

STEADY AS WE GROW

City of Waterloo Budget
Fiscal Year 2009



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 Top Strategic Priorities As Defined by Mayor and Council

- **Support economic development efforts that attract, retain and create quality jobs resulting in a diverse economic base and increased population**
- **Support implementation of the Downtown Master Plan**
- **Facilitate and promote the development of housing options to meet the needs of current and future Waterloo citizens**



City of Waterloo Top Strategic Priorities As Defined by Mayor and Council

- **Develop a customer-centered service delivery approach**
- **Seek additional opportunities to share services and resources with other government entities**
- **Collaborate with statewide elected officials to reduce the burden on local property taxes**



City of Waterloo Top Strategic Priorities As Defined by Mayor and Council

- Address the changing public workforce needs in Waterloo
- Enhance and protect a diverse, family-oriented community where neighborhoods are safe and well maintained
- Enhance the quality of place opportunities for the citizens of our community

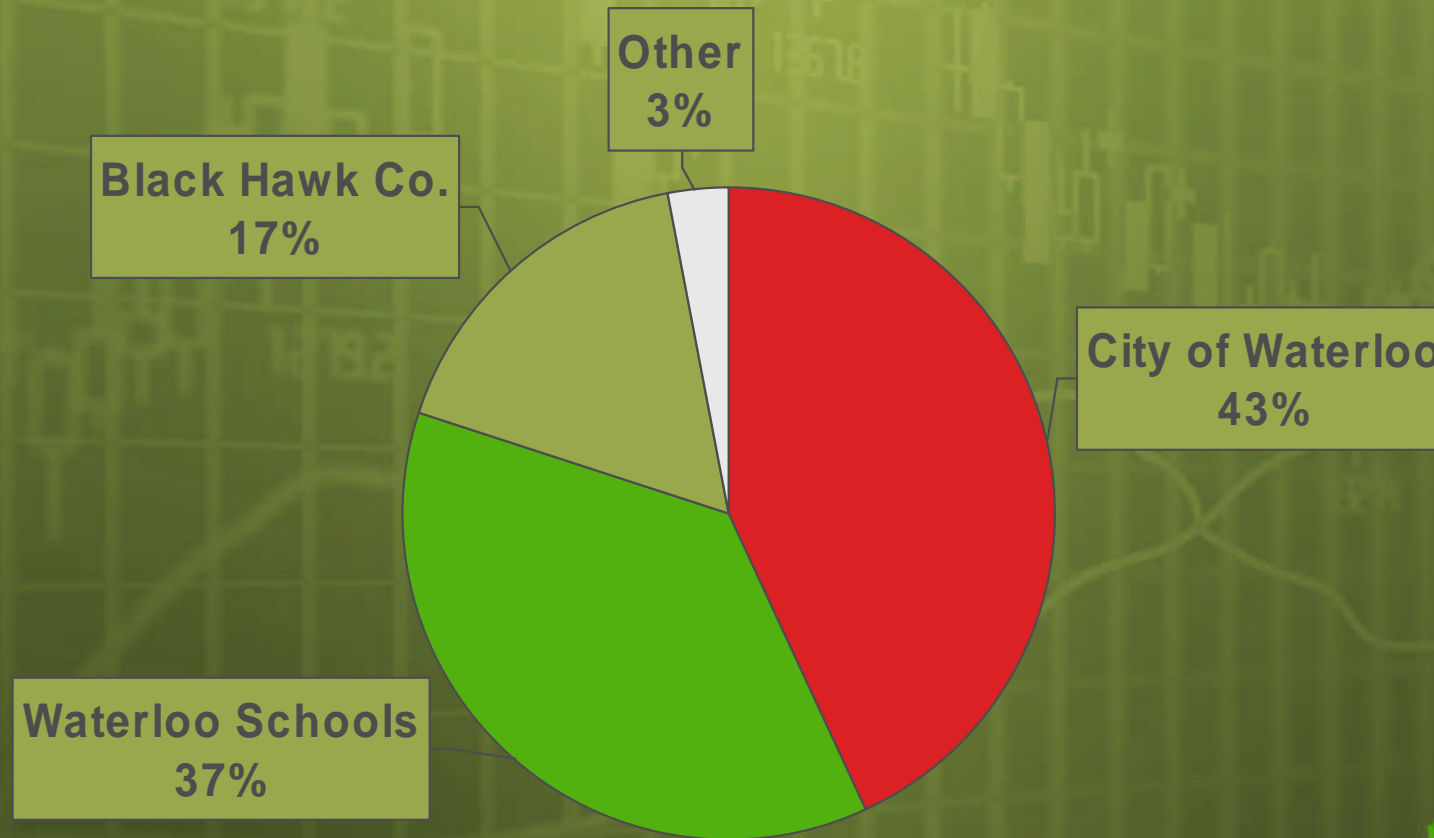


How is Funding to Accomplish a City's Mission and Purpose Provided?

- State law permits cities (in addition to counties and school districts) to assess **property taxes** to residents
- **User fees** and **federal and state programs** also provide funding sources



Where Does My Property Tax Dollar Go? For the Year Ending 6-30-08



How is the Tax Levy Set?

- State law controls the types of permissible levies and places caps on certain levies
- **Regular general levy** is capped at \$8.10 per \$1,000 of taxable value
- City of Waterloo has been at this cap for at least the past ten years



What Special Tax Levies are used by the City of Waterloo?

- **Employee Benefits Levies** fund things such as police and fire pensions, social security and medicare taxes and health insurance
- **Transit Levy** funds the City of Waterloo portion of the MET transit system
- **Liability and Property Insurance Levy** funds the payment of insurance premiums and deductibles



More Special Levies

- **Emergency Levy** provides an additional 27 cents to support general fund activities
- **Local Emergency Management Commission Levy** funds the City's share of Black Hawk Co. Emergency Management Association
- **Library Levy** funds expanded library hours and was voted in by the taxpayers
- **Debt Service Levy** funds the City's property-tax supported debt



How does the State impact the Tax Levy?

- The State of Iowa has greatly reduced funding provided to cities in recent years – by approximately \$1.5 million in general fund revenue that was used to support city services
- Elimination of Property Tax Replacement Payments resulted in a reduction of \$1.4 million in general fund revenue previously provided by the state
- Elimination of Bank Franchise Tax



Long-term State Impacts

- **Rollback trend – since FYE94, the residential rollback has increased by 39%, decreasing the amount of taxable valuation by approximately \$674 million**
- **Elimination of Machinery & Equipment Valuation has cost the city \$112 million in valuation**
- **The state has continued to reimburse cities for credits such as the Homestead and Military credit, although at reduced levels**

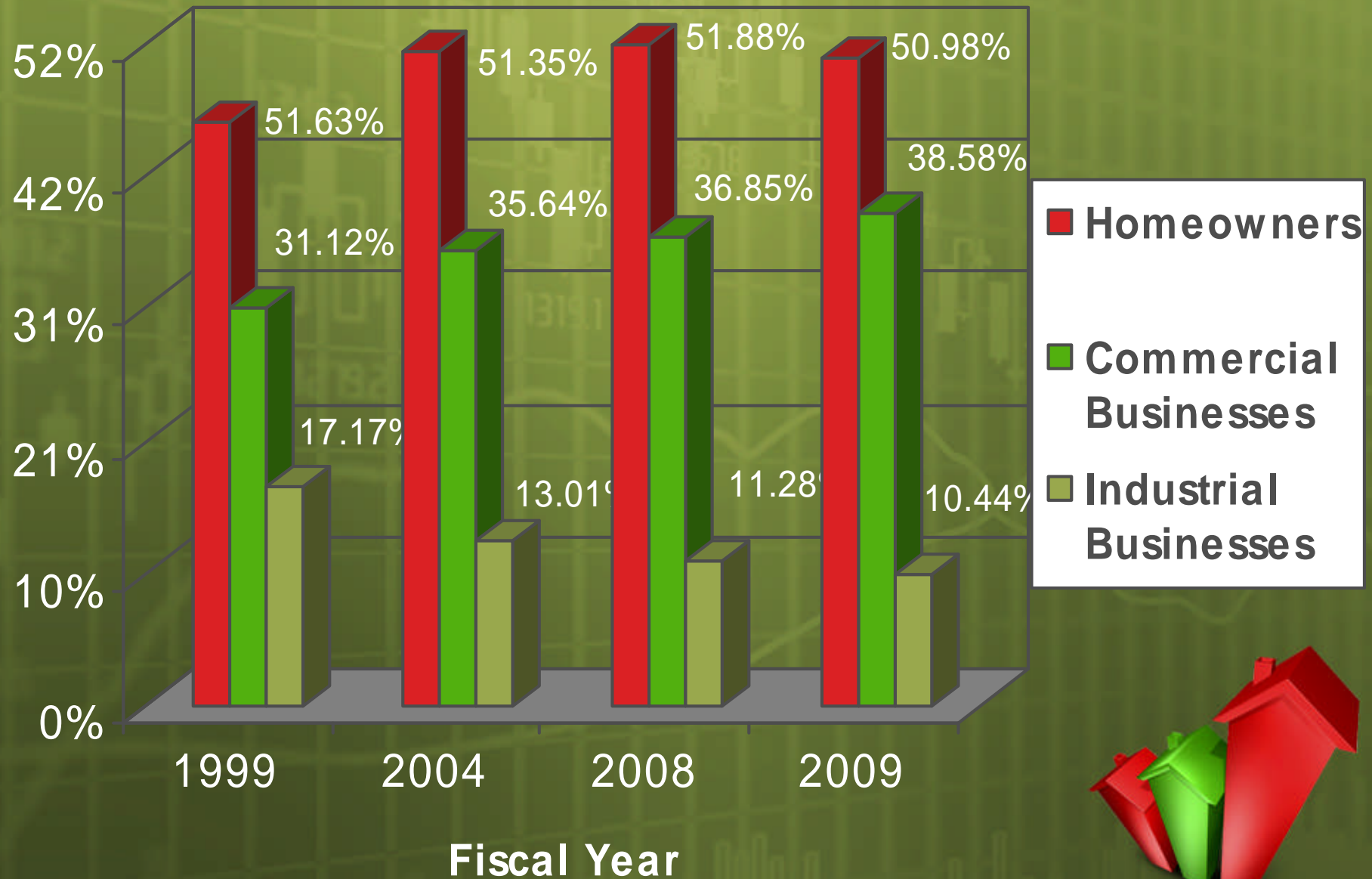


How are Property Taxes Calculated?

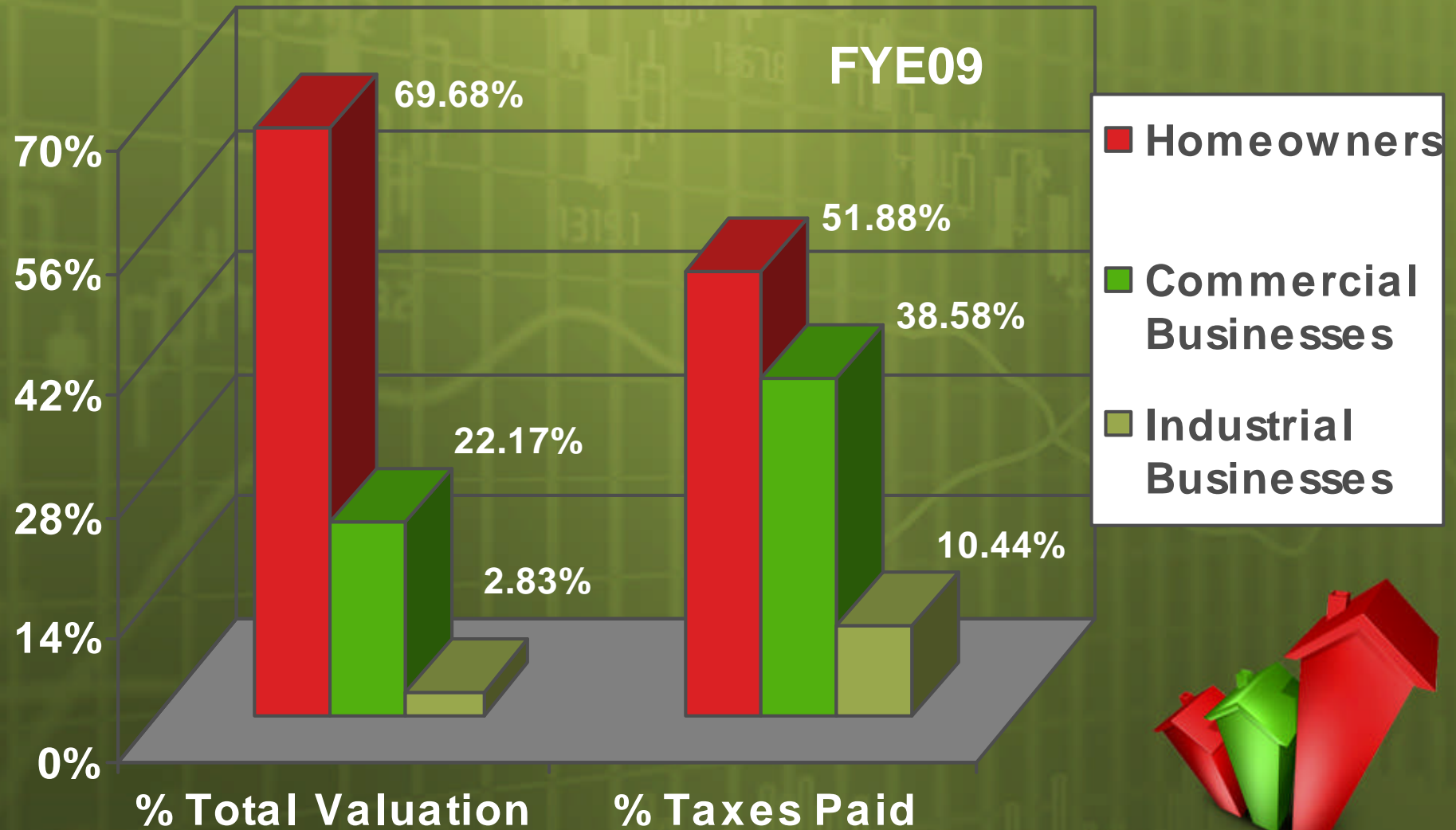
- **County Assessor sets property values**
- **State sets “roll-back” or the percentage of total value that is taxable**
- **State issues “equalization orders” designed to equalize values of different categories of property every two years**
- **Cities, counties and school districts set the levy rate**



