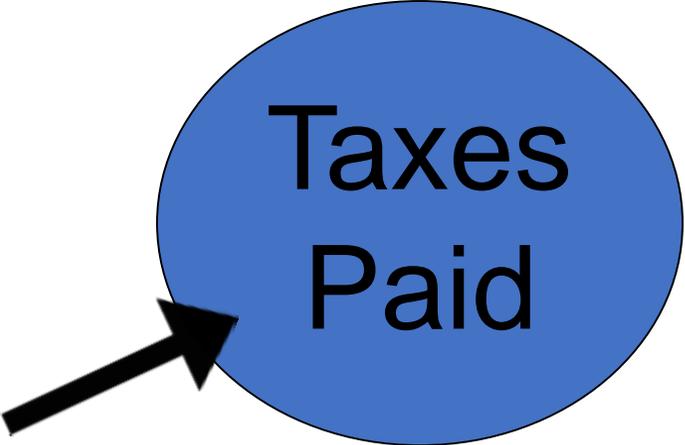
- Rollback factor for FY24 is now 54.65%
- Multi-Residential now = Residential
- Commercial/Industrial remain at 90%



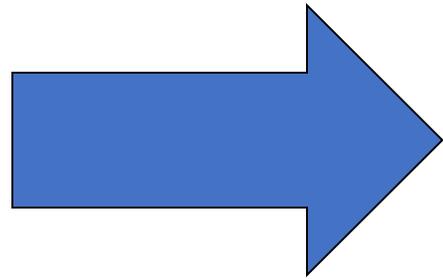
- Cedar Falls is over 78% Residential so any changes in the rollback factor has a major impact.

	FY23	FY14
	Residential %	Residential %
	of total Assssed	of total Assssed
<u>City</u>	<u>Values</u>	<u>Values</u>
Marion	81.26%	83.22%
Bettendorf	80.80%	80.73%
Ankeny	77.15%	77.30%
Cedar Falls	76.31%	75.86%
Johnston	75.28%	78.42%
Urbandale	75.08%	74.21%
Iowa City	74.54%	73.49%
Marshalltown	72.13%	71.47%
Ames	71.08%	72.19%
Waterloo	68.92%	68.94%
Fort Dodge	68.74%	71.29%
Mason City	67.34%	68.51%
Davenport	67.07%	68.52%
Des Moines	66.87%	68.74%
Dubuque	65.47%	66.52%
Cedar Rapids	65.32%	69.60%
Sioux City	63.13%	63.75%
Clinton	63.03%	61.48%
Council Bluffs	62.91%	64.67%
W. Des Moines	58.26%	60.75%

\$Tax Rate



FY23 \$11.51



FY24 \$11.74

Increase of 23 cents

Fiscal Year	Tax Rate
2017	11.22
2018	11.13
2019	11.22
2020	10.95
2121	11.43
2022	11.38
2023	11.51
2024	11.74

**Property Tax Rate (FY23)
20 Largest Iowa Cities**

City	FY23 Tax Rate	2020 Population	Abbreviation
Dubuque	9.72	59,667	DU
Ames	9.83	66,427	AM
Ankeny	9.90	67,887	AN
Urbandale	10.01	45,580	UR
Johnston	10.68	24,064	JO
West Des Moines	10.95	68,723	WDM
Cedar Falls	11.51	40,713	CF
Bettendorf	12.65	39,102	BE
Mason City	14.00	27,338	MC
Marion	14.20	41,535	MR
Clinton	15.29	24,469	CL
Marshalltown	15.36	27,591	MA
Sioux City	15.42	85,797	SC
Iowa City	15.63	74,828	IC
Cedar Rapids	16.03	137,710	CR
Des Moines	16.61	214,133	DM
Davenport	16.78	101,724	DA
Council Bluffs	17.53	62,799	CB
Waterloo	18.97	67,314	WA
Fort Dodge	20.10	24,871	FD
Average	14.06		

