



City Council Budget Workshop

November 18, 2024 - 6:00 PM or Immediately Following the City Council Meeting

City Hall - Council Chambers
101 W 4th St S
Newton, IA 50208

Call to Order

1. Roll Call

Presentation

2. Review of Comp Plan - Erin Chambers, Community Development Director
3. FY24 thru FY26 City Council Goals - Katrina Davis, City Clerk, Administrative Services Manager
4. Review of FY24 Revenues & Expenditures - Candace Streeter, Sr Financial Analyst and Jerri Clay, Financial Analyst
5. FY26 Budget Information / HF718 & SF2442 / Partner Funding - Lisa Frasier, Finance Officer

Mayor/Council Comments

Adjourn

The City of Newton is pleased to provide reasonable accommodations, in compliance with the Americans with Disabilities Act, for those individuals or groups who require assistance to be able to participate in the public meeting. Should special accommodations be required, please contact the City Clerk's Office at least 48 hours in advance of the meeting, at 641-792-2787 to arrange for accommodations to be provided.

Find us online: www.newtongov.org

November 18, 2024

Budget Workshop

Comprehensive Plan

- *Envision Newton 2042* Adopted 2022
- Basis for Land-use decisions
- Long-term Vision for the Community
- Four Strategic Objectives

Vision & Strategic Objectives

VISION:

NEWTON, A GROWING CENTRAL-IOWA COMMUNITY, INVITES VISITORS, BUSINESSES, AND RESIDENTS TO EXPERIENCE OUR AUTHENTIC, SMALL-TOWN CHARM AND BIG CITY AMENITIES.

2022 STRATEGIC OBJECTIVES:



Establish Newton as a compelling destination by integrating attractions, business types, and services that provide engaging experiences for both residents and visitors.



Focus economic development efforts on population and business growth by simultaneously supporting existing employers while attracting new employers and supporting citizens working remotely.



Elevate Newton's curb appeal, with a focus on primary corridors, through improvements to both public and private spaces.



Maintain Newton's existing infrastructure system while also enhancing or expanding the system to support a high quality of life and community growth.

2024-2026 City Council Goals

1. S. 12th Ave. W. (1800 block – between Hwy. 14 and W. 18th St. S.) Reconstruction – \$775,000
2. Downtown Public Restroom, Concrete Pad, and Shade Structure – \$175,000 - \$350,000
3. Police/Fire Joint Training and Storage Facility – not to exceed \$195,000
4. Westwood Clubhouse Phase 3 Improvements – \$250,000
5. Sidewalk to Wal-Mart/ALDI – \$100,000 in TIF funds
6. New Skate Park at Aurora – \$800,000 in a combination of grants and GF, to be determined by Council (only to be constructed in the event that sufficient grants are received)
7. Airport SE Apron Expansion – \$146,000 plus \$400,000 state grant plus \$960,000 FAA Funds = \$1,506,000
8. Asphalt Mill and Overlay – Various Streets – in an amount to be determined, as funding allows

*27 Additional Projects were approved by consent



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ADDITIONAL PROJECTS APPROVED BY CONSENT:

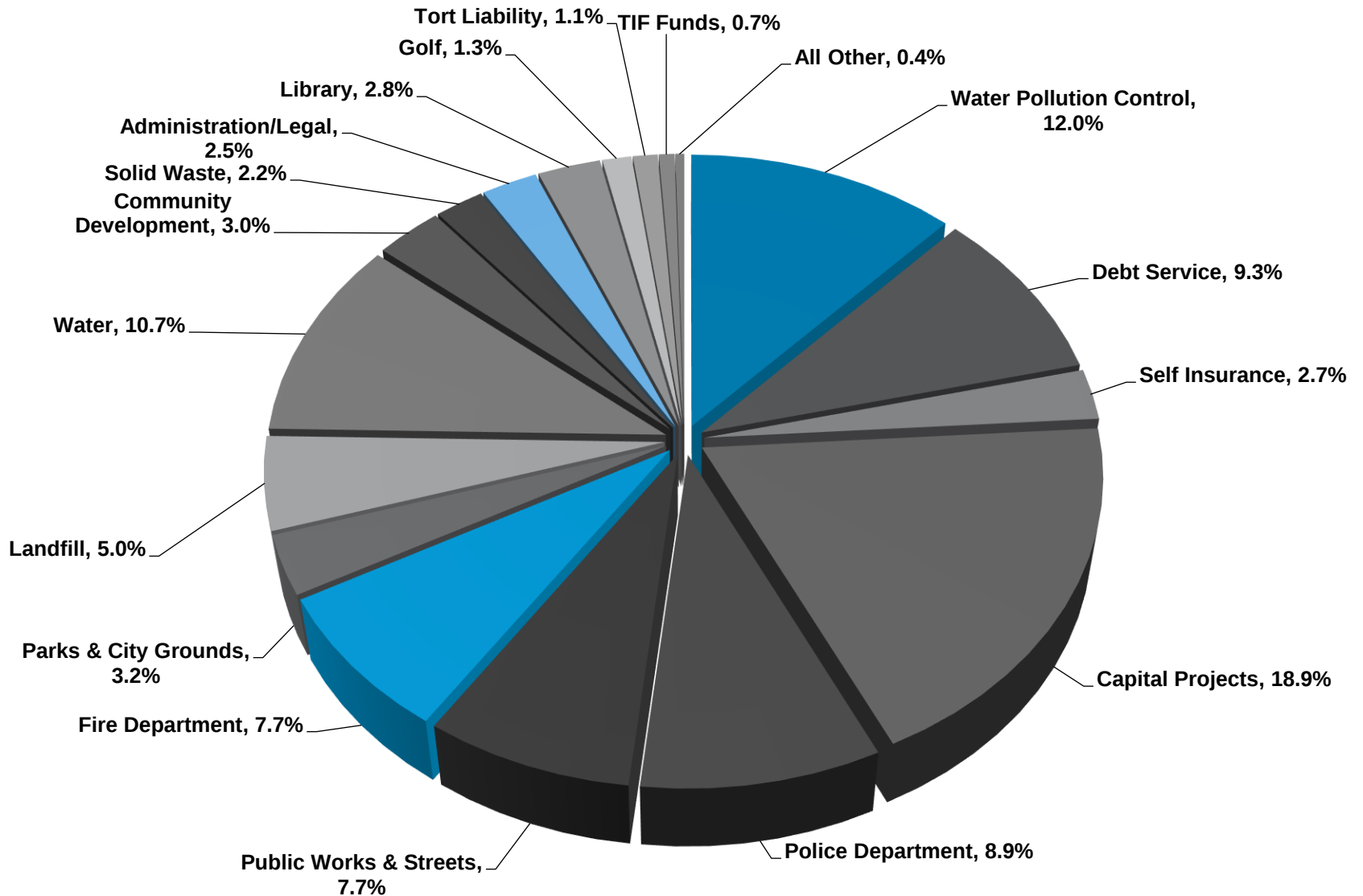
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|---|--|
| 1. Plan Review Hardware and Software - Fire Department (\$10,000) | 15. S. 5 th Ave. W. Reconstruction Project Planning for Phase 1 (\$82,500) |
| 2. Zero-Turn Mower - Cemetery (\$11,200) | 16. Police Equipment – Miscellaneous (\$85,000) |
| 3. Parks Utility Cart (\$12,000) | 17. Housing Incentives (\$100,000) |
| 4. Fire Station Remodeling - Fire Department (\$15,000) | 18. Police Department Vehicles (\$140,000) |
| 5. Maytag Pool Paint (\$15,000) | 19. Plow Truck Replacement (\$225,000 RUT) |
| 6. City Hall West Window Replacement (\$15,000) | 20. Water Main – S. 5 th Ave. W. (400-700 blocks) – Phase 1 (\$260,000 Water). |
| 7. Parks Zero-Turn 6' Mower (\$18,000) | 21. Purchase of Smart Meters (\$300,000 Water) |
| 8. City Hall 2 nd Phase Microzone Replacement (\$25,000) | 22. Ambulance – Medic 2 (\$360,000) |
| 9. Park Shelter & Restroom Updates (\$25,000) | 23. Aurora Park LED Court Lighting (\$375,000) |
| 10. Hike and Bike Trail Repairs (\$25,000) | 24. Stormwater Project 1 st Ave @ E. 12 th St. (\$400,000 TIF) |
| 11. Greens Mower (\$48,000 Golf) | 25. Aurora Tennis Court Construction and Resurfacing (\$600,000) |
| 12. Fire Equipment – Miscellaneous (\$47,000) | 26. FY25 Downtown Street Improvements – 200-300 blocks of N. 2 nd Ave. W. (\$955,000 TIF) |
| 13. Police Computers & Technology (\$65,000) | 27. Jordan Well (\$7,600,000 Water) |
| 14. Tree & Stump Removal (\$75,000) | |

FY24 Actual Information

FY24 Expenditures by Function (without Transfers)

Function	% of Total Budget	FY24 Actual Expenditures
1) Capital Projects	18.9%	\$ 9,091,150
2) Water Pollution Control	12.0%	\$ 5,740,651
3) Water	10.7%	\$ 5,139,584
4) Debt Service	9.3%	\$ 4,468,540
5) Police Department	8.9%	\$ 4,267,803
6) Fire Department	7.7%	\$ 3,687,774
7) Public Works, Roads, and Streets	7.7%	\$ 3,719,733
8) Landfill	5.0%	\$ 2,381,403
9) Parks & City Grounds	3.2%	\$ 1,512,385
10) Community Development	3.0%	\$ 1,439,487
11) Library	2.8%	\$ 1,358,723
12) Self Insurance	2.7%	\$ 1,312,365
13) Administration/Legal	2.5%	\$ 1,178,134
14) Solid Waste	2.2%	\$ 1,033,201
15) Golf	1.3%	\$ 608,518
16) Tort Liability	1.1%	\$ 523,262
17) TIF Funds	0.7%	\$ 331,755
18) All Other	0.4%	\$ 206,924
Total Expenditures:	100%	\$ 48,001,391