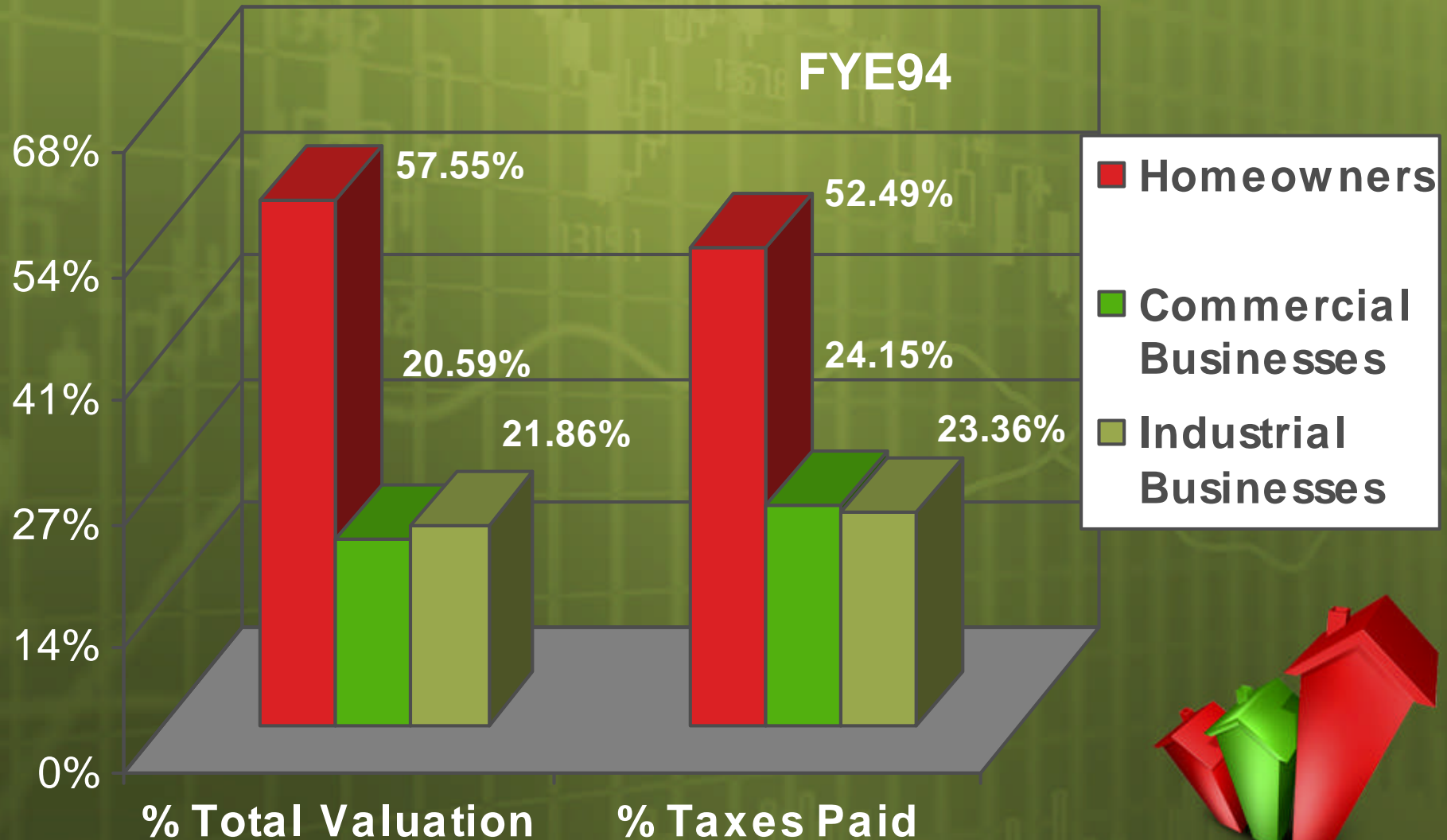
Who Pays Property Taxes in Waterloo?



How Do Property Values by Type Compare to Property Taxes Paid in Waterloo? (FYE09)



How Do Property Values by Type Compare to Property Taxes Paid in Waterloo? (FYE94)



Assessed Values FYE09 – Waterloo

Property Class	Assessed Value FYE09	Percentage of New Growth
Residential	2,331,952,077	2.50%
Commercial	768,917,380	4.05%
Industrial	98,127,515	-3.64%
Utilities	129,364,888	-3.09%
Ag Land	12,811,590	13.66%
Subtotal	3,341,173,450	2.40%
TIF	127,654,218	24.62%
Total	3,468,827,668	3.11%

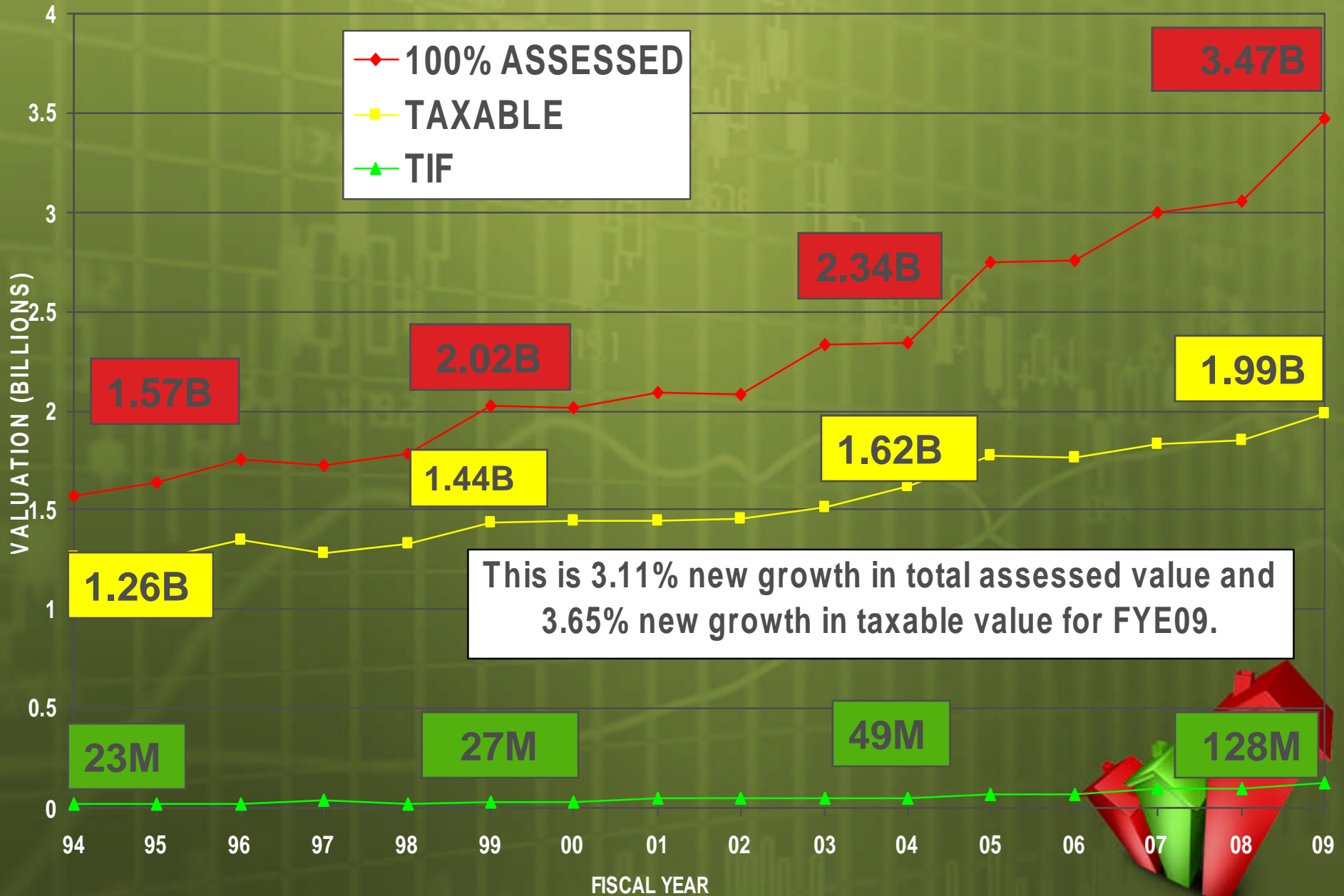


Taxable Values FYE09 – Waterloo

Property Class	Taxable Value FYE09	Percentage of Taxable Growth
Residential	1,021,046,822	2.43%
Commercial	766,647,219	4.04%
Industrial	98,127,515	- 3.64%
Utilities	109,339,414	2.80%
Ag Land	11,543,535	2.41%
Subtotal	2,006,704,505	2.72%
TIF	125,534,846	21.90%
Total	2,132,239,351	3.65%



Valuation Trends - City of Waterloo

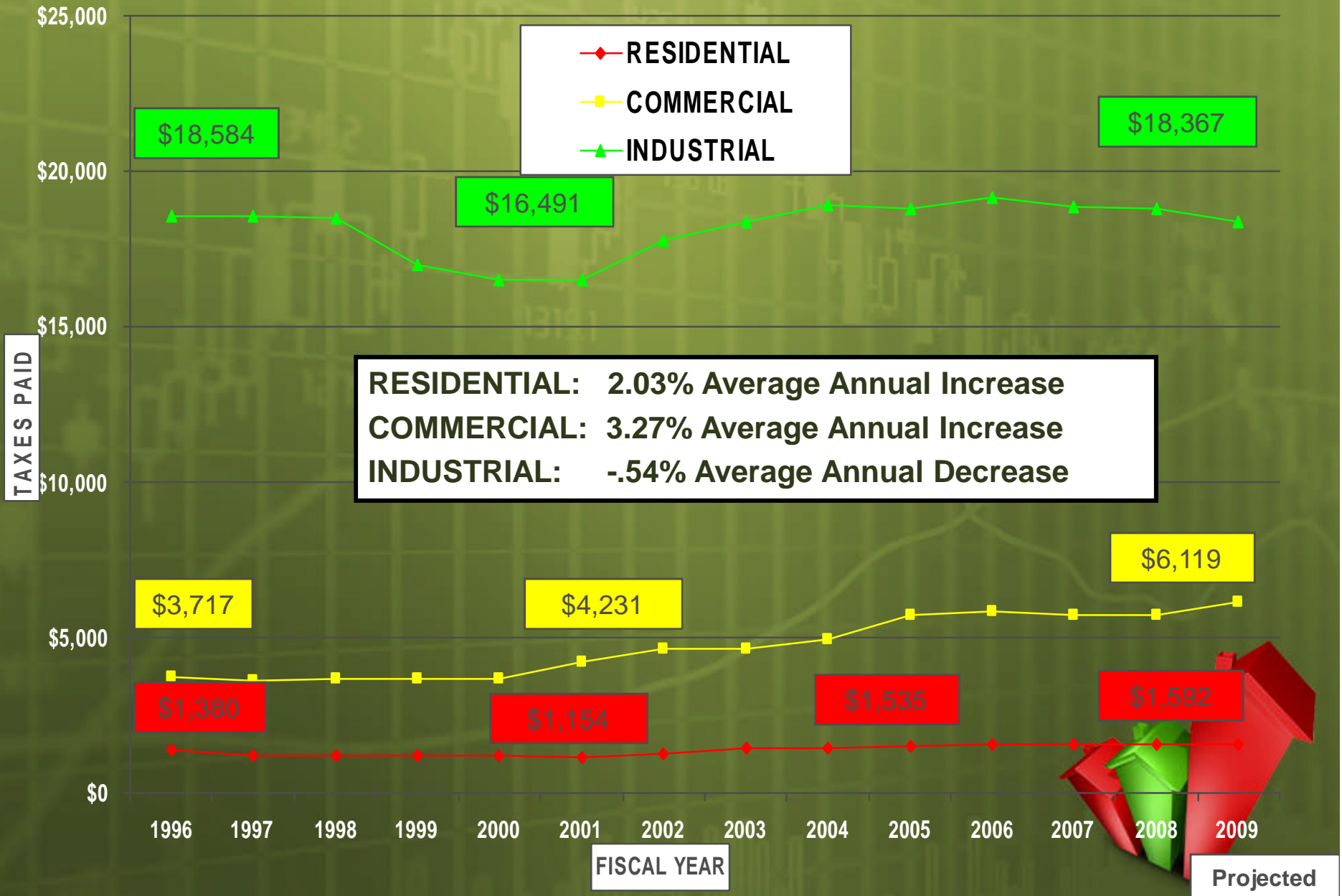


How do changes in property valuation affect the City's budget?

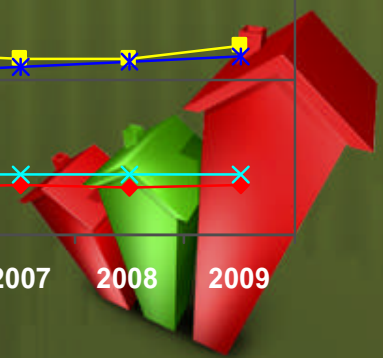
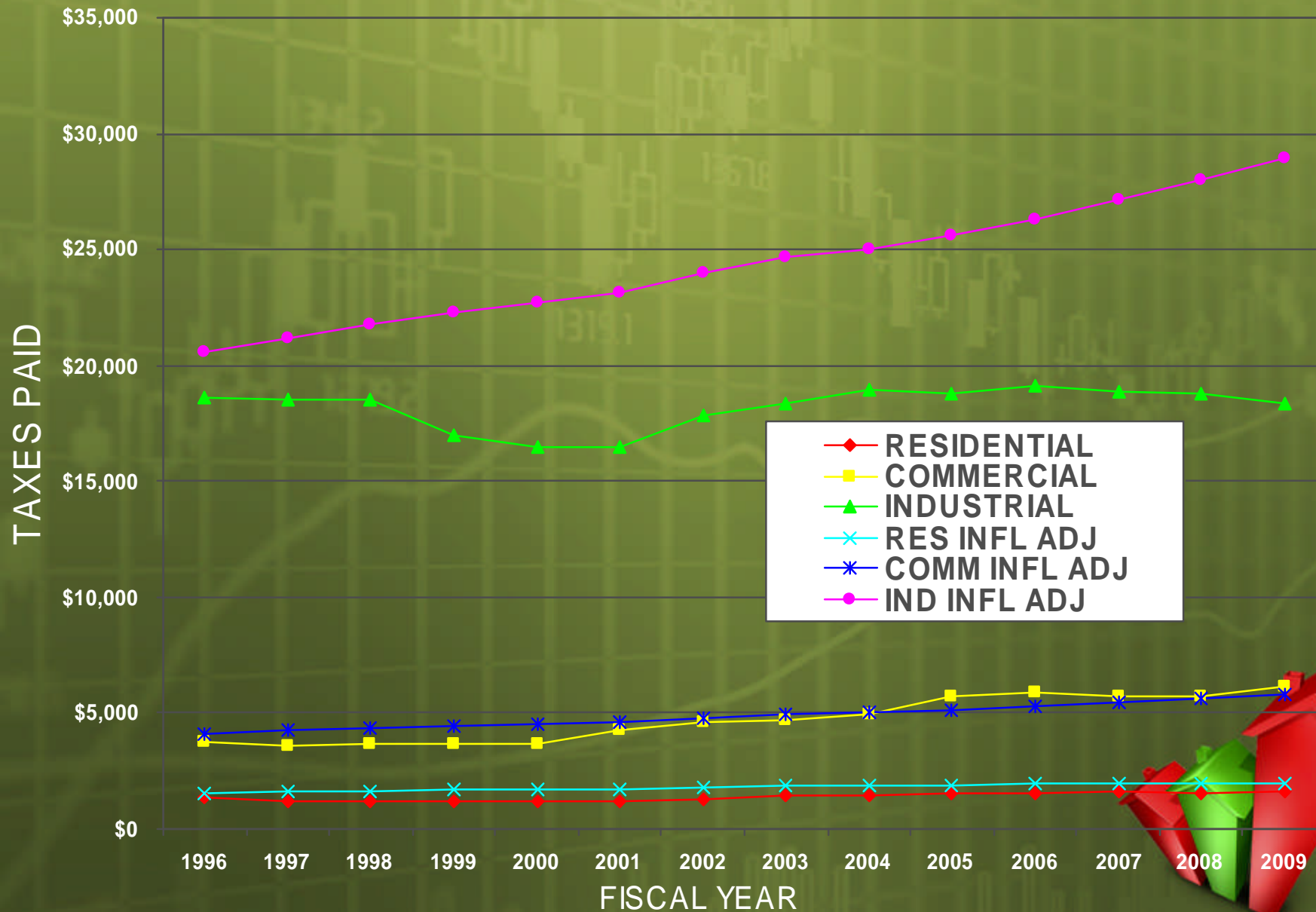
- **As taxable property valuation grows, the amount of taxes required to support the same budget shrinks**
- **State equalization orders and rollback factors change the proportion of taxes paid by different classes of property (residential, commercial and industrial)**