Property Tax Effect – FY24

	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Multi-Residential</u>
Assessed Value	\$ 100,000	\$ 500,000	\$ 1,000,000	\$ 500,000
FY23 Rollback	54.13%	90.00%	90.00%	63.75%
Rollback Value	\$ 54,130	\$ 450,000	\$ 900,000	\$ 318,750
FY23 Tax Rate	11.510	11.510	11.510	11.510
FY23 Taxes Paid	\$ 623.04	\$ 5,179.50	\$ 10,359.00	\$ 3,668.81
FY24 Value	\$ 100,000	\$ 500,000	\$ 1,000,000	\$ 500,000
Revaluation	0.00%	0.00%	0.00%	0.00%
Assessed Value	\$ 100,000	\$ 500,000	\$ 1,000,000	\$ 500,000
FY24 Rollback	54.65%	90.00%	90.00%	54.65%
Rollback Value	\$ 54,650	\$ 450,000	\$ 900,000	\$ 273,251
FY24 Tax Rate	11.740	11.740	11.740	11.740
FY24 Taxes Paid	\$ 641.59	\$ 5,283.00	\$ 10,566.00	\$ 3,207.96
(Projected)				
Change in Taxes Paid	\$ 18.55	\$ 103.50	\$ 207.00	\$ (460.85)
Percentage Change	2.98%	2.00%	2.00%	-12.56%

Illustrates the Tax Burden Shift

Max Levy Resolution

CITY NAME		NOTICE OF PUBLIC HEARING -PROPOSED PROPERTY TAX LEVY			CITY CODE
Cedar Falls		Fiscal Year July 1, 2023 - June 30, 2024			07-046
Iowa Department of Management		Current Year Certified Property Tax	Budget Year Effective Property Tax	Budget Year Proposed Maximum Property Tax	Annual % CHG
		2022/2023	2023/2024**	2023/2024	
Regular Taxable Valuation	1	2,064,620,691	2,068,909,898	2,068,909,898	
Tax Levies:					
Regular General	2	\$16,723,428	\$16,723,428	\$16,758,170	
Contract for Use of Bridge	3	\$0	\$0	\$0	
Opr & Maint Publicly Owned Transit	4	\$456,100	\$456,100	\$474,340	
Rent, Ins. Maint. Of Non-Owned Civ. Ctr.	5	\$0	\$0	\$0	
Opr & Maint of City-Owned Civic Center	6	\$0	\$0	\$0	
Planning a Sanitary Disposal Project	7	\$0	\$0	\$0	
Liability, Property & Self-Insurance Costs	8	\$249,340	\$249,340	\$312,770	
Support of Local Emer. Mgmt. Commission	9	\$576,590	\$576,590	\$1,104,190	
Emergency	10	\$0	\$0	\$0	
Police & Fire Retirement	11	\$1,136,090	\$1,136,090	\$1,123,780	
FICA & IPERS	12	\$1,593,540	\$1,593,540	\$1,639,300	
Other Employee Benefits	13	\$1,473,770	\$1,473,770	\$957,840	
*Total 384.15A Maximum Tax Levy	14	\$22,208,858	\$22,208,858	\$22,370,390	0.73%
Calculated 384.15A Maximum Tax Rate	15	\$10.75687	\$10.73457	\$10.81265	



EMA Levy

- ❑ EMA portion of tax levy increased from \$576,590 to \$1,104,190
- ❑ Increase of \$527,600
- ❑ Formula went from calls of service/population to based on valuation
- ❑ Cedar Falls residents bearing the cost of EMA cost increases

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 capping tax levy increases

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 a portion of the TIF release for future economic development
- \$.27 Emergency Levy - \$558,610. This may be necessary to use if significant drop in residential rollback. However, may not be allowed under property tax reform.

Budget Schedule

- March 6th – Set Public Hearing Date for Maximum Levy rate
- March 7th – Publish Maximum Levy rate
- March 20th – Hold the Hearing for Maximum Levy dollars
- March 20th – Set Public Hearing Date for Approval of the Budget
- March 21st – Publish the Budget for Hearing
- April 3rd – Hold Public Hearing on Budget

Certify Budget to County before deadline of April 30th.

