

# **Putting the Pieces Together**

**City of Waterloo Budget**

**Fiscal Year 2010**

# **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 (jobs, investment, lower taxes)**
- **Implement Downtown Redevelopment Master Plan**
- **Improve housing (variety, quality, cost)**
- **Improve service delivery**
- **Enhance inter-governmental cooperation**



# **City of Waterloo**

## **Top Strategic Priorities**

### **As Defined by Mayor and Council**

- **Collaborate with statewide elected officials to reduce the burden on local property taxes**
- **Address workforce needs (attraction, retention, training)**
- **Ensure safe neighborhoods**
- **Enhance quality of life**

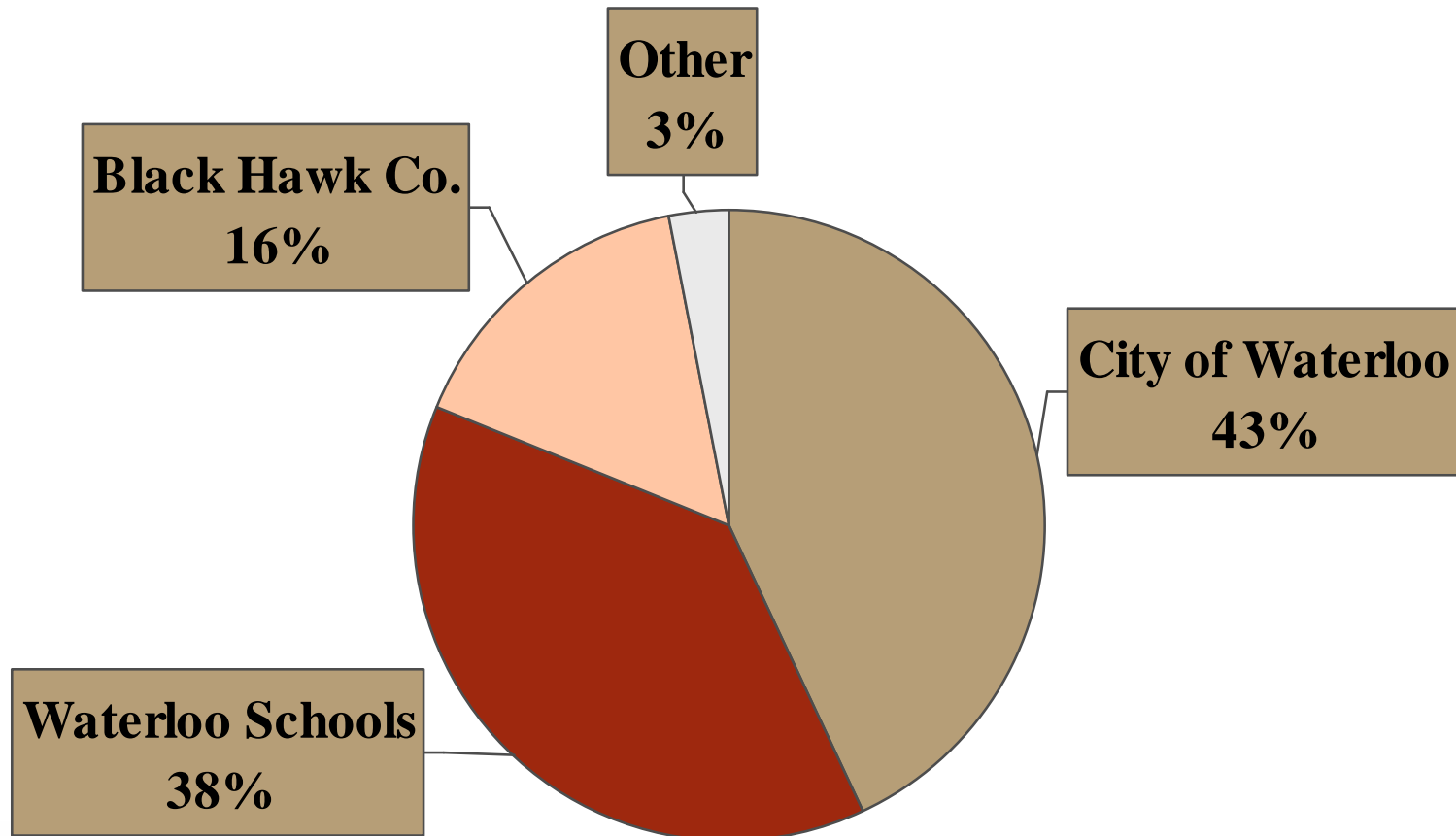


# How does the City of Waterloo provide services?

- A number of revenue sources are used to conduct city operations: property taxes, user fees, licenses and permits, grants, loans, interest earnings
- Restrictions on the use of certain revenues or the need to be accountable for expenses of some activities require that the City use several different sets of accounts, called “funds”, to conduct operations
- It’s difficult and in some instances illegal to mix funds
- Revenue and expenses are recorded separately to track the operations of the various services provided, using separate funds where needed



# Where Does My Property Tax Dollar Go? For the Year Ending 6-30-09



# 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**

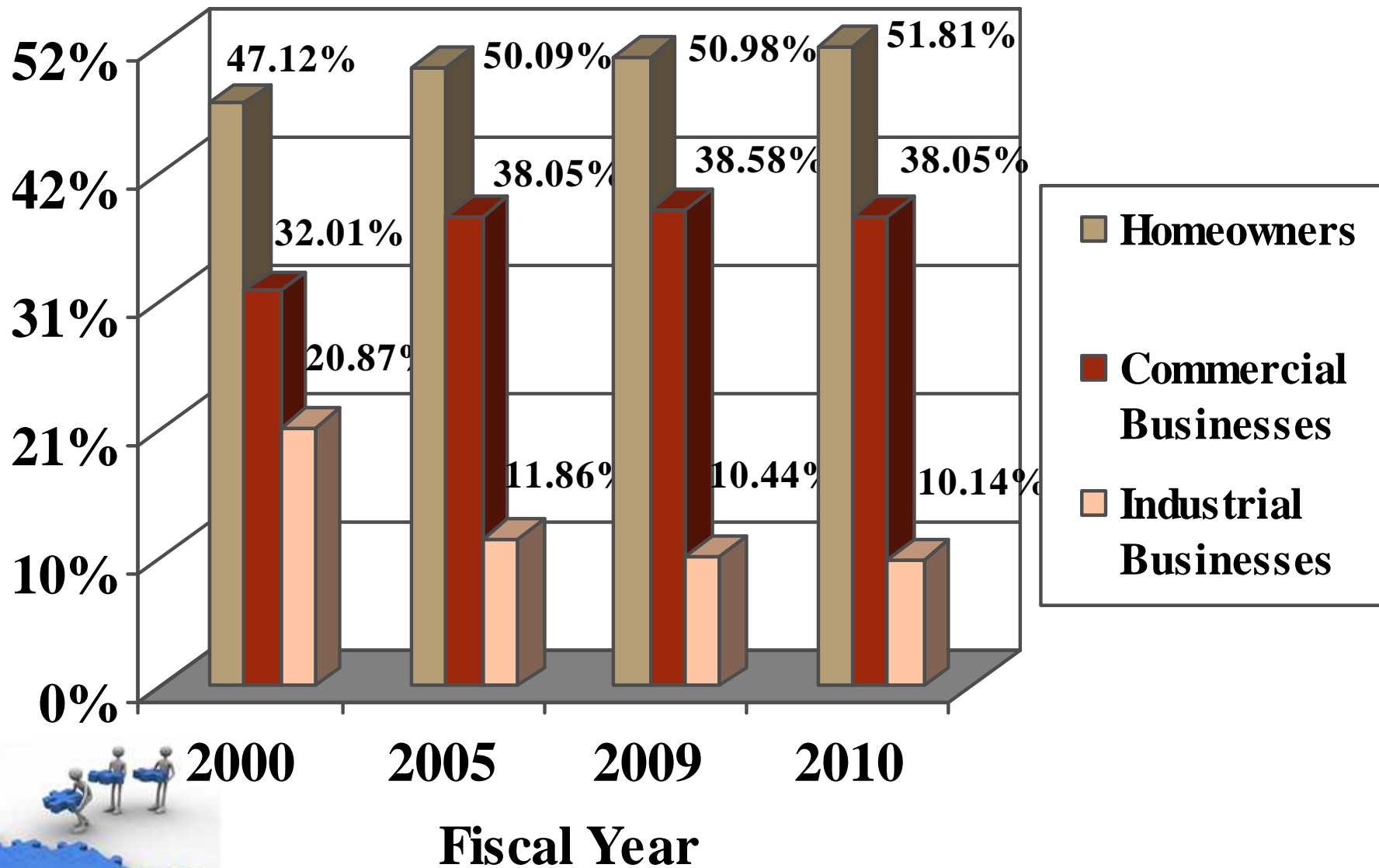


# How are Property Taxes Calculated?

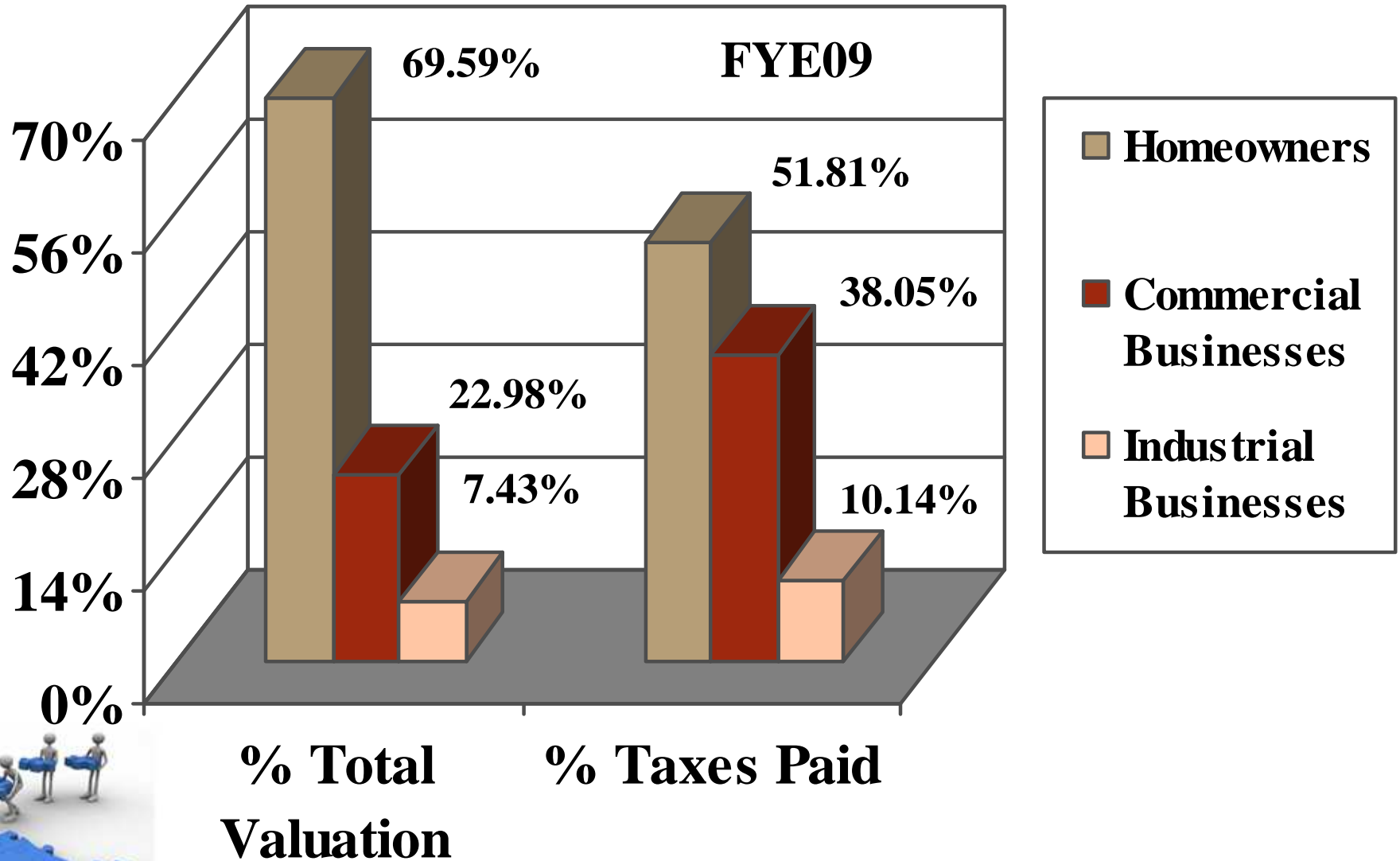
- **County Assessor sets property values**
- **State sets “roll-back” or the percentage of total value that is taxable**
- **State issues “equalization orders” designed to equalize values of different categories of property every two years**
- **Cities, counties and school districts set the levy rate**



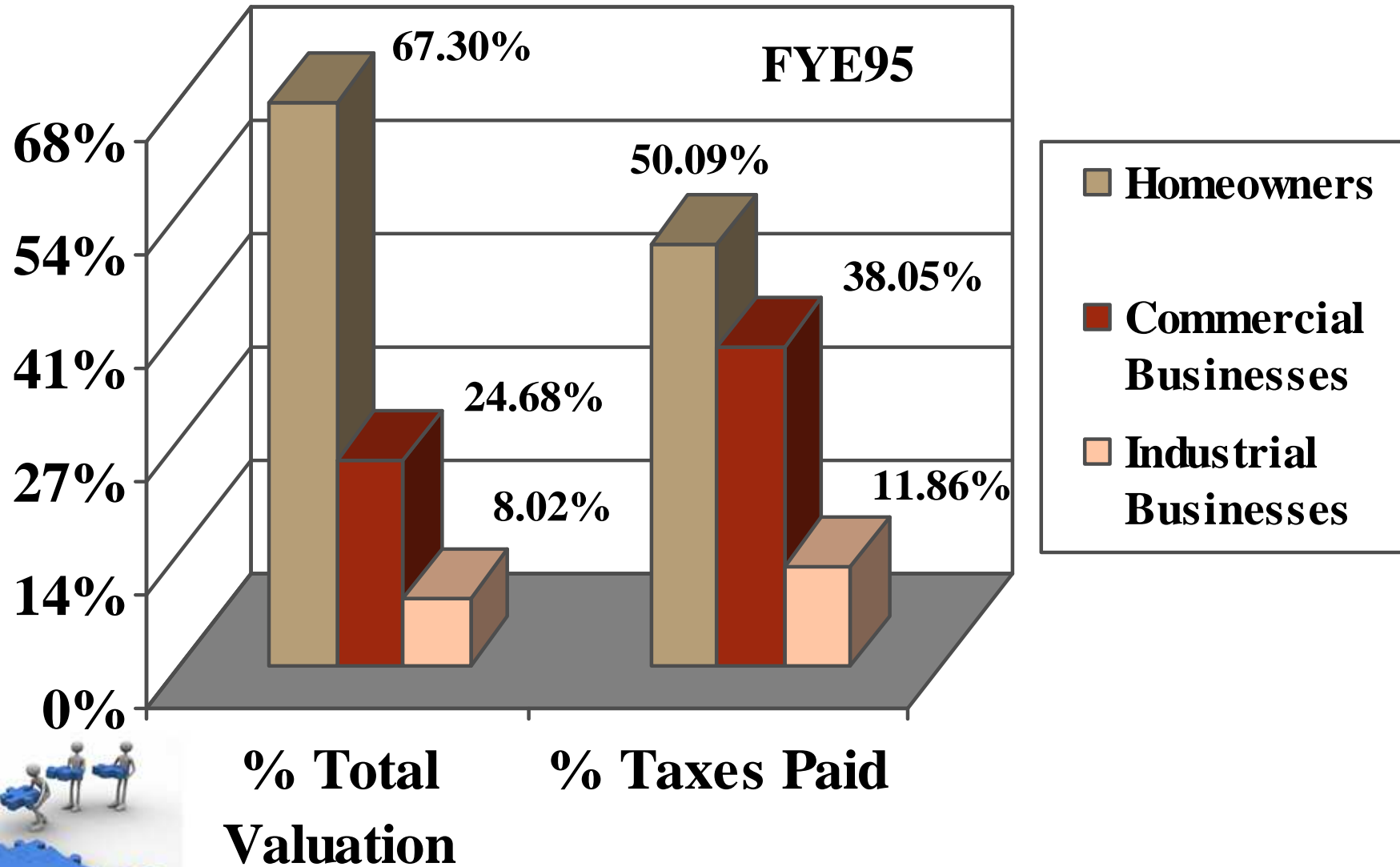
# Who Pays Property Taxes in Waterloo?