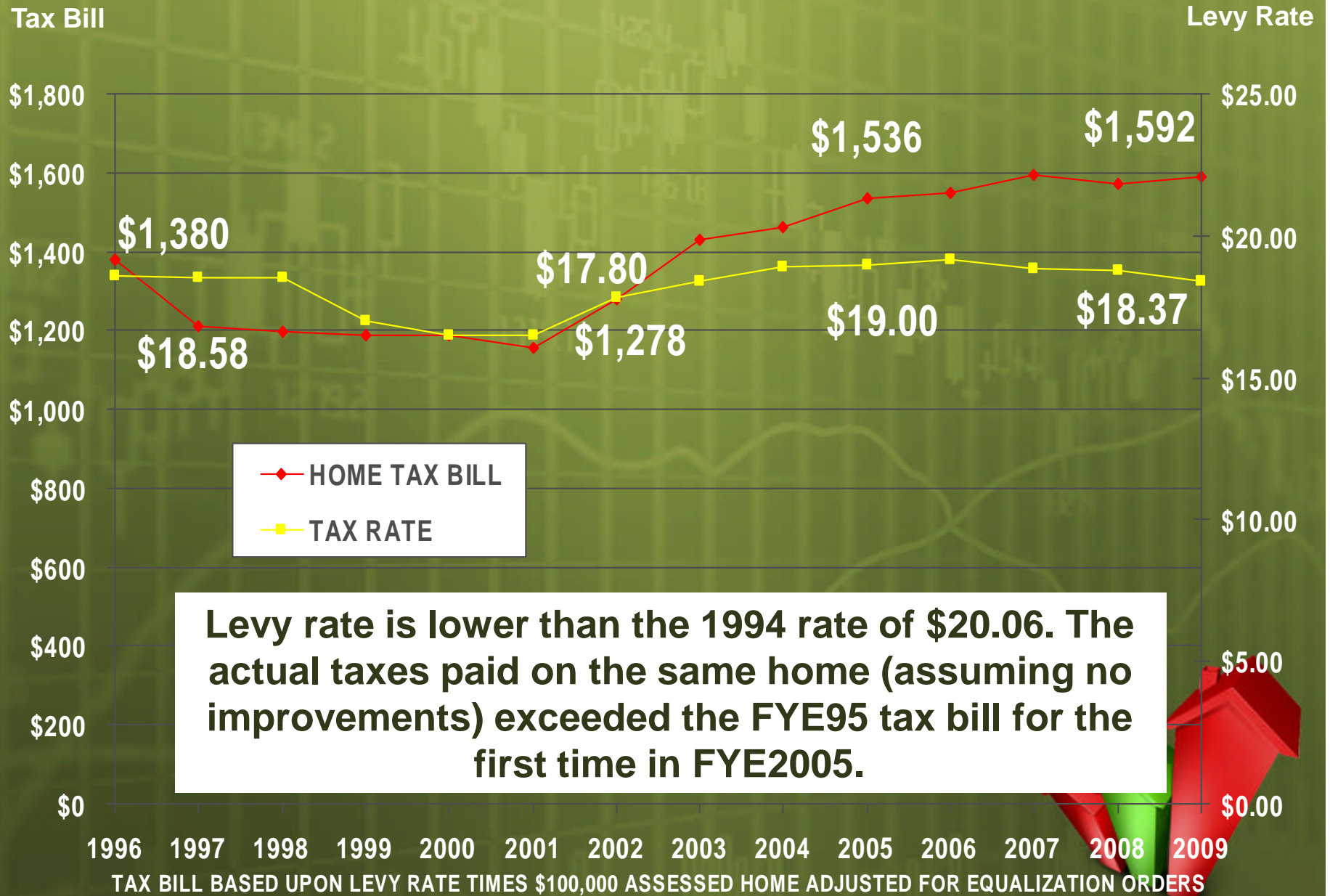
City of Waterloo Property Tax Trends



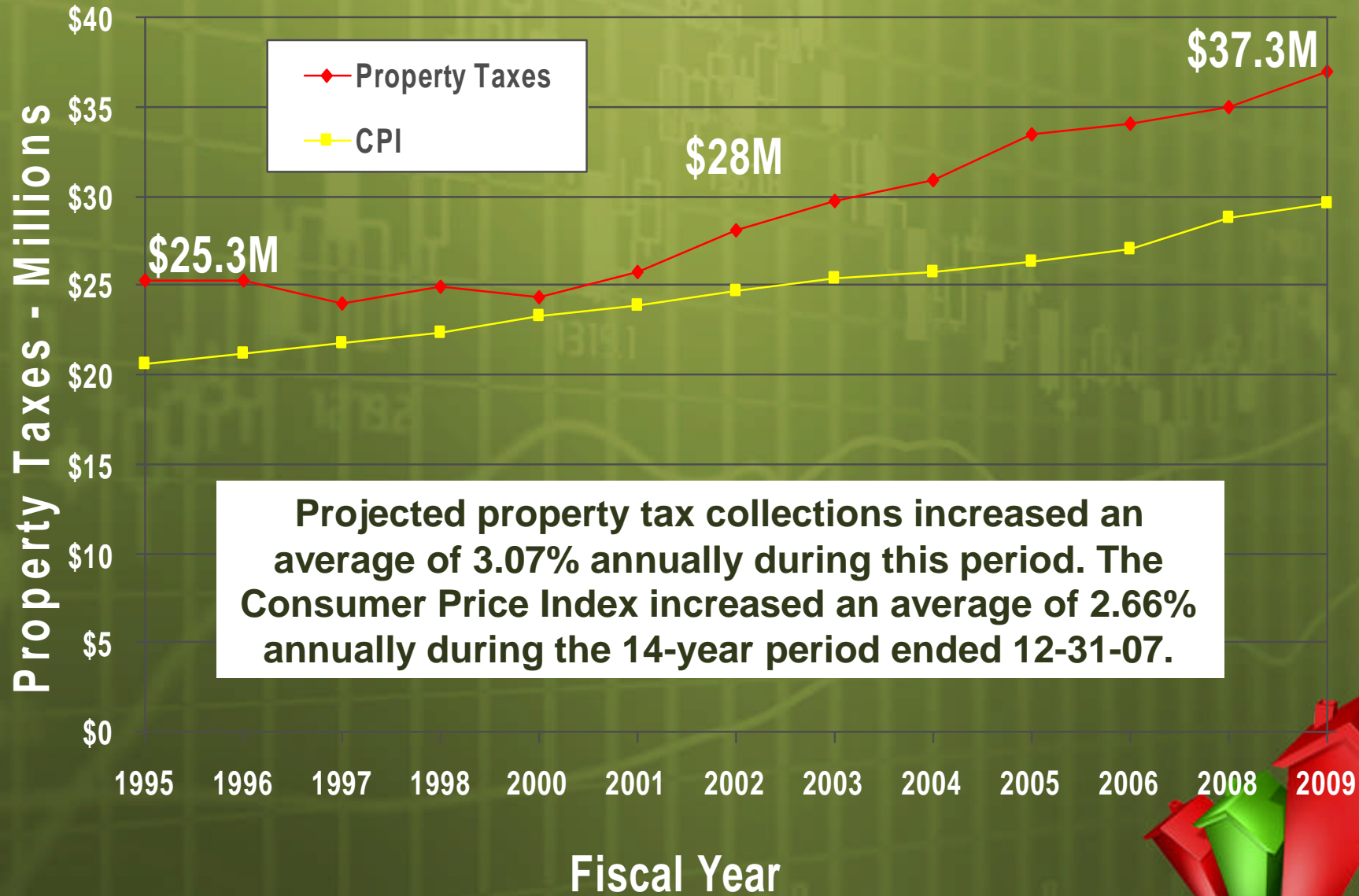
Property Tax Trends With Comparison To Inflation



Property Tax Levy Trends Through FYE 2009 (Projected)



Property Taxes Collected - Waterloo



Are there other factors that affect how my tax bill is determined?

- Yes – the state can require properties to be re-valued – using something called an equalization order – for FYE09, there is a 7% increase for residential properties and a 9% increase for commercial properties
- In addition, the County Assessor periodically revalues properties. For residential properties, this was done for taxes payable in FYE96, FYE99 and again for FYE2007



Haven't my property taxes gone up faster than inflation?

- The median home sales price has more than doubled since 1994
- The CPI has increased 34% over the 14 year time period since 1994
- Social Security payments increased 33.4% over that same time period
- City property taxes have increased 15.4% over that same time period



How is the tax bill on my home determined?

	FYE09	FYE08
• Assessed Value	\$107,000	\$100,000
• Times Rollback	.440803	.455596
• Equals Taxable Value	\$47,166	\$45,560
• Divided by \$1,000	47.166	45.560
• Times Total Tax Levy Rate	\$43.43441	\$44.11066
• Equals Total Tax Bill	\$2,048.63	\$2,009.68
• City Portion of Tax Bill	\$866.29	\$855.01
• City Projected Annual Increase	\$11.28	



How is the tax bill on my home determined?

	FYE09	FYE09
• Assessed Value FYE08	\$50,000	\$150,000
• Assessed Value FYE09	\$53,500	\$160,500
• Total Tax Bill	\$1,024.31	\$3,072.94
• City Portion of Tax Bill	\$433.15	\$1,299.44
• City Projected Annual Increase	\$5.65	\$16.34



How is the tax bill on my home determined?

	FYE09	FYE09
• Assessed Value FYE08	\$200,000	\$250,000
• Assessed Value	\$214,000	\$267,500
• Total Tax Bill	\$4,097.25	\$5,121.56
• City Portion of Tax Bill	\$1,732.58	\$2,165.73
• City Projected Annual Increase	\$22.57	\$27.23

- For a home assessed at \$300,000 in FYE08, city taxes are projected at \$2,598.87, an increase of \$33.86 for FYE09.



How is the tax bill on my home determined?

	FYE08	FYE09
• Assessed Value FYE08	\$150,000	\$250,000
• Assessed Value	\$160,500	\$267,500
• Total Tax Bill	\$3,072.94	\$5,121.56
• City Portion of Tax Bill	\$1,299.44	\$2,165.73
• City Projected Annual Increase	\$16.34	\$27.23



How does the City of Waterloo provide services?

- The City uses several different “funds” to conduct operations.
- Revenue and expenses are recorded separately to track the operations of the services provided by each fund.



How does the City of Waterloo provide services?

- **SEWER FUND – funded by user fees**
 - **Operate and maintain sanitary sewer collection and treatment facilities**
 - **Dispose of sludge biosolids**
 - **Operate and maintain storm water collection system**
 - **Maintain flood control system**
 - **New federal stormwater regulations require additional resources**
 - **Total expenditures for the sewer fund are budgeted at \$11.3 million for FYE09**



How are Sewer User Fees Spent?