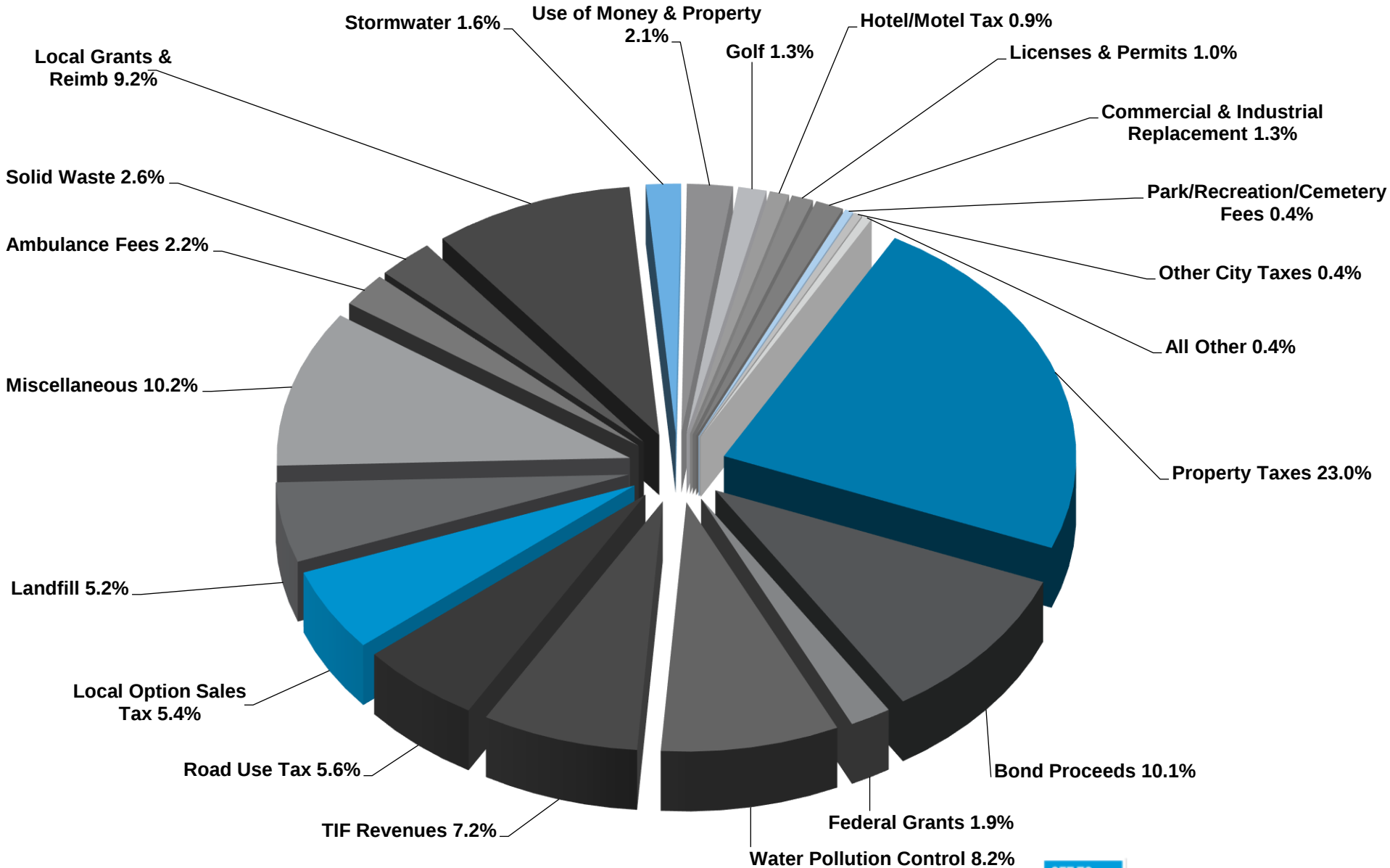
FY24 Expenditures by Function (without Transfers)



FY24 Revenues by Source (without Transfers)

Function	% of Total Revenues	FY24 Actual Revenues
1) Property Taxes	23.0%	\$ 9,193,011
2) Miscellaneous	10.2%	\$ 4,095,329
3) Bond Proceeds	10.1%	\$ 4,052,210
4) Local