# 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? (FYE95)



# Assessed Values FYE2010 – Waterloo

<b>Property Class</b>	<b>Assessed Value FYE2010</b>	<b>Percentage of New Growth</b>
<b>Residential</b>	<b>2,385,192,492</b>	<b>2.28%</b>
<b>Commercial</b>	<b>787,580,318</b>	<b>2.43%</b>
<b>Industrial</b>	<b>99,231,835</b>	<b>1.13%</b>
<b>Utilities</b>	<b>142,977,325</b>	<b>10.52%</b>
<b>Ag Land</b>	<b>12,793,050</b>	<b>-0.14%</b>
<b>Subtotal</b>	<b>3,427,775,020</b>	<b>2.40%</b>
<b>TIF</b>	<b>135,659,595</b>	<b>2.60%</b>
<b>Total</b>	<b>3,563,434,615</b>	<b>2.73%</b>

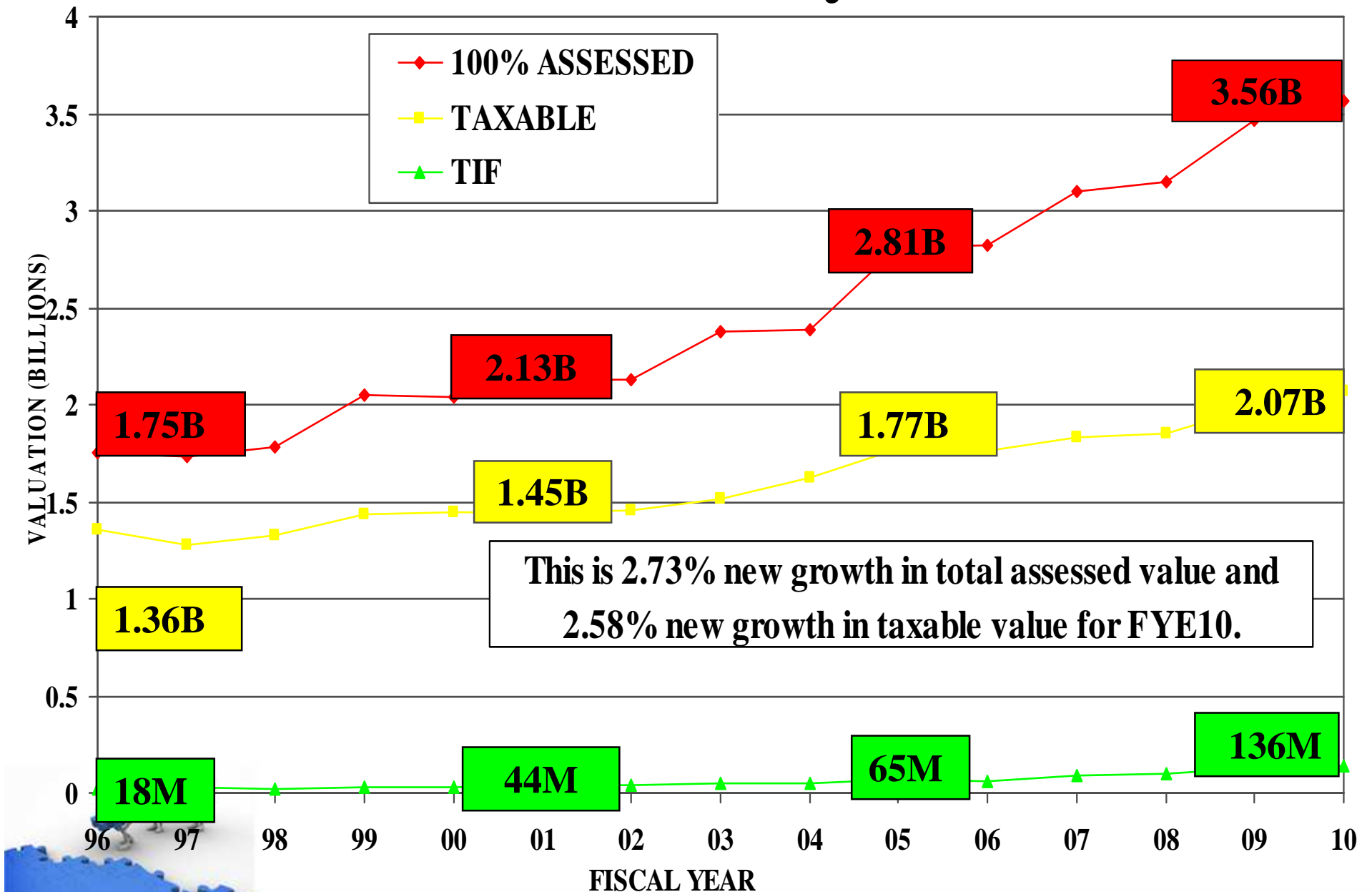


# Taxable Values FYE2010 – Waterloo

<b>Property Class</b>	<b>Taxable Value FYE2010</b>	<b>Percentage of Taxable Growth</b>
<b>Residential</b>	<b>1,080,004,413</b>	<b>2.38%</b>
<b>Commercial</b>	<b>787,580,318</b>	<b>2.43%</b>
<b>Industrial</b>	<b>99,231,835</b>	<b>1.13%</b>
<b>Utilities</b>	<b>110,644,404</b>	<b>1.19%</b>
<b>Ag Land</b>	<b>12,007,155</b>	<b>4.02%</b>
<b>Subtotal</b>	<b>2,089,468,125</b>	<b>2.31%</b>
<b>TIF</b>	<b>134,668,232</b>	<b>6.87%</b>
<b>Total</b>	<b>2,224,136,357</b>	<b>2.58%</b>



# Valuation Trends - City of Waterloo

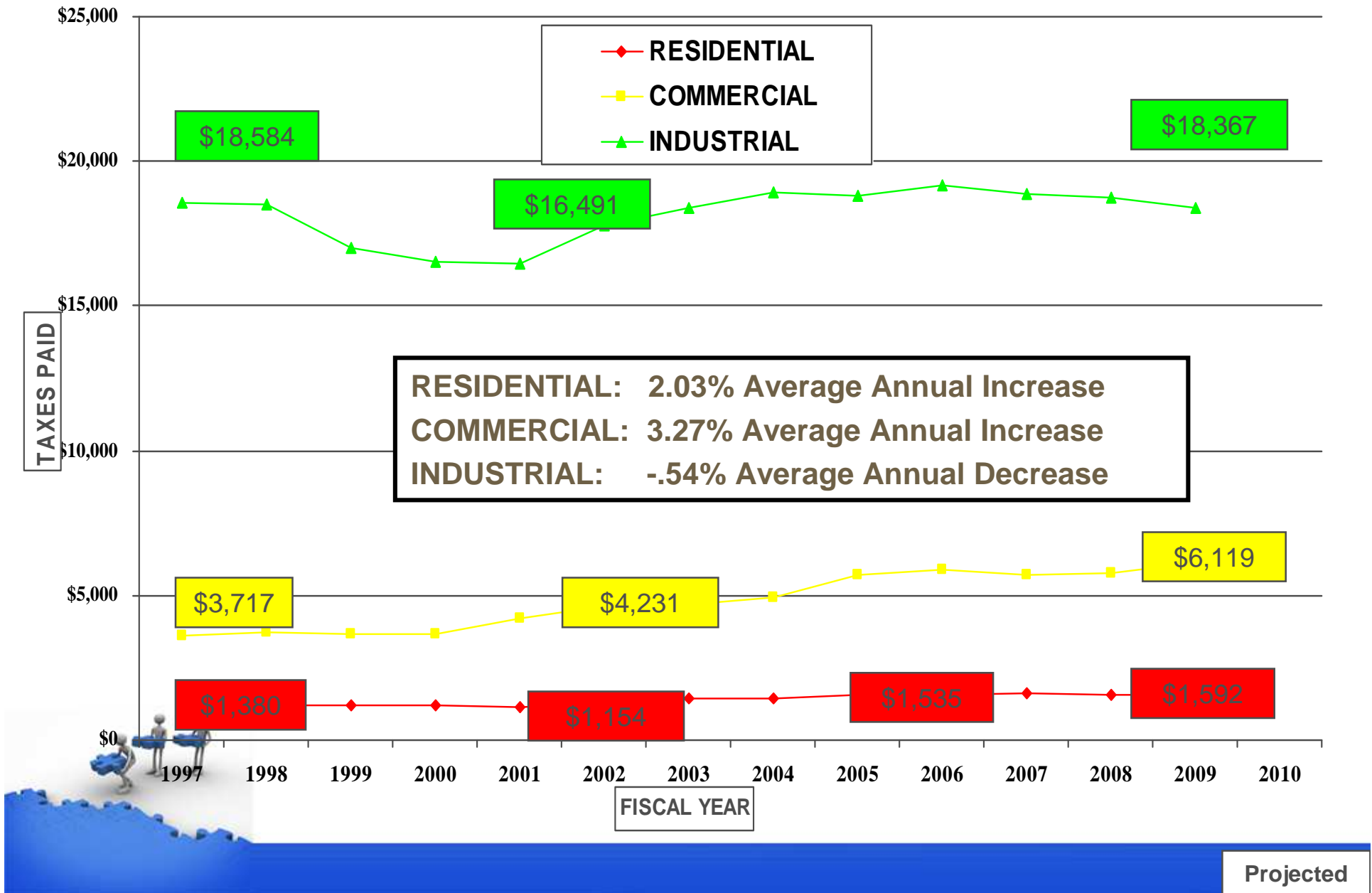


# **How do changes in property valuation affect the City's budget?**

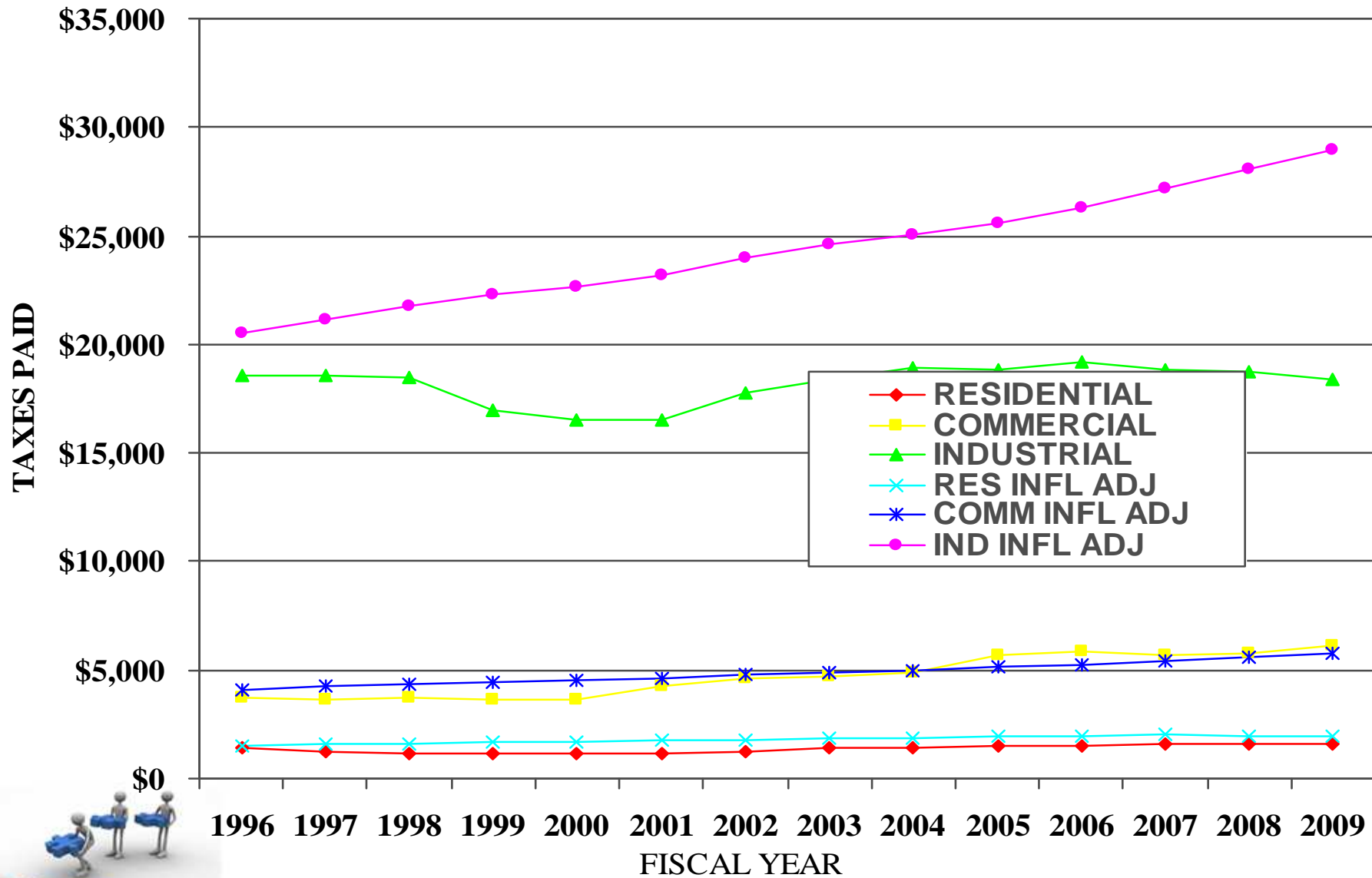
- **As taxable property valuation grows, the amount of taxes required to support the same budget shrinks**
- **State equalization orders and rollback factors change the proportion of taxes paid by different classes of property (residential, commercial and industrial)**