Debt Service for
Sewer System
Improvements

\$3,853,173

Plant and System
Maintenance
Operations

\$6,466,506

System
Improvements

\$1,000,000

For the Year Ending 6-30-09

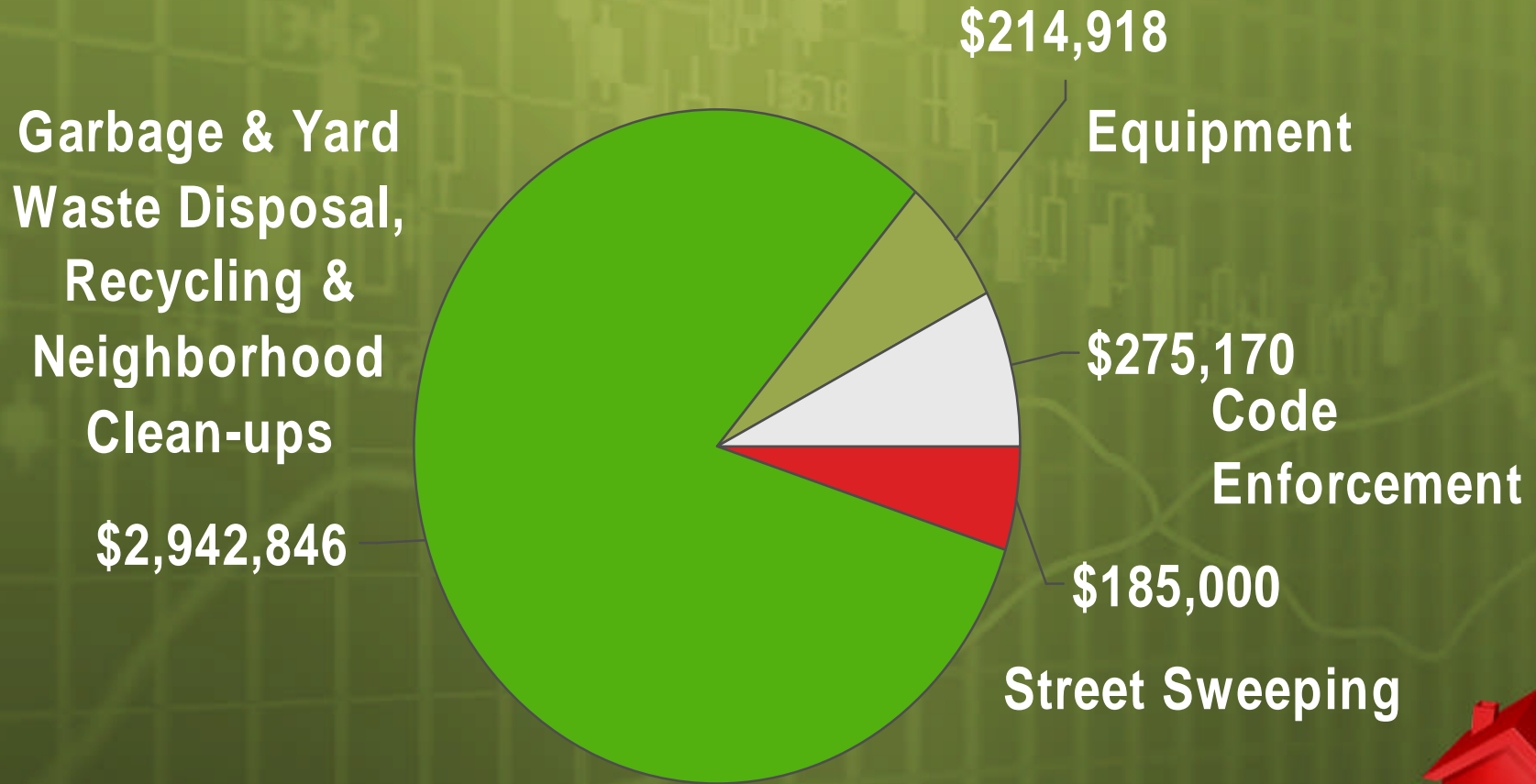


How does the City of Waterloo provide services?

- **GARBAGE FUND – funded by user fees**
 - **Collect and dispose of residential and commercial garbage**
 - **Collect and dispose of yard waste**
 - **Operate curbside recycling and recycling sites**
 - **Operate neighborhood clean-up activities and large item pick-up (such as appliances)**
 - **Total expenditures for the garbage fund are budgeted at \$3.6 million for FYE09**



How are Garbage User Fees Spent?



For the Year Ending 6-30-09

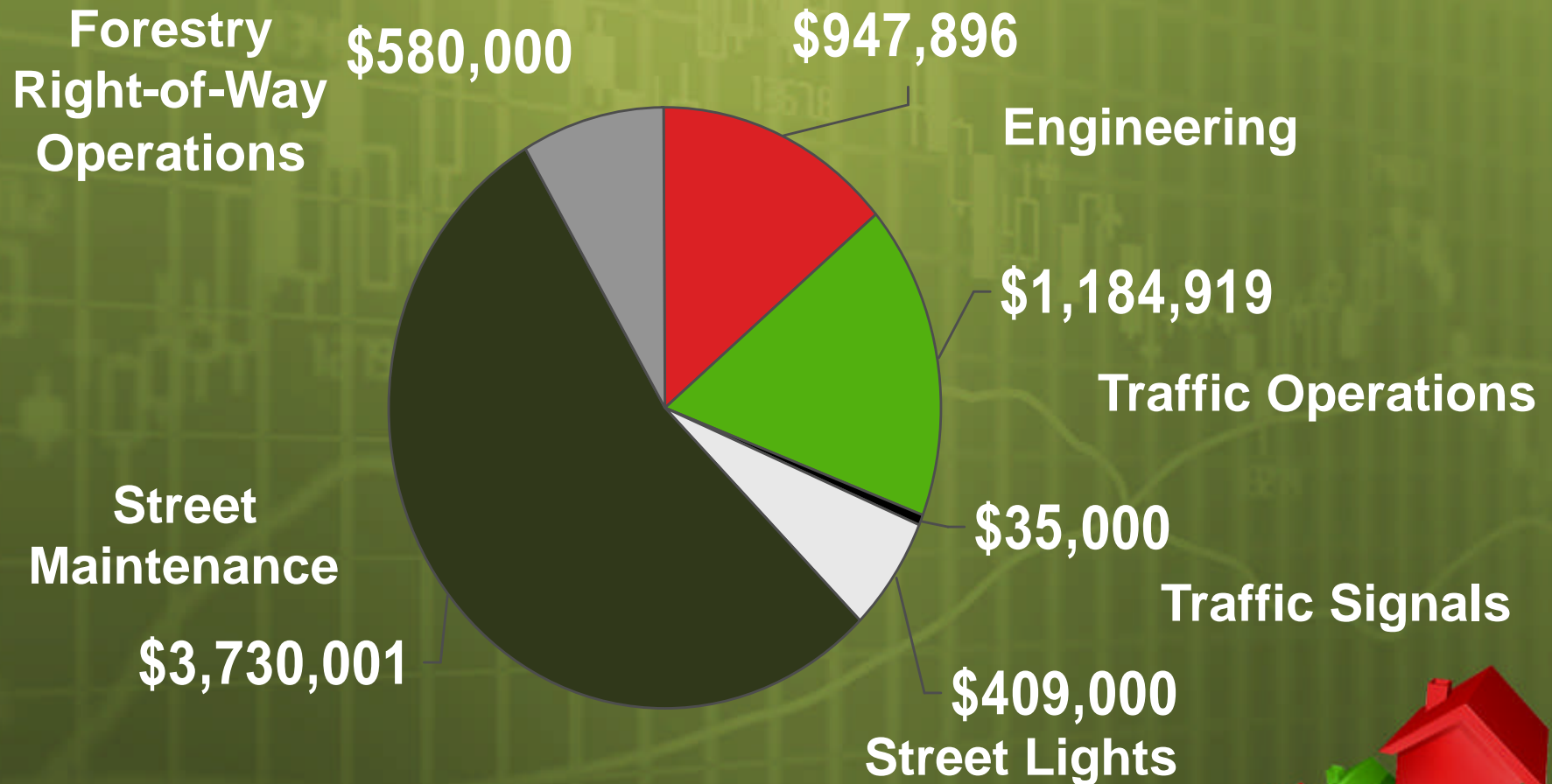


How does the City of Waterloo provide services?

- **ROAD USE TAX FUND – funded by state fuel taxes**
 - **Maintain more than 450 miles of streets, including snow removal, pothole repair and right-of-way forestry operations**
 - **Operate & maintain traffic signals and street lights**
 - **Provide engineering services for street construction and repair projects**
 - **Total expenditures of \$6.9 million are budgeted for FYE09**



How are Road Use Tax Funds Used?



For the Year Ending 6-30-09

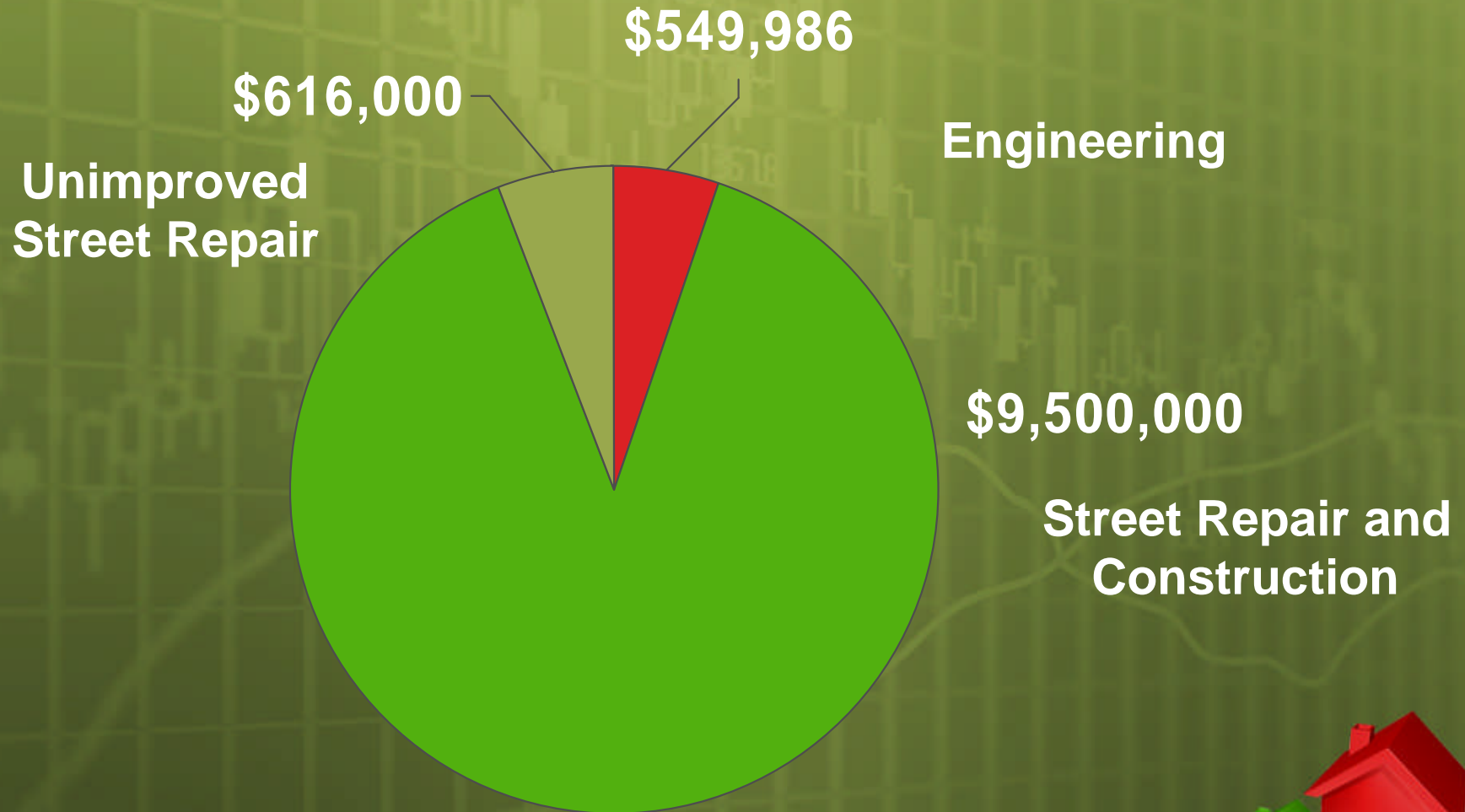


How does the City of Waterloo provide services?

- **LOCAL OPTION TAX FUND – funded by one cent sales tax**
 - **Reconstruct, repair and improve more than 450 miles of streets**
 - **Provide engineering services for street reconstruction and repair projects**
 - **Total expenditures of \$10.7 million are budgeted for FYE09**



How are Local Option Tax Funds Used?



For the Year Ending 6-30-09



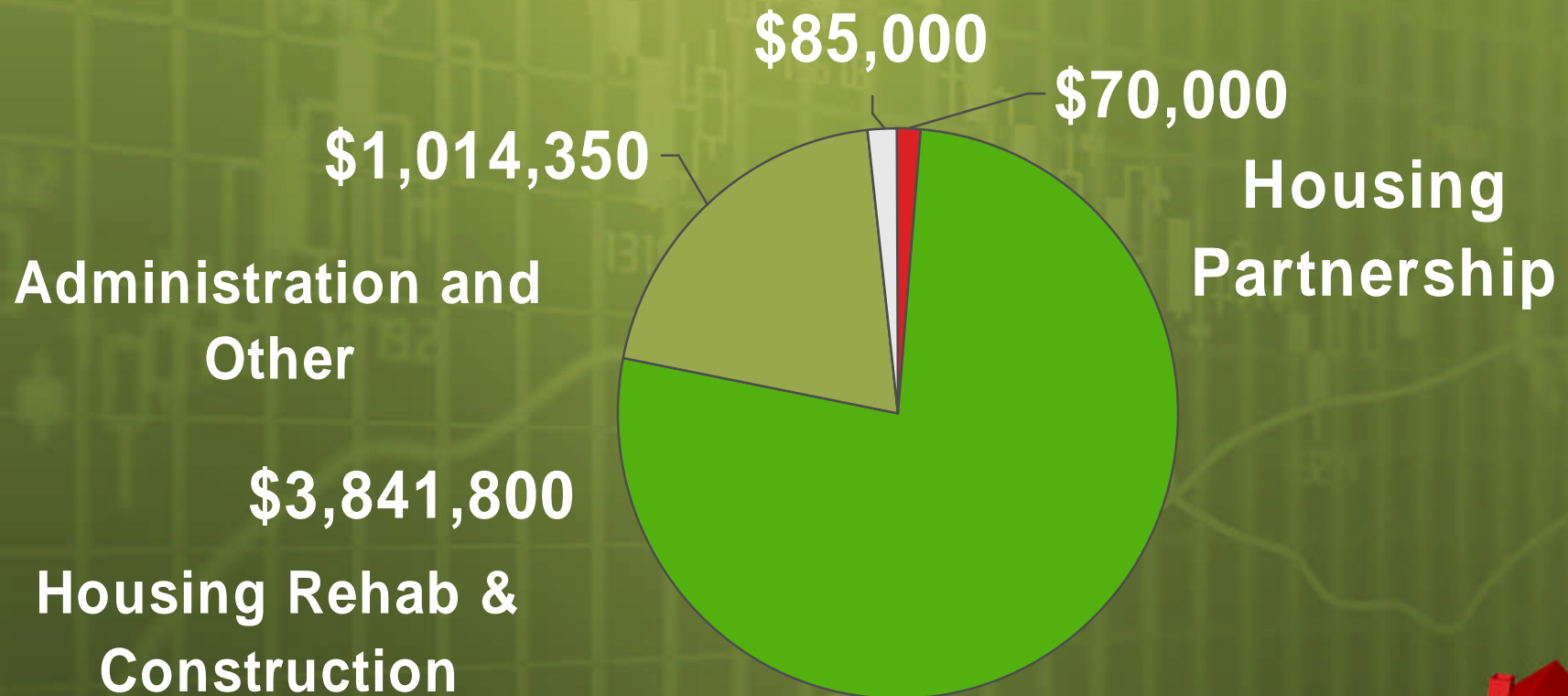
How does the City of Waterloo provide services?

- **COMMUNITY DEVELOPMENT/HOUSING – funded primarily with federal grants**
 - Home rehabilitation, including lead-based paint removal
 - Administer federal rental assistance program
 - Administer Renew Waterloo Housing program
 - Total expenditures of \$10 million are budgeted for FYE09



How are Federal Block Grant Funds Used?