FY24 Budget Action

Item 1.

- Motion to recommend to Council to set the Public Hearing on the Maximum Levy for March 20, 2023 to include the Maximum Tax Levy \$s for \$22,370,390 (for applicable levies) and the Maximum Levy Rate at \$10.81 (for applicable levies)
- However Total Rate is \$11.74

Questions?





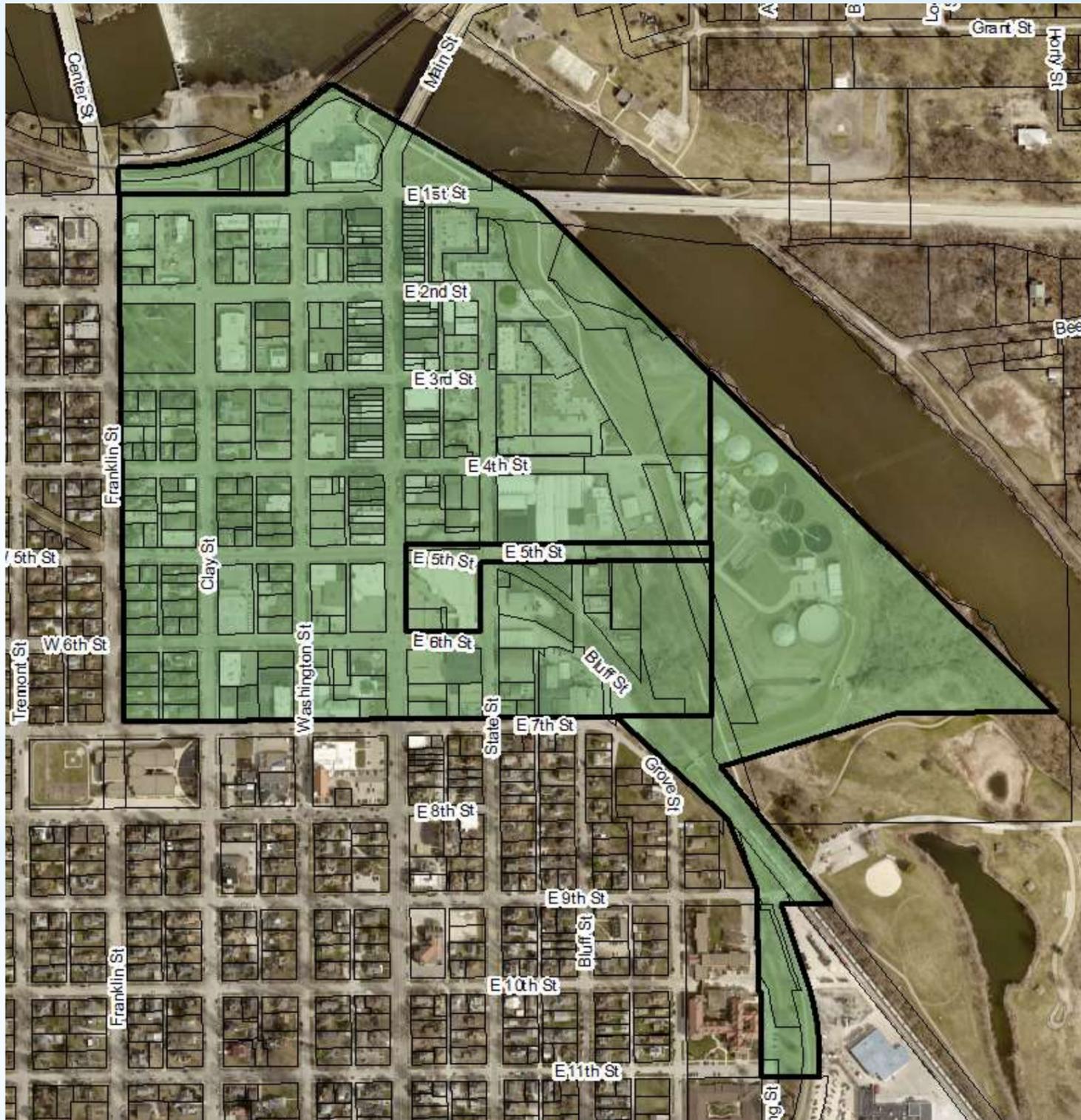
Economic Development Incentives

City Council Committee
March 6, 2023