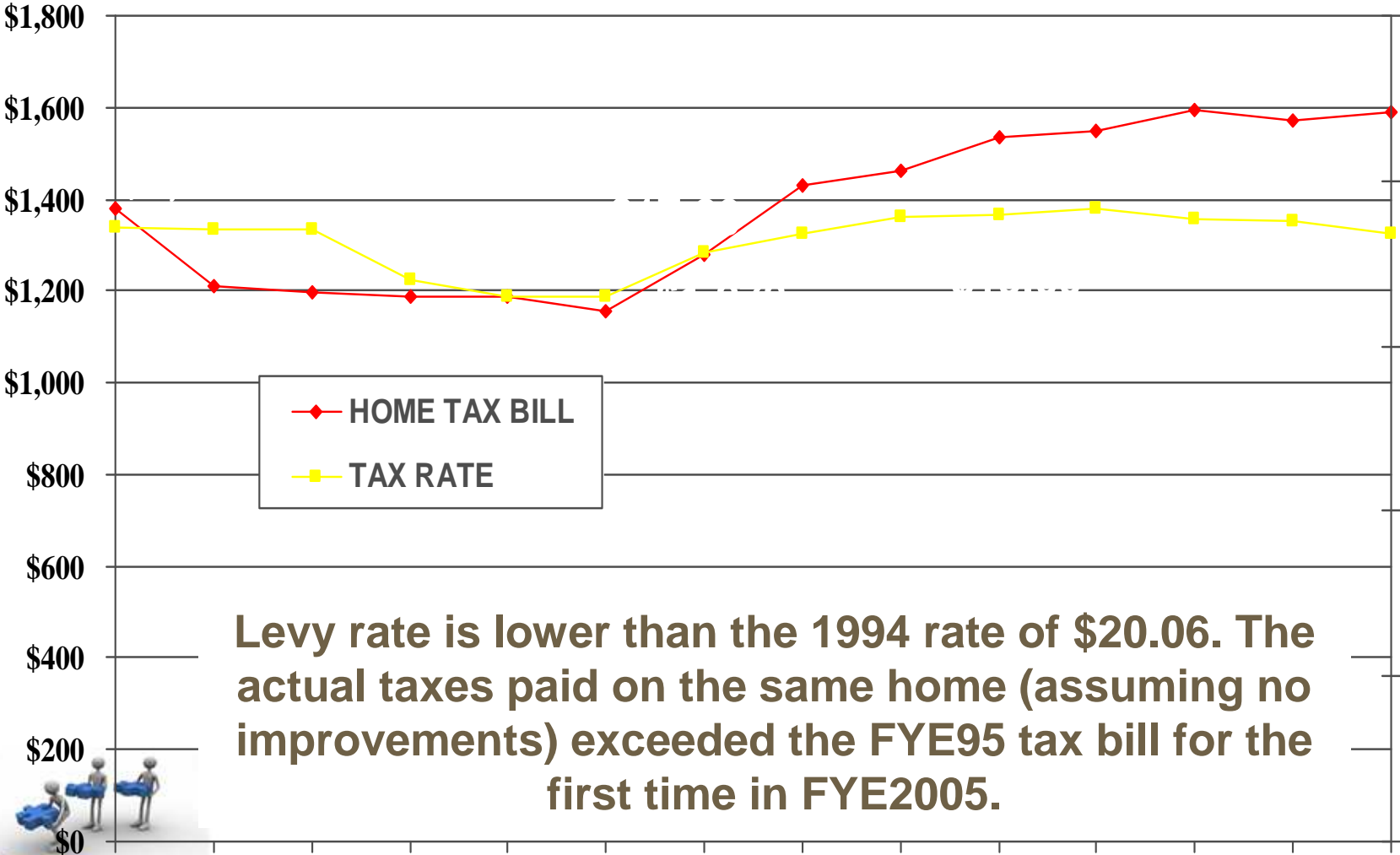
# City of Waterloo Property Tax Trends



# Property Tax Trends With Comparison To Inflation



# Property Tax Levy Trends Through FYE 2009 (Projected)



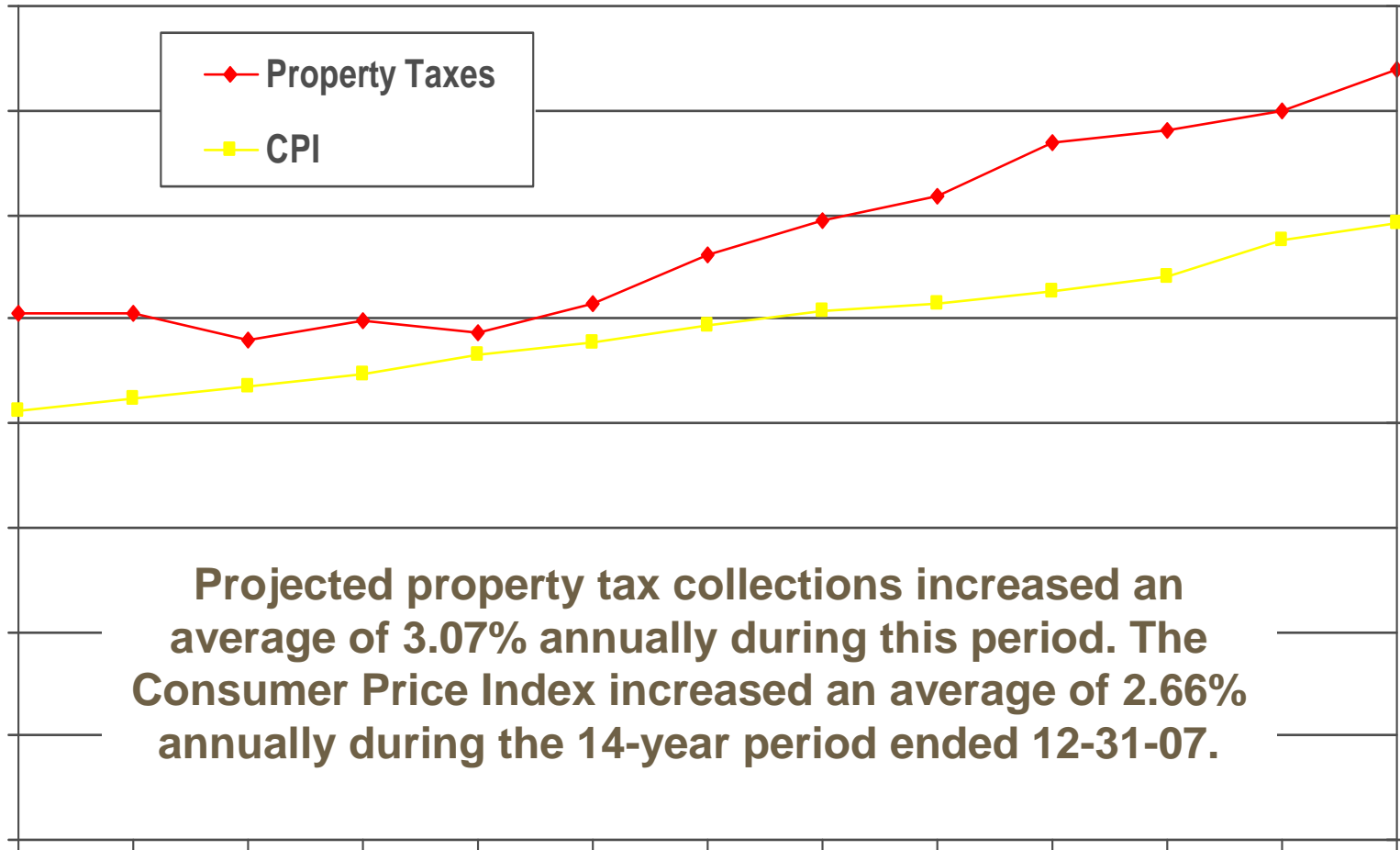
Levy rate is lower than the 1994 rate of \$20.06. The actual taxes paid on the same home (assuming no improvements) exceeded the FYE95 tax bill for the first time in FYE2005.



FYE96 FYE97 FYE98 FYE99 FYE00 FYE01 FYE02 FYE03 FYE04 FYE05 FYE06 FYE07 FYE08 FYE09

TAX BILL BASED UPON LEVY RATE TIMES \$100,000 ASSESSED HOME ADJUSTED FOR EQUALIZATION ORDERS

# 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 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**
  - **Federal stormwater regulations require additional resources**
  - **A sewer rate increase is needed to fund improvements being required by the Iowa Dept of Natural Resources**
  - **Total expenditures for the sewer fund are budgeted at \$12.3 million for FYE2010**



# How are Sewer User Fees Spent?

**Debt Service for  
Sewer System  
Improvements**

**\$4,010,483**

**Plant and System  
Maintenance  
Operations**

**\$6,757,861**

**System  
Improvements**

**\$1,500,000**

**For the Year Ending 6-30-10**



# 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**

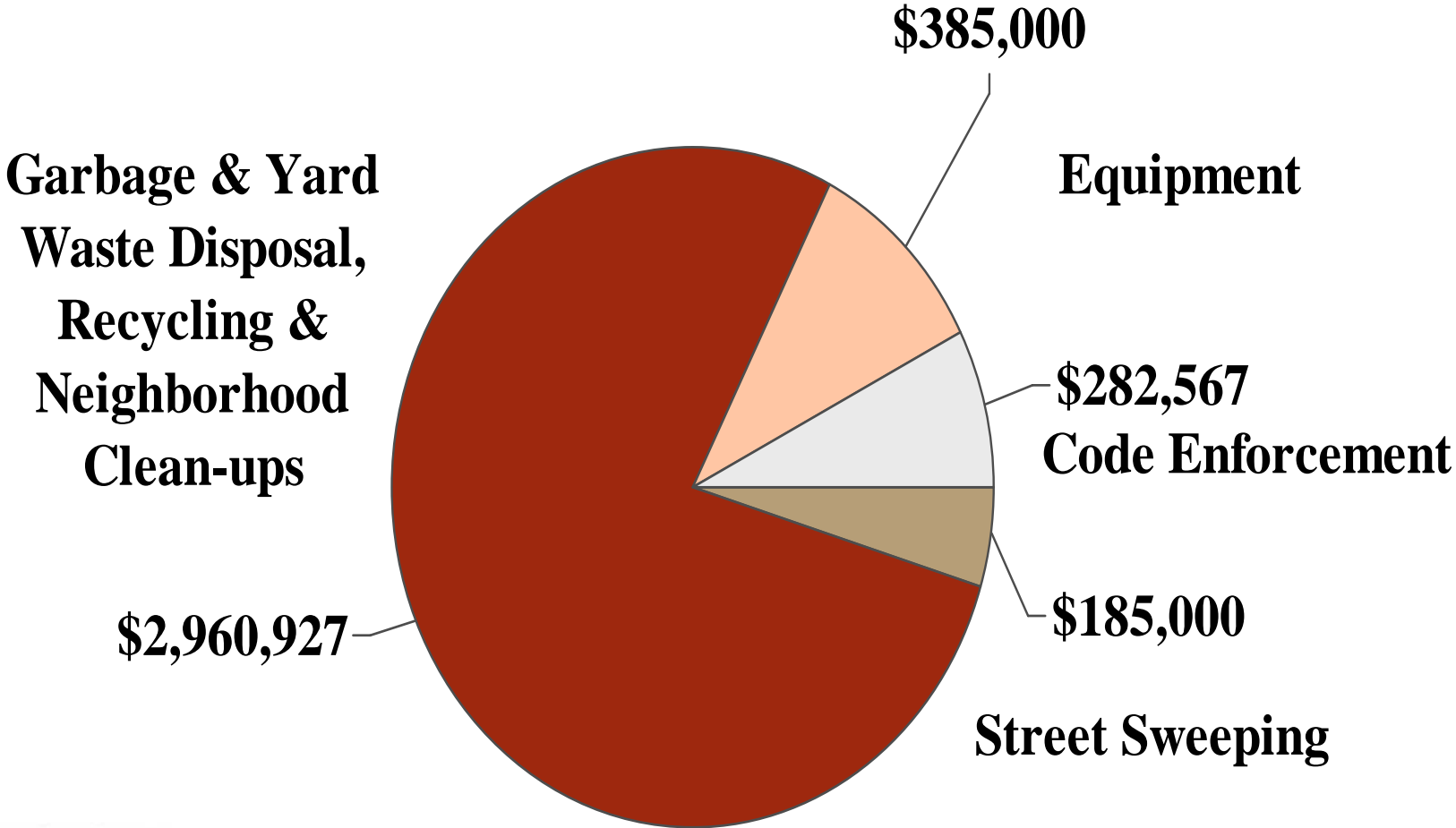


# How does the City of Waterloo provide services?

- **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 \$3.8 million for FYE2010**

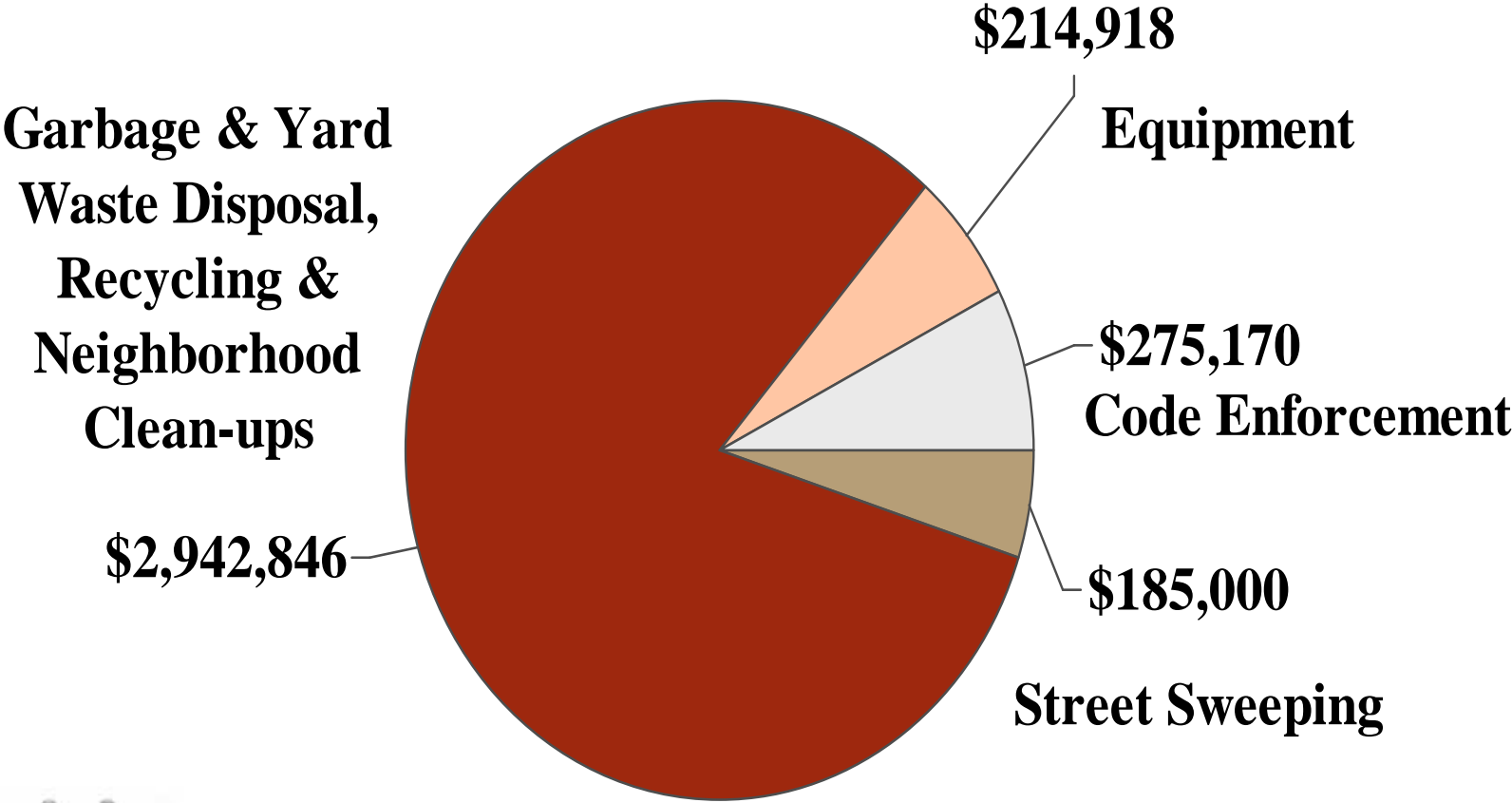


# How are Garbage User Fees Spent?



**For the Year Ending 6-30-10**

# How are Garbage User Fees Spent?



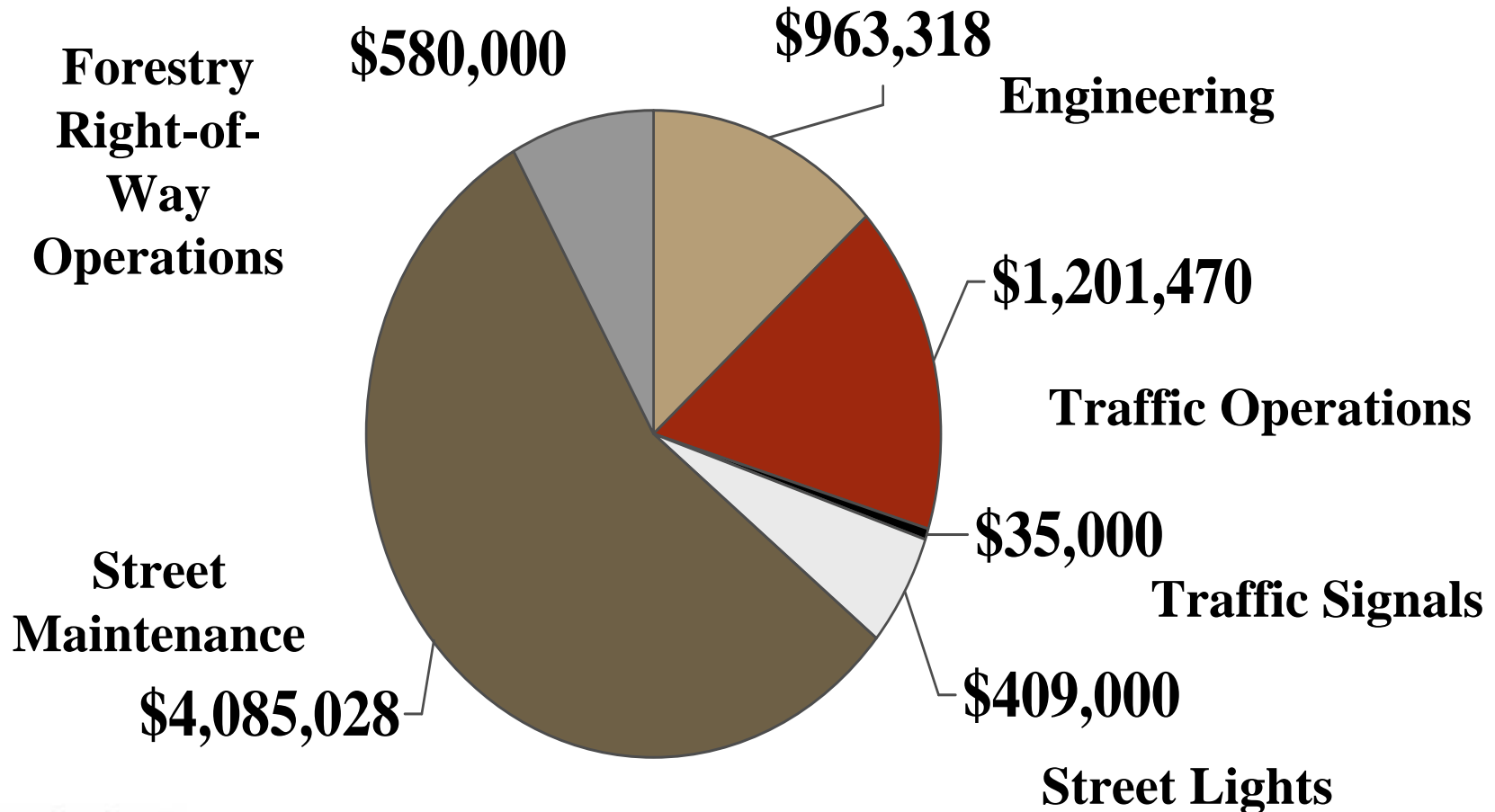
For the Year Ending 6-30-09

# How does the City of Waterloo provide services?

- **ROAD USE TAX FUND** – funded by state fuel taxes
  - Funds restricted for use on streets and right-of-way
  - Maintain nearly 430 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 \$7.2 million are budgeted for FYE2010