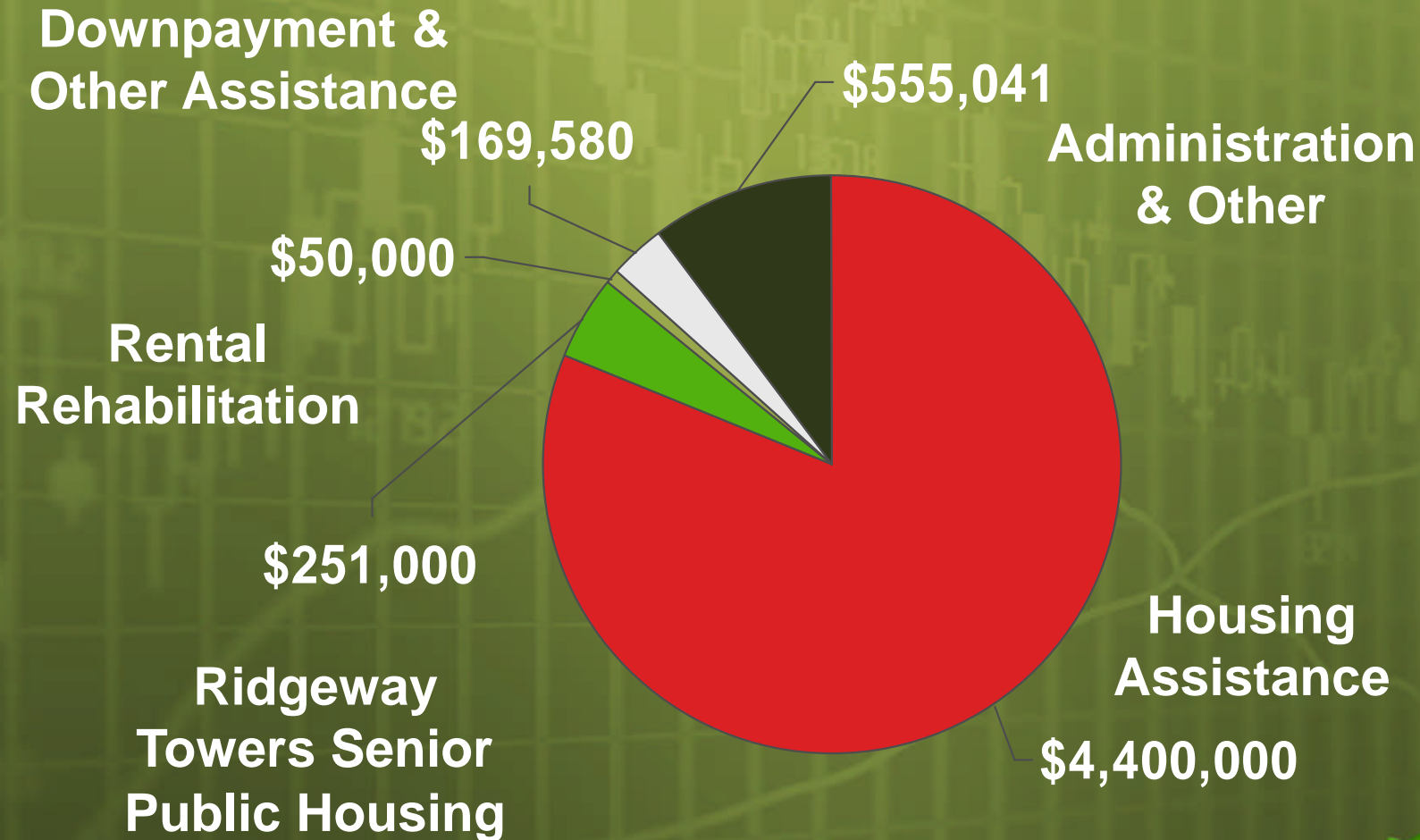
Neighborhood Services



For the Year Ending 6-30-09



How are Federal Housing Funds Used?



For the Year Ending 6-30-09

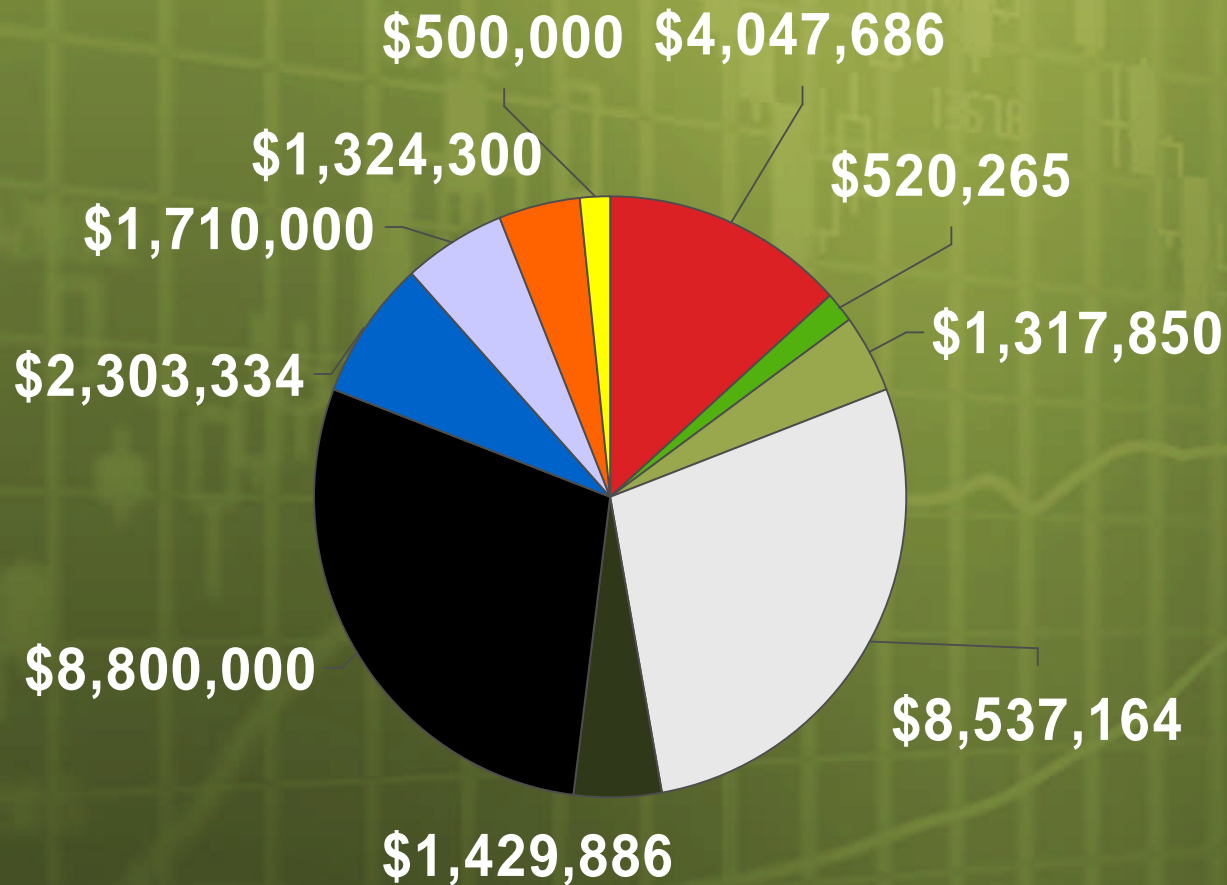


How does the City of Waterloo provide services?

- **CAPITAL PROJECTS FUNDS** – funded with City bond funds (repaid with debt service levy) and by federal and state grants
 - Provide infrastructure, equipment and facilities
 - Total expenditures of \$30.5 million are planned for FYE09



How are Capital Project Funds Used?



- Streets & Bikeways
- Traffic Improvements
- Clean-up & Demo
- Riverfront
- TIF
- GO Issue
- RiverLoop Expo
- Land & Demolition
- Airport
- Parks

For the Year Ending 6-30-09

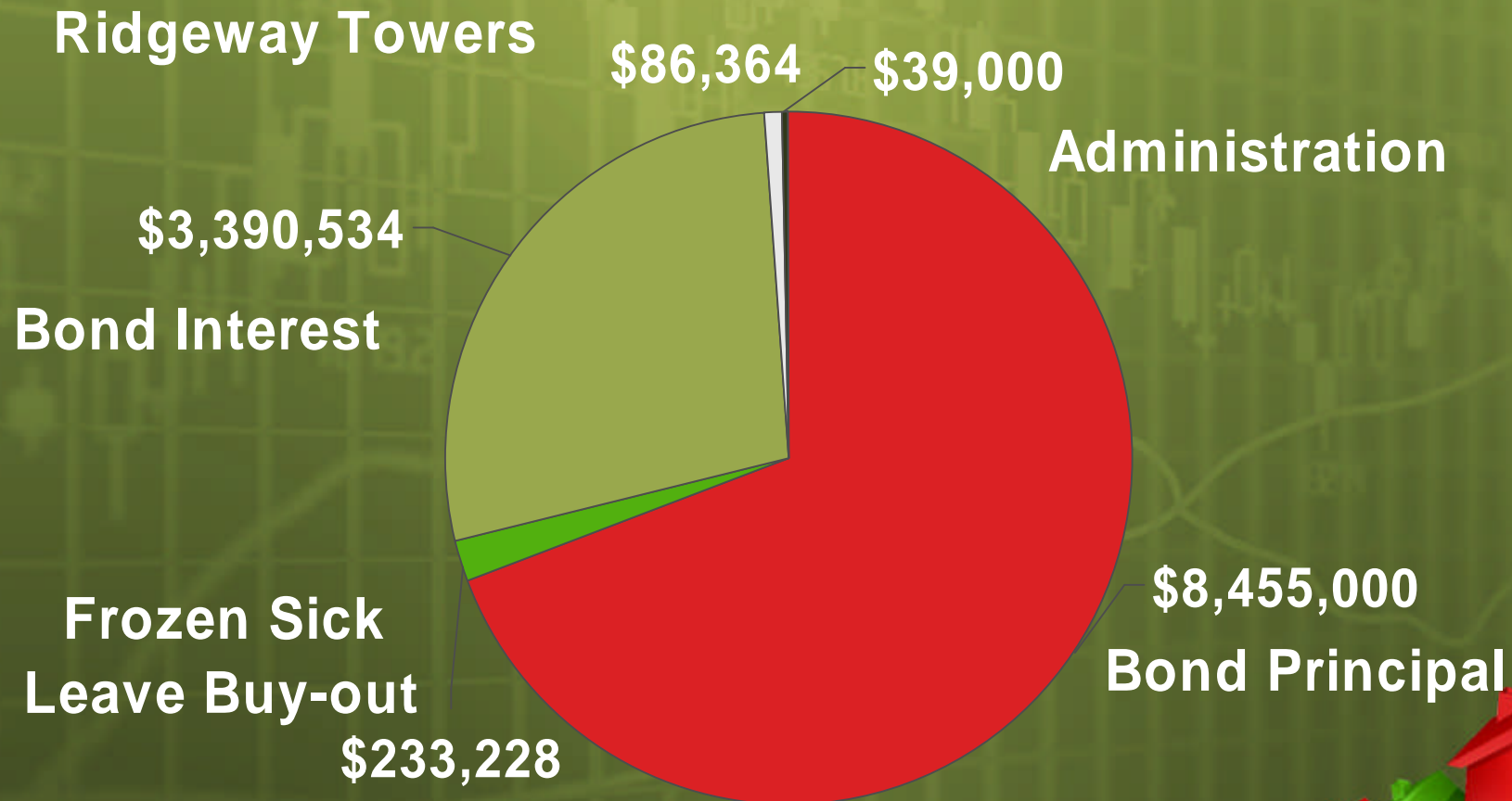


How does the City of Waterloo provide services?

- **DEBT SERVICE FUND – funded primarily by property taxes**
 - **Administer payments for indebtedness**
 - **Total expenditures of \$12.2 million are budgeted for FYE09**



How are Debt Service Funds Used?



For the Year Ending 6-30-09



How does the City of Waterloo provide services?

- **GENERAL FUND** – funded primarily by property taxes

- **Public Safety**

Police Protection

Fire Protection and Ambulance Service

Building Inspections

Animal Control



How does the City of Waterloo provide services?

- **GENERAL FUND** – funded primarily by property taxes

- **Public Works**

City-owned Sidewalk Maintenance

Parking Ramps and Lots

Airport

Central Garage

Public Bus Transportation



How does the City of Waterloo provide services?

- **GENERAL FUND** – funded primarily by property taxes

- **Health and Social Services**

Human Rights Commission

Mayor's Youth Programming



How does the City of Waterloo provide services?

- **GENERAL FUND** – funded primarily by property taxes

- **Culture and Recreation**

Library

Parks

Recreation – Golf, Sports, Young Arena

Center for the Arts, Youth Pavilion



How does the City of Waterloo provide services?

- **GENERAL FUND** – funded primarily by property taxes
 - **Community and Economic Development**
Planning & Zoning
Five Sullivan Brothers Center



How does the City of Waterloo provide services?

