

# Waterloo – FYE19 Budget Presentation





# **City of Waterloo, Iowa**

## **The Mission**

**Effectively and efficiently utilize the various resources of city government in order to help make Waterloo the best possible place to live, work, do business, play and raise a family for all citizens.**



# **City of Waterloo Strategic Plan Goals As Defined by Mayor and Council**

- **GOAL 1: Support the creation of new, livable wage jobs through a balanced economic development approach of assisting existing businesses, fostering start-ups, attracting new employers and cultivating an adequate workforce.**
- **GOAL 2: Implement a Community Policing strategy that creates a safe environment in Waterloo.**



# **City of Waterloo Strategic Plan Goals As Defined by Mayor and Council**

- **GOAL 3: Reduce the City's property tax levies through a responsible balance of cost reduction in City operations and increases in taxable property valuations to ensure that Waterloo is a competitive, affordable and livable city.**
- **GOAL 4: Enhance the image of Waterloo and the City to residents and businesses inside and outside of the community.**



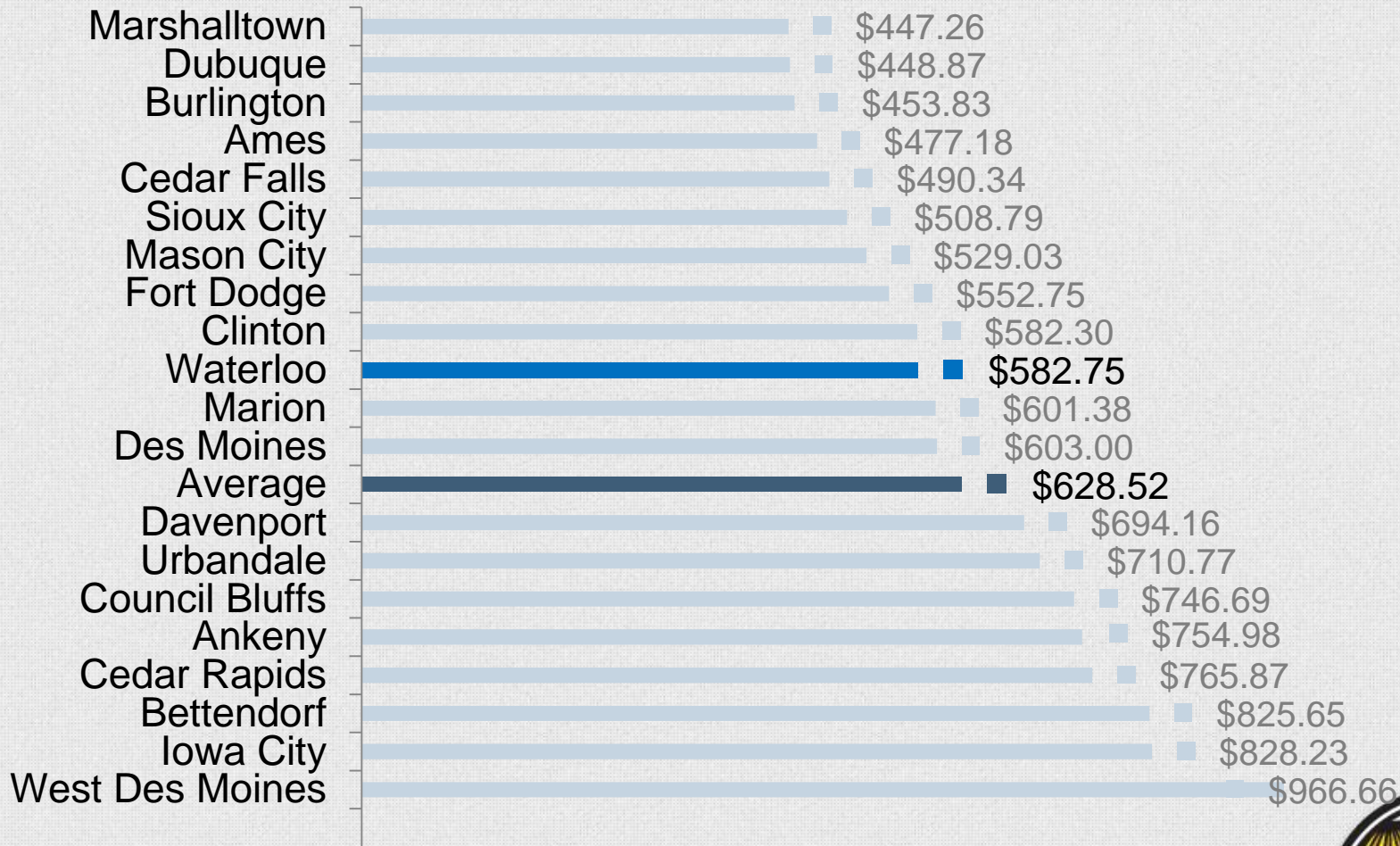


**2017/2018 CITY TAX RATES**  
**DEPARTMENT OF MANAGEMENT - LOCAL BUDGET DIVISION**  
**LARGEST 15 CITIES RANKED BY POPULATION**

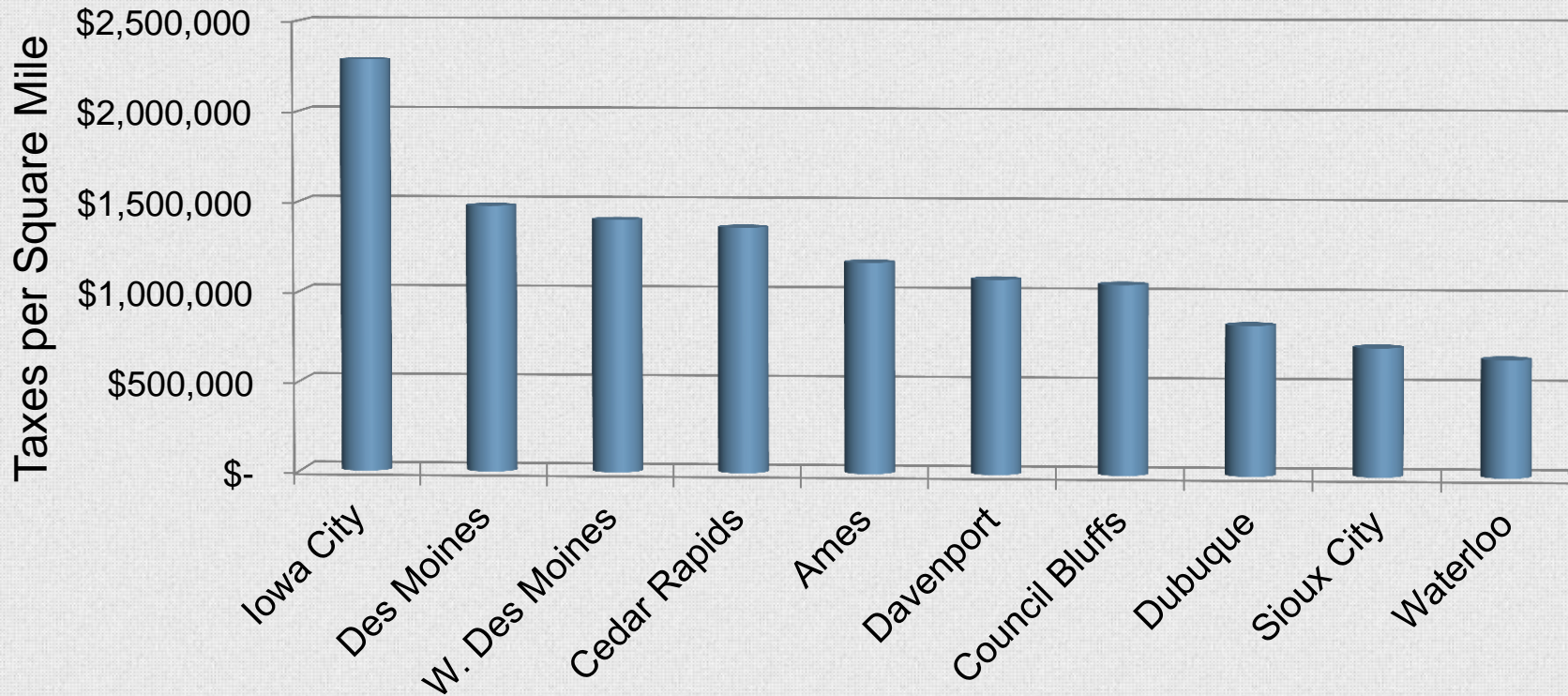
		TAXABLE VALUE		TOTAL			
POPULATION		2010	JANUARY 1, 2016	VALUATION		REGULAR	LEVY
RANKING		CENSUS	REGULAR W G&E	RANKING	AGLAND	W/O AG	RANKING
1	DES MOINES	203,433	6,967,479,518	1	6,119,464	17.04000	3
2	CEDAR RAPIDS	126,326	6,379,422,646	2	6,807,179	15.21621	7
3	DAVENPORT	99,685	4,119,227,112	4	15,738,893	16.78000	4
4	SIOUX CITY	82,684	2,600,544,363	9	4,273,920	15.77081	6
5	WATERLOO	68,406	2,292,368,376	12	12,521,362	17.60000	2
6	IOWA CITY	67,862	3,460,674,241	5	1,618,090	16.33305	5
7	COUNCIL BLUFFS	62,230	2,569,125,780	10	10,421,450	17.90720	1
8	AMES	58,965	2,701,440,748	8	1,734,798	10.37589	14
9	DUBUQUE	57,637	2,371,609,335	11	2,888,630	10.89220	13
10	WEST DES MOINES	56,609	4,479,219,569	3	6,317,697	12.00000	10
11	ANKENY	45,582	2,862,211,268	6	3,631,793	11.65000	11
12	URBANDALE	39,463	2,746,847,863	7	3,168,205	10.02000	15
13	CEDAR FALLS	39,260	1,755,047,594	14	5,934,726	11.13476	12
14	MARION	34,768	1,483,739,838	15	3,233,464	13.98943	8
15	BETTENDORF	33,217	2,171,083,104	13	4,261,305	12.50000	9