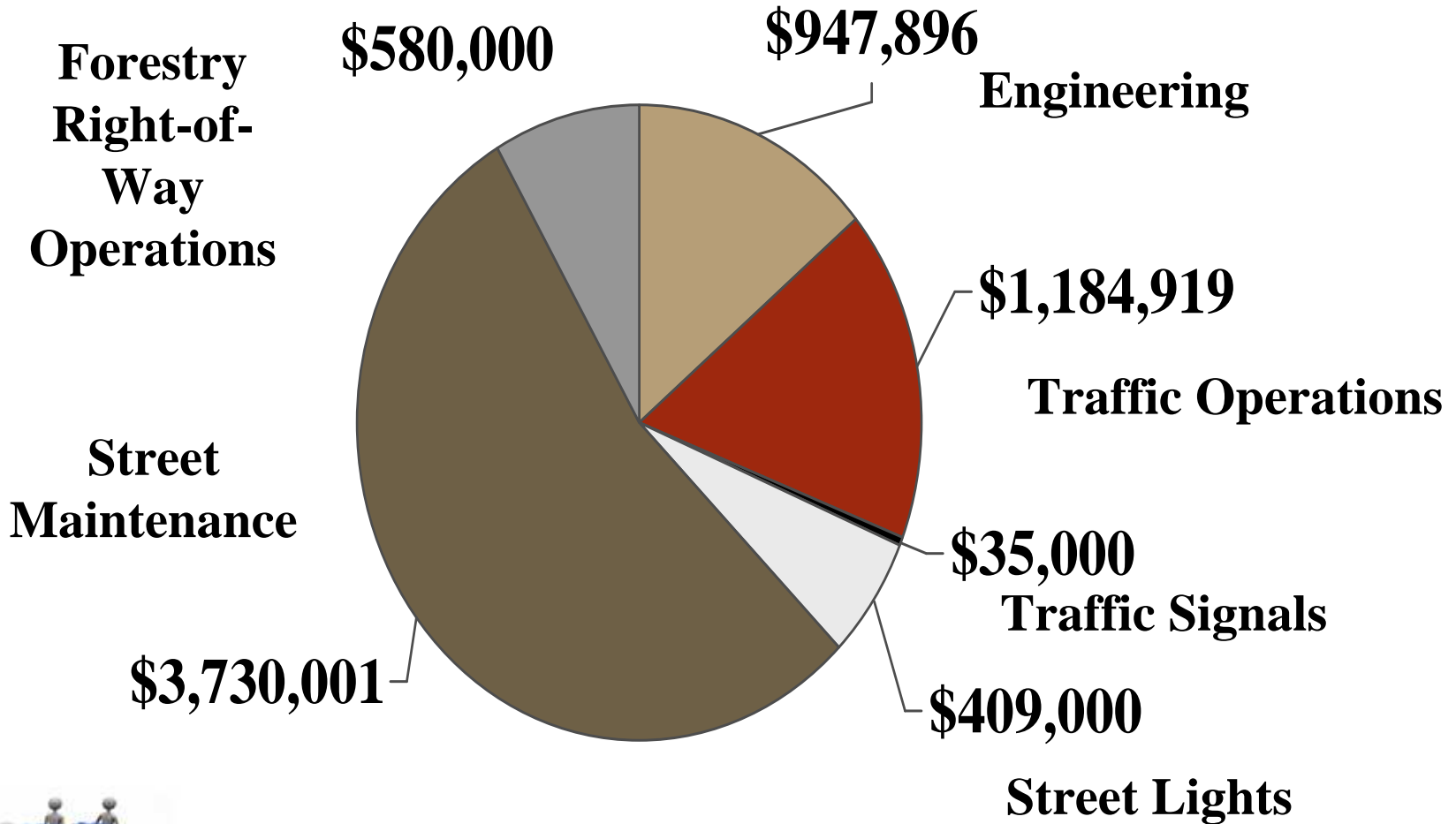
# How are Road Use Tax Funds Used?



For the Year Ending 6-30-10



# How are Road Use Tax Funds Used?



For the Year Ending 6-30-09

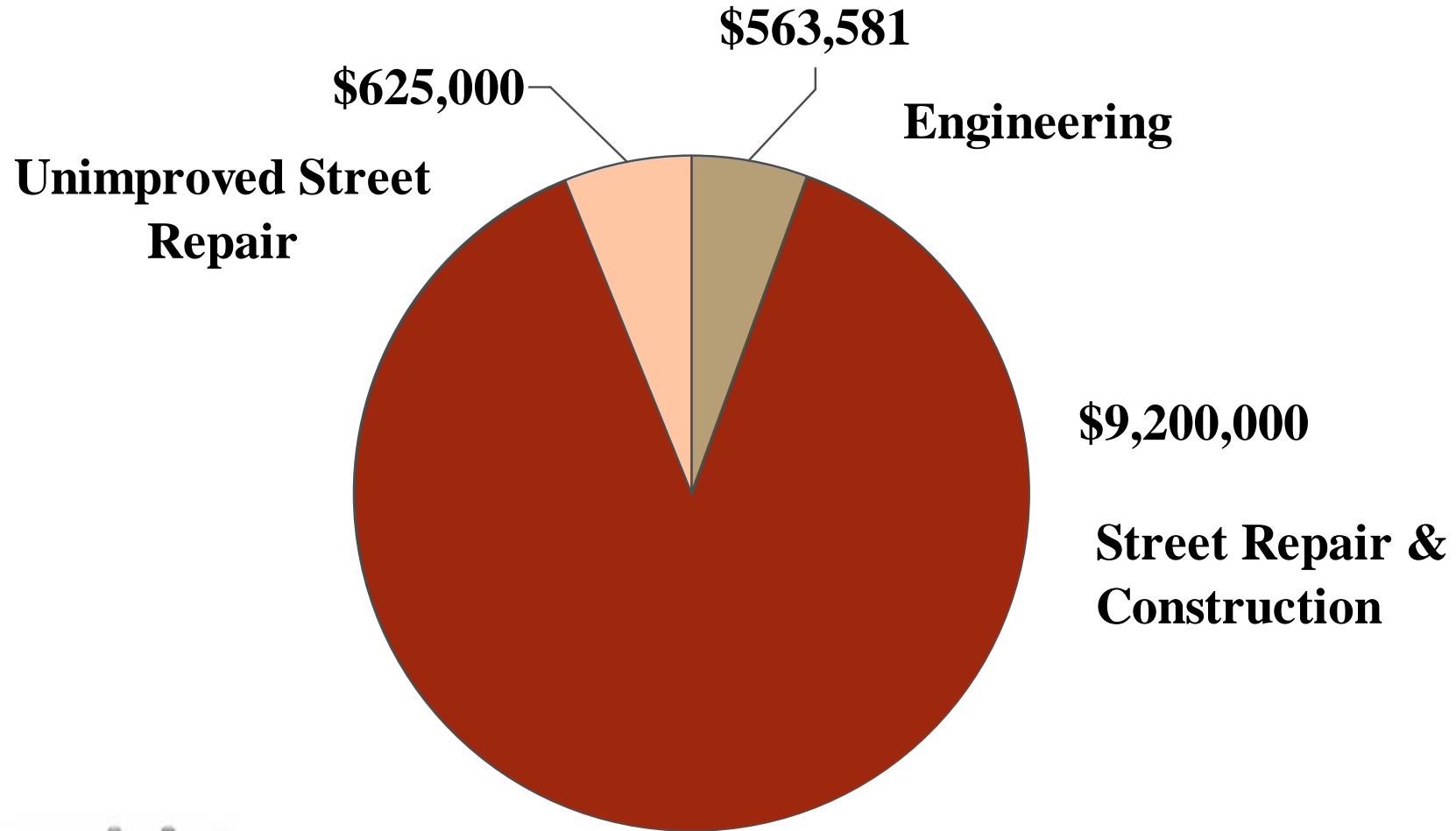


# How does the City of Waterloo provide services?

- **LOCAL OPTION TAX FUND** – funded by **one cent sales tax**
  - Revenue restricted by referendum language
  - Reconstruct, repair and improve nearly 430 miles of streets
  - Provide engineering services for street reconstruction and repairs
  - \$125 million has been invested since 1991 to repair and reconstruct 217.55 miles of paved streets (of 354 total miles) in the city and improve another 73 miles of unimproved streets
  - Total expenditures of \$10.4 million are budgeted for FYE2010



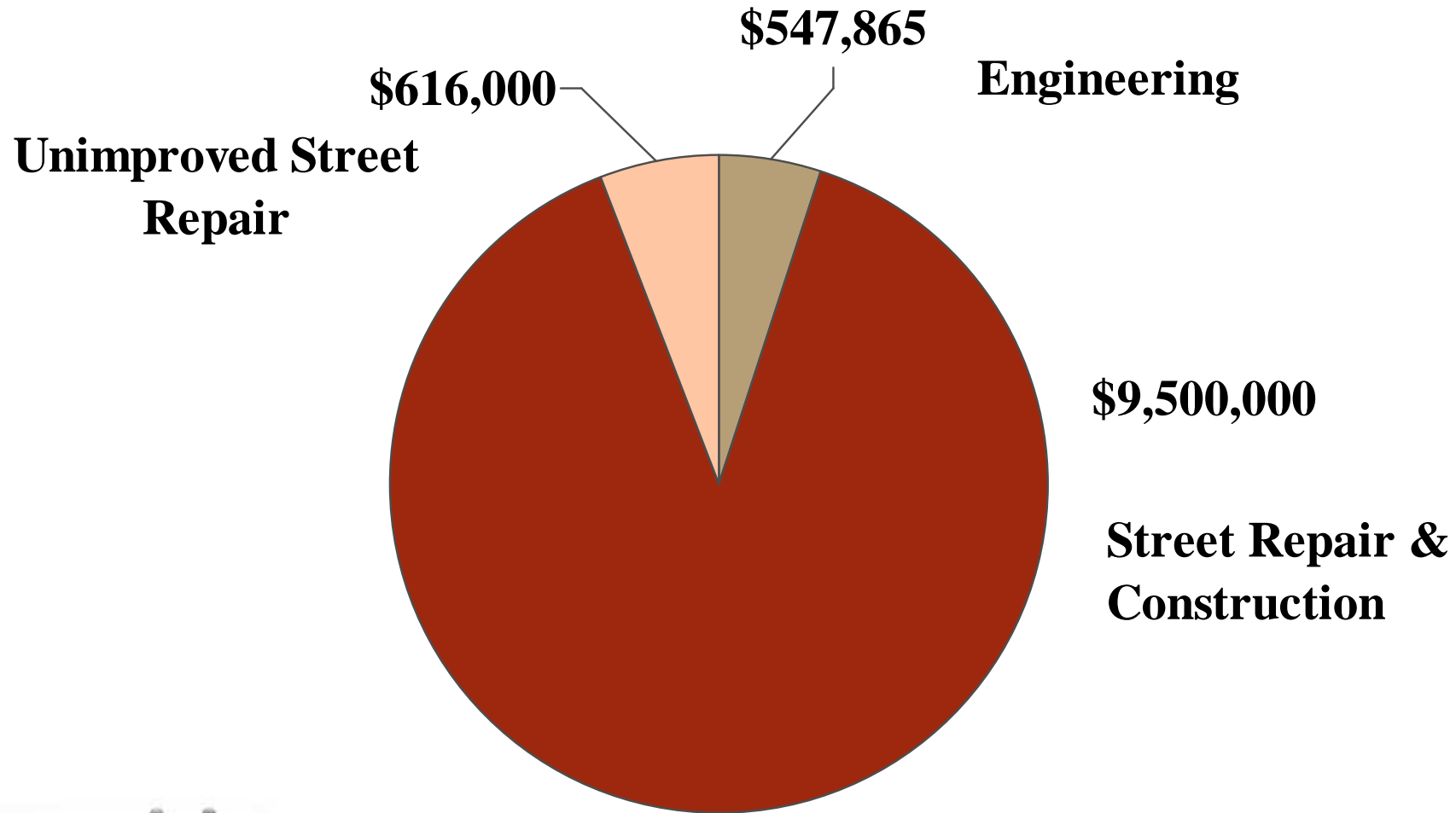
# How are Local Option Tax Funds Used?



For the Year Ending 6-30-10



# How are Local Option Tax Funds Used?



For the Year Ending 6-30-09



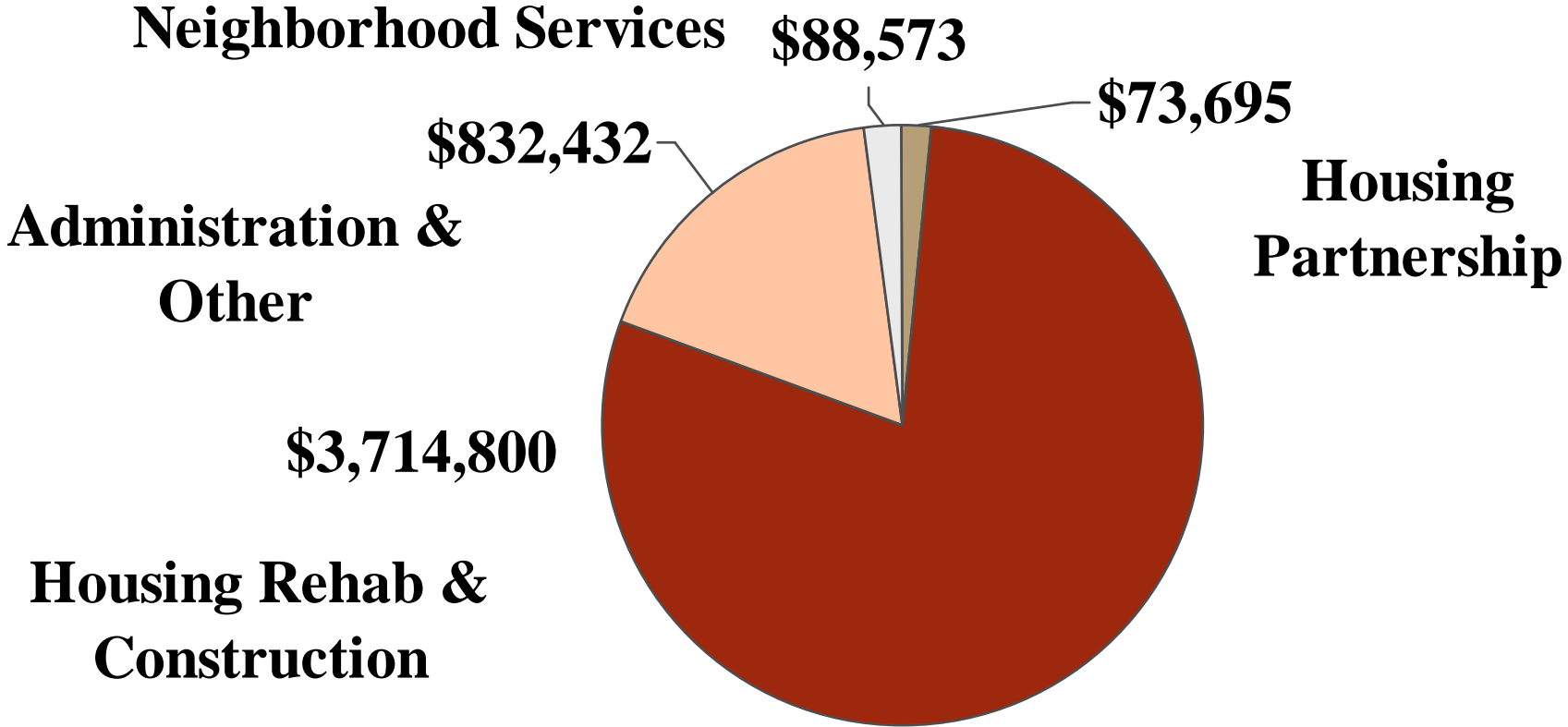
# How does the City of Waterloo provide services?