- **GENERAL FUND** – funded primarily by property taxes

- **General Government**

Mayor and Council

City Attorney

City Clerk/Finance

Human Resources

Facilities Maintenance

Memorial Hall

Management Information Services

Property and Liability Insurance

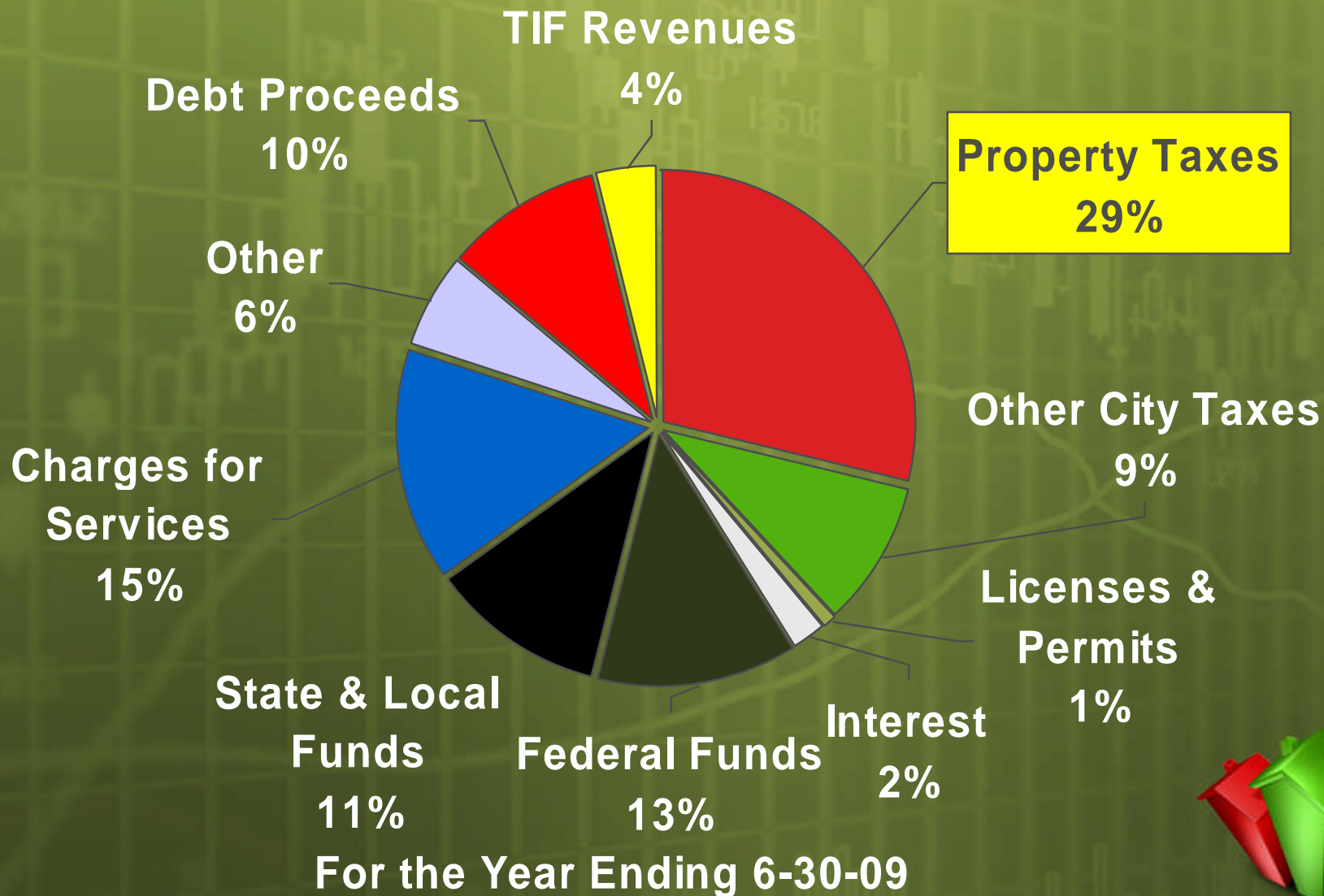


How many Employees does the City of Waterloo use to provide Services?

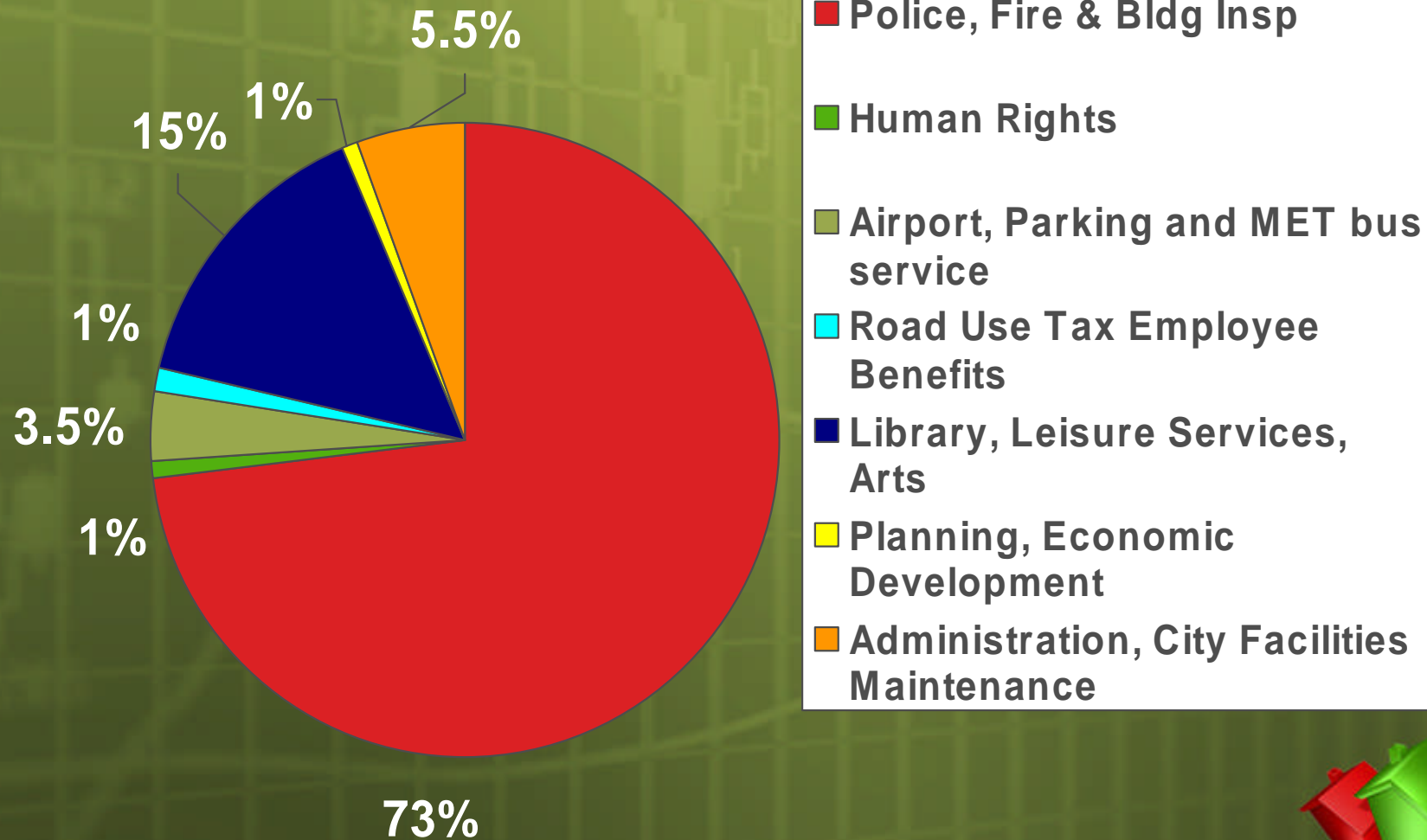


Do My Property Taxes Pay All the City's Expenses?

No, They Don't!



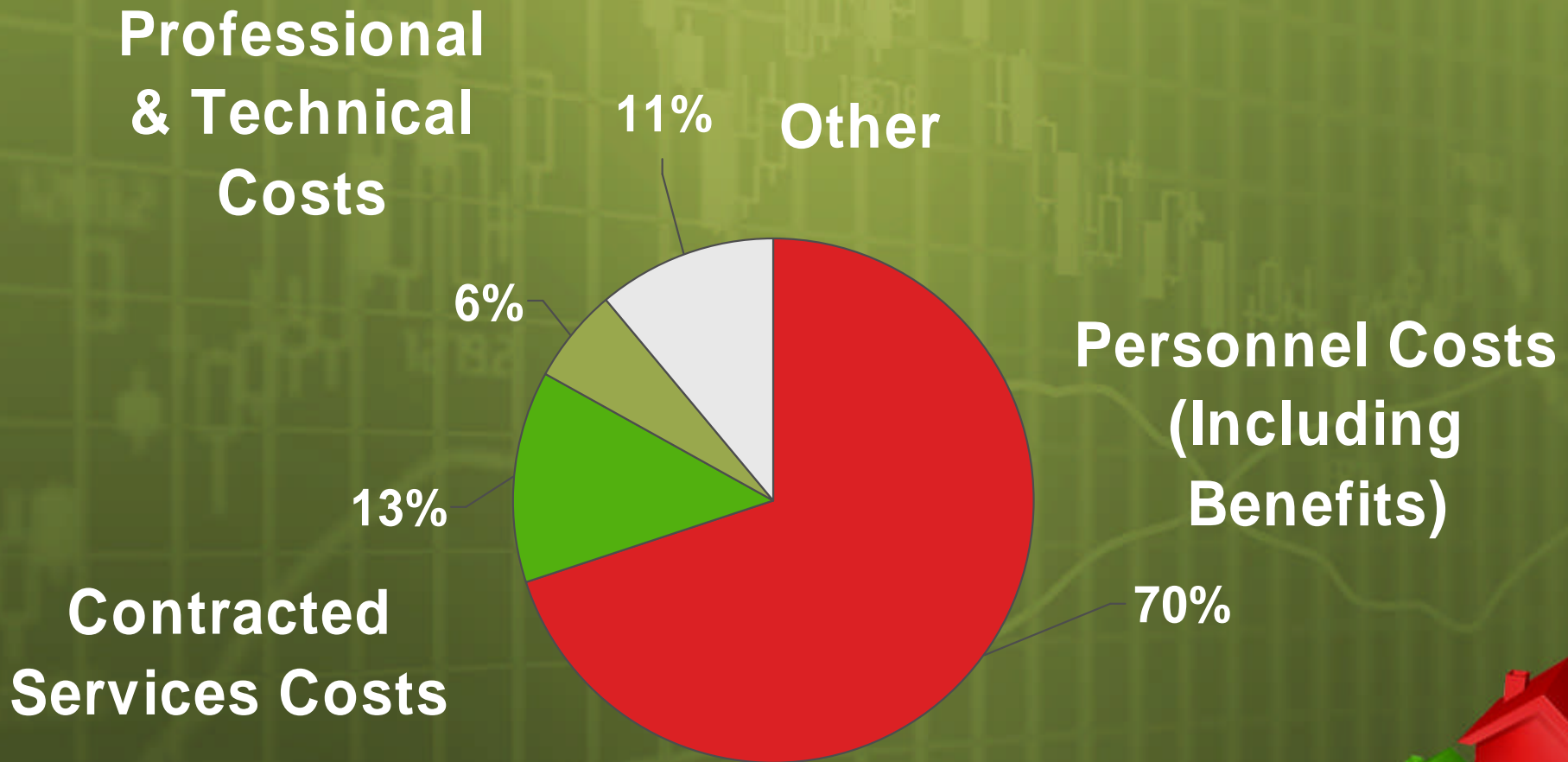
What Activities are **General Fund** Property Tax Dollars Used For?



For the Year Ending 6-30-09



What Types of Things Does the City Pay For With my **General Fund** Property Tax Dollar?

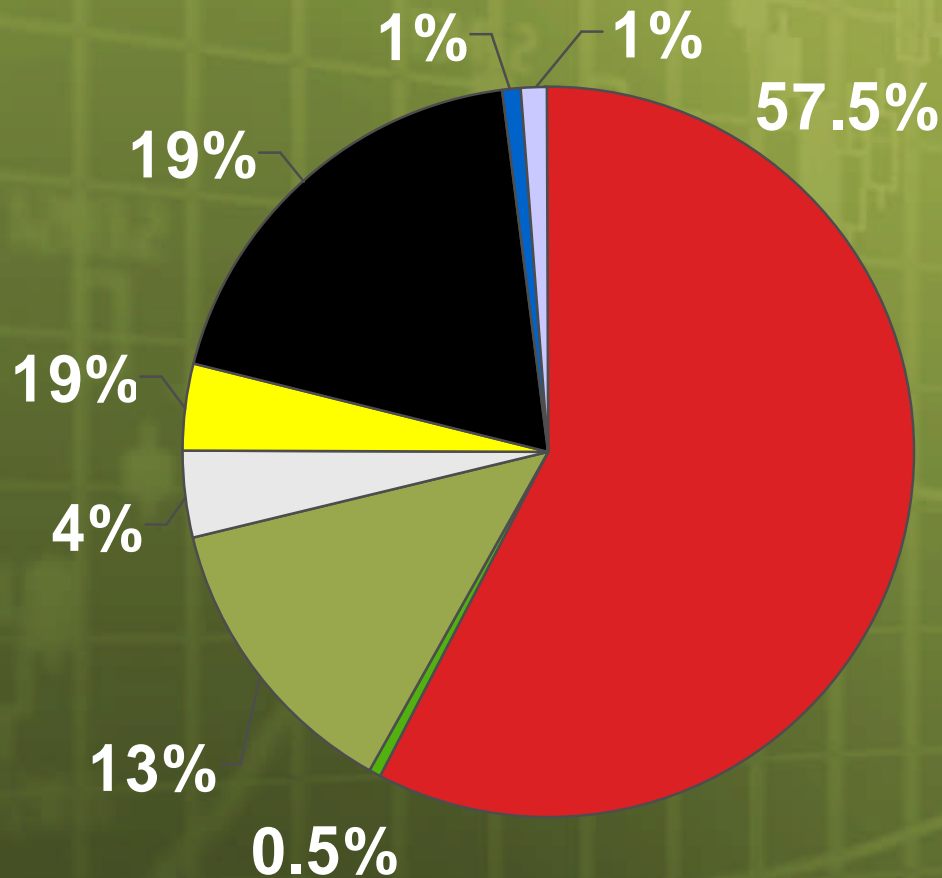


For the Year Ending 6-30-09



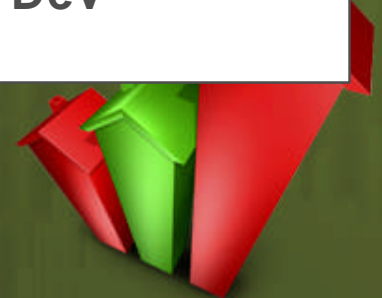
What Is My **Total** Property Tax Dollar Used For?