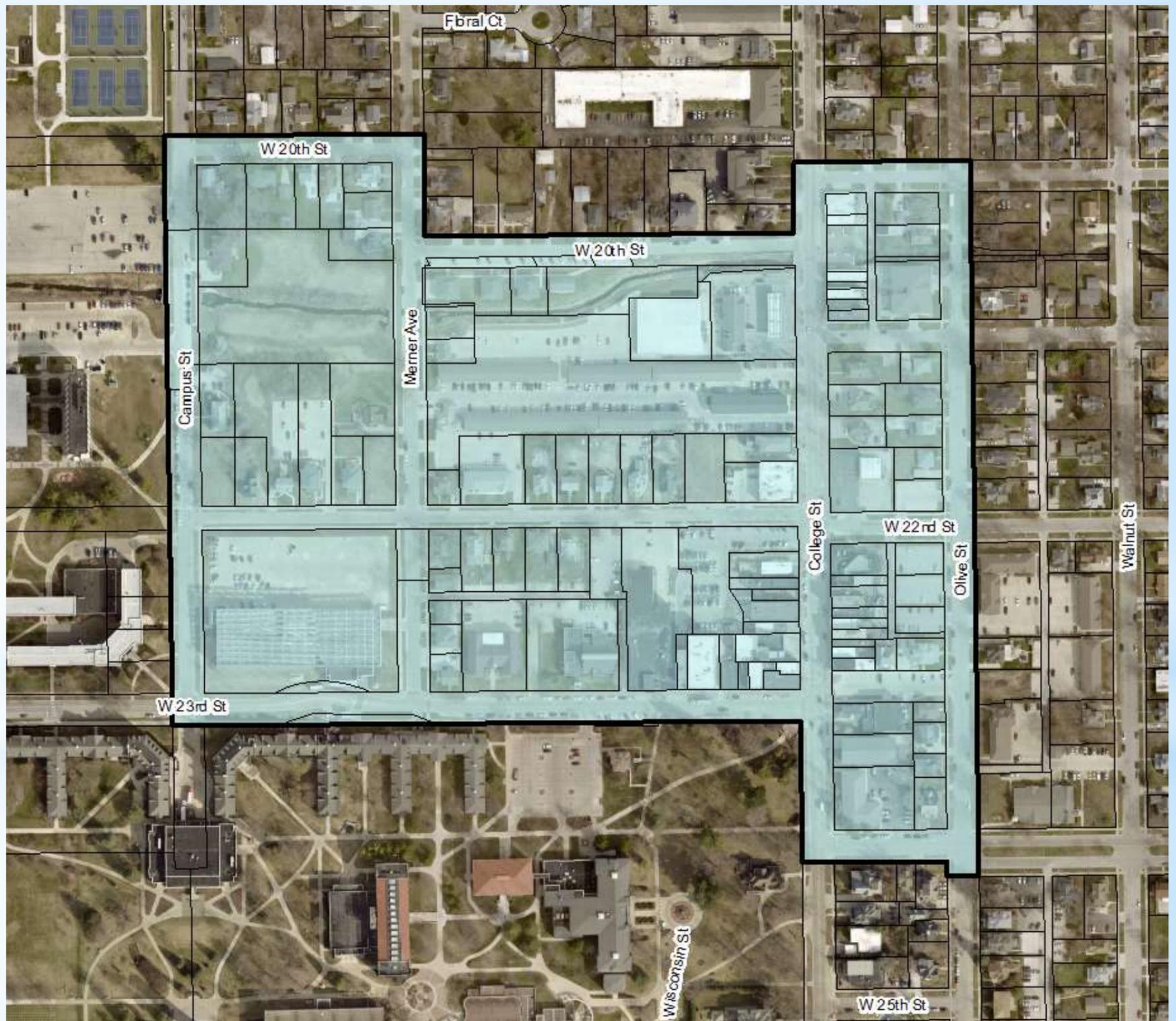
TIF Districts in Cedar Falls - Downtown

- Established 1986
- No Sunset Date



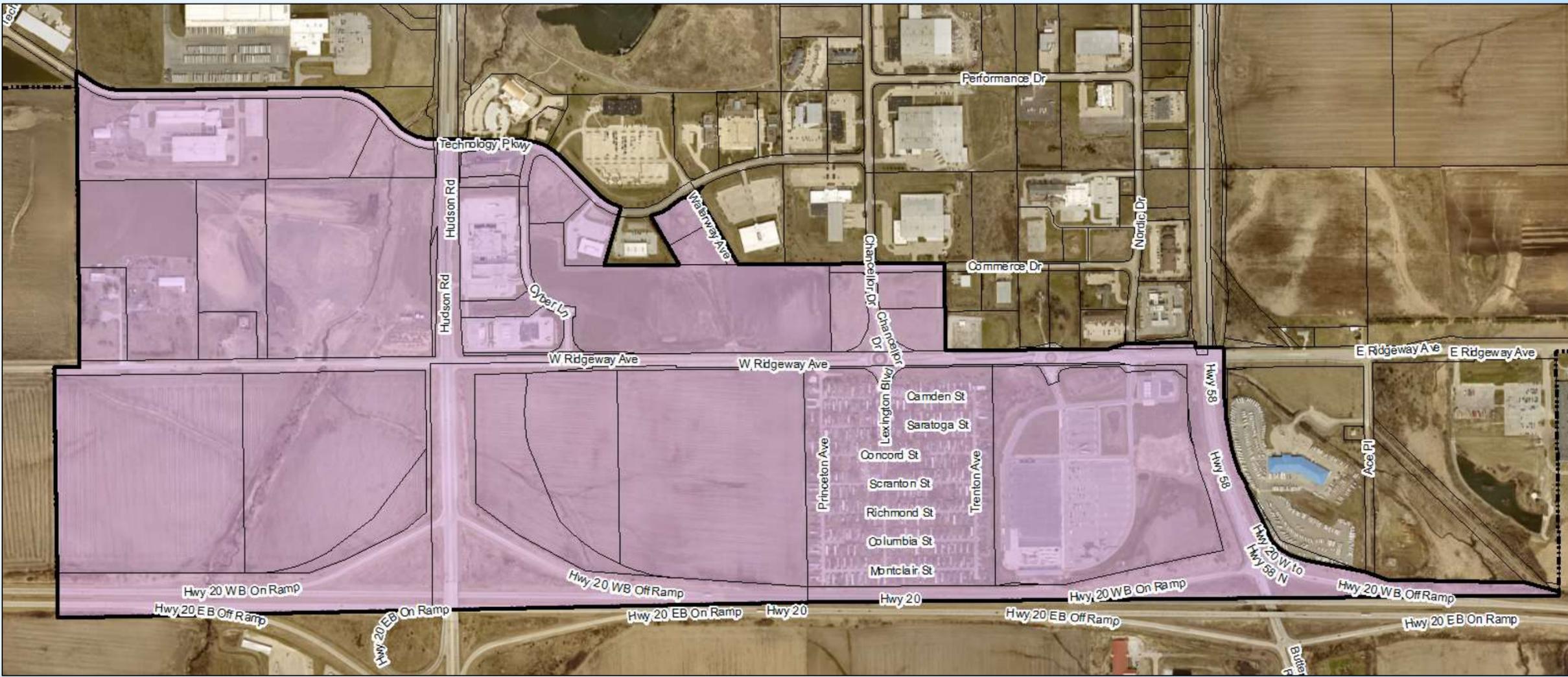
TIF Districts in Cedar Falls – College Hill

