

City of Cedar Rapids
FY 2011 – FY 2020
Financial Plan

October 1, 2009

City Council Input

- 1) Questions about KFS? (i.e. Affordable housing, Staffing levels, Infrastructure reinvestment, Police substations, Joint Comm Center, etc).
- 2) Identify items that are not included in KFS, but **should be**?
- 3) Identify items included in KFS, but **should not be**?

City Council Input – KFS Policy Changes

- Use Hotel/Motel revenue to fund Paramount, Ice Arena, and US Cellular Center operating loss and debt needs
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- 5%-10% construction cost go towards aesthetic enhancements.
- Implement public transit service improvements as recommended by corridor MPO.

City's Vision

Cedar Rapids is a vibrant urban hometown – a beacon for people and businesses that are invested in building a greater community for the next generation.

Key Financial Strategies

- Primary purpose for key financial strategies (KFS) is to provide a disciplined framework for decision-making required to identify and implement strategies required to achieve the City's vision.

Objectives of the City's KFS

- Establishing a common understanding among elected officials and staff of the City's needs and financial capacity.
- Developing a comprehensive view of financial resources and options.
- Identifying City issues and opportunities.
- Creating a framework in which elected officials and staff can make immediate and long-term investment decisions.
- Developing a consensus among the elected officials and staff on key actions the City will take to remain competitive.
- Providing a framework for forecasting long-range financial planning issues to the public.

Financial Principles in KFS

- Sustainability
- Long-term Community Affordability
- Competitive and Responsive Community Services
- Protecting Community Investment and Value.

KFS Built on City Council Goals

- Flood Recovery and Protection
- Dynamic and Diverse Neighborhoods
- A Vibrant Downtown
- City Financial Strength
- A Sustainable Community: Economically, Environmental, and Socially
- Citizen Involvement
- Reinvest and Maintain Public Infrastructure

KFS on-going assumptions

- Ensuring services align with the City’s Vision
- Reviewing infrastructures for repair vs replacement to ensure cost effective decisions
- Adjusting fees/rates to reflect changes in cost to provide service
- KFS based on providing current level of services or adding services to meet current goals (i.e. 311 Service).

KFS on-going assumptions (cont.)

- Taxable valuations decrease 3% in FY11 and increase 3% each year after (FY12-FY20)
- Personal service cost (wages & benefits) increase 6% per year.
- Non discretionary expenses (gas, electricity, fuel, insurance, etc.) increase 6% per year.
- Discretionary expenses (office supplies, professional services, dues/memberships, etc.) increase 2.8% per year.

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Non-discretionary expenses –

*6% increase as several increases such internal charges are tied to personal services

*Electricity – increasing 15% in FY11; increasing 6% in subsequent years

Discretionary expenses increase of 2.8% based upon 10 year average of CPI

KFS FY 11 built from recommendations including

- Redevelopment & rehabilitation
- Establish economic development policies
- Flood recovery
- Implement Parks & Recreation master plan
- Prepare plan for facility repair, maintenance, replacement
- Seek legislative support/action

KFS General Fund Highlights

- Funding gap increases from FY11- \$13.1M to FY20 - \$63.5M.
- Increased staffing levels identified to meet City goals and citizen demands for programs (i.e. grant programs, internal control standards, school programs, management, maintenance, etc.).
- 311 Call Center.
- Increased pension contribution rates (MFPRSI increasing from 17% to potentially 40% over 5 years).

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Key reasons for FY11 funding gap:

*decreased property tax revenue due to flood

*\$3.9M result of FTE increases

*\$1.9M in Discretionary non-PS above 2.8% CPI increase. Major items:

- \$735k City Mgr office (call ctr costs, communication, project mgmt, neighborhood, mediation, major ed, etc)

- \$450k PD substations

- \$250k PW (chemicals, sign material, paint, road materials, and sand)

- \$185k IT IMON Fiber Stitch

*Double capital outlay needs from \$1.2M to \$2.6M

General Fund Staffing:

*FY10 FTE count: 880.73

*FY11 - \$3.9M or 45.5 FTEs

Largest increases: City Mgr (11 FTEs), PW (9.5 FTEs), Police (7 FTEs)

*Over 10 Yr Plan request of \$13.4M or 148 FTEs (to 1029 FTEs)

Largest increases: PW (61 FTEs), Parks & Rec (34 FTEs), City Mgr (14 FTEs), Police (13 FTEs)

MFPRSI City contribution increase 5% in FY11 from 17% to 22% this will increase the City's cost by \$1,074,704 or 21 cent increase to the tax levy. This is without any cost of living increases being calculated for next year.

KFS General Fund Highlights (Cont.)

- Police substations.
- Insurance for City facilities damaged due to the 2008 flood.

Options to fund Gap:

- Increase franchise fee % - Currently 1% will generate \$1.5M; City can increase up to 5% for franchise fee.
- Emergency levy – 27 cent increase to levy.
- Benefits levy – Increase to cover cost of benefits.
- Tort levy – Increase to cover insurance cost.