Including Debt Service

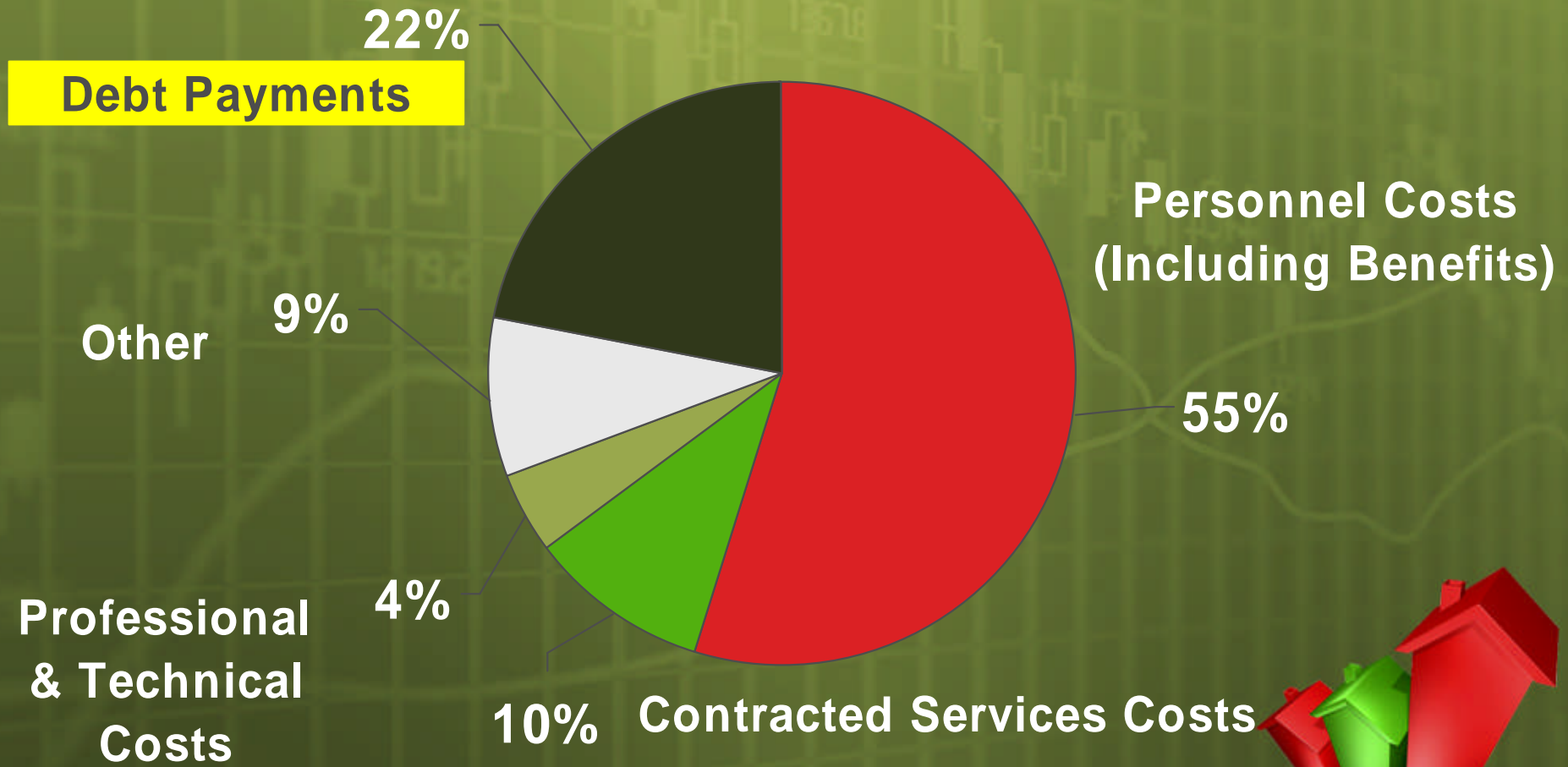


- Police, Fire, Bldg Inspections
- Road Use Tax Employee Benefits
- Library, Leisure Services, Arts
- Airport, Parking, MET bus service
- Administration, City facilities
- mtce
- Debt Service
- Human Rights
- Planning, Econ Dev

For the Year Ending 6-30-09



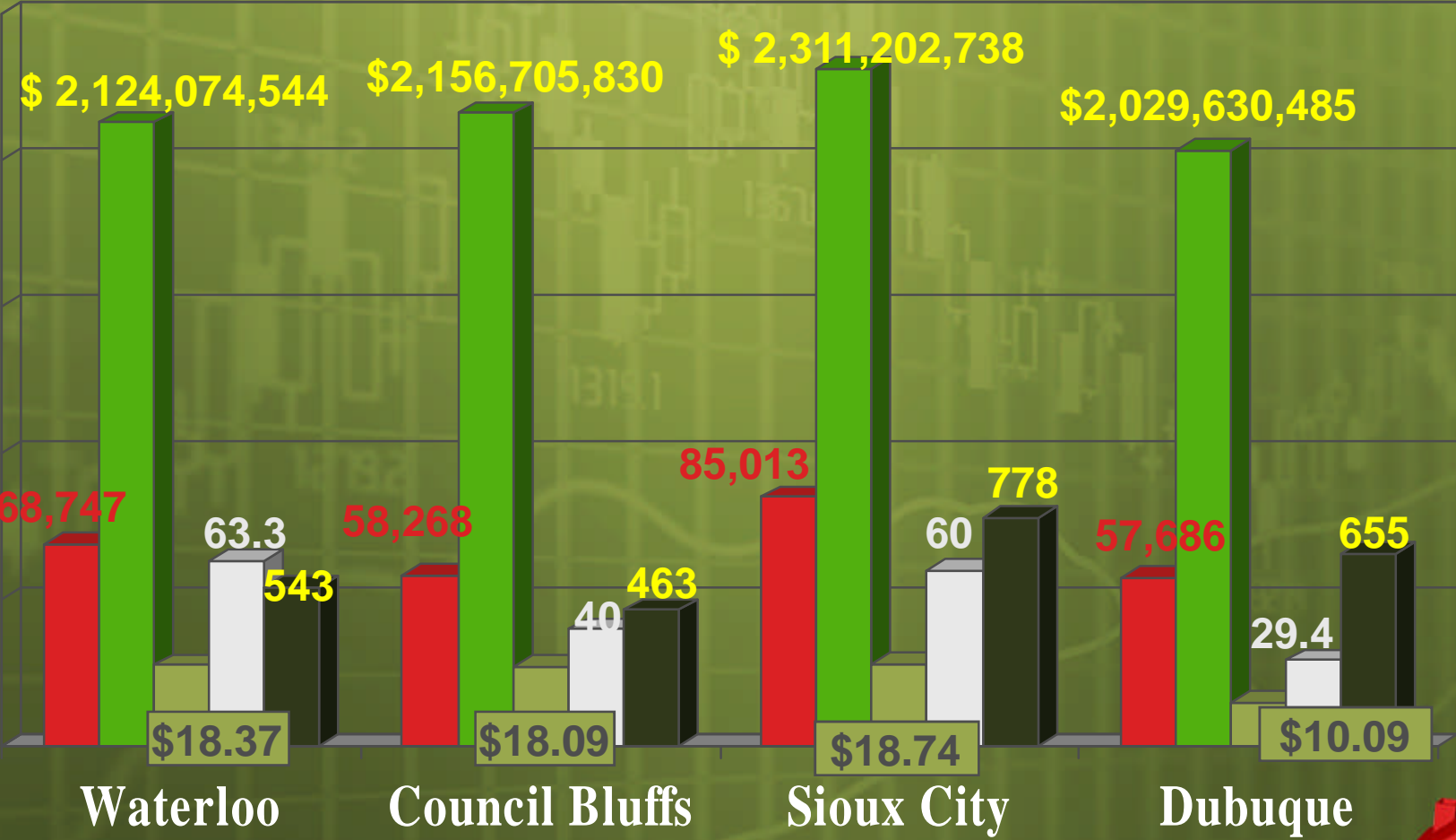
What Types of Things Does the City Pay For With My **Total** Property Tax Dollar (Including Debt Payments)?



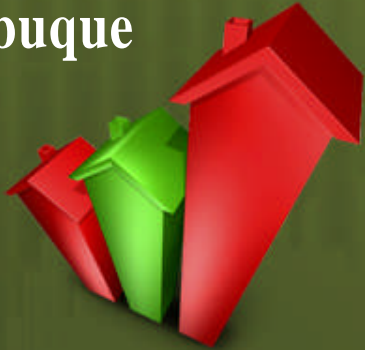
For the Year Ending 6-30-09



Comparison of Waterloo with Other Iowa Cities



- Population
- Taxable Valuation
- City Tax Rate
- Area (sq miles)
- Employees (FTEs)



Revenue Source Comparison with Other Cities

Local Option Sales Tax Revenue FY2009

- **Council Bluffs** **\$7.6M** **Used for capital projects**
- **Dubuque** **\$8.4M** **\$4.2M (50%) for property tax relief**
\$1.7M for facilities maintenance
\$2.5M for special assessments relief
- **Sioux City** **\$10.8M** **60% for property tax relief (\$6.48M)**
20% for capital projects
10% for economic development
10% for city facilities maintenance
- **Waterloo** **\$8.8M** **Used for streets**



Revenue Source Comparison with Other Cities

Gaming Revenue FY2009

- **Council Bluffs** \$ 5.30M 40% (\$2.1M) for operations
60% (\$3.2M) for capital projects
- **Dubuque** \$ 10.50M 76% (\$8.0M) for operations
24% (\$2.5M) for capital projects
(This is a change effective for FY09
Previously split 70%/30%)
- **Sioux City** \$ 2.00M 100% for capital projects
- **Waterloo** \$ 0.72M 100% for operations



Cost of Living Comparison

- In a recent study prepared by ACCRA, it was pointed out that the Waterloo/Cedar Falls area enjoys a cost of living rating lower than that of many US cities and lower than the average (100).
- Waterloo/Cedar Falls 90.9
- Cedar Rapids 92.7
- Davenport/Moline/Rock Island 96.2
- Des Moines 90.5
- Omaha, NE 89.0
- Chicago, IL 111.7
- Rochester, MN 99.3



Items Impacting the FYE09 General Fund Budget

- The budgets were developed using the following general parameters:
- Personnel staffing levels are static except for a few additions – 1 employee for Forestry, 1 employee for Downtown Maintenance and 1 additional Code Enforcement officer
- Other costs and operating revenues were projected using a three-year actual average in most cases



Items Impacting the FYE09 General Fund Budget

- Personnel Increases:

Pay increases (including payroll taxes) and additional staffing	\$ 1,117,093
Health insurance increase	276,089
GASB 45 post-employment health insurance obligation	399,667
Police & Fire pension decreases (26.41% decrease in contribution rate from 25.48% of payroll to 18.75%)	(728,015)
Decreased retirement payments	<u>(172,981)</u>
Total Personnel Increases	<u>\$ 891,853</u>



Items Impacting the FYE09 General Fund Budget

- Non-Personnel Changes:
- Significant revenue changes:

Increase gaming revenue	(\$ 270,000)
Increase various airport fees	(62,055)
Increase various building inspection fees	(29,713)
Increase ambulance fees	(34,075)
Increase various leisure services fees	(38,015)
Decrease police court fines revenue	25,000
Eliminate borrowing for retirement payouts	375,000
Other revenue changes – net	<u>50,194</u>
Net Significant Revenue Changes	<u>\$ 16,336</u>



Items Impacting the FYE09 General Fund Budget

- **Other Significant Non-Personnel Changes:**

Fund a portion of road use tax employee benefits using benefits levy	\$ 193,374
Increase Forestry right of way funded by general fund	95,000
Increase in self-funded workers' compensation insurance	190,400
Increase in anticipated fuel costs	115,891
Facilities Maintenance increased expenses due to Facilities Maintenance Plan not adopted in FYE08	91,623



Items Impacting the FYE09 General Fund Budget

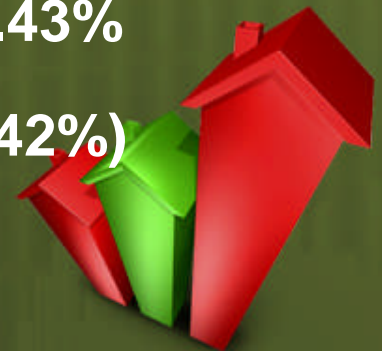
- **Other Significant Non-Personnel Changes (continued):**

Add expenses for Downtown Maintenance, including RiverLoop Expo Public Market	68,650
Add MyEntreNet funding	35,000
Add City Newsletter funding	25,000
Other expense changes - net	(<u>47,075</u>)
Net Other non-personnel revenue and expense changes	<u>\$ 767,863</u>
Net Increase in General Fund Property Tax from FYE08	<u>\$ 1,676,052</u>



Property Taxes Required to Support the FYE09 Budget

	FYE09	FYE08
Property Taxes	\$36,942,616	\$35,004,490
Increase from prior year	\$ 1,938,126	\$ 196,284
Percentage Increase	5.54%	0.56%
Proposed Levy Rate	\$18.36687	\$18.76669
Residential Tax Incr (Decr)	1.32%	(1.36%)
Commercial Tax Increase	6.39%	0.43%
Industrial Tax Decrease	(2.13%)	(0.42%)

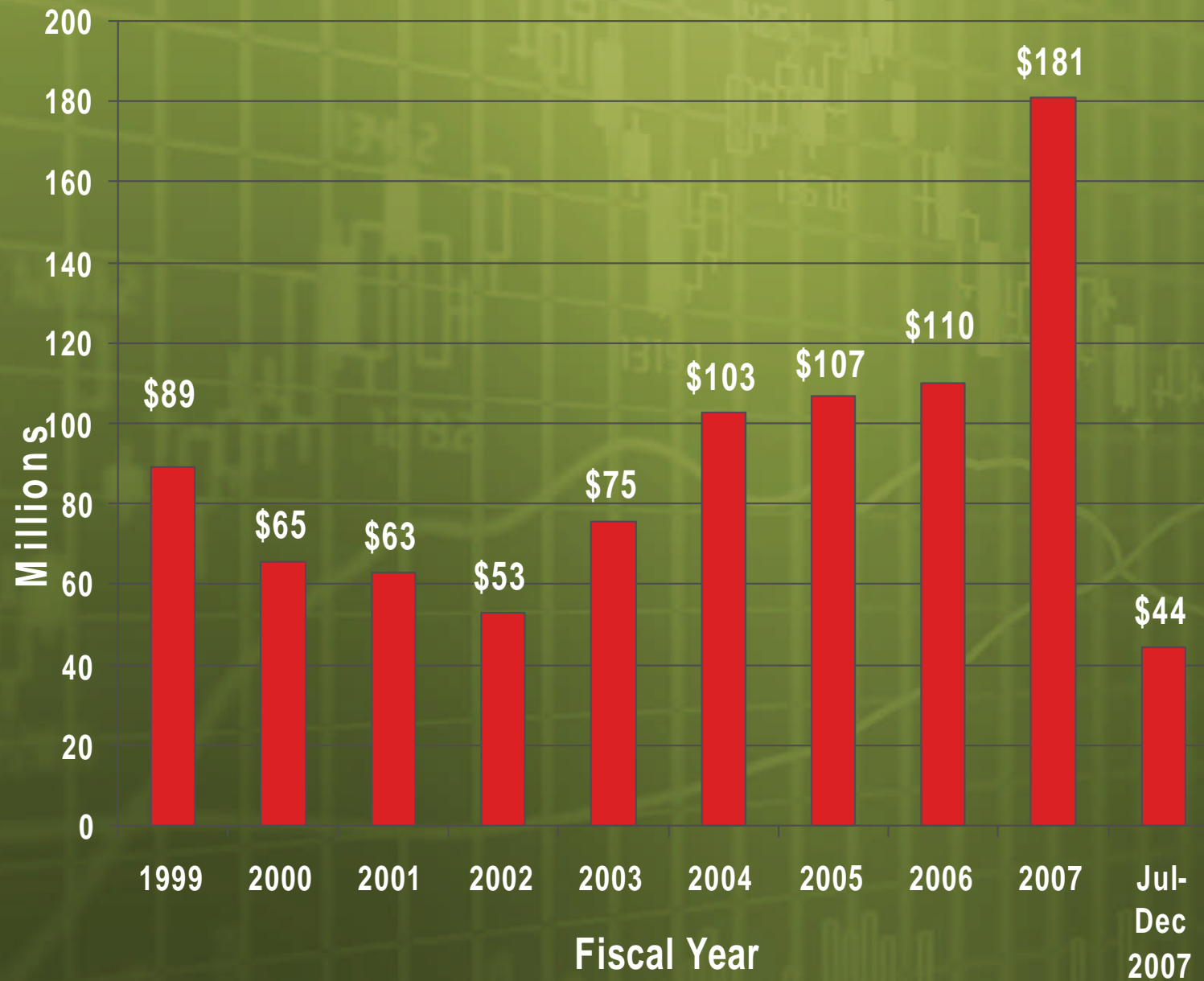


Back to the Future

- It looks like there is lots of building going on – will the budget be easier for FYE2010?