- Established 2011
- No Sunset Date



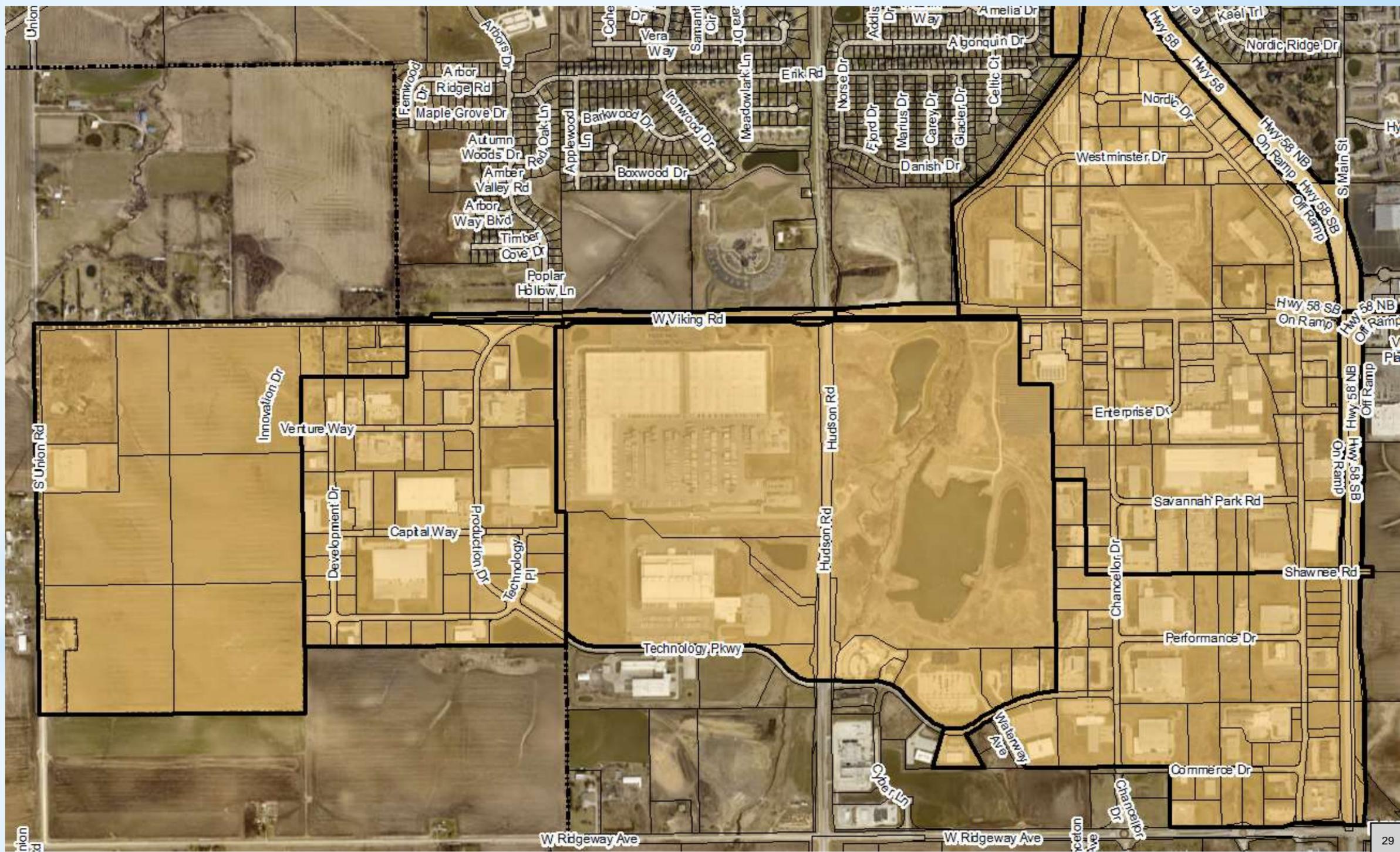
TIF Districts in Cedar Falls – South Cedar Falls