# FY18 Taxes Per Capita

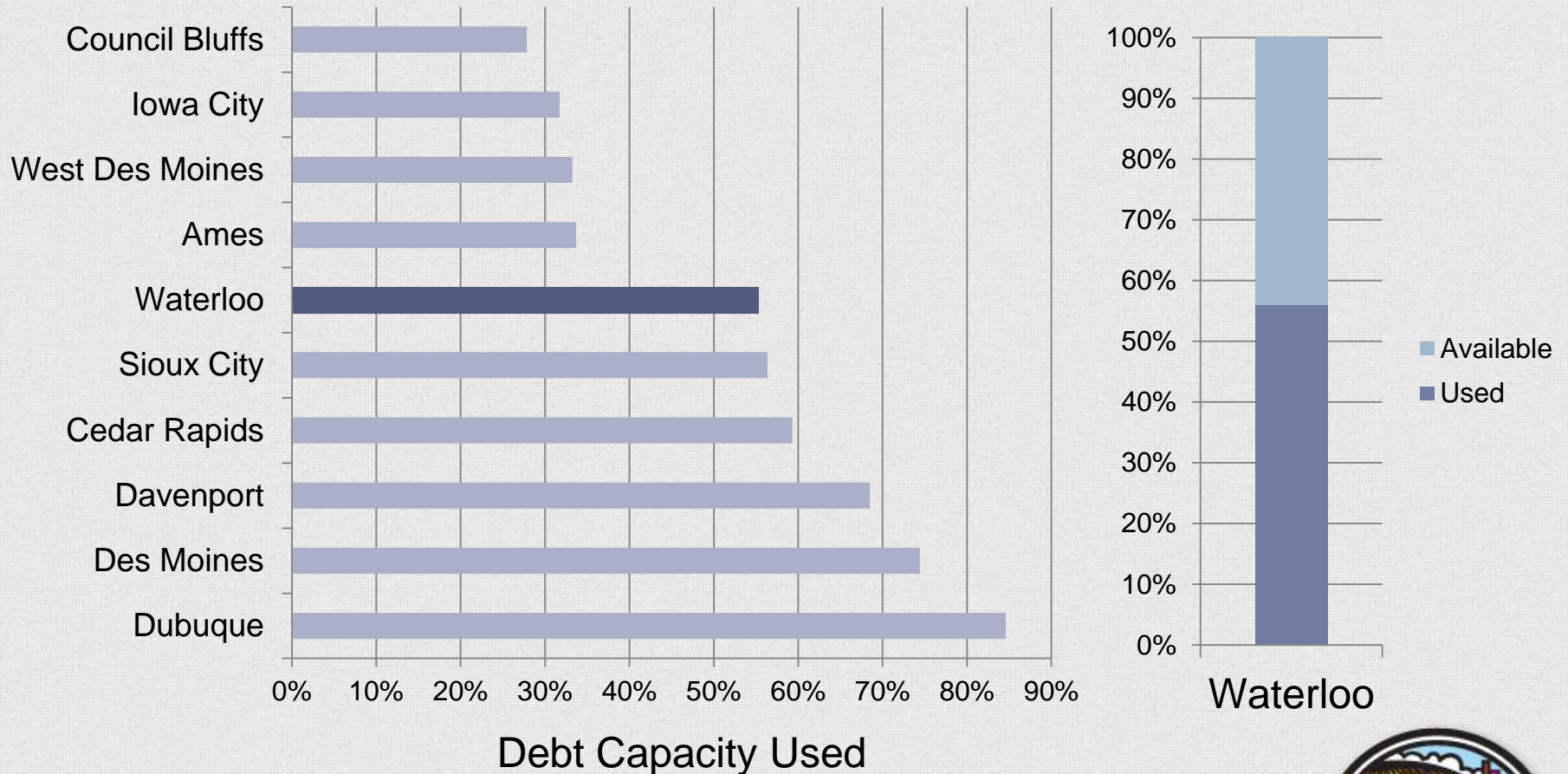


# FY18 Taxes per Square Mile



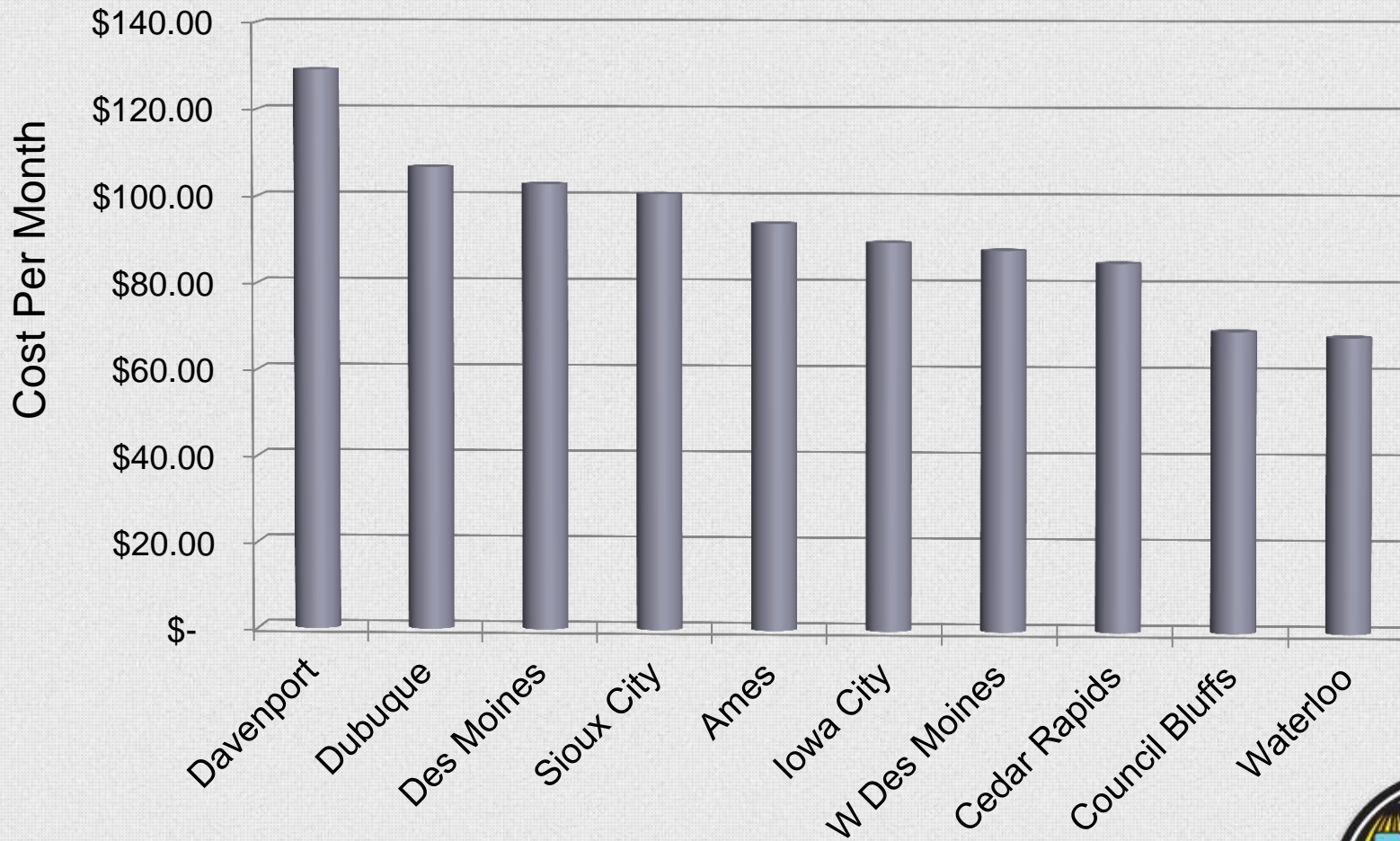


# Borrowing Limit Comparison

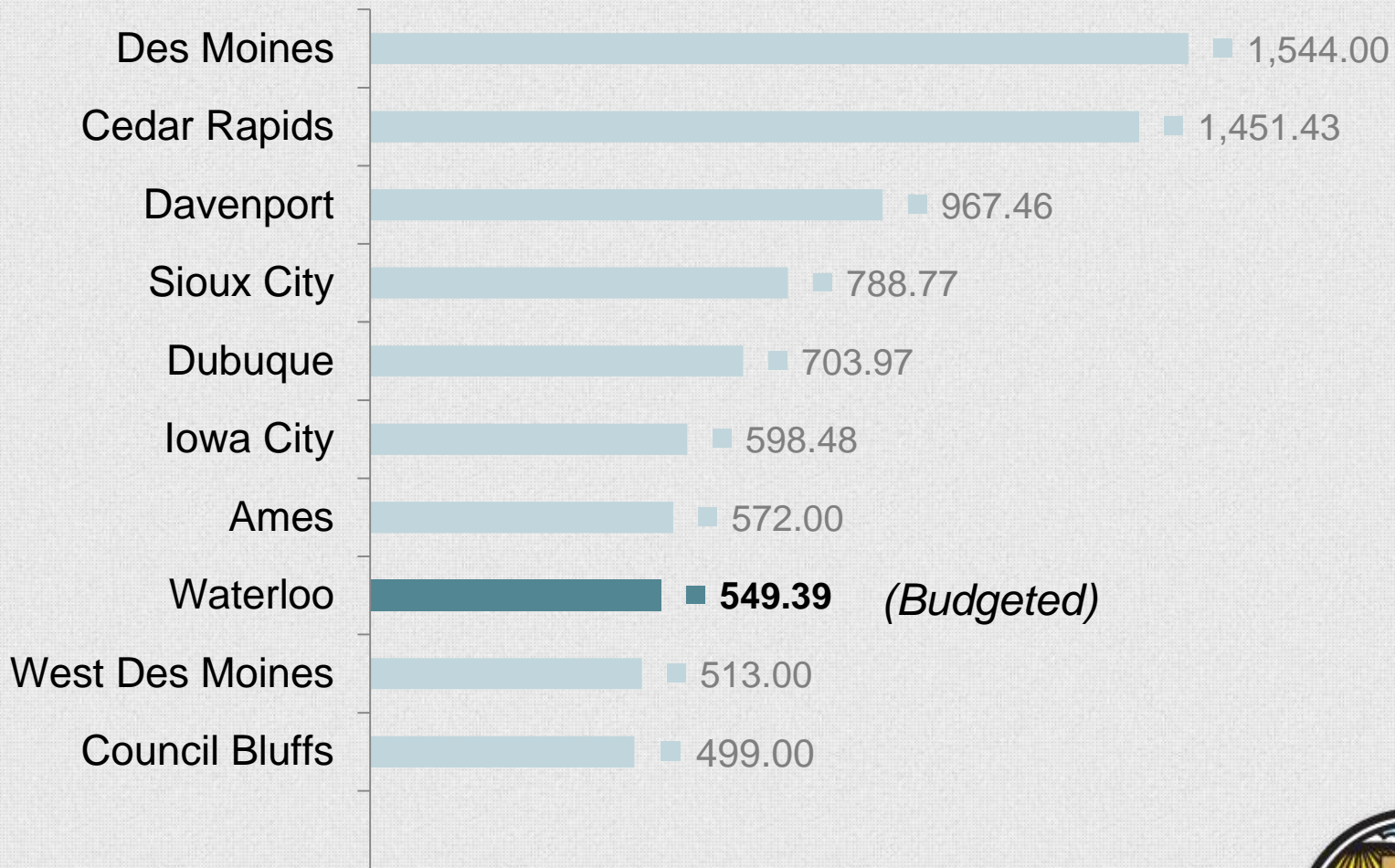




# Comparison of Monthly Utility Charges



# City Staffing Level Comparison



# FYE19 Certified Budget Highlights

<b>Program</b>	<b>Tax Levy Portion</b>	<b>Percentage of Levy</b>
<b>Police and Fire</b>	<b>\$ 12.23022</b>	<b>70%</b>
<b>Debt Service</b>	<b>\$ 2.98828</b>	<b>17%</b>
<b>Grout Museum Voted Levy</b>	<b>\$ 0.27000</b>	<b>2%</b>
<b>Library Voted Levy</b>	<b>\$ 0.27000</b>	<b>2%</b>
<b>All Other Services</b>	<b>\$ 1.69745</b>	<b>9%</b>
<b>Total</b>	<b>\$ 17.45595</b>	<b>100%</b>





# FYE19 Certified Budget Highlights

<b>Program - Breakout of Other</b>	<b>Tax Levy Portion</b>	
<b>Emergency Mgmt &amp; Building Inspection</b>	<b>\$</b>	<b>(0.19202)</b>
<b>Public Works</b>	<b>\$</b>	<b>0.73887</b>
<b>Health &amp; Social Services</b>	<b>\$</b>	<b>0.11462</b>
<b>Culture &amp; Recreation</b>	<b>\$</b>	<b>2.29543</b>
<b>Community &amp; Economic Development</b>	<b>\$</b>	<b>0.12640</b>
<b>General Government</b>	<b>\$</b>	<b>1.76306</b>
<b>General Revenue</b>	<b>\$</b>	<b>(2.25981)</b>
<b>State Backfill</b>	<b>\$</b>	<b>(0.57661)</b>
<b>Use of Fund Balance</b>	<b>\$</b>	<b>(0.31249)</b>
<b>Total Other</b>	<b>\$</b>	<b>1.69745</b>



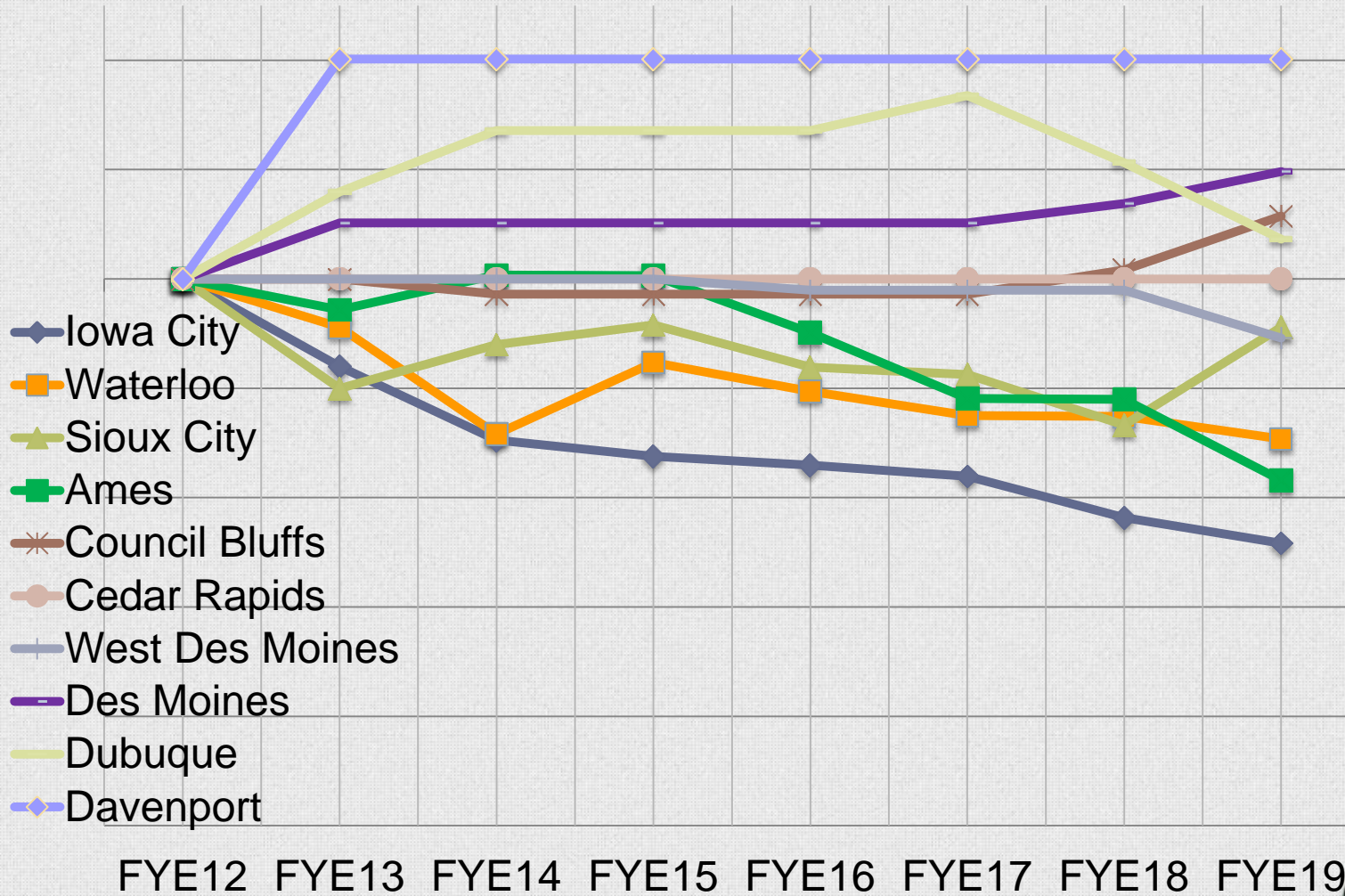
# FYE19 Proposed Budget Highlights

<b>Tax Levy Rate</b>	<b>\$17.45595</b>
<b>Residential Change</b>	<b>(3.11%)</b>
<b>Commercial Change</b>	<b>(0.82%)</b>
<b>Multi-Residential Change</b>	<b>(5.33%)</b>