- **COMMUNITY DEVELOPMENT/HOUSING – funded primarily with federal grants**
  - Funds are restricted by federal law
  - Home rehabilitation, including lead-based paint removal
  - Administer federal rental assistance program
  - Administer Renew Waterloo Housing program
  - Total expenditures of \$9.7 million are budgeted for

**FYE2010**



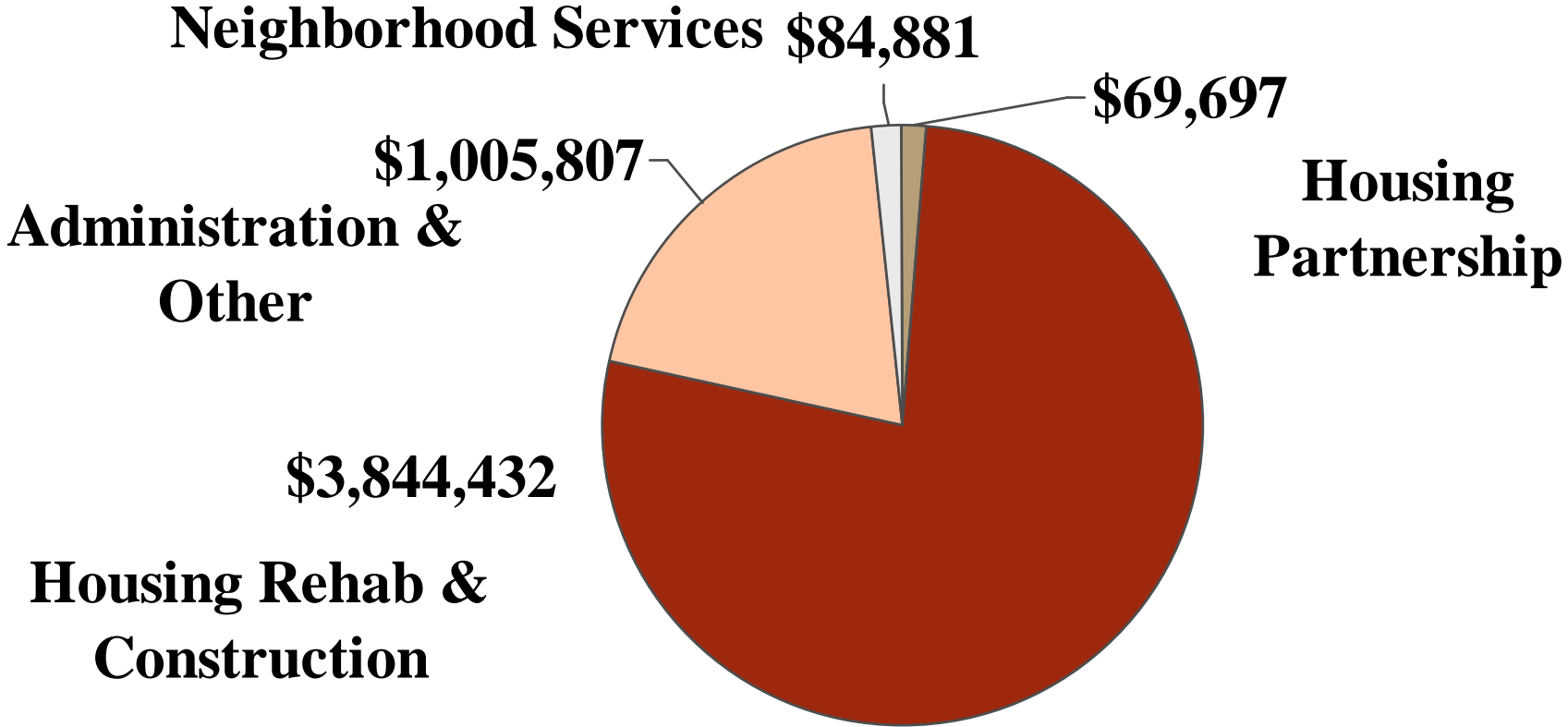
# How are Federal Block Grant Funds Used?



For the Year Ending 6-30-10



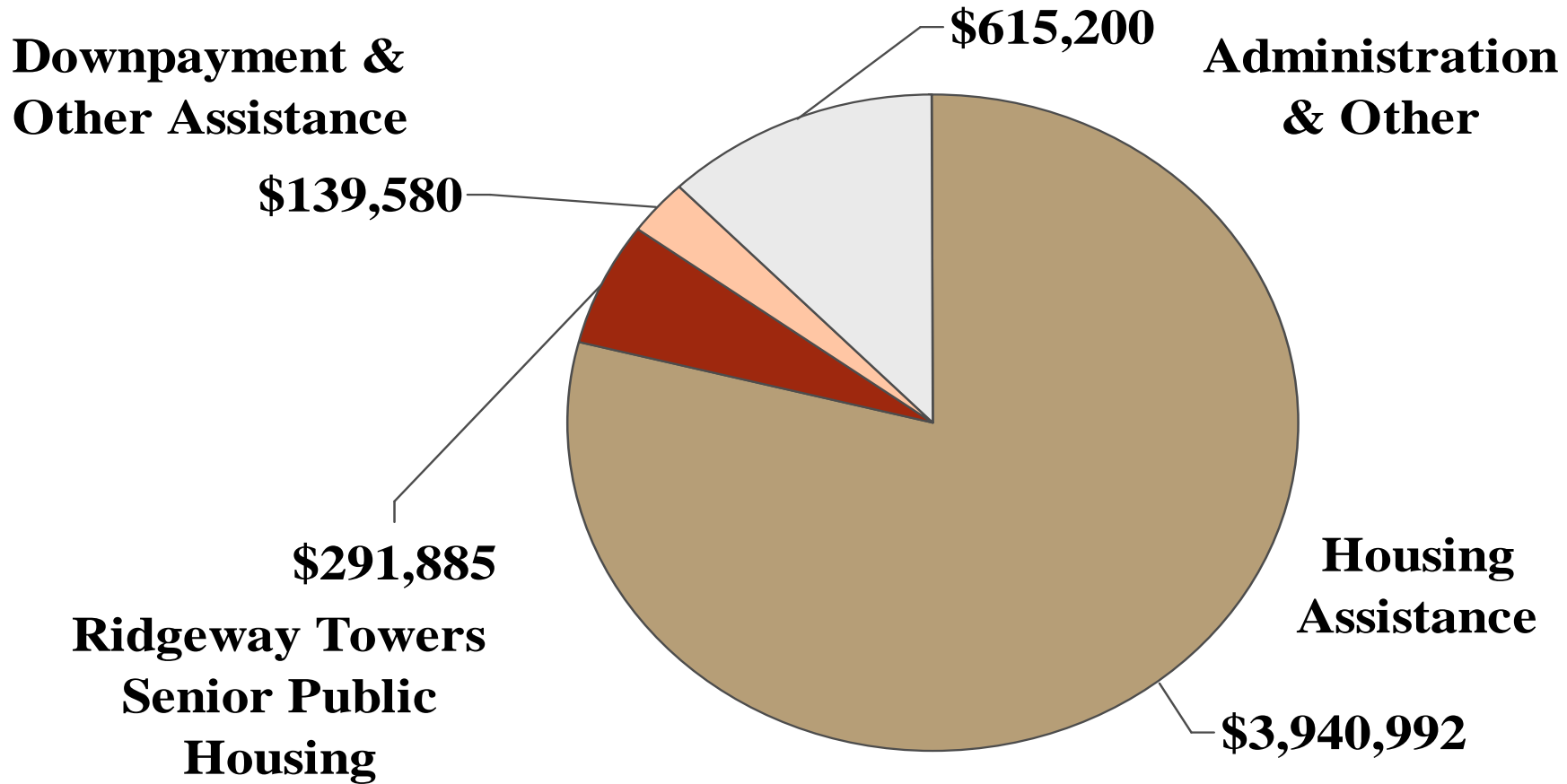
# How are Federal Block Grant Funds Used?



For the Year Ending 6-30-09



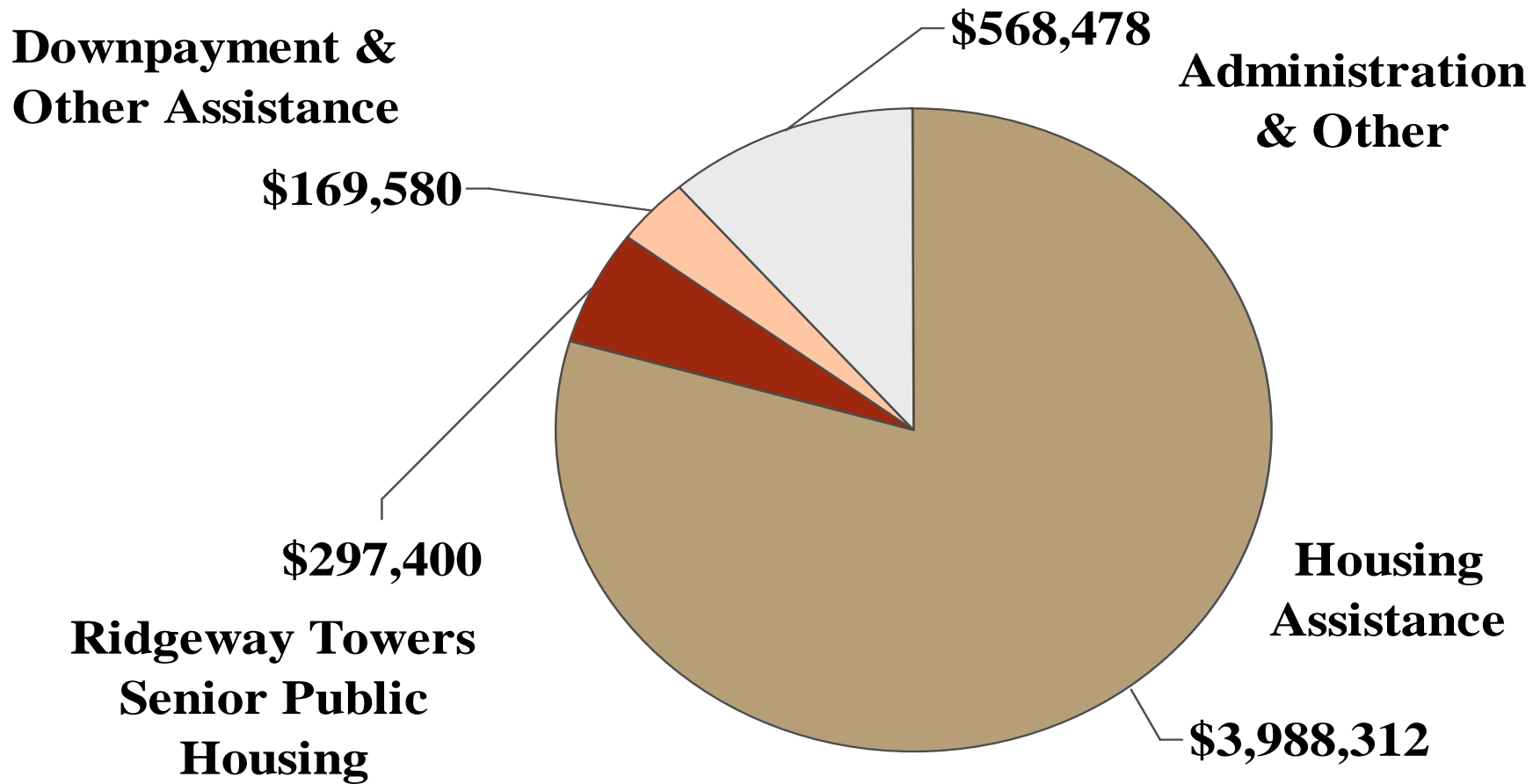
# How are Federal Housing Funds Used?



**For the Year Ending 6-30-10**



# How are Federal Housing Funds Used?



**For the Year Ending 6-30-09**

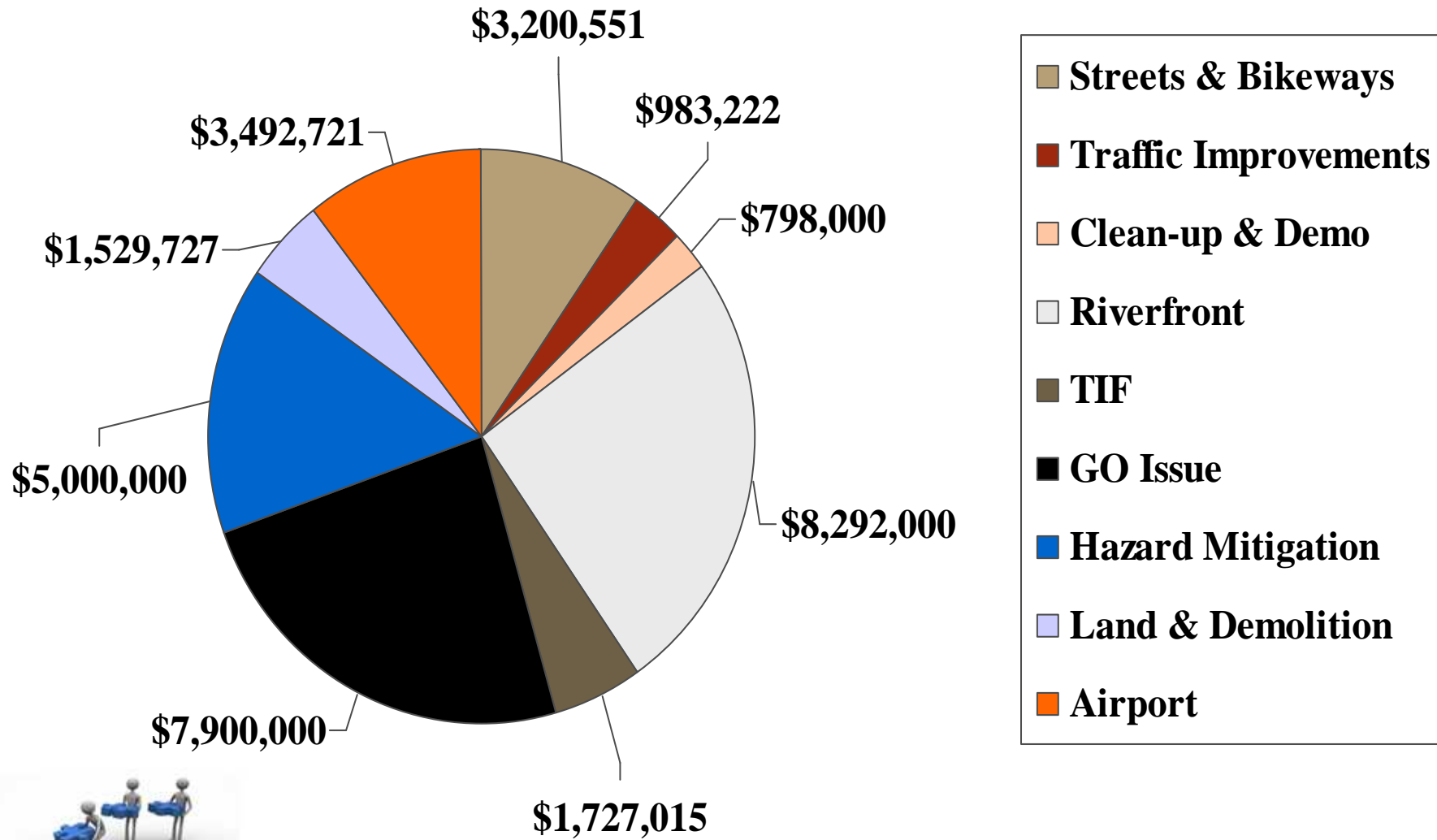


# How does the City of Waterloo provide services?

- **CAPITAL PROJECTS FUNDS – funded with general obligation bonds (repaid with the debt service levy), federal and state grants as well as grants from Black Hawk Gaming and others**
  - **Provide infrastructure, equipment and facilities**
  - **Total expenditures of \$32.9 million are planned for FYE2010**



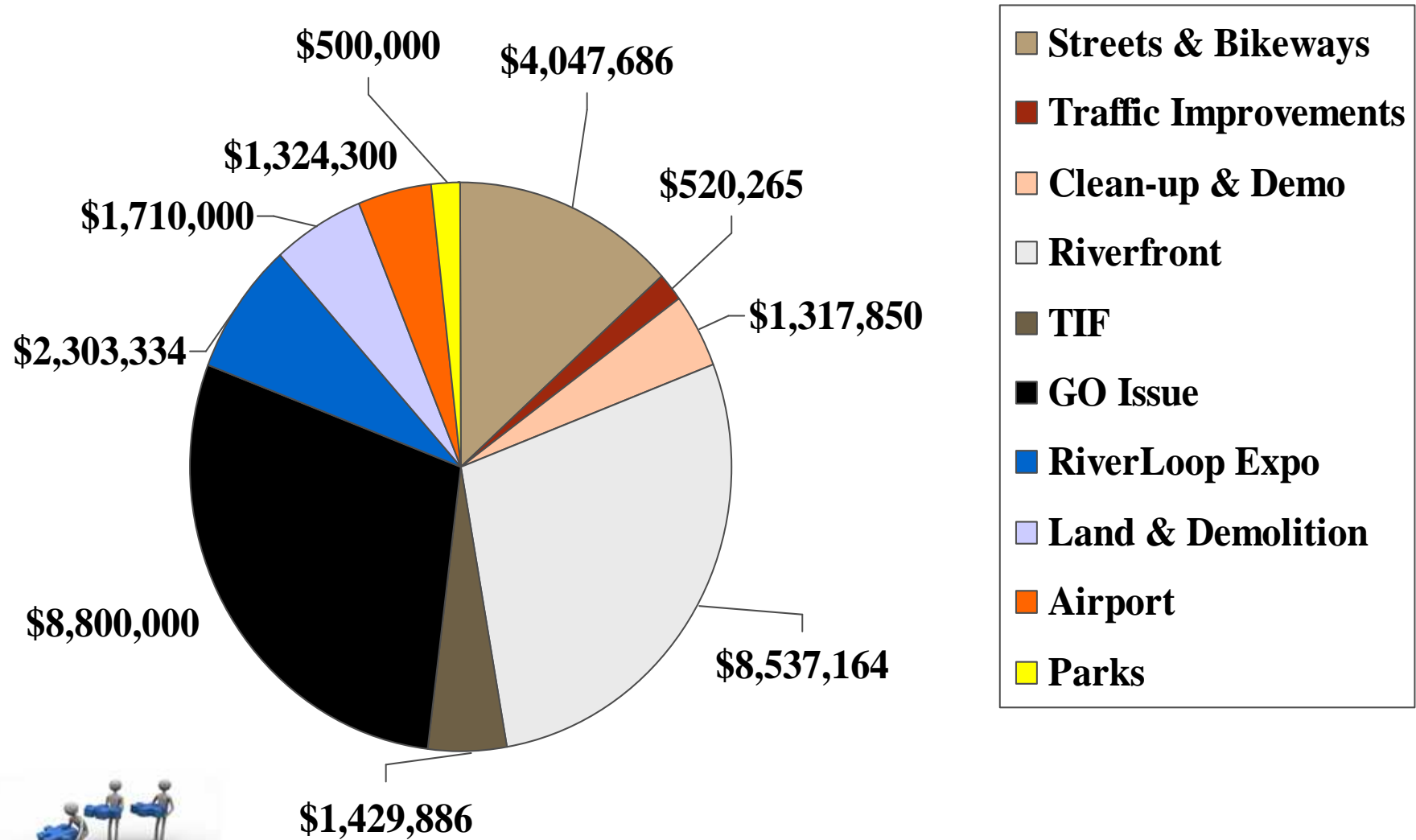
# How are Capital Project Funds Used?