- Established 2018
- 20-Year Expiration



TIF Districts in Cedar Falls – Unified Hwy 58

- Multiple Establishment Dates
- 20-Year Expiration



TIF Districts in Cedar Falls – Unified Hwy 58

- Multiple Establishment Dates
- 20-Year Expiration



Current Incentives

- **Downtown: City provides a 5-year, 100% tax rebate (TIF rate of \$30.39) on the increased valuation of a project, with a minimum investment of \$200,000.**
- **There is no minimum job creation/retention requirement, however we do include wording in the agreement that two FTE jobs be created/retained.**
 - **Job requirement is included because typically the dollar investment in a project is lower as compared to larger industrial park projects.**
- **City currently does not own any development land within this area, so no land incentives are offered.**

Current Incentives

- **College Hill: City provides a 5-year, 100% tax rebate (TIF rate of \$30.39) on the increased valuation of a project, with a minimum investment of \$200,000.**
- **There is no minimum job creation/retention requirement, however we do include wording in the agreement that two FTE jobs be created/retained.**
 - **Job requirement is included because typically the dollar investment in a project is lower as compared to larger industrial park projects.**
- **City currently does not own any development land within this area, so no land incentives are offered.**

Current Incentives

- **Industrial Projects Located in Industrial Parks**
 - **City provides approximately 1+/- acre of developed industrial park land for each 10,000 square feet of building area.**
 - **Minimum building valuation of \$40 per square foot.**
 - **If building valuation is \$1.2M or above, City provides for a 5-year partial property tax abatement (75%, 60%, 45%, 30%, 15%).**
 - **If building valuation is between \$1M and \$1.2M, City provides for a 3-year partial property tax abatement (45%, 45%, 45%).**
 - **If building valuation is less than \$1M, no tax incentives provided.**

Current Incentives

- **Industrial Projects Located in Industrial Parks**
 - Typically, land is donated at no cost for an industrial/manufacturing/warehouse type use.
 - For commercial or non-industrial projects, the city may sell the land for the project instead of donating it at no cost (example: Cross-Fit Kilo facility, Gymnastics facility on Venture Way).
 - There are no job creation/retention requirements for industrial projects, just minimum valuation requirements.
 - Any job requirements for industrial projects are typically handled through the High Quality Jobs Program (HQJP) through Iowa Economic Development Authority (IEDA).

Current Incentives

- **Professional Office Projects Located in Technology Park**
 - **City provides approximately 1+/- acre of developed land for each 7,500 square feet of building area.**
 - **Minimum building valuation of \$75 per square foot.**
 - **If building valuation is \$1.2M or above, City provides for a 5-year tax rebate (75%, 60%, 45%, 30%, 15%).**
 - **If building valuation is between \$1M and \$1.2M, City provides for a 3-year tax rebate (45%, 45%, 45%).**
 - **If building valuation is less than \$1M, no tax incentives provided.**

Current Incentives

- **Professional Office Projects Located in Technology Park**
 - Typically, land is donated at no cost for a corporate office/professional office type use.
 - For non-corporate/professional office projects, the city may sell the land for the project instead of donating it (no current examples).
 - There are no job creation/retention requirements for professional office projects, just minimum valuation requirements.

Industrial Park Land Valuation

- **The City values its existing industrial park property at \$1.50 per square foot (or \$65,340 per acre).**
 - **This value has been previously determined by reviewing costs for land acquisition, as well as costs for development (road, infrastructure installation).**
- **For the 200-acre industrial park expansion area recently purchased and currently being developed, the cost of acquiring and developing the land is \$80,000 per acre, or approximately \$1.84 per square foot.**

Types of Industrial Park Businesses

- **The industrial/technology park has approximately 160 businesses and 7,000 employees.**
- **Businesses include manufacturing, distribution/logistics, truck/trailer repair and service, etc.**
- **Other complementary uses are also located in and around the park, including convenience stores, eating establishments, storage facilities, hotels, etc.**
- **City would like to attract similar industrial type uses and uses that are complementary to the businesses and employees.**
- **City has turned down projects before that may not have been a good fit for the area (i.e. odor, noise, wastewater, etc.).**
- **Because of zoning regulations, many of these uses are only allowed within the industrial park area.**

Questions?