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Flood Insurance of \$3M incorporated in FY13

Internal Service Highlights

- \$24.5M - Joint Communication Center Building in FY 11.
- \$2M per year in GO Bonds through FY2013 for Fleet Services purchasing of public safety and public works fleets.

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Internal Service Staffing:

*FY10 FTE count: 98

*FY11 – increase of 3 FTEs for Facilities

*No other increases over 10 yr plan

Enterprise Highlights

- Utilities (Water, WPC, Sewer) have incorporated rate increases to maintain 25% reserve requirement and ensure coverage ratios maintained on debt.
- Transit average funding gap \$950K per year over next 10 year period.
- US Cellular average operating loss \$278K per year over next 10 year period.
- Paramount average operating loss \$130K per year over next 10 year period.
- Ice Arena average \$130K shortfall per year in repayment of debt.
- Parking operating loss in FY11-FY12 due to fewer users of parking system (\$500K average per year).

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Enterprise Staffing:

*FY10 FTE count: 426.55

*FY11 - \$412k or 4 FTEs (2 Sewer, 2 Solid Waste for leaf collection)

*Over 10 Yr Plan request of \$1.2M or 13 FTEs (to 439.55 FTEs)

Largest increase: Sewer (10 FTEs)

Enterprise Highlights (cont).

- Enterprise CIP expenditures \$406M over next 10 years.
- GO bonds \$29.5M over next 10 years (Golf, Parking, Transit, US Cellular, Ice Arena).
- Revenue bonds \$194M over next 10 years.

Options to fund portion of gap:

- Transit levy increased to max limit – Additional 17 cents increase between FY11 & FY12
- Golf debt paid through debt service – Increase range from 8 cents – 14 cents per year to cover expense.
- Parking pay new debt with debt service – Increase debt levy average 1 cent – 5 cents.
- US Cellular Center, Ice Arena, Paramount – fund operating loss and debt need from Hotel/Motel

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CIP Expenditure breakdown over 10 yrs:

- *Maintenance \$200M
- *Development \$197M
- *Regulation \$9M

GO Bonds over 10 yrs:

- *\$2M US Cellular
- *\$6M Ice Arena
- *\$10M Parking
- *\$5M Transit
- *\$6M Golf

Revenue Bonds over 10 yrs:

- *\$53M WPC
- *\$126M Water
- *\$15M Sewer

Capital Improvement Highlights (General Fund)

Over entire KFS:

- \$766 million expenditure projection
- \$607 million gap / GO bond need

FY11:

- \$125 million projected expenditures
 - \$21.6 million maintenance projects
 - \$102 million development projects
 - Balance regulatory and staff time
- \$93 million gap / GO bond need
- \$1.53 increase needed to fund existing and new debt

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Over 10 Yr KFS:

*86M Grants

*\$18M Assessments

*\$21M TIF Bonds

Flood Highlights

Over entire KFS:

- \$1.59B expenditure projection
 - \$228M Facility
 - \$1.362M Non-facility

FY11:

- \$217 million in projected expenditures
 - Major expenditures:
 - Facilities
 - WPC repairs
 - Replacement & rehabilitation housing
 - Property acquisitions
- \$25.6 million new GO bond need
 - 38 cent increase needed to debt levy
- \$225k funding gap
 - 4 cent increase to 8.10 levy (if capacity existed)

Tax Increment Funding Highlights

- Funding gaps in FY 11 – 14
 - Largely result of decrease in valuations for flood affected TIF districts (Downtown & Consolidated Central)

Property Tax Levy Change

TAX LEVY	Limit	FY 2010	FY 2011	Change in Levy	
General 8.10		8.100	8.10	8.10	-
Transit		0.950	0.78	0.91	0.13
Liability, property, & self insurance	No limit		0.19	0.78	0.59
Band		0.135	0.02	0.02	-
Memorial building		0.810	0.20	0.26	0.06
Public Library		0.270	0.04	0.04	-
Emergency Levy	0.27 if GF at limit		-	0.27	0.27
Benefits Levy	No limit		3.60	4.35	0.75
Operating Tax Levy			12.93	14.74	1.81
Debt Service Tax Levy	No limit		2.28	4.74	2.46
Total Tax Levy			15.22	19.48	4.27
Additional levy increase needed per Financial Plan that increase can not cover				0.95	

Tax Impact on Property Owners

Tax Levy Impact on Property Owners

*Assumes rollbacks are the same as FY10

		FY 2010	FY 2011	Change in Levy
Tax Levy		15.22	19.48	4.27
Residential - Assessed Value (\$150,000)	\$	150,000	\$ 150,000	
Taxable Value	\$	68,384	\$ 68,384	
Taxes	\$	1,041	\$ 1,332	
Dollar Increase			\$ 291	
Percent Increase			28%	
Commerical & Industrial - Taxable Value (\$1,000,000)	\$	1,000,000	\$ 1,000,000	
Taxes	\$	15,216	\$ 19,478	
Dollar Increase			4,262	
Percent Increase			28%	

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