For the Year Ending 6-30-10



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For the Year Ending 6-30-09

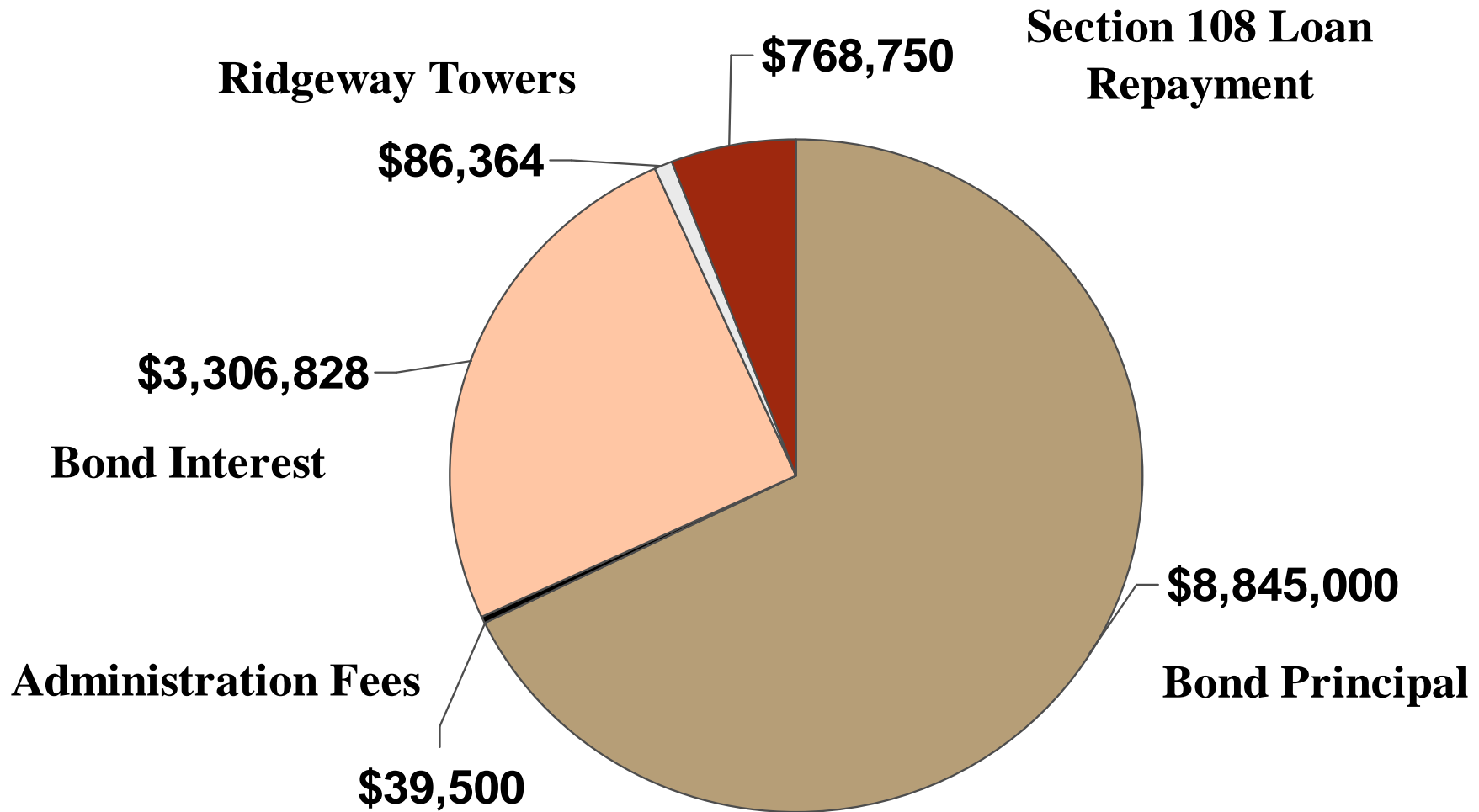


# How does the City of Waterloo provide services?

- **DEBT SERVICE FUND** – funded primarily by property taxes
  - Revenue restricted for debt repayment
  - Total expenditures of \$13 million are budgeted for FYE2010



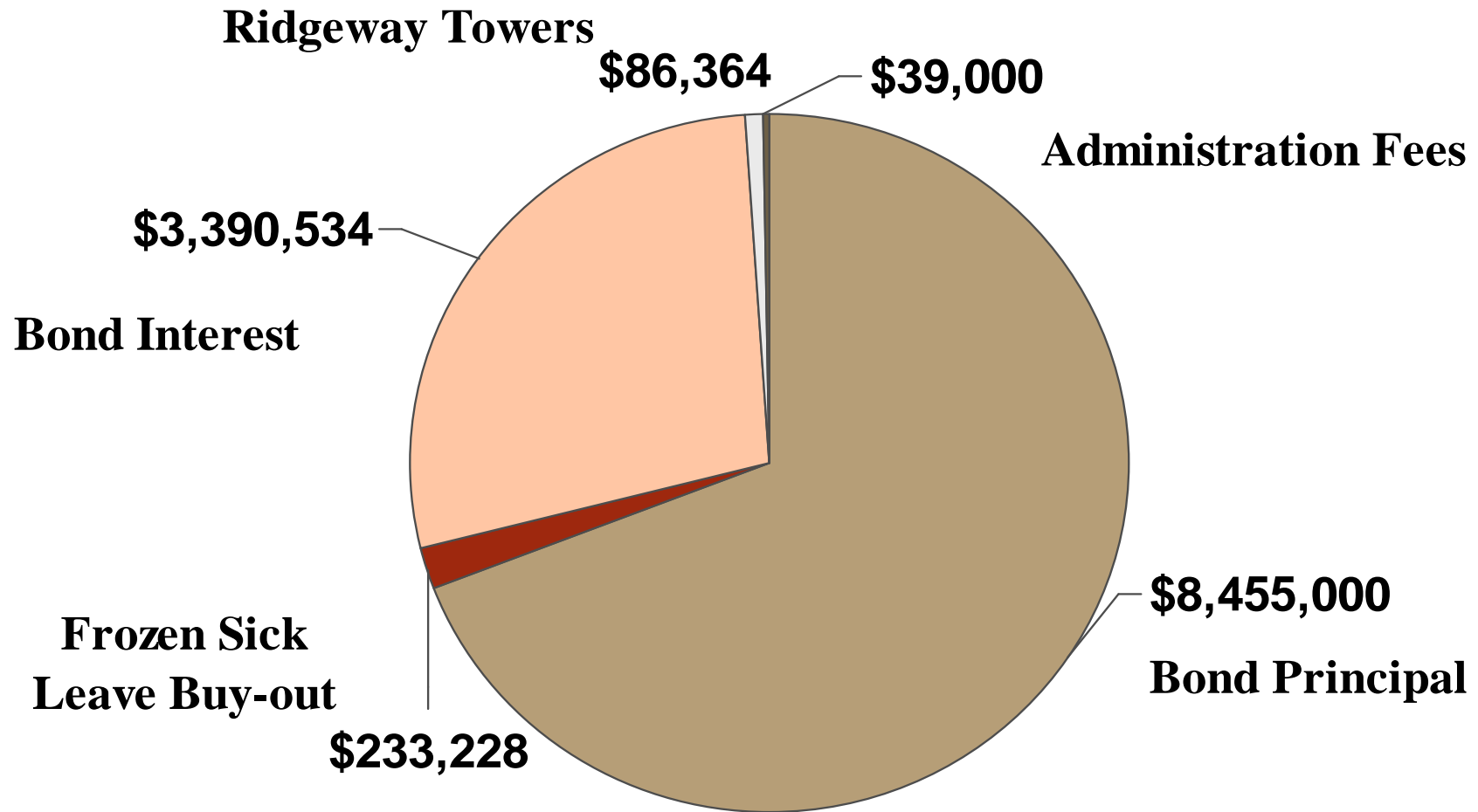
# How are Debt Service Funds Used?



For the Year Ending 6-30-10



# 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**

**Other**



# 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**  
(funded using hotel/motel taxes)

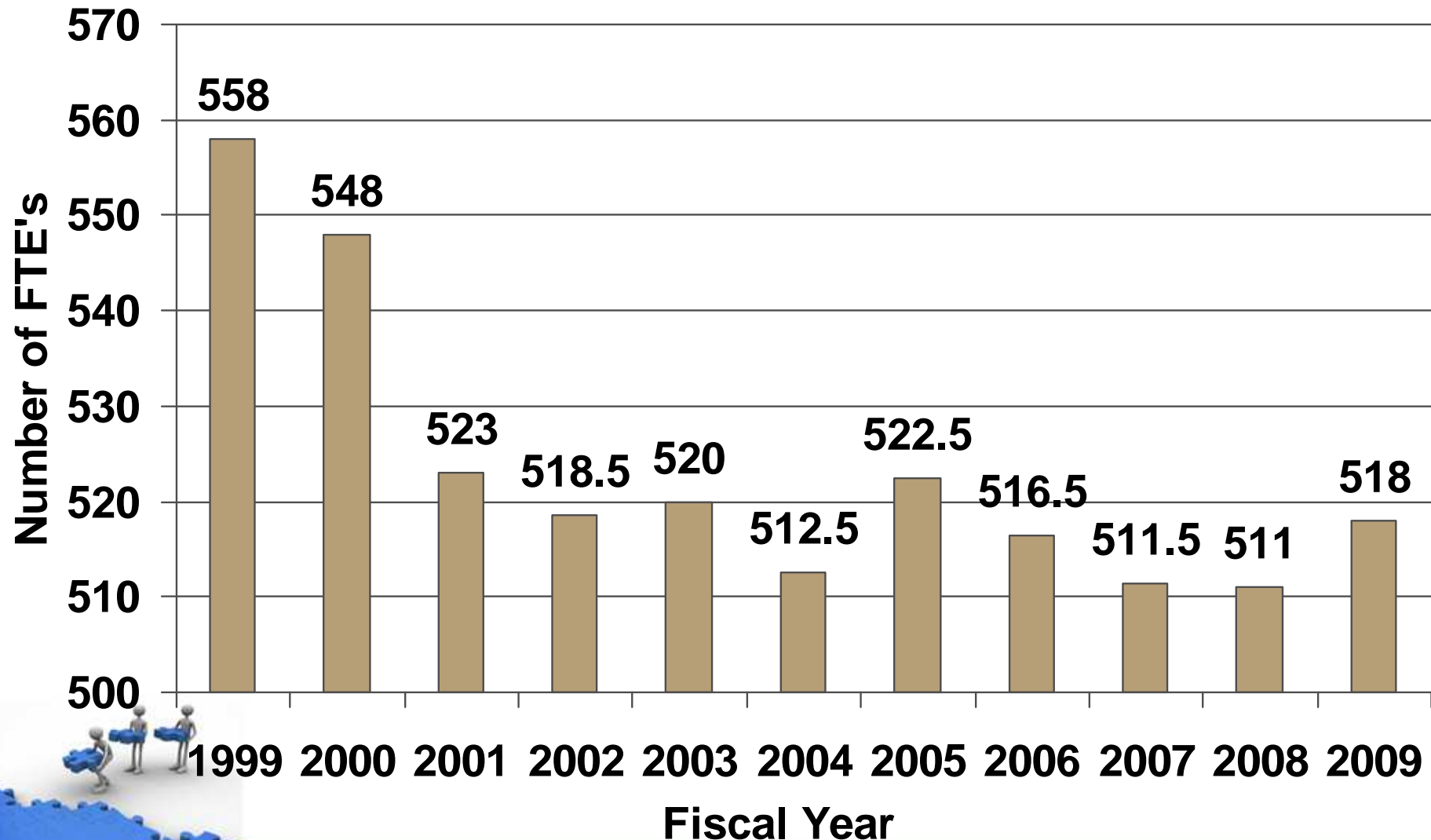


# How does the City of Waterloo provide services?

- **GENERAL FUND** – funded primarily by property taxes
  - **General Government**
    - Mayor and Council**
    - City Clerk/Finance**
    - Management Information Services**
    - Property and Liability Insurance**
    - Facilities Maintenance – including Memorial Hall**
    - City Attorney**
    - Human Resources**