# Tax Rate Percentage Change Through FYE12-FYE18

## Cities with Population over 50,000



FISCAL YEAR

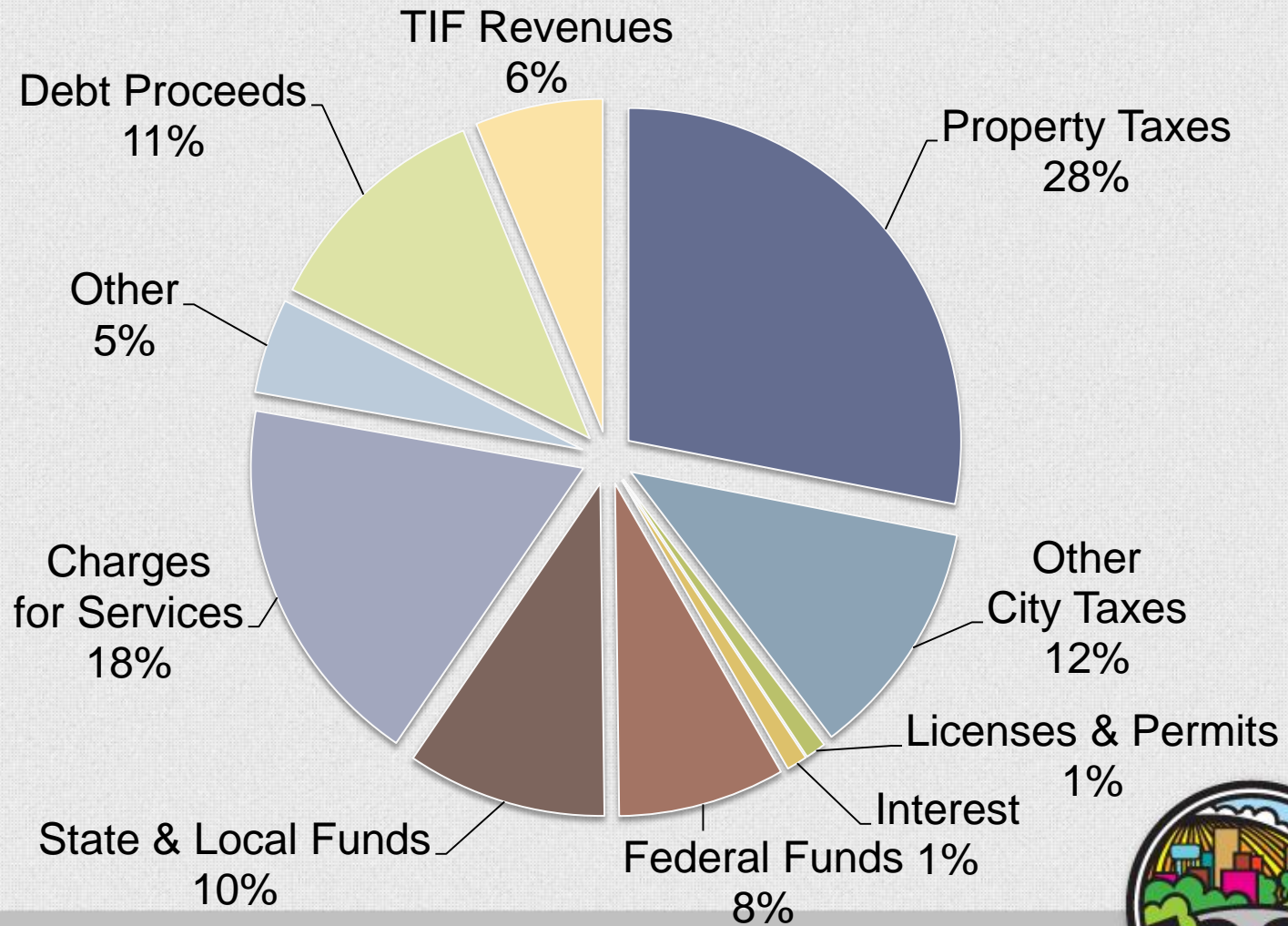
CITY OF WATERLOO BUDGET





# Do my property taxes pay all the City's expenses?

## **No, They Don't!**



For the Year Ending 6-30-19

CITY OF WATERLOO BUDGET



# Where does my property tax dollar go?



**City of  
Waterloo  
44 cents**

**Waterloo  
Schools  
37 cents**

**Black  
Hawk Co.  
16 cents**

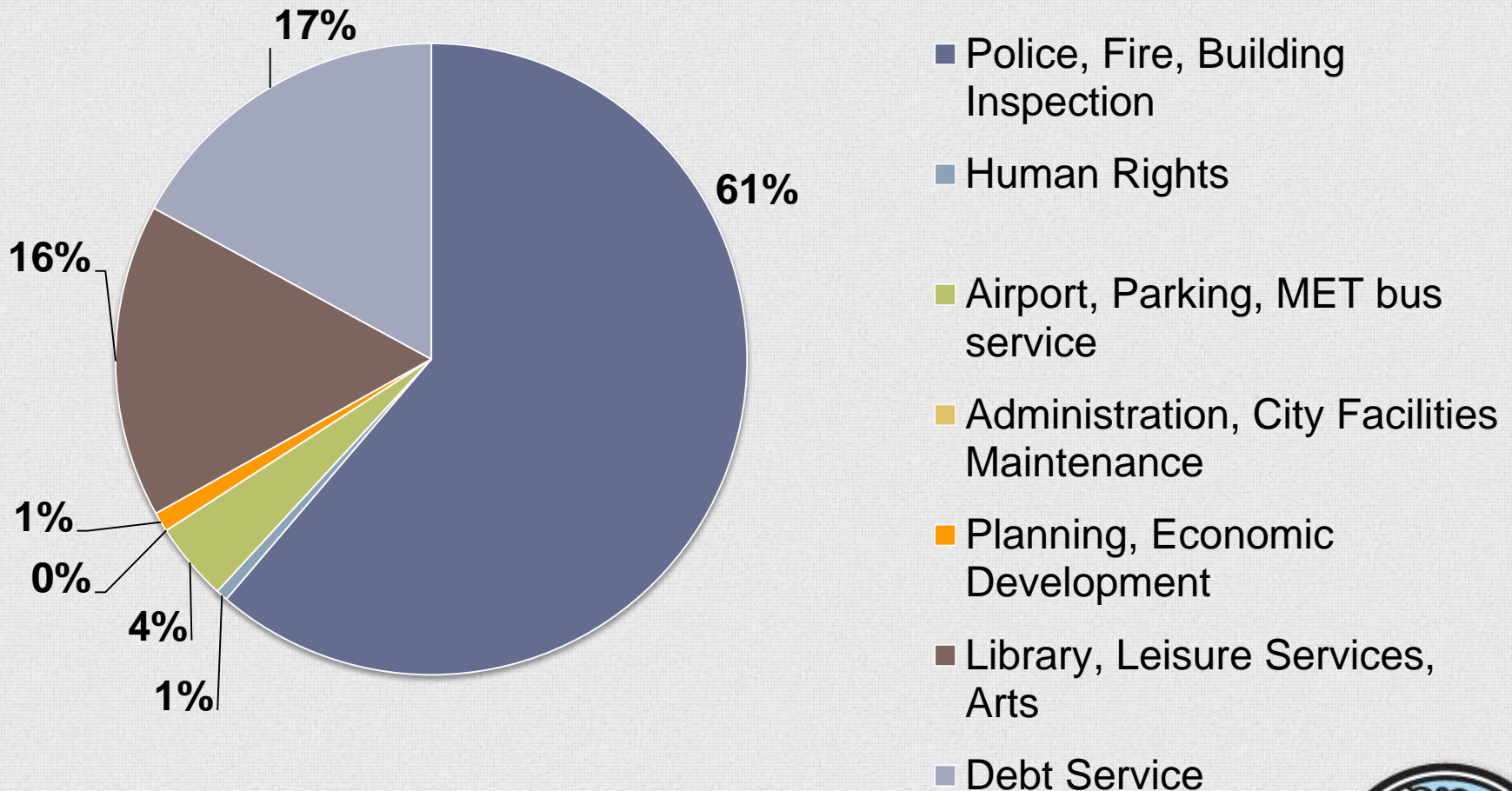
**Other  
3 cents**

**For the Year Ending 6-30-18**





# What do my property taxes pay for?

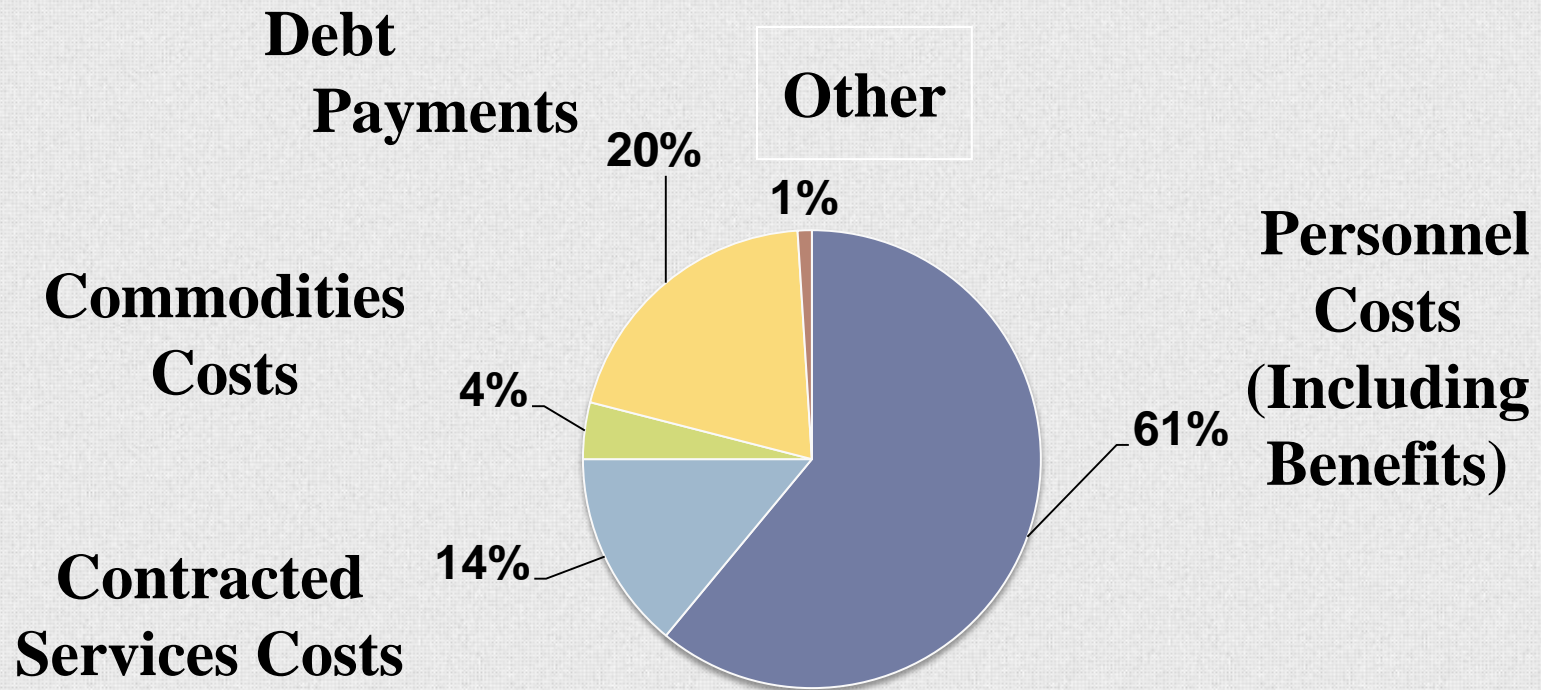


**For the Year Ending 6-30-2019**





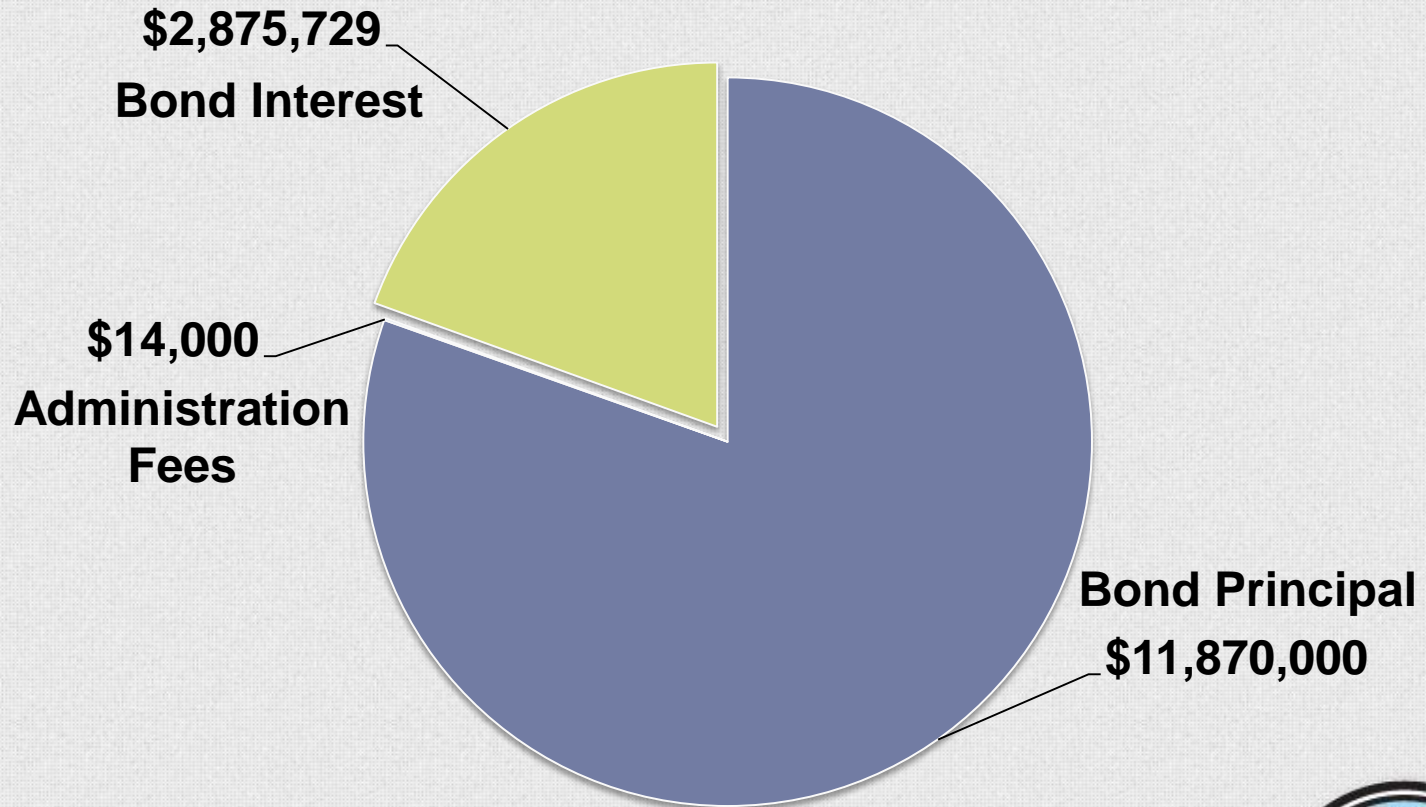
# How is the money spent?



