



CITY OF IOWA CITY COUNCIL ACTION REPORT

April 1, 2025

Resolution setting a public hearing on April 15, 2025 to discuss the proposed Fiscal Year 2026 Operating Budget, the proposed three-year Financial Plan for Fiscal Year 2025 - Fiscal Year 2027, and the five-year Capital Improvement Plan 2025 - 2029.

| | |
|-----------------------------|---|
| Prepared By: | Nicole Davies, Finance Director |
| Reviewed By: | Geoff Fruin, City Manager |
| Fiscal Impact: | See attached Notice of Public Hearing Amended FY25 Budget |
| Staff Recommendation: | Approval |
| Commission Recommendations: | N/A |
| Attachments: | Notice of Public Hearing FY26 Budget Resolution |

Executive Summary:

On April 15, 2025, two public hearings are being scheduled: one hearing will be held to take public input on the proposed amendment of the fiscal year 2025 (FY2025) budget, and one hearing will be held to take public input on the proposed fiscal year 2026 (FY2026) budget. Following the first public hearing, a resolution to amend the FY2025 Operating Budget will be considered. Following the second public hearing, a resolution to adopt the FY2026 Operating Budget and a resolution to approve the FY2025 - 2027 Financial Plan and 2025 - 2029 Capital Improvement Plan document will be considered. The FY2026 adopted budget must be certified by the Johnson County Auditor's office by April 30, 2025.

Background / Analysis:

The FY2025 - 2027 Financial Plan and 2025 - 2029 Capital Improvement Plan document was made available to City Council and the general public in January 2025. This document included the proposed FY2025 amended budget and the proposed FY2026 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 2025 to review and discuss the FY2025 - 2027 Financial Plan and 2025 - 2029 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 FY2025 Budget and to Adopt the FY2026 Budget and related schedules represent the programs and details that were included in the FY2025 - 2027 Financial Plan and 2025 - 2029 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 FY2025 Amended Budget and the FY2026 Budget will be made available to the public on April 1, 2025 and the Notices of Public Hearing for both will be published on April 3, 2025, in accordance with state law to allow for public input.

Financial Impact:

Fiscal Year 2026 Proposed Budget

On January 8, 2025, the FY2025 - 2027 Financial Plan and 2025 - 2029 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 FY2026 budget. The changes to the FY2026 budget are summarized as follows:

Decreased Property Tax Revenue by \$76,500, which adjusted revenues, expenditures and transfers for the following funds:

- General Fund - \$43,200 reduction to revenues, \$15,700 reduction to transfers in & \$3,600 reduction to transfers out
- Employee Benefits Fund - \$14,400 reduction to revenues & \$15,700 reduction to transfers out
- Debt Service Fund - \$17,400 reduction to revenues
- SSMID Fund - \$1,500 reduction to revenues and expenditures
- Transit Fund - \$3,600 reduction to transfers in

Increased Gas & Electric Excise Tax Revenue by \$10,400, which adjusted revenue in the following funds:

- General Fund - \$10,000 increase to revenues
- Employee Benefits Fund - \$1,300 reduction to revenues
- Debt Service Fund - \$1,700 increase to revenues

Increased the transfer out from the General Fund and the transfer in to the Affordable Housing Fund by \$200,000 and also increased the expenditures for the Affordable Housing Fund by \$200,000.

The final proposed property tax levy rate for FY2026 is \$15.633 per \$1,000 of taxable valuation; this is unchanged from the proposed levy rate presented in January. The FY2026 levy rate is unchanged from Iowa City's FY2025 levy rate of \$15.633 per \$1,000 of taxable valuation. This is the fourth consecutive year that the levy has been unchanged.