



# CITY OF IOWA CITY COUNCIL ACTION REPORT

March 21, 2023

Resolution setting a public hearing on April 4, 2023 to discuss the proposed Fiscal Year 2024 Operating Budget, the proposed three-year Financial Plan for Fiscal Year 2023 - Fiscal Year 2025, and the five-year Capital Improvement Plan 2023 - 2027.

Prepared By: Nicole Davies, Finance Director  
Reviewed By: Geoff Fruin, City Manager  
Fiscal Impact: See memo below.  
Staff Recommendation: Approval  
Commission Recommendations: N/A  
Attachments: [Notice of Public Hearing FY24 Budget.pdf](#)  
[Resolution Setting Public Hearing for FY24 Budget.doc](#)  
[Council Correspondence - Drabek.pdf](#)

## **Executive Summary:**

On April 4, 2023, two public hearings are being scheduled: one hearing will be held to take public input on the proposed amendment of the fiscal year 2023 (FY2023) budget, and one hearing will be held to take public input on the proposed fiscal year 2024 (FY2024) budget. Following the first public hearing, a resolution to amend the FY2023 Operating Budget will be considered. Following the second public hearing, a resolution to adopt the FY2024 Operating Budget and a resolution to approve the FY2023 - 2025 Financial Plan and 2023 - 2027 Capital Improvement Plan document will be considered. The FY2024 adopted budget must be certified by the Johnson County Auditor's office by April 30, 2023.

## **Background / Analysis:**

The FY2023 - 2025 Financial Plan and 2023 - 2027 Capital Improvement Plan document was made available to City Council and the general public in December 2022. This document included the proposed FY2023 amended budget and the proposed FY2024 budget. This document detailed the proposed and amended budgets as submitted by the City Manager following an extensive budget process.

The City Council held public work sessions in January and February 2023 to review and discuss the FY2023 - 2025 Financial Plan and 2023 - 2027 Capital Improvement Plan document. During these budget work sessions, the City Manager and the department directors presented their budget proposals and responded to questions from the City Council. The City Council also clarified and refined their budget priorities during these work sessions.

The Resolutions to Amend the FY2023 Budget and to Adopt the FY2024 Budget and related schedules represent the programs and details that were included in the FY2023 - 2025 Financial Plan and 2023 - 2027 Capital Improvement Plan document. The Resolutions and

related schedules also include any subsequent changes as directed by the City Council as well as corrections and adjustments identified by City staff. The related schedules for the FY2023 Amended Budget and the FY2024 Budget will be made available to the public on March 21, 2023 and the Notices of Public Hearing for both will be published on March 23, 2023, in accordance with state law to allow for public input.

#### Financial Impact:

##### Fiscal Year 2024 Proposed Budget

On December 23, 2022, the FY2023 - 2025 Financial Plan and 2023 - 2027 Capital Improvement Plan document was delivered to the City Council and made available to the general public. Since that time, changes and adjustments were made by City staff to the proposed FY2024 budget. The changes to the FY2024 budget are summarized as follows:

Final property tax revenue calculations including gas and electric excise taxes and property tax backfill payments:

- (\$1,097,958) General Fund revenue
- (\$382,057) Employee Benefits Fund revenue
- (\$ 22,849) Emergency Levy Fund revenue
- (\$108,534) Transit Fund revenue
- (\$285,578) Debt Service Fund revenue
- (\$1,896,976) Total revenue impact

Transfers Out of the General Fund and Transfers In to the Transit Fund were reduced by \$108,534.

SSMID revenues and expenses increased in the amount of \$85,399.

Addition of 2.5 FTEs (1 FTE Grants Manager, 1 FTE Human Rights Engagement Specialist & .5 FTE Outreach & Engagement Specialist) increased General Fund expenses by \$273,096.

2.25 Mass Transit Operator FTEs were approved in August 2022 but were not included in the draft budget increased both revenues and expenses \$189,639 in the Transit Fund.

The final proposed property tax levy rate for FY2024 is \$15.633 per \$1,000 of taxable valuation; this is unchanged from the proposed levy rate presented in December. The FY2024 levy rate is unchanged from Iowa City's FY2023 levy rate of \$15.663 per \$1,000 of taxable valuation. From fiscal years 2013 to 2023, the City's property tax levy rate was decreased for eleven consecutive years by a total of \$2.21 or 12.38%.