For the Year Ending 6-30-2019



# How are debt service funds used?



**For the Year Ending 6-30-2019**



# How does the City of Waterloo provide services?

- A number of revenue sources are used to conduct city operations: property taxes, user fees, licenses and permits, grants, interest income
- Restrictions on the use of certain revenues or the need to be accountable for the revenue and expenses of some activities require that the City use several different sets of accounts, called “funds”, to conduct operations





# How does the City of Waterloo provide Public Safety services?

- **GENERAL FUND** – funded primarily by property taxes
  - **Public Safety** - budgeted expenditures of \$32.1 million for FYE2019 (\$27.3 million property tax, 66.7%)

**Police Protection**

**Fire Protection and Ambulance Service**

**Building Inspections (user fees support)**



# How does the City of Waterloo provide Public Works services?

- **GENERAL FUND** – funded primarily by [property taxes](#)
  - **Public Works** – budgeted expenditures of \$6.0 million for FYE2019 (\$1.7 million property tax, 4.1%)

**City-owned Sidewalk Maintenance**

**Parking Operations**

**Airport (user fees support)**

**Central Garage**

**Public Bus Transportation**



# How does the City of Waterloo provide Health, Social and Cultural and Recreation services?

- **GENERAL FUND** – funded primarily by [property taxes](#)
  - **Health & Social Services** – budgeted expenditures of \$0.38 million for FYE2019 (\$0.26 million property tax, 0.6%)

Human Rights

Other

- **Culture and Recreation** – budgeted expenditures of \$10.7 million for FYE2019 (\$5.8 million property tax, 15.9%)

Library

Parks

Recreation – Golf, Sports, Young Arena, SportsPlex

Center for the Arts, Youth Pavilion





# How does the City of Waterloo provide Community Development services?

- **GENERAL FUND** – funded primarily by property taxes
  - **Community and Economic Development** – budgeted expenditures of \$2.1 million for FYE2019 (\$0.3 million property tax, 0.7%)

**Planning & Zoning**

**Economic Development**

**Five Sullivan Brothers Center**

**(funded using hotel/motel taxes)**



# How does the City of Waterloo provide General Governmental support services?

- **GENERAL FUND** – funded primarily by [property taxes](#)
  - **General Government** – budgeted expenditures of \$8.8 million for FYE2019 (no net property tax, 0%)
    - Mayor and Council
    - City Attorney
    - City Clerk/Finance
    - Human Resources
    - Management Information Services
    - Property and Liability Insurance
    - Facilities Maintenance – including Memorial Hall



# How does the City of Waterloo pay for capital improvements?

- **DEBT SERVICE FUND** – funded primarily by property taxes
  - Revenue restricted for debt repayment
  - Total expenditures of \$14.7 million are budgeted for FYE2019 (\$7.6 million property tax, 17.1%)





## How is the tax bill on my home determined?

	FYE19	FYE18
• Assessed Value	\$100,000	\$100,000
• Times Rollback	.556209	.56939
• Equals Taxable Value	\$55,621	\$56,939
• Divide by \$1,000	55.6209	56.9391
• Times Total Tax Levy Rate	\$40.18752	\$40.33157
• Equals Total Tax Bill	\$2,235.27	\$2,296.44
• City Portion of Tax Bill	\$970.92	\$986.75
• Grout Portion of Tax Bill	\$15.01	\$15.37
• Projected Annual Incr (Decr)	(\$15.83)	\$22.82
• Percentage Incr (Decr) w/Grout	(1.60%)	2.33%



# How are property taxes calculated?

- **County Assessor sets property values**
- **State sets “roll-back” or the percentage of total value that is taxable**
- **State issues “equalization orders” designed to equalize values of different categories of property every two years**
- **Cities, counties and school districts set their portions of the levy rate**



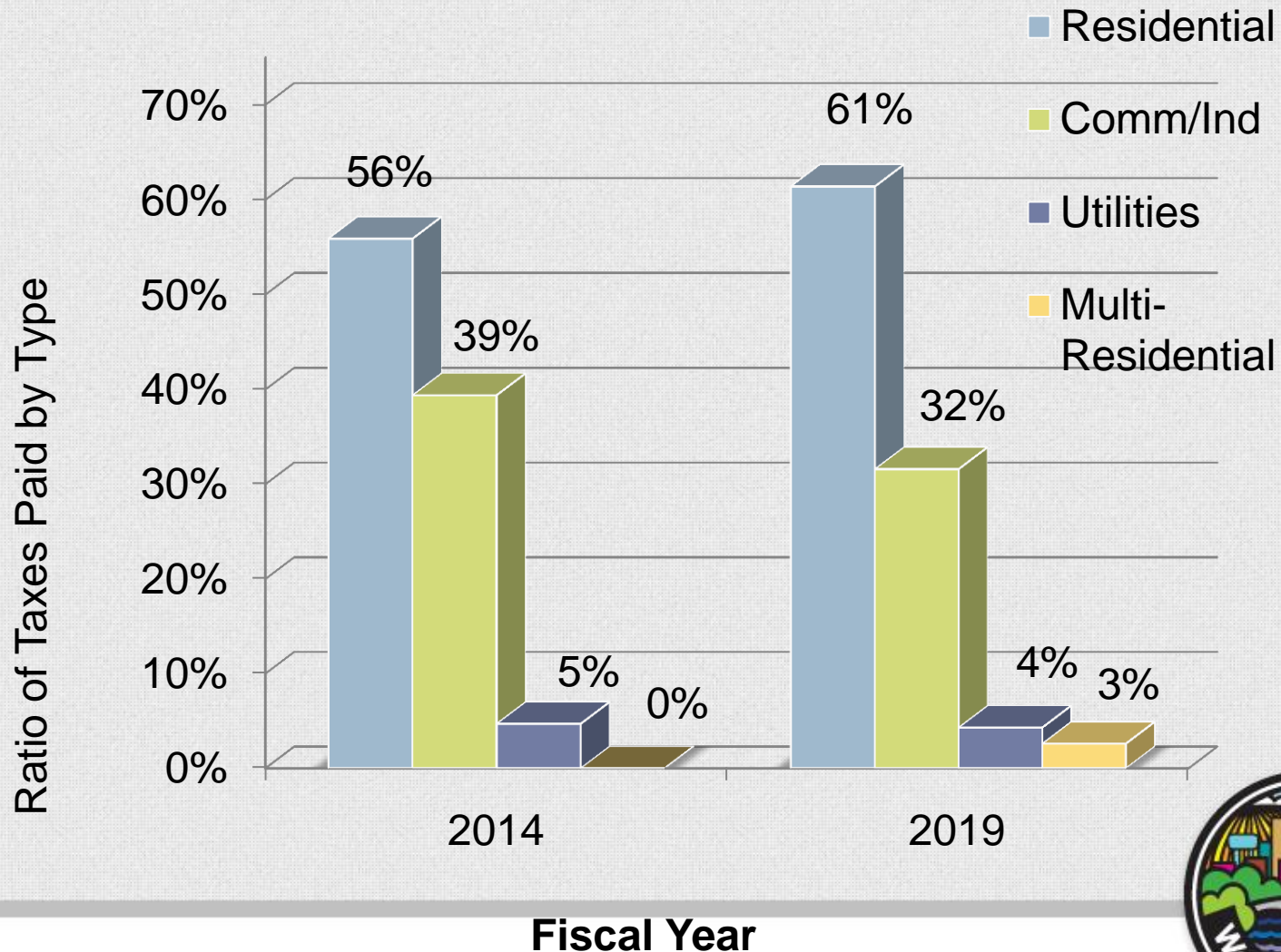
# How are property taxes calculated?

- The State decreased the residential roll-back for the second year in a row for FYE2019, resulting in 55.6209% of a home's value being taxable, a 2.32% reduction
- Shifts the property tax burden back to commercial slightly (residential rose 15% over past 7 years while commercial fell 10%)
- Residential rollback decreased 2.32% for FYE2019, while the commercial rollback remained the same