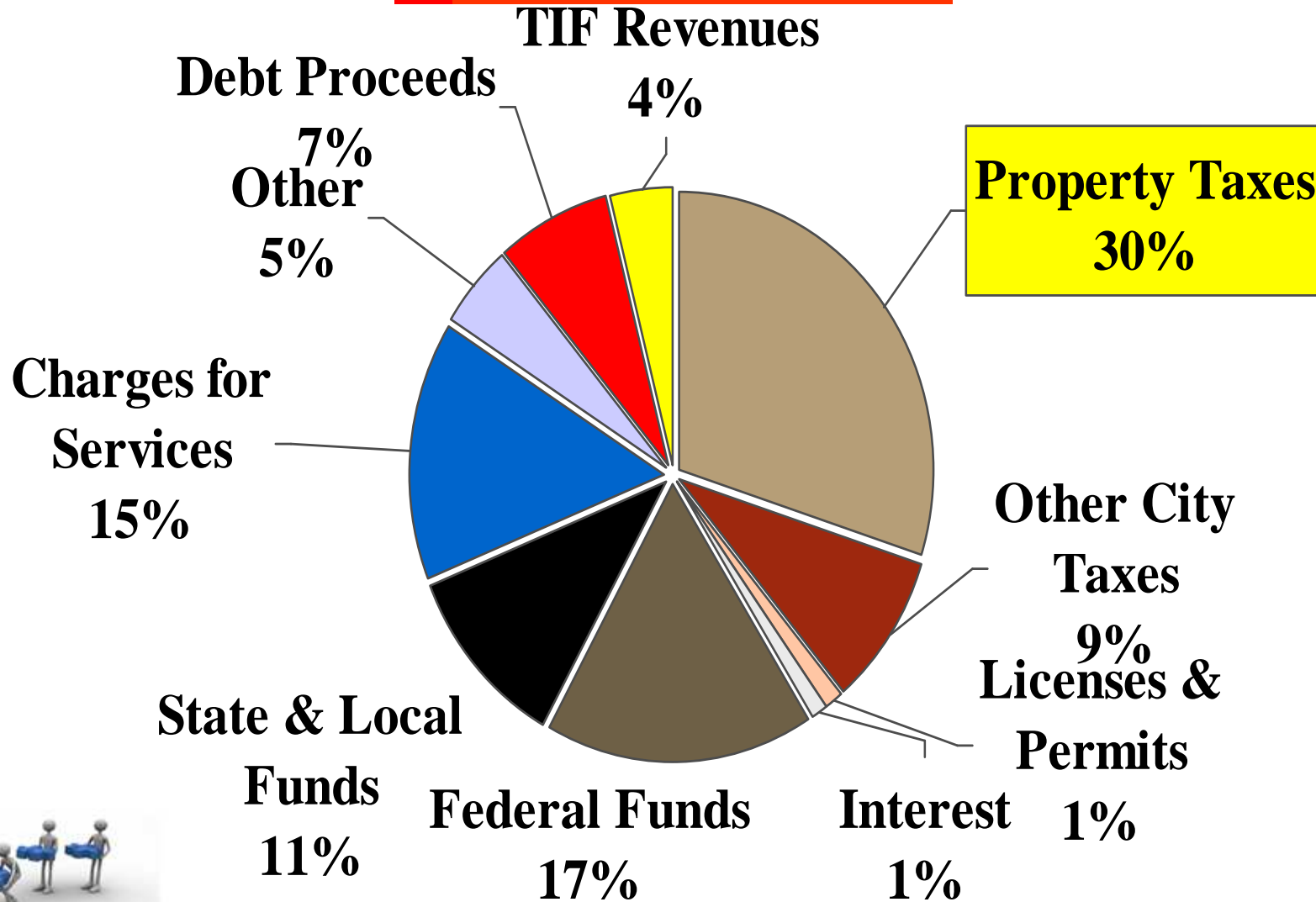


# How many Employees does the City of Waterloo use to provide Services?



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

**No, They Don't!**

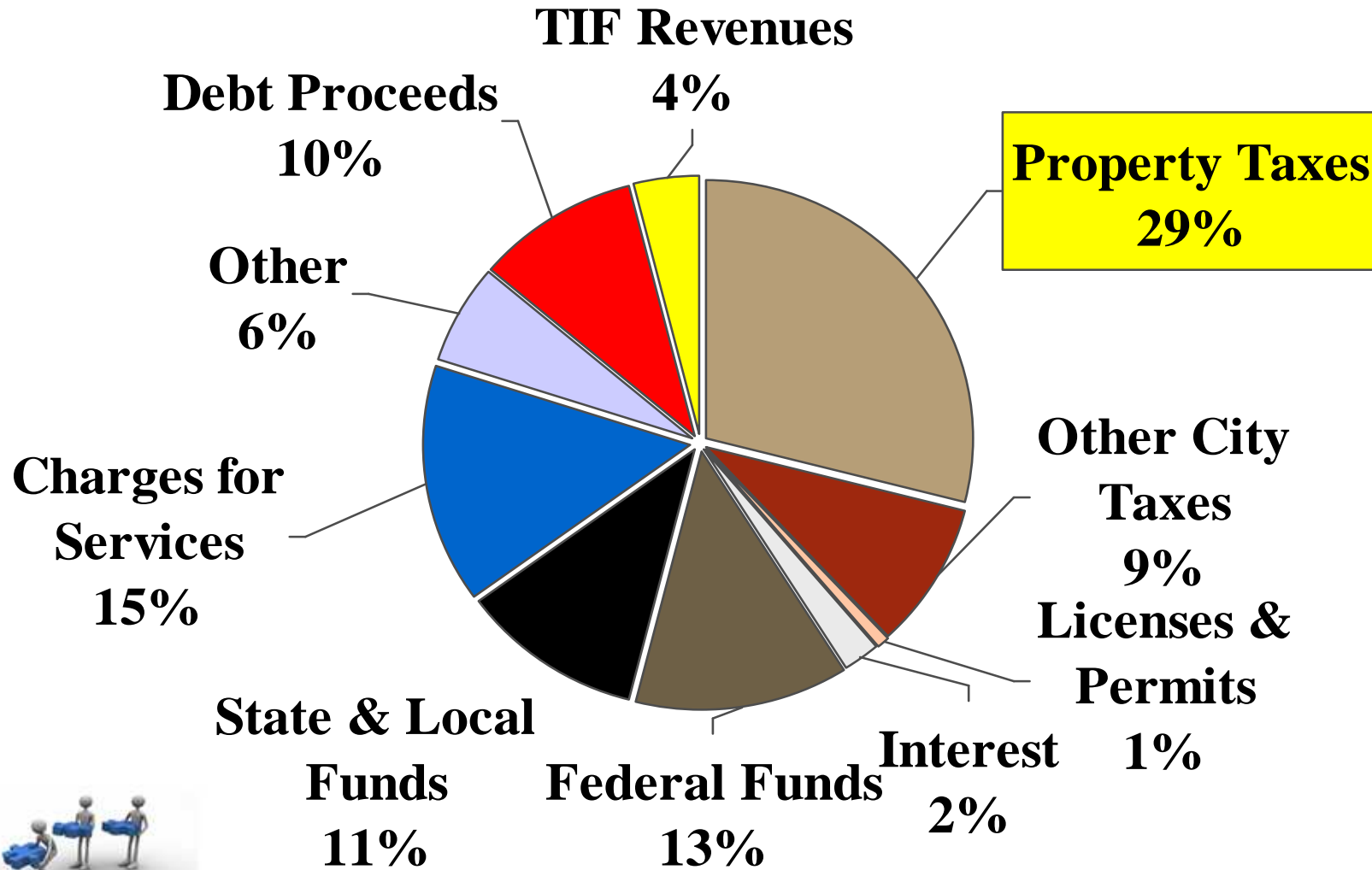


For the Year Ending 6-30-10



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

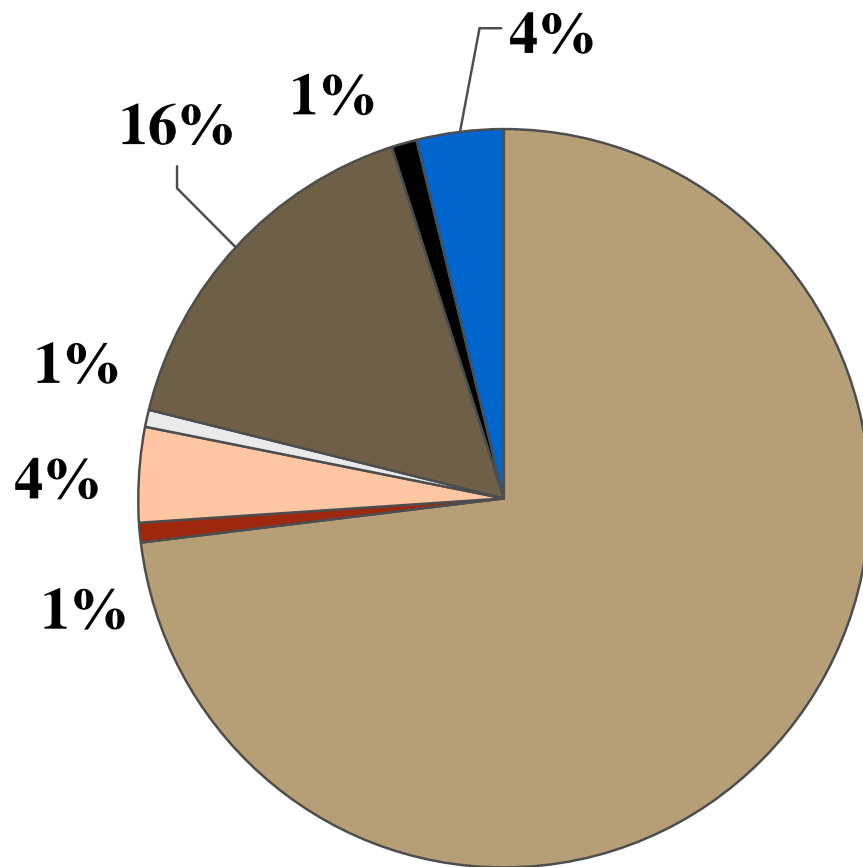
**No, They Don't!**



For the Year Ending 6-30-09



# Where Does the Money Go?

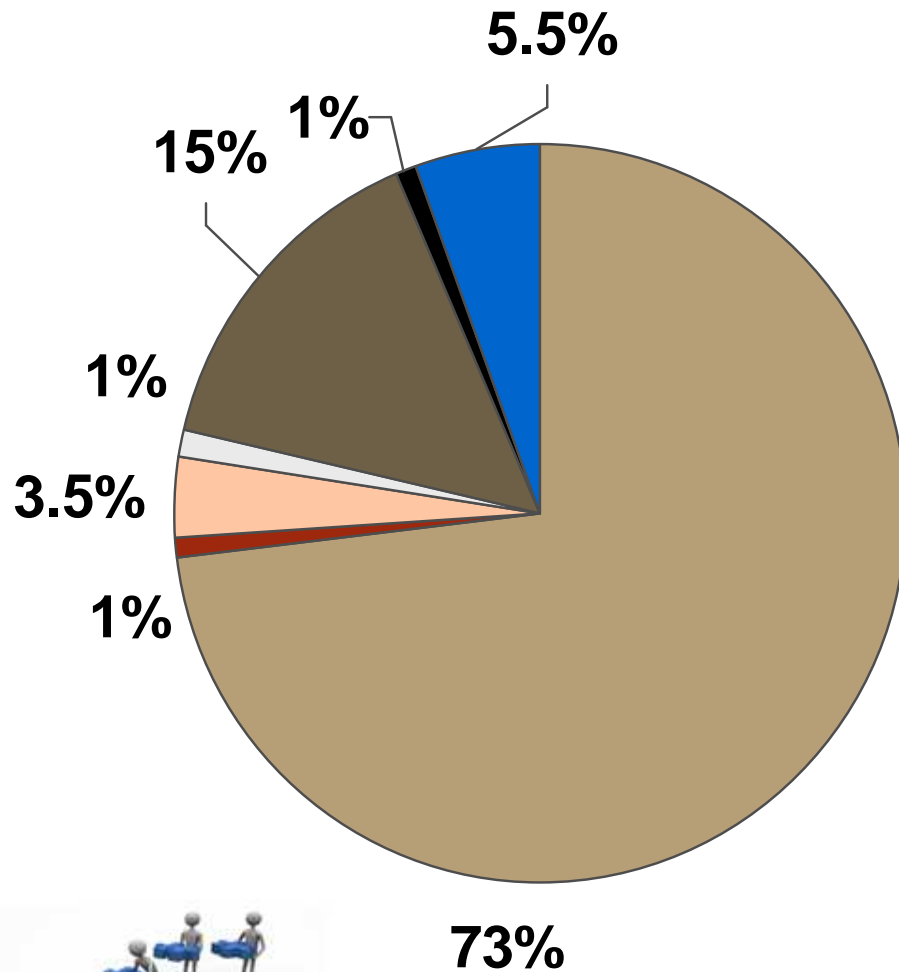


- Police, Fire & Bldg Insp
- Human Rights
- Airport, Parking and MET bus service
- Road Use Tax Employee Benefits
- Library, Leisure Services, Arts
- Planning, Economic Development
- Administration, City Facilities Maintenance

For the Year Ending 6-30-10



# Where Does the Money Go?

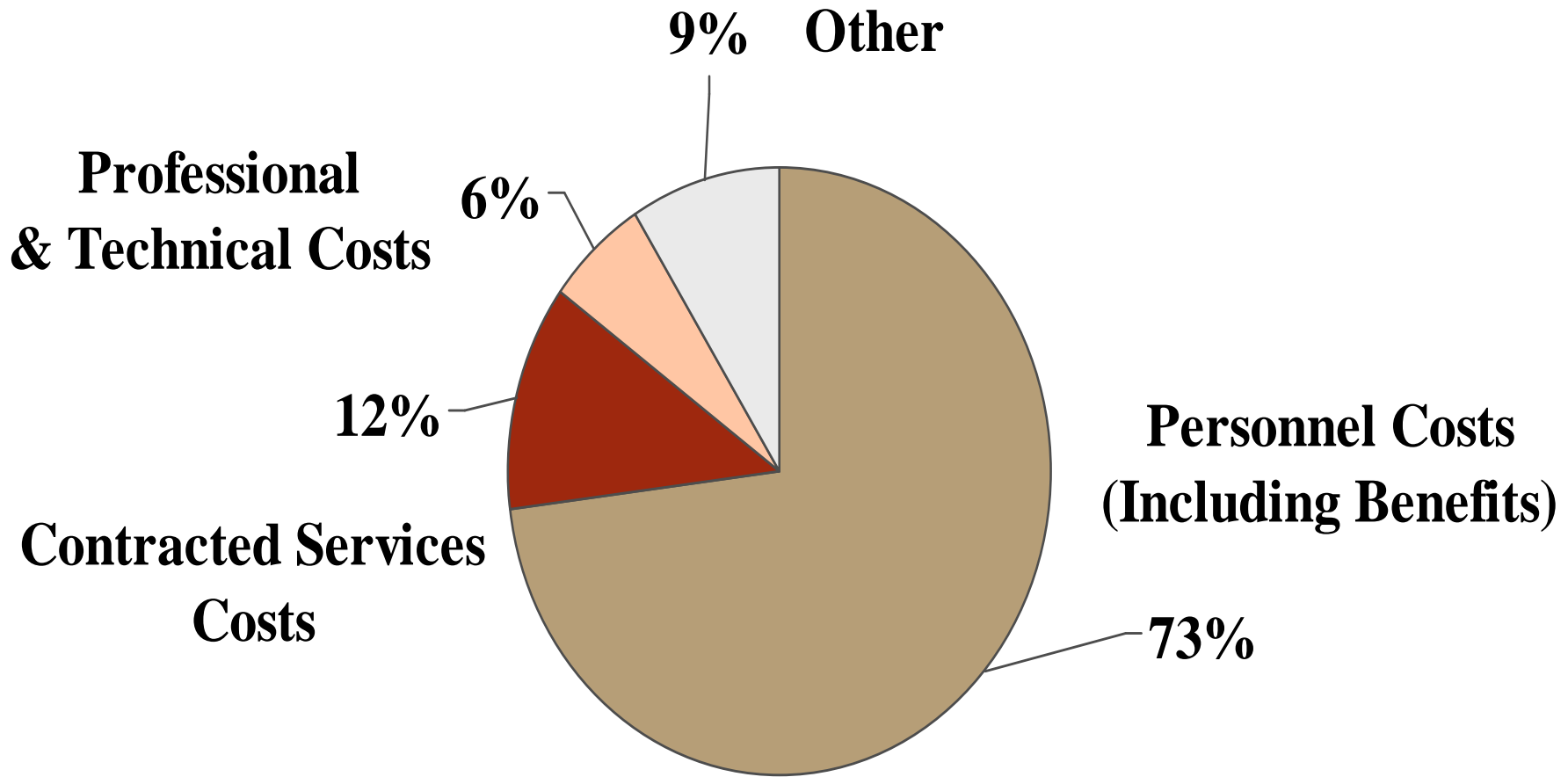


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For the Year Ending 6-30-09



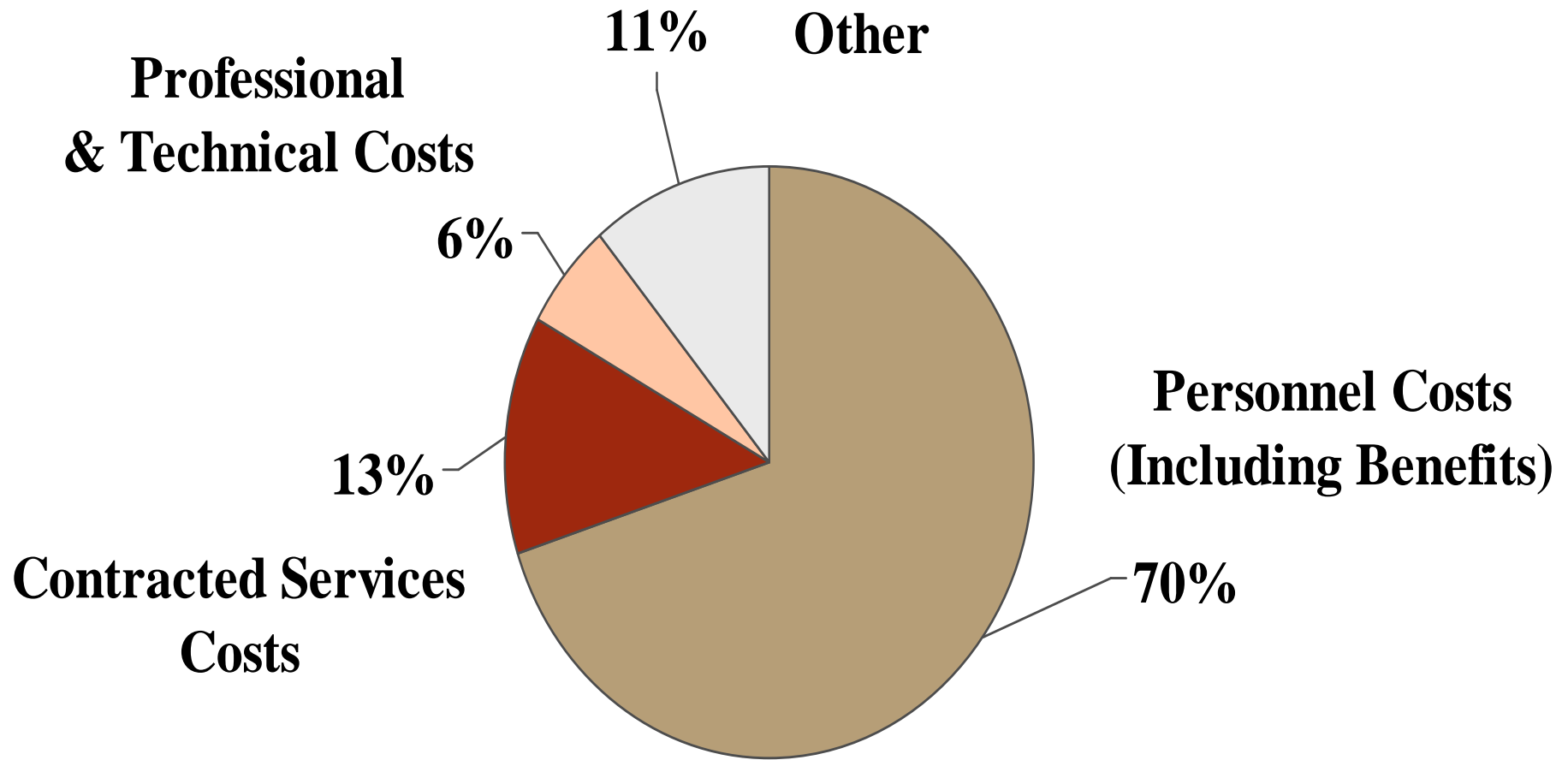
# How is the Money Spent Once it Gets There?