Annual Building Permit Valuation



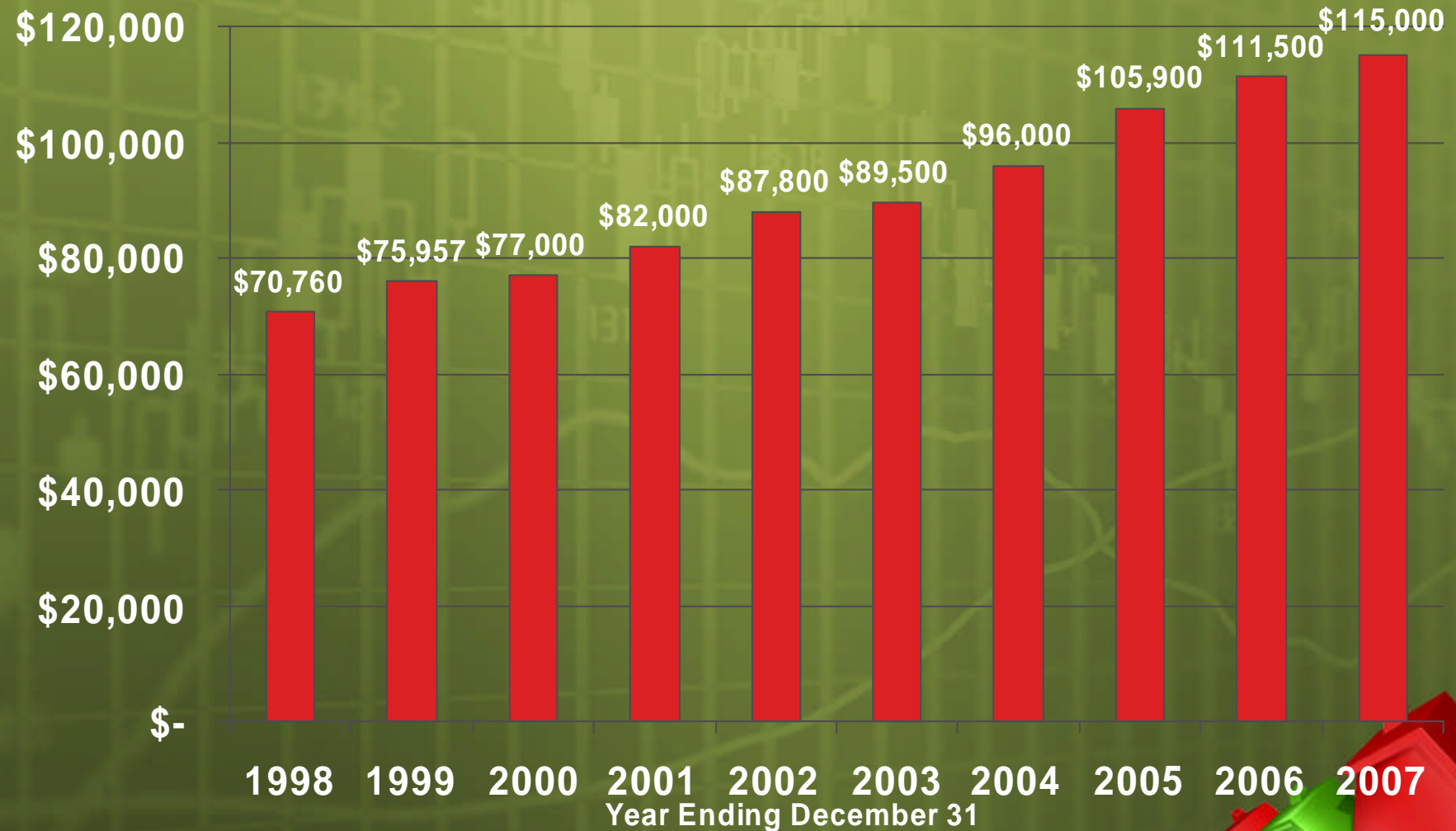
Back to the Future What do we know now?

- Building permits – we know that building permits taken out in FYE06 totaled \$110 million, with \$10.2 million exempt from property tax. It's likely that many of these properties will come on the tax rolls for FYE10, although we don't know what the taxable value will be. We also don't know what other properties may decline in value or how changes in the rollback will affect those values.



MEDIAN HOME SALES PRICE

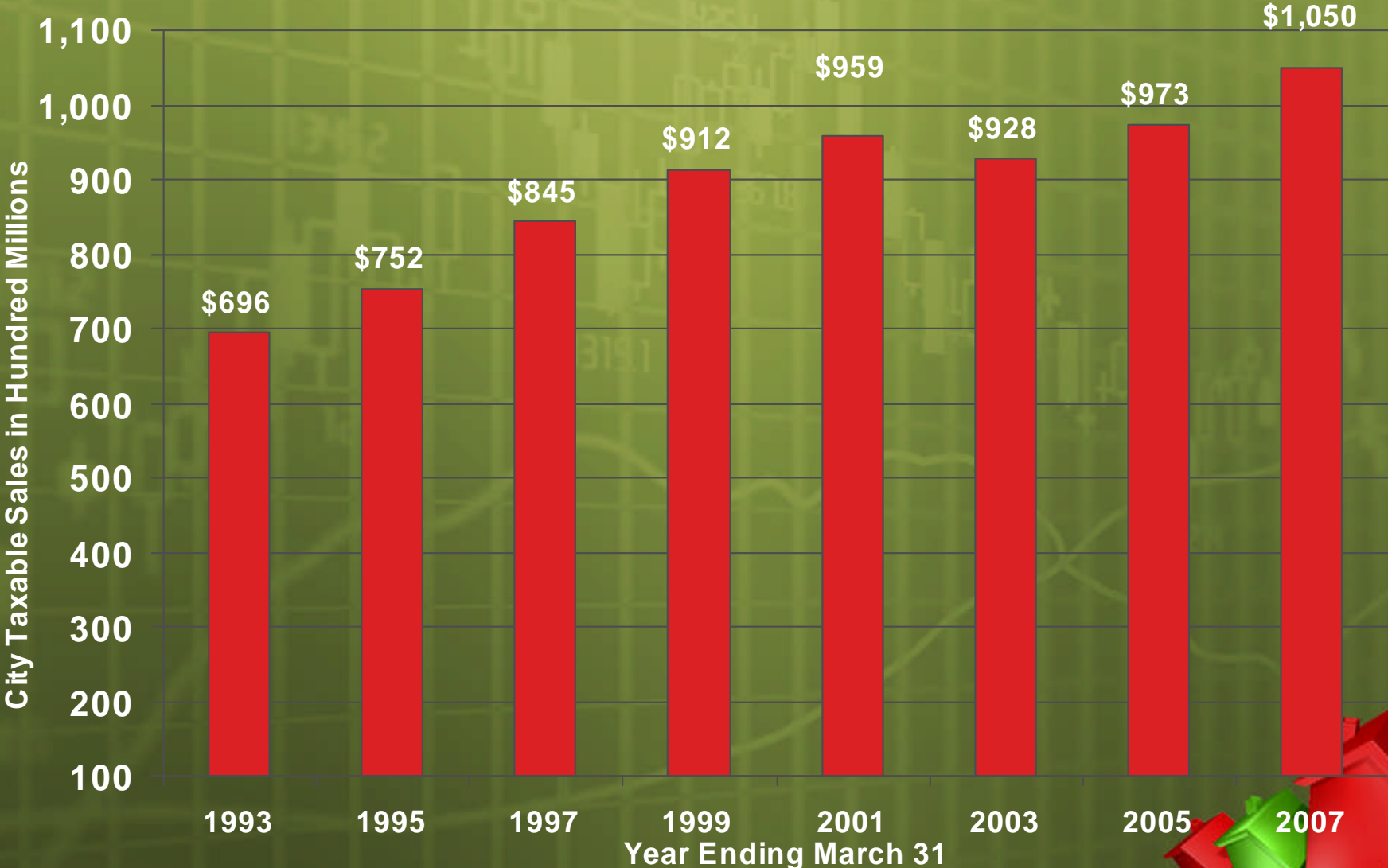
BLACK HAWK COUNTY AREA



This represents 63% growth over 10 years



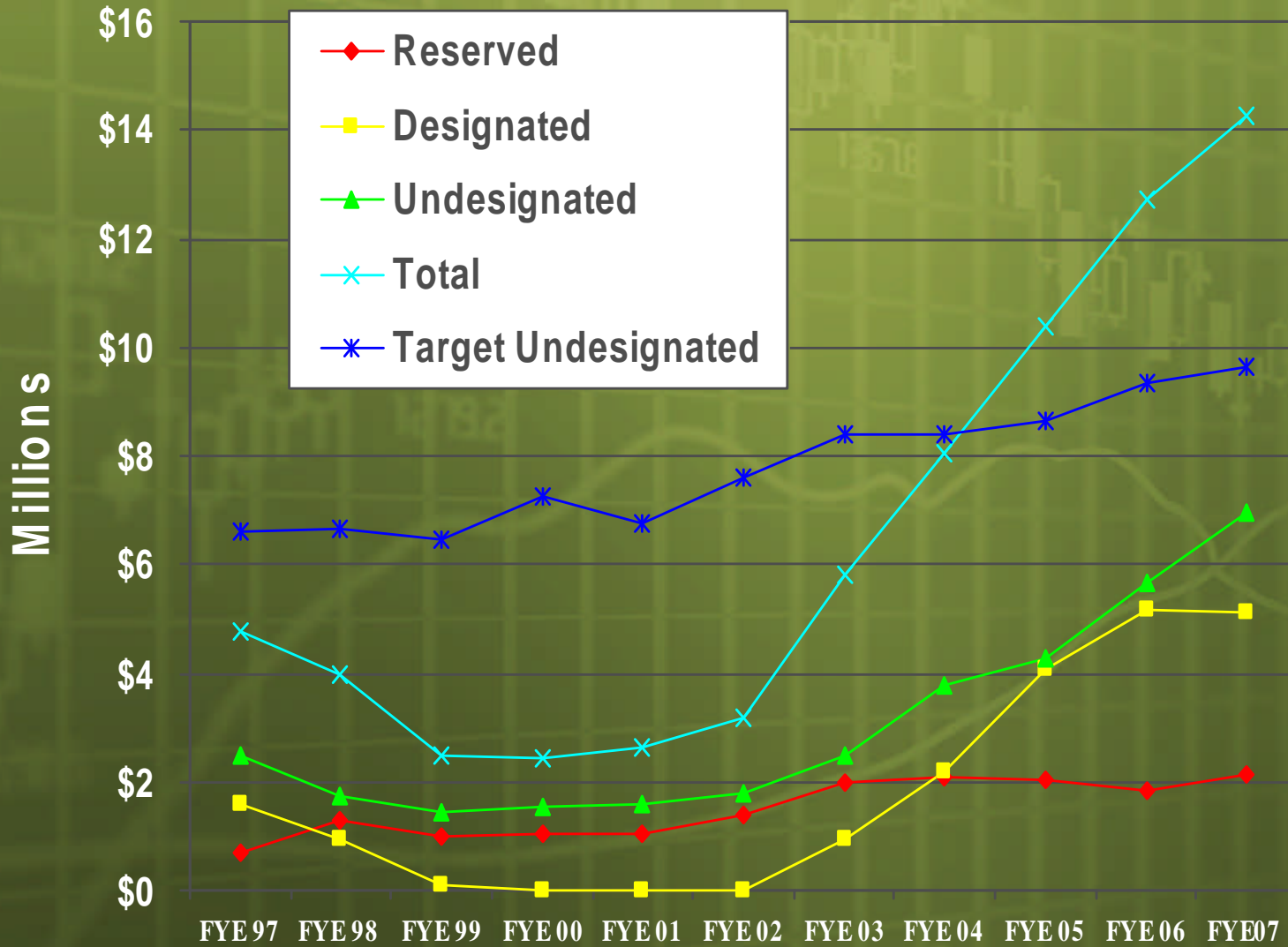
RETAIL SALES – CITY OF WATERLOO



Retail sales have grown 60% over the last 15 years or 4% annually



TREND IN GENERAL FUND BALANCE



Back to the Future

What do we know now?

- Youth Pavilion – construction is completed and the addition is open, requiring resources for operating costs
- Riverfront Renaissance – parts of the River Loop recreational trails are open and construction of the dam will continue during FYE09
- RiverLoop Expo grounds – construction is expected to be completed during FYE09, requiring resources for operating costs
- Efficiency improvement efforts are ongoing



Back to the Future What do we know now?

- Results of state legislative actions - ??
- Contractual increases – pay raises, health insurance increases
- Fire and Police pension contribution rate increases are unknown
- IPERS contribution rate increases 5% to an employer rate of 6.65% for FYE10



Back to the Future

What do we know now?

- **Social agencies increasingly turn to the city for funding**
- **Turnover in experienced city employees**
- **Inflation rate is increasing – energy and materials costs??**
- **Will need to implement a storm water fee to allow us to comply with federal clean water regulations**
- **Other??**



Steady as We Grow – FYE09

- **Still have Questions? Please call City Hall - Mayor Hurley or Michelle Weidner will be glad to help**
- **Thank you for participating in the development of the FYE09 budget!**
- **A special thank you to the City Council, Mayor Hurley, 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.**