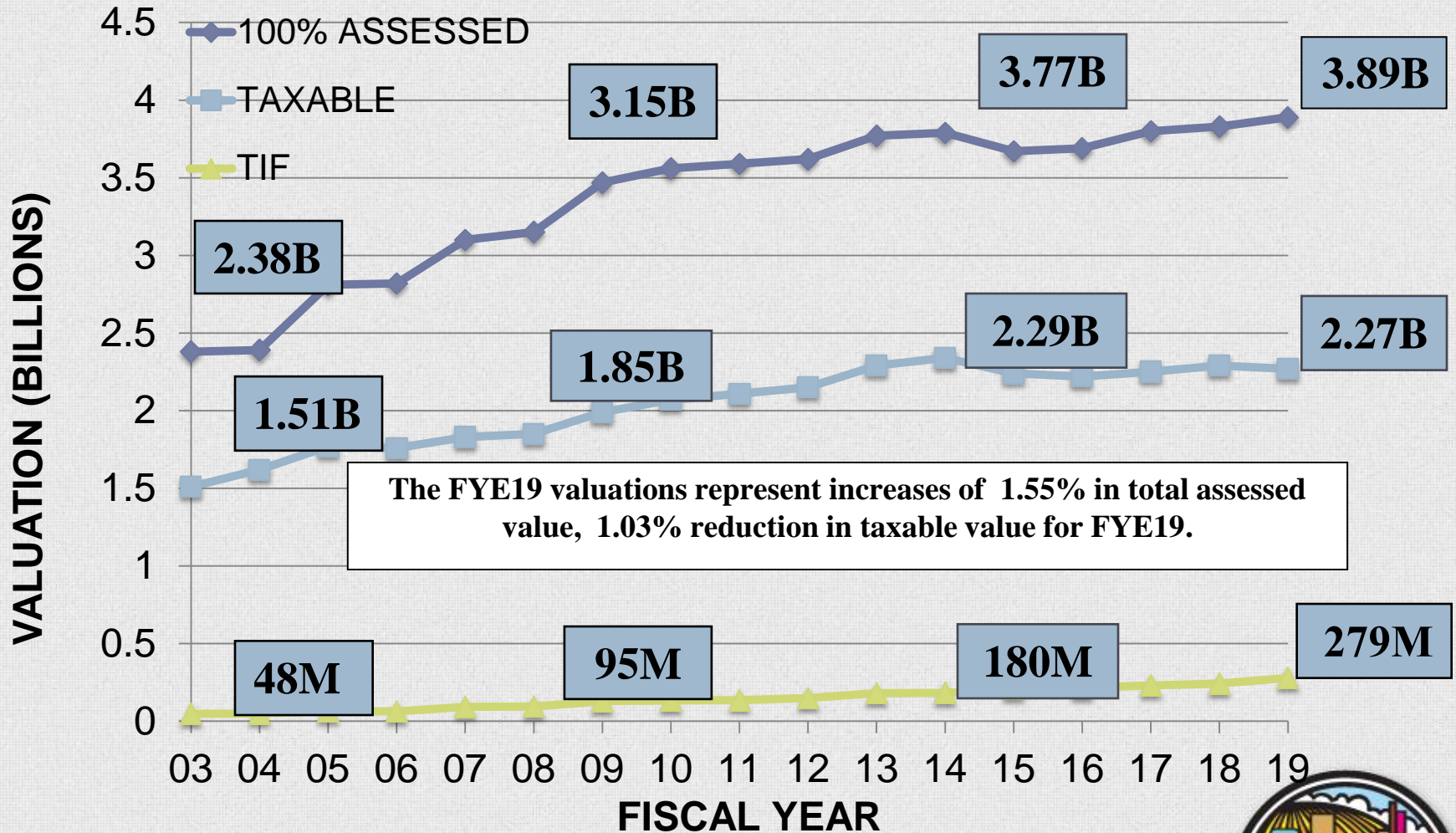




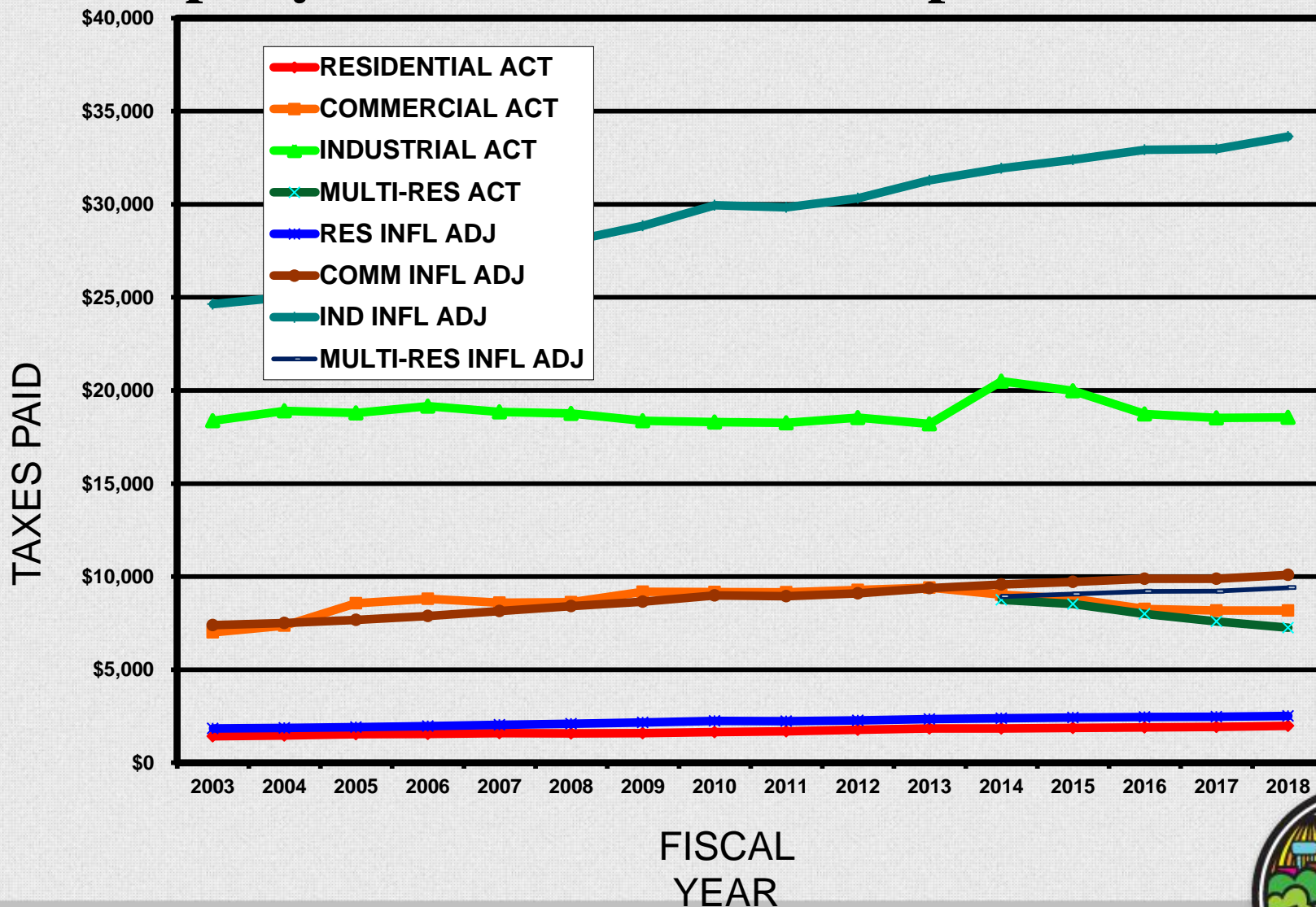
# Has the share of taxes paid by homeowners changed over time?



# City of Waterloo Valuation Trends

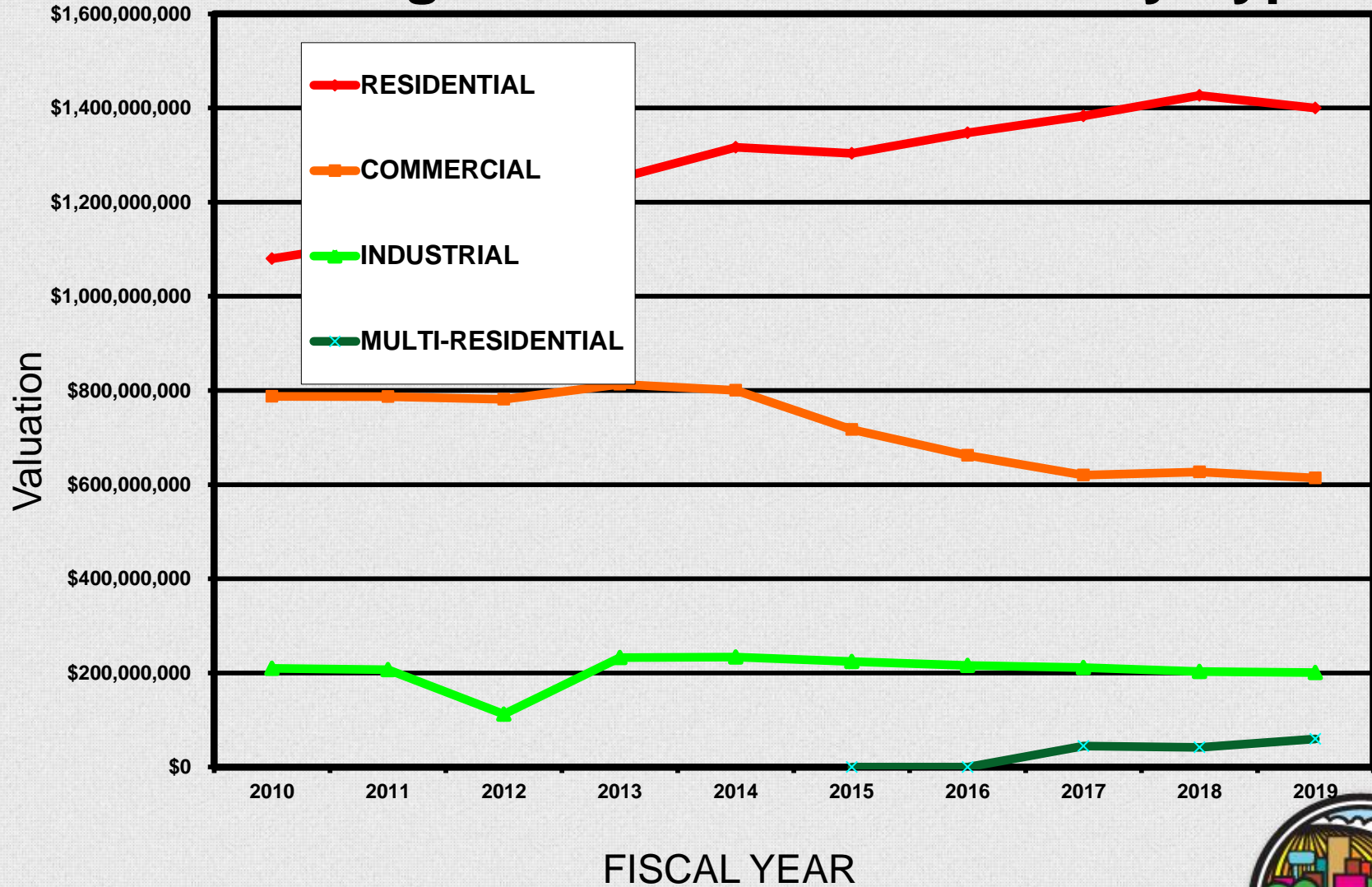


# Property Tax Trends With Comparison To Inflation





# Change in Taxable Valuation by Type



# FYE19 Budget Process

- ◆ Capital Improvements Program department requests sent out October 4, 2017 and due back to Planning November 7, 2017.
- ◆ The Finance Department developed the base personnel budgets based on FYE18 staffing updated with FYE19 contractual rates (retirements, new hires, pensions, health care costs and pay rates). Information was provided to departments for review.
- ◆ Finance calculated the base budget using updated personnel costs and current year property valuations.
- ◆ Mayor Hart memo to staff distributed January 22:
  - ◆ Departments were directed to review and provide realistic revenue and reduce net property tax askings by 2.5%.
  - ◆ Additional funding requests for critical needs were provided to the Finance Department in memo format.
- ◆ Department budget review meetings held with the Mayor and city staff beginning the week of January 29, 2018.
- ◆ Televised department budget review meetings with City Council members held 2-10, 2-12, 2-15, 2-19, 2-20, 2-22
- ◆ Council adopted resolution for budget publication February 12 (can't exceed rate or expense by program after publication).
- ◆ Budget options – Staff, council members and the public were encouraged to submit budget ideas and options to the Finance Department by **February 26**.
- ◆ Mayor's proposed budget presented March 5.
- ◆ Budget hearing and vote scheduled for March 8.
- ◆ Additional sessions held March 12 and March 13, with adoption March 13.



# FYE19 General Fund Budget Impacts

- **Personnel Increases (Primarily Contractual):**

**Pay increases including payroll taxes,  
overtime, and other pay-outs less**

**positions not filled or moved** **\$ 591,586**

**Health insurance decrease** **(483,834)**

**Police & Fire pension increase** **167,681**

**Decreased retirement payments** **(32,011)**

**Total Personnel Increases** **\$ 243,422**





# FYE19 General Fund Budget Impacts

## Other Significant Non-Personnel Changes:

Increase in police radio maintenance	27,925
Increase in Emergency Mgmt contribution	18,980
Decrease in housing enforcement	(30,000)
Decrease in liability insurance	(100,000)
Decrease in clerk/finance commodities	(41,378)
Increase in fire contract/commodities exp	27,560
Decrease in legal fees	(15,000)



# FYE19 General Fund Budget Impacts

- **Other Significant Non-Personnel Changes  
(continued):**

<b>Decrease in Young Arena contract srv</b>	<b>(66,690)</b>
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<b>Decrease in taxes to Grout Museum</b>	<b>( 7,298)</b>
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<b>Reduced elections expense</b>	<b>(62,000)</b>
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<b>Other expense changes – net</b>	<b><u>2,400</u></b>
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<b>Total Net Non-Personnel Expense Changes</b>	<b><u>\$ 9,698</u></b>
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# FYE19 General Fund Budget Impacts

- **Significant Revenue Changes:**

<b>Increased Utility &amp; Cable Franchise Fees</b>	<b>\$ 940,000</b>
<b>Reduced State Corporate Rollback Repl.</b>	<b>(55,036)</b>
<b>Decreased PEG, Gaming and Cable Fees</b>	<b>(135,000)</b>
<b>Increase in Interest revenue</b>	<b>60,000</b>
<b>Increased license &amp; permit revenue</b>	<b>20,826</b>
<b>Decrease in library reimbursement</b>	<b>(43,621)</b>
<b>Other revenue changes – net</b>	<b><u>( 2,401)</u></b>
<b>Total Net Revenue Increase</b>	<b><u>\$ 784,768</u></b>





# FYE19 General Fund Budget Impacts

- **Net Change in General Fund Property Taxes:**

Net increase in personnel expenses	\$ 243,422
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Net increase in other expenses	9,698
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Net increase in revenue	<u>( 784,768)</u>
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<b>Total Net Decrease in General Fund Property Taxes from FYE18</b>	<b><u>\$ ( 531,648)</u></b>
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# FYE19 General Fund Budget Impacts

- **Net Change in Property Taxes:**

<b>Decrease in General Fund property taxes</b>	<b>(\$ 369,120)</b>
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<b>Decrease in Debt Service Fund property taxes</b>	<b>( 281,177)</b>
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<b>Reduced special levy taxes for Library, Grout</b>	<b><u>( 12,546)</u></b>
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<b>Net Decrease in Total Property Taxes from FYE18</b>	<b><u>(\$ 662,843)</u></b>
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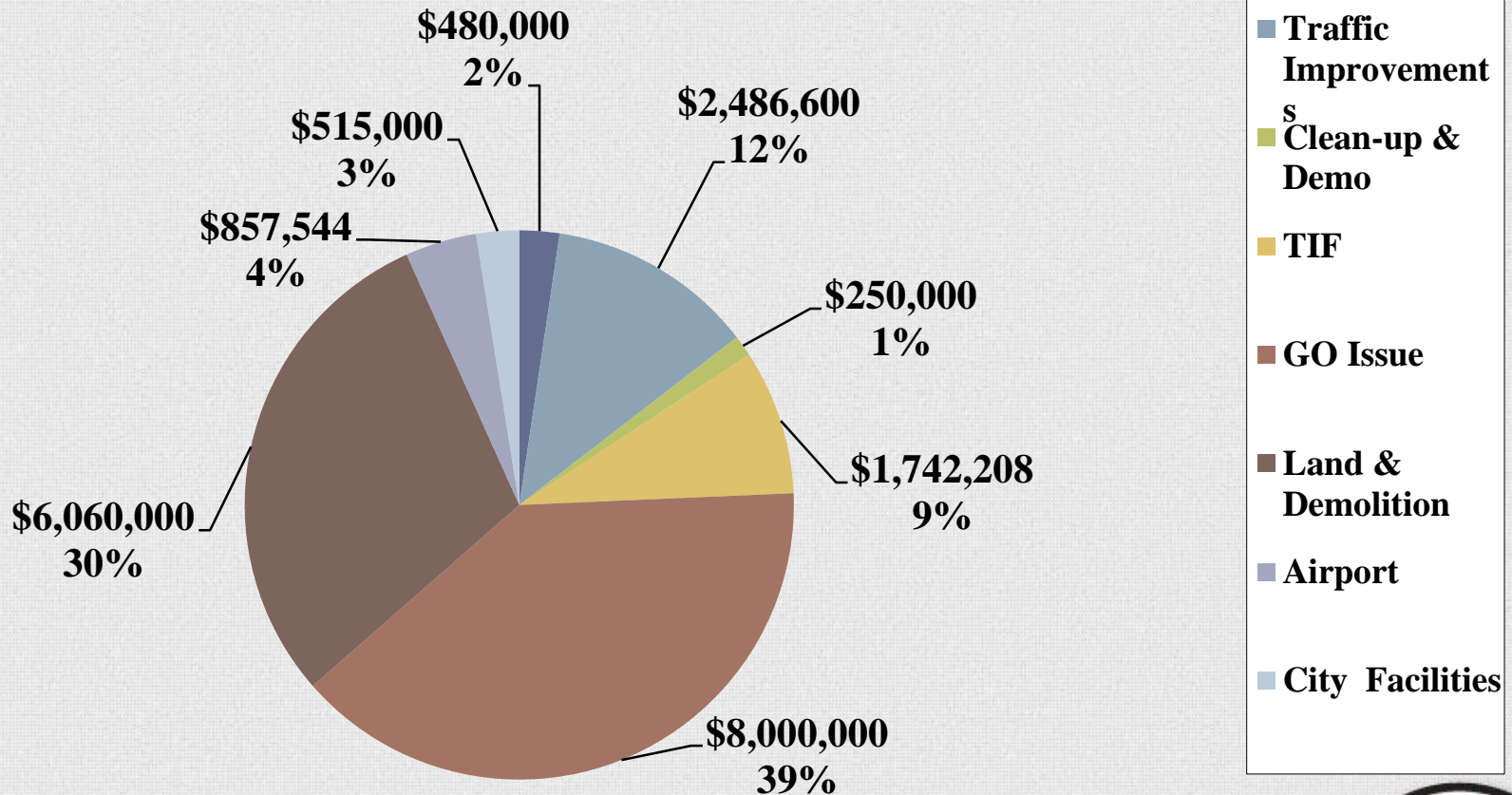
# How does the City of Waterloo provide services?