For the Year Ending 6-30-10



# How is the Money Spent Once it Gets There?

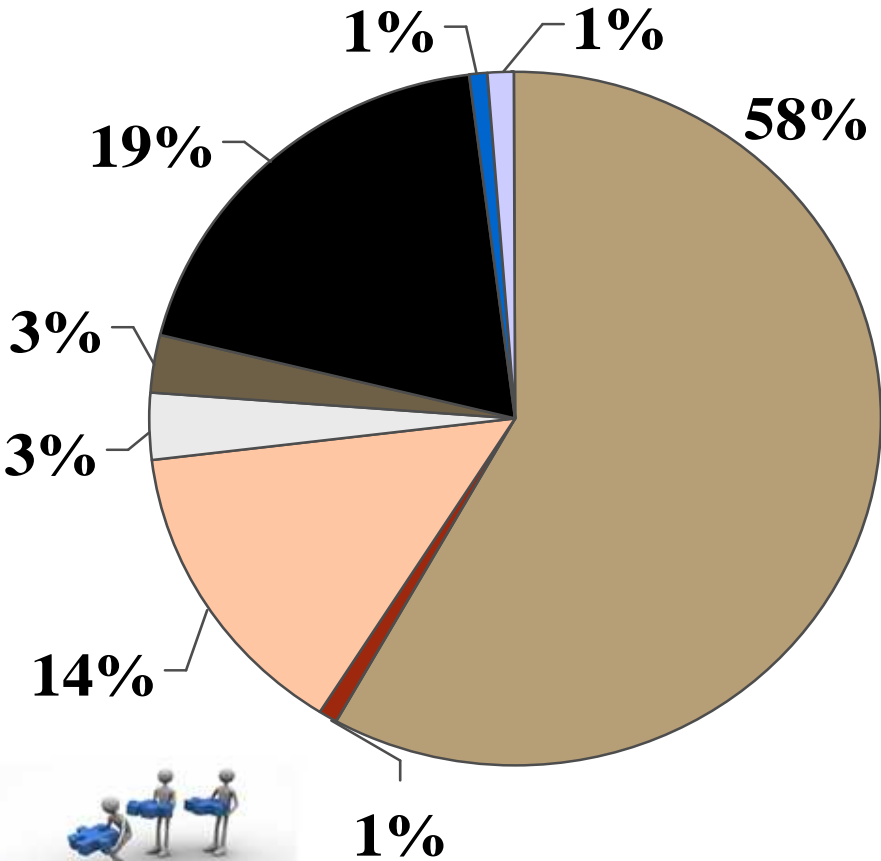


For the Year Ending 6-30-09



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

**Including Debt Service**



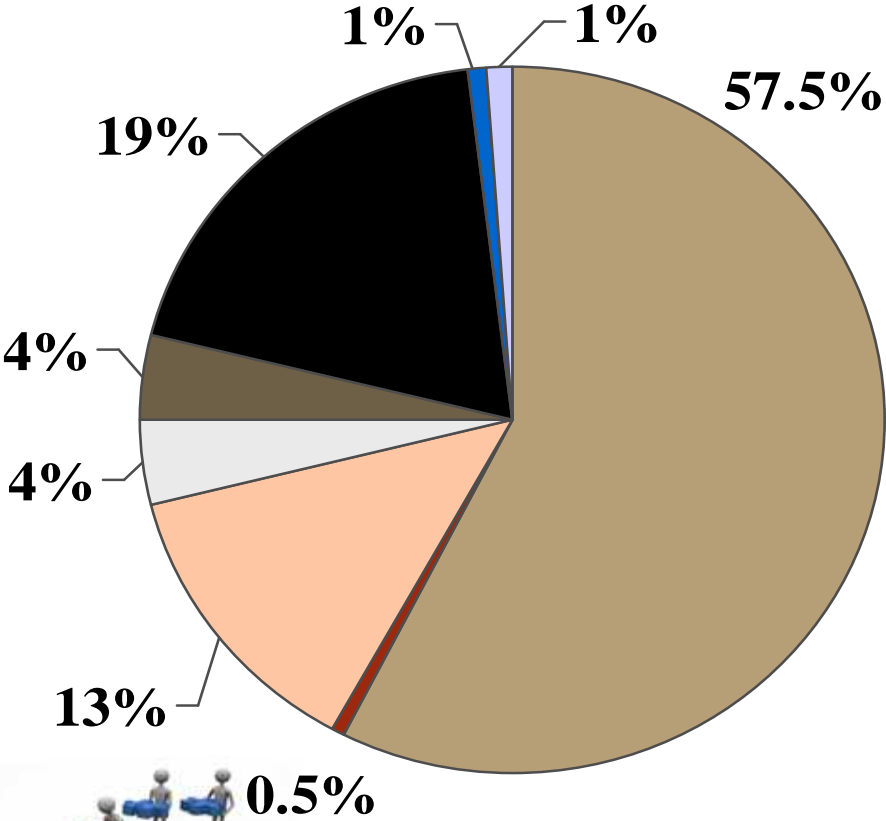
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**For the Year Ending 6-30-10**

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

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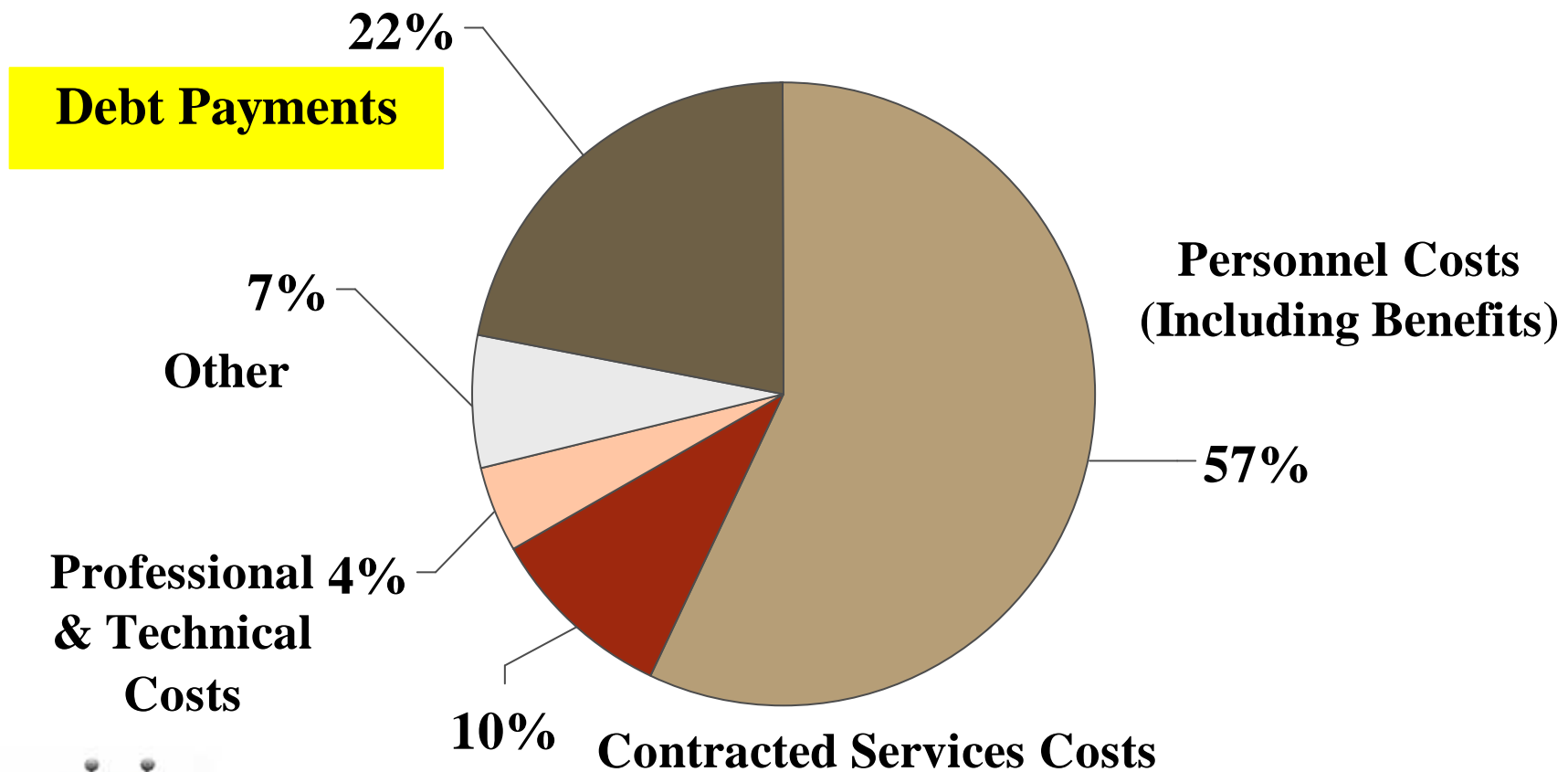


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**For the Year Ending 6-30-09**



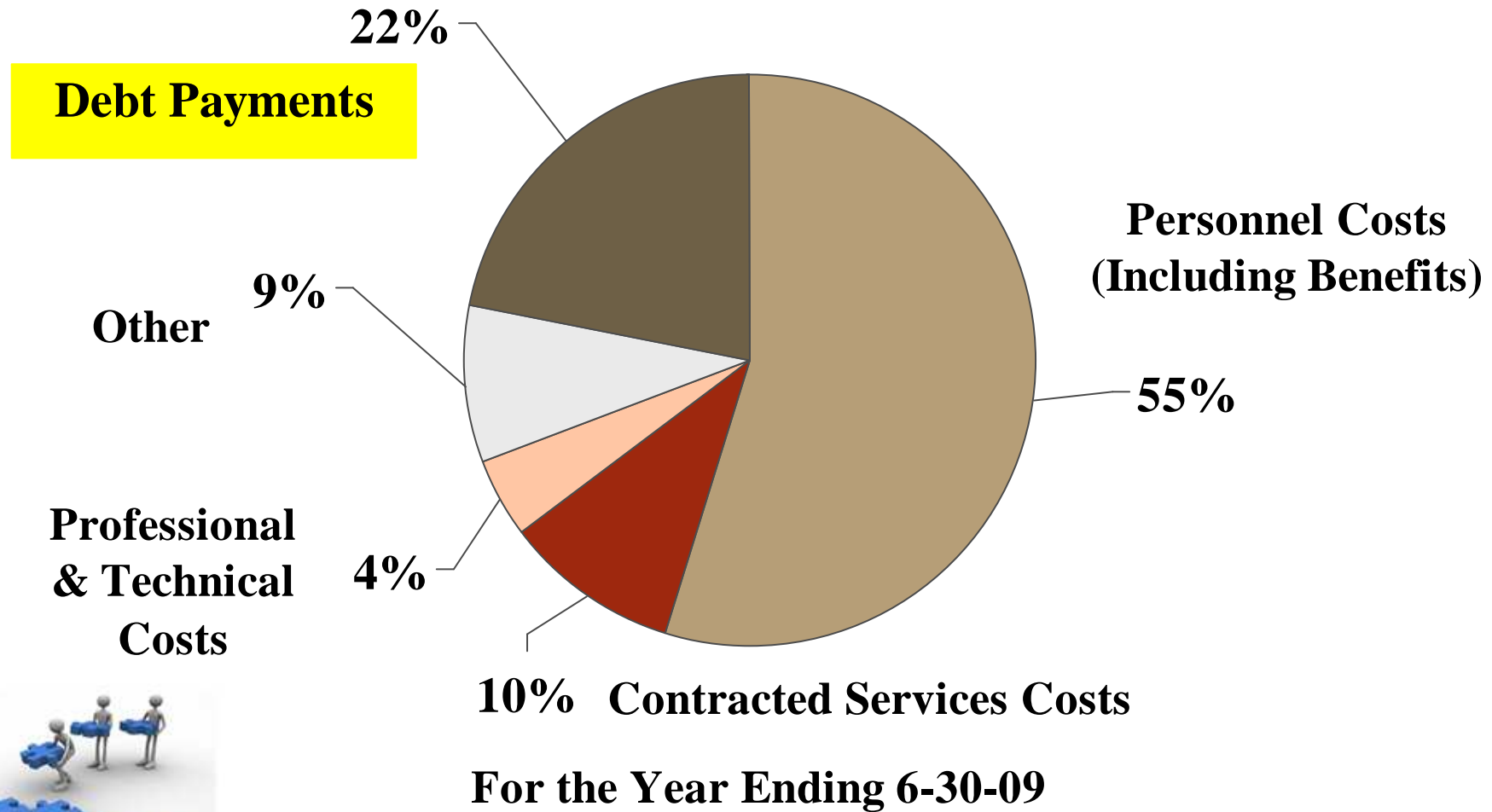
# What Types of Things Does the City Pay For With My **Total** Property Tax Dollar (Including Debt Payments)?



For the Year Ending 6-30-10



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



# Items Impacting the FYE10 General Fund Budget

- **The budgets were developed using the following general parameters:**
  - **Personnel staffing levels to remain static (this was done with the exception of adding one employee for Parks, which is expected to reduce other costs)**
  - **No new programs**
  - **Other costs and operating revenues were projected using a three-year actual average in most cases**
  - **Mission: Maintain city services at lowest possible cost**



# Items Impacting the FYE10 General Fund Budget

- **Personnel Increases:**

**Pay increases (including payroll taxes)**

**and additional staffing** \$ **843,529**

**Health insurance increase** **132,885**

**Police & Fire pension decrease**

**(9.33% decrease in contribution  
rate from 18.75% of payroll to 17%)** ( **154,116**)

**Increased retirement payments** **68,181**

**Total Personnel Increases** **\$ 890,479**



# Items Impacting the FYE10 General Fund Budget

- **Significant revenue changes:**

<b>Increase gaming revenue</b>	<b>\$</b>	<b>300,000</b>
<b>Increase various airport fees</b>		<b>41,395</b>
<b>Increase fire inspection revenue</b>		<b>33,000</b>
<b>Increase ambulance fees</b>		<b>125,000</b>
<b>Decrease interest revenue</b>	<b>(</b>	<b>300,000)</b>
<b>Decrease building inspections revenue</b>	<b>(</b>	<b>86,620)</b>
<b>Other revenue changes – net</b>		<b><u>25,806</u></b>
<b>Net Significant Revenue Changes</b>	<b>\$</b>	<b><u>138,581</u></b>



# Items Impacting the FYE10 General Fund Budget

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

<b>Increase in portion of road use tax employee benefits funded using benefits levy</b>	<b>\$</b>	<b>146,773</b>
<b>Increase in self-funded workers' compensation insurance</b>		<b>36,000</b>
<b>Increase in liability &amp; property insurance</b>		<b>33,388</b>
<b>Increase in ambulance medical supplies</b>		<b>27,500</b>
<b>Add elections expense</b>		<b>43,000</b>



# Items Impacting the FYE10 General Fund Budget

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

<b>Increase in facilities maintenance expense</b>	<b>42,286</b>
<b>Decrease in Youth Pavilion expenses</b>	<b>( 29,200)</b>
<b>Decrease in citywide contingency account</b>	<b>( 89,632)</b>
<b>Other expense changes - net</b>	<b><u>79,142</u></b>
<b>Net Other non-personnel revenue and expense changes</b>	<b><u>\$ 289,257</u></b>



# Items Impacting the FYE10 General Fund Budget

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

<b>Increase in personnel expenses - net</b>	<b>\$ 890,479</b>
<b>Increase in other expenses - net</b>	<b>289,257</b>
<b>Increase in revenue - net</b>	<b><u>( 138,581)</u></b>
<b>Net Increase in General Fund Property Taxes from FYE09</b>	<b><u>\$ 1,041,155</u></b>



# Items Impacting the FYE10 Budget

- **Net Change in Property Taxes:**

<b>Increase General Fund property taxes</b>	<b>\$ 1,041,155</b>
<b>Increase in Debt Service Fund property taxes</b>	<b>362,721</b>
<b>Increase in Library Tax Levy property taxes</b>	<b><u>22,263</u></b>
<b>Net Increase in Total Property Taxes from FYE09</b>	<b><u>\$ 1,426,139</u></b>



# Property Taxes Required to Support the FYE2010 Budget

	FYE2010	FYE09
Property Taxes	\$38,368,755	\$36,942,616
Increase from prior year	\$ 1,426,139	\$ 1,938,126
Percentage Increase	3.86%	5.54%
Proposed Levy Rate	\$18.30689	\$18.36687
Residential Tax Increase	3.09%	1.32%
Commercial Tax Incr (Decr)	(0.06%)	6.39%
Industrial Tax Decrease	(0.33%)	( 2.13%)



# Putting the Pieces Together – FYE2010

- **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 FYE2010 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.**