- **OTHER FUNDS –**
  - **Funded by user fees – Sewer, storm water, sanitation**
  - **Funded by state fuel tax – Street maintenance, snow removal, traffic lights, traffic signals and engineering**
  - **Funded by grants and debt – Block grant funds, housing funds, capital projects**





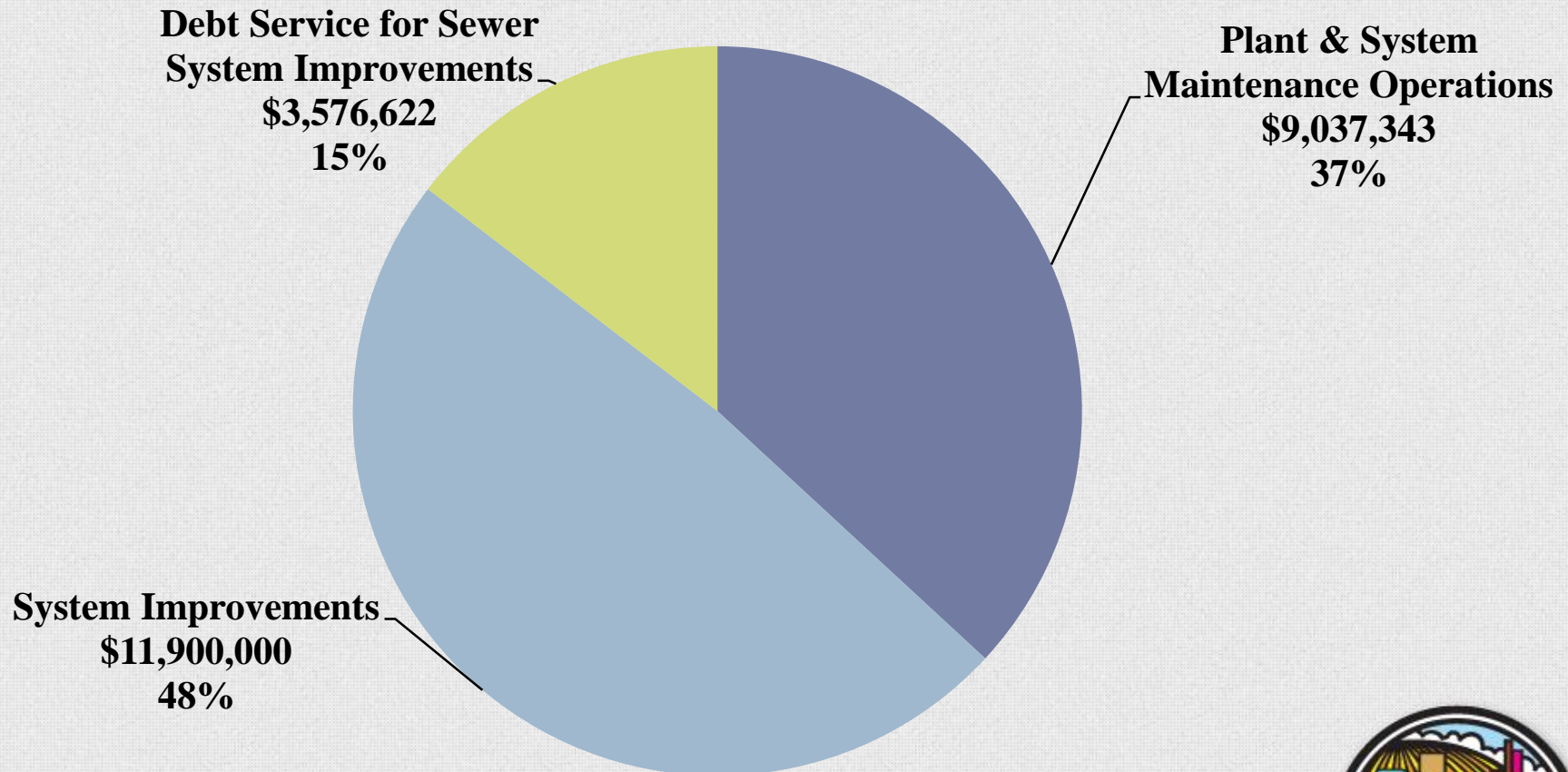
# How are Capital Project Funds used?



For the Year Ending 6-30-2019



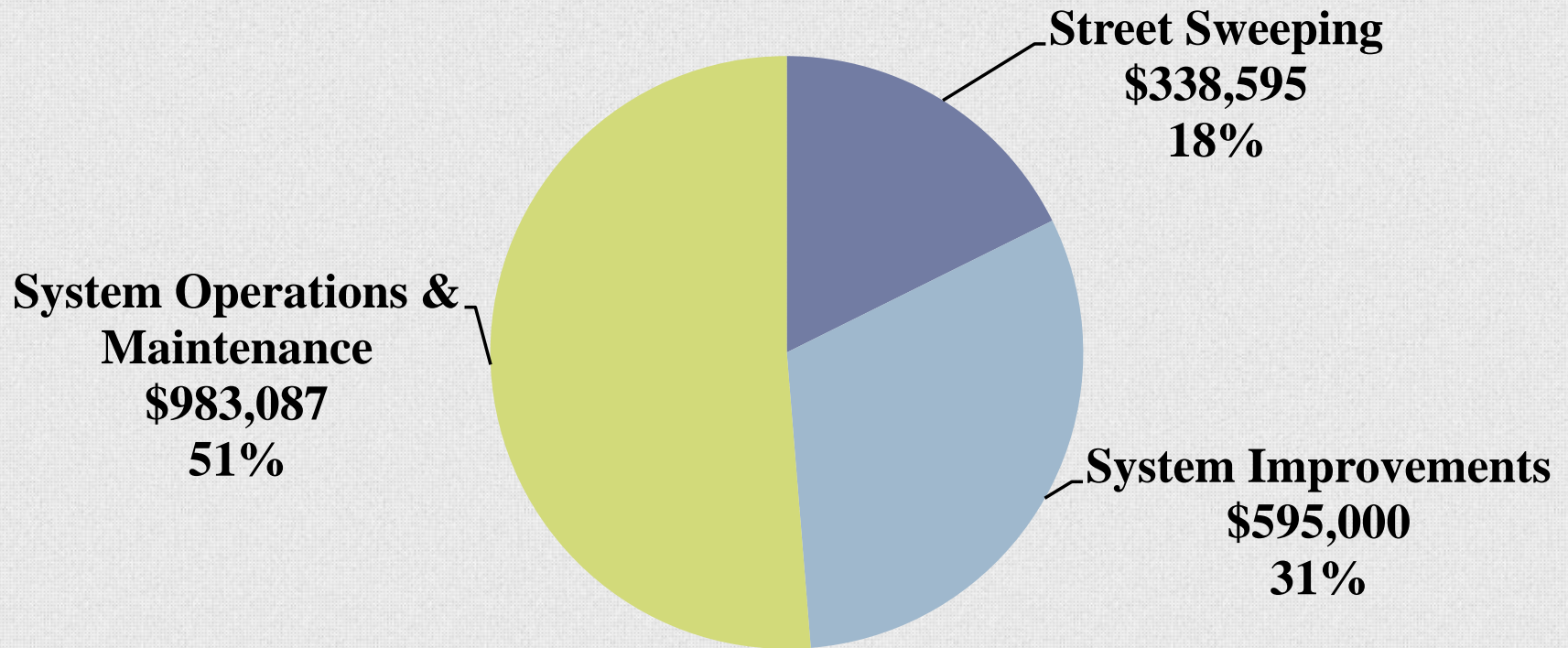
# How are sewer user fees spent?



**For the Year Ending 6-30-2019**



# How are storm water user fees spent?

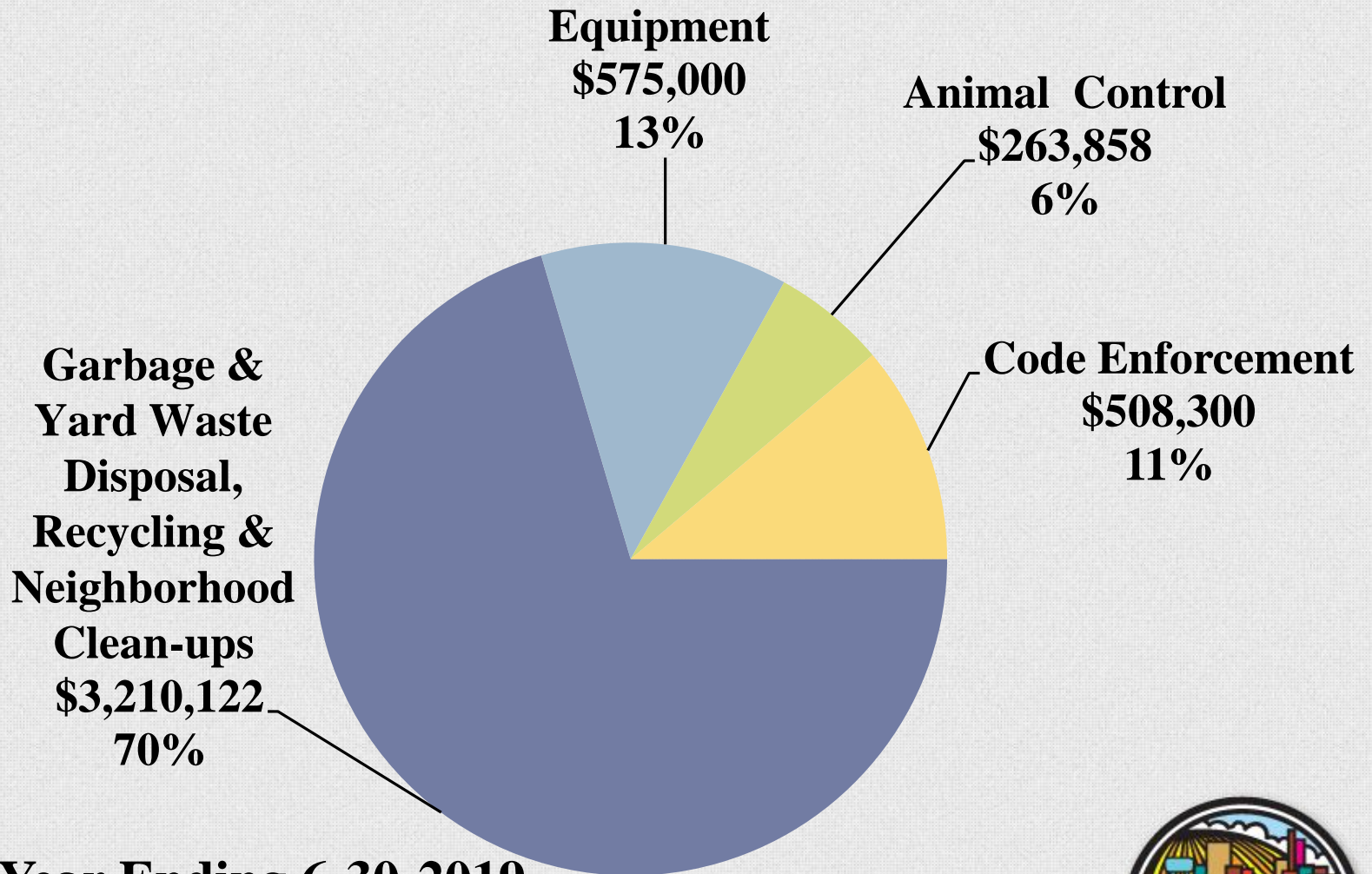


**For the Year Ending 6-30-2019**





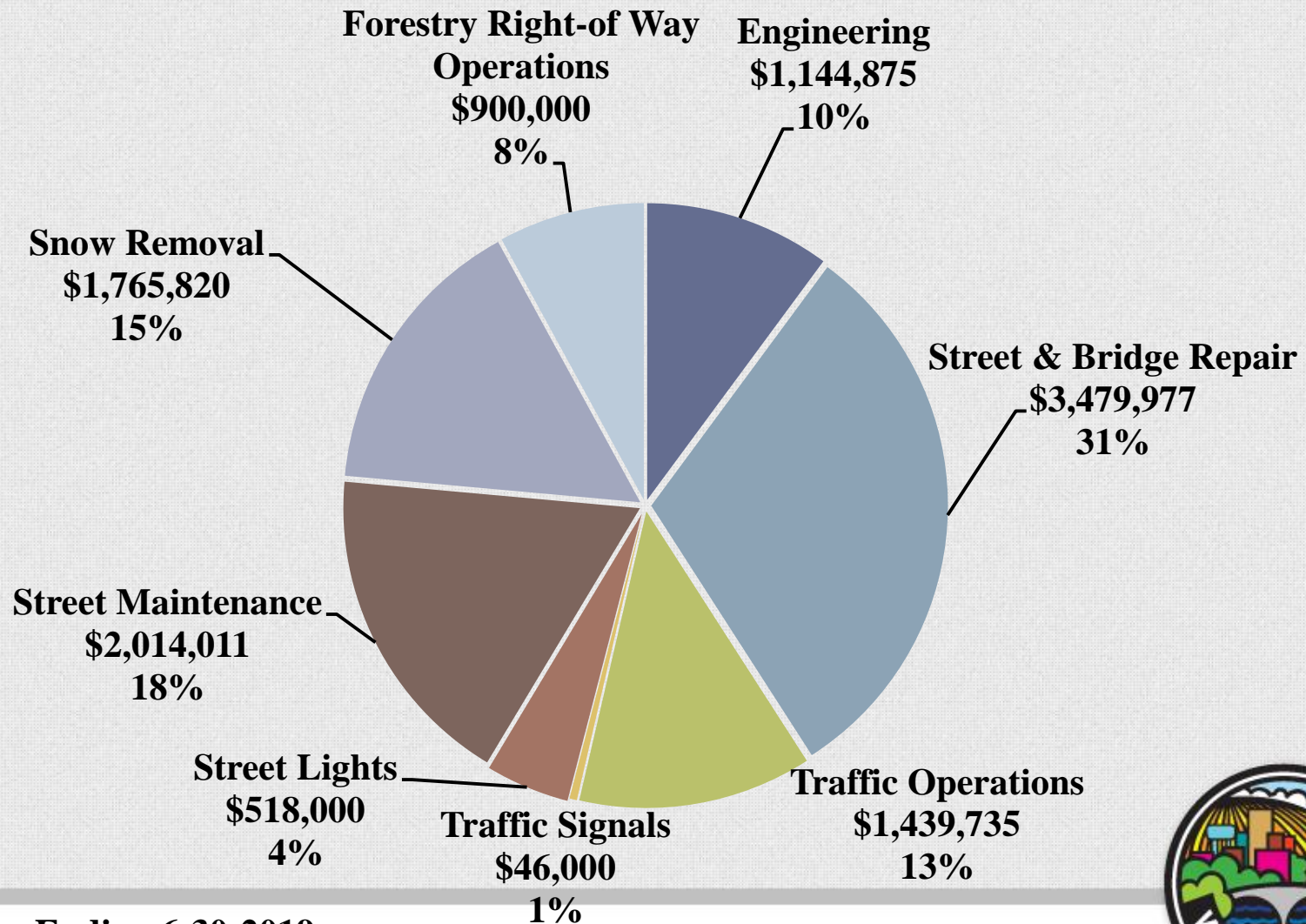
# How are garbage user fees spent?



**For the Year Ending 6-30-2019**



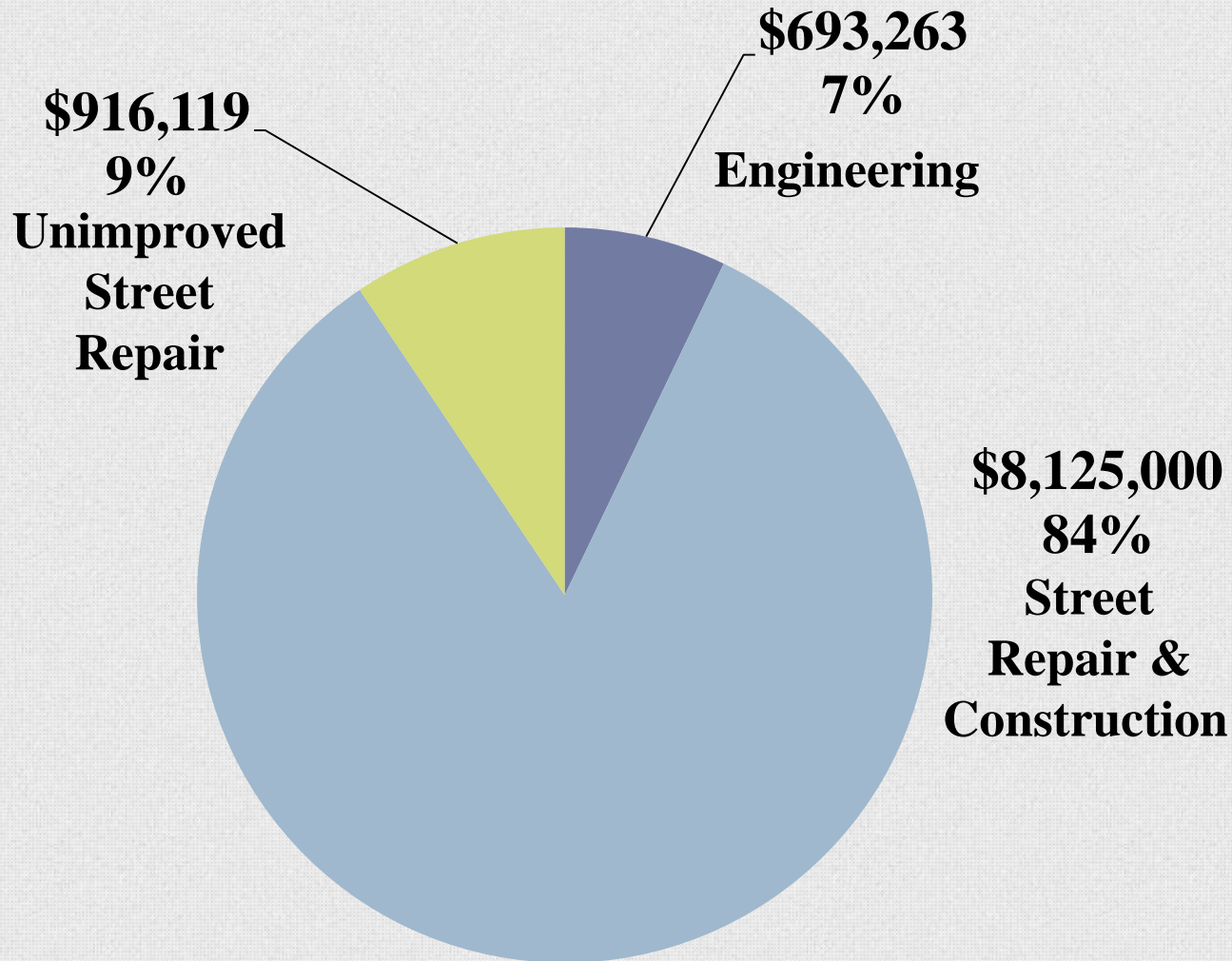
# How are Road Use Tax Funds used?



For the Year Ending 6-30-2019

C I T Y O F W A T E R L O O B U D G E T

# How are Local Option Tax Funds used?

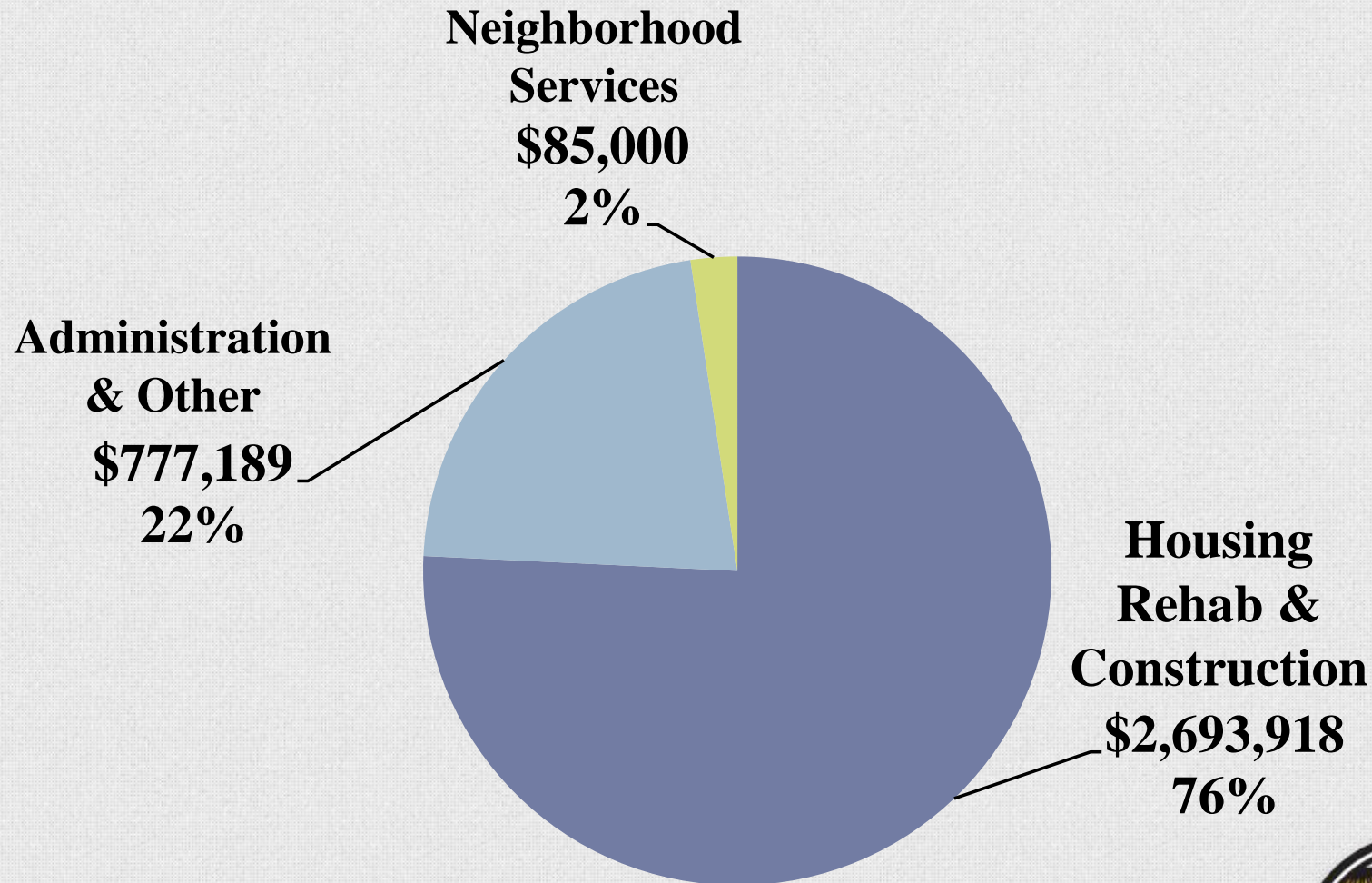


For the Year Ending 6-30-2019





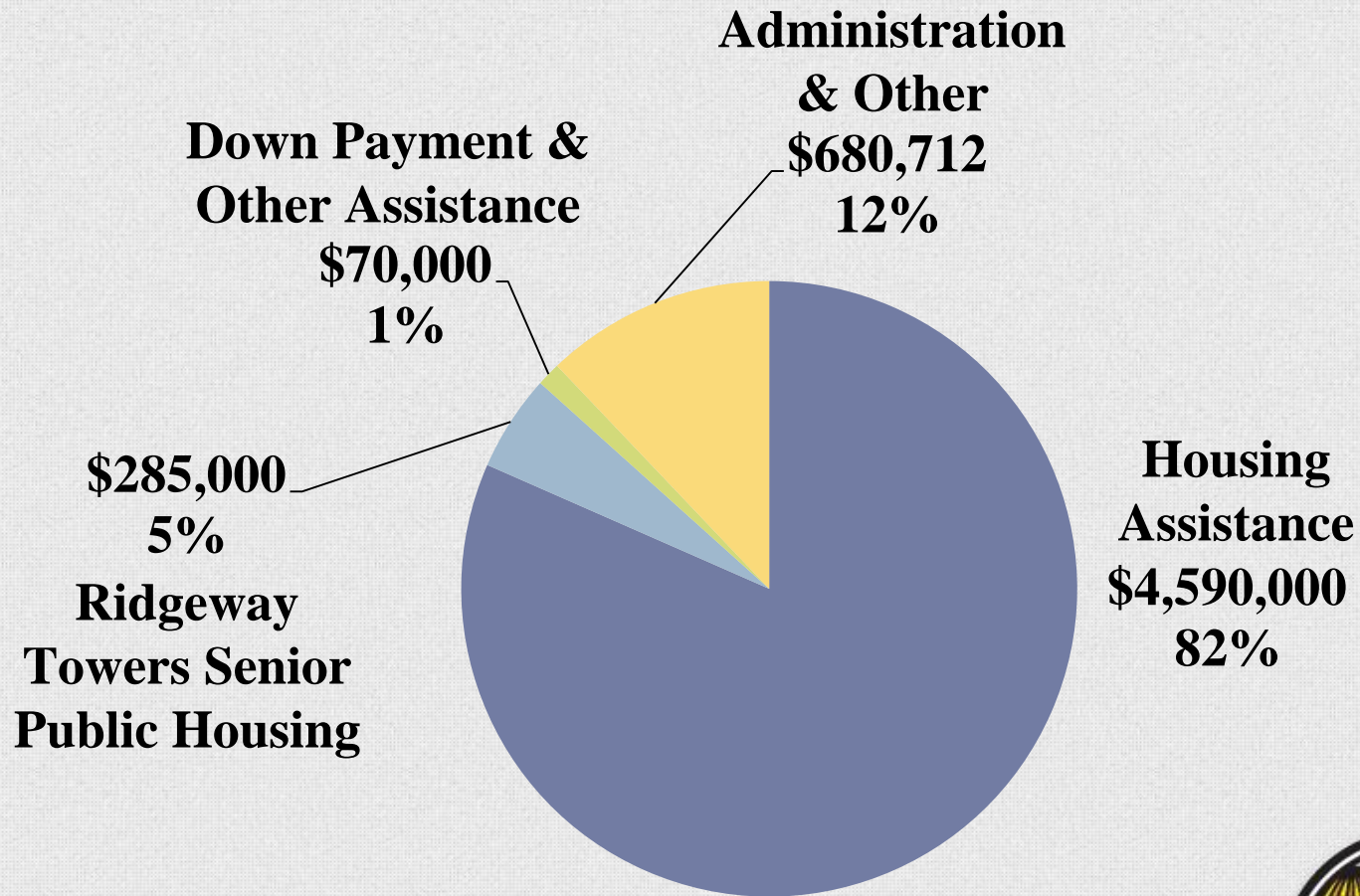
# How are Federal Block Grant Funds used?



**For the Year Ending 6-30-2019**



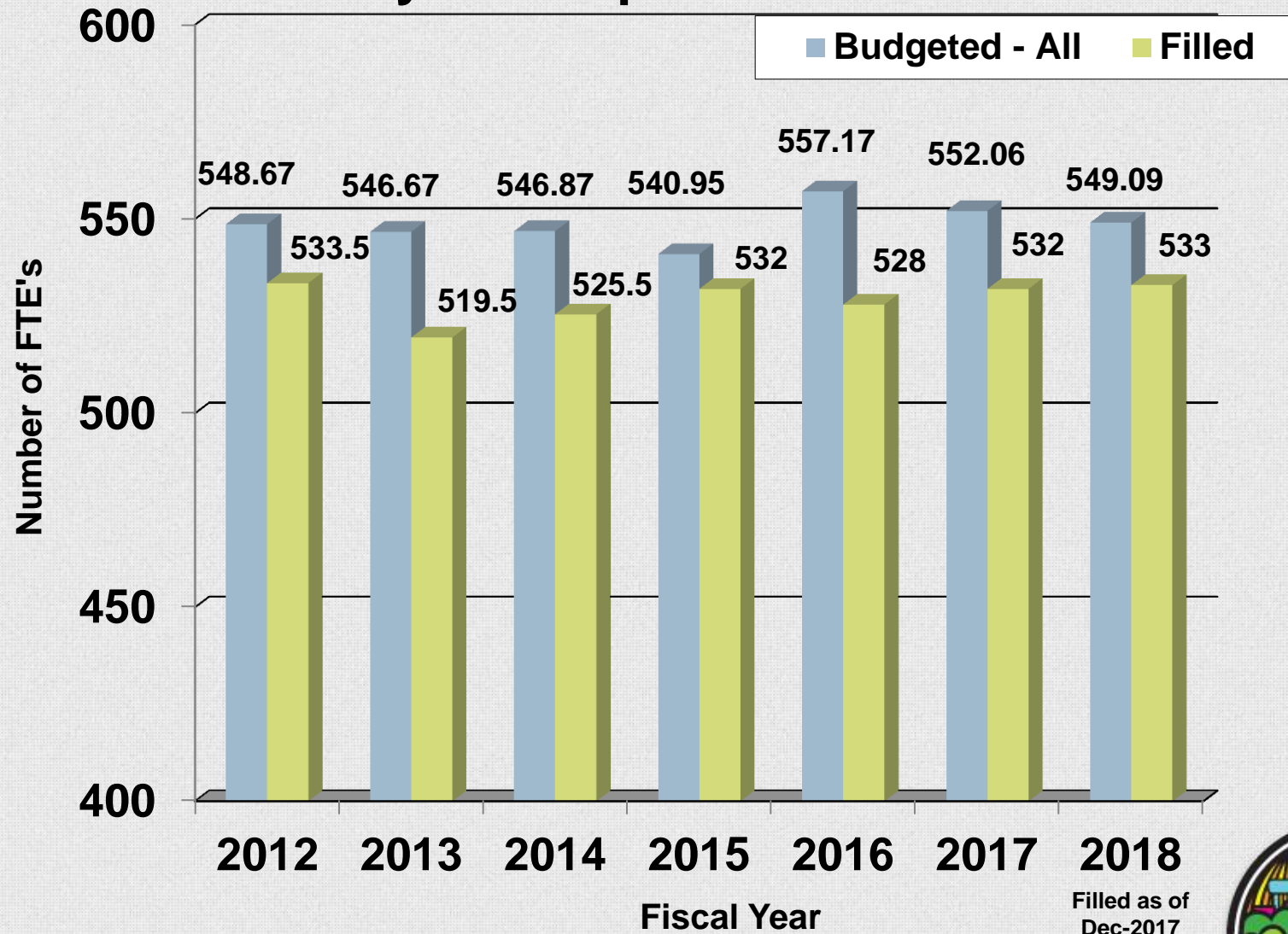
# How are Federal Housing Funds used?



For the Year Ending 6-30-2019



# How many employees does the City use to provide services?



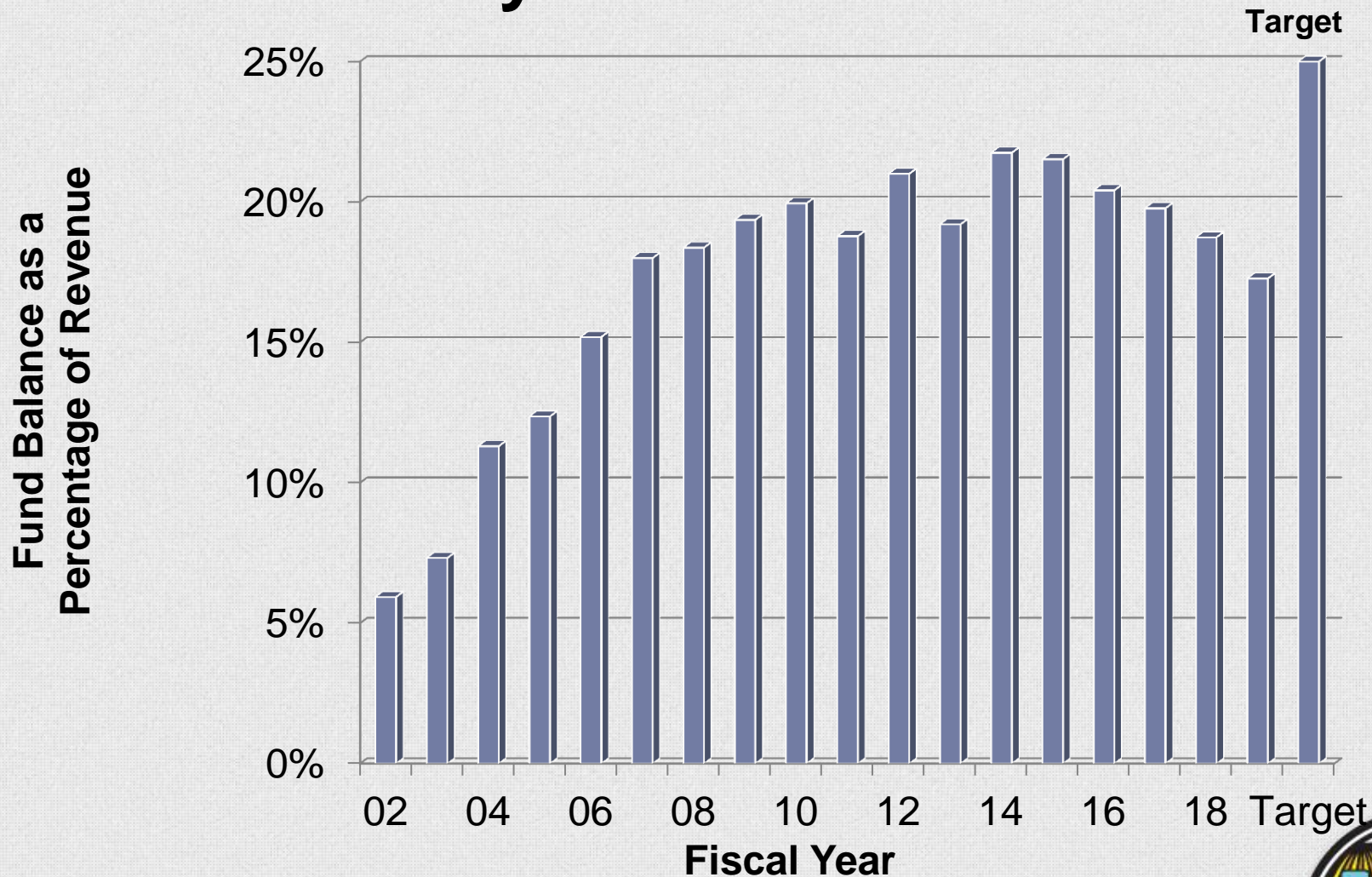


# Property Taxes Required to Support the FYE19 Budget

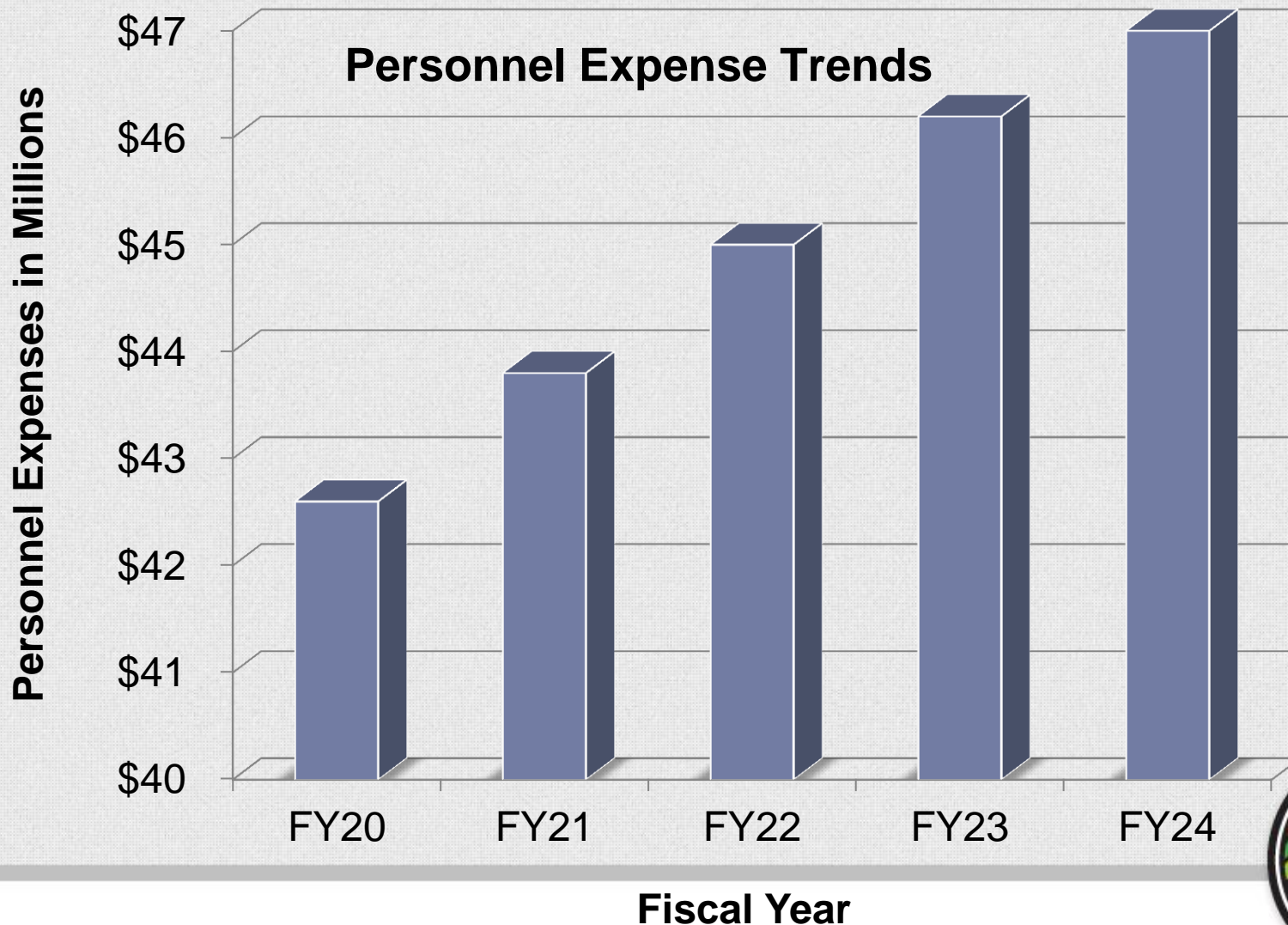
	FYE19	FYE18
Property Taxes	\$40,438,265	\$41,101,136
Increase (Decrease) from prior year	(\$662,871)	\$671,330
Percentage Increase (Decrease)	(1.61%)	1.66%
Proposed Levy Rate	\$17.45595	\$17.600000
Residential Tax Increase (Decrease)	(3.11%)	2.33%
Comm/Ind Tax Increase (Decrease)	(0.82%)	(0.03%)
Multi-Resi. Tax Increase (Decrease)	(5.33%)	(4.38%)



# Why use fund balance?



# What do we know about Future Expenses?





# **City of Waterloo FYE2019 Budget**

- **Still have questions? Please call City Hall - Mayor Hart or Michelle Weidner will be glad to help.**
- **Thank you for participating in the development of the FYE2019 budget!**
- **A special thank you to Mayor Hart, the City Council, the Finance Department staff, and all City departments for their work to develop the budget and for the service they provide to our citizens year-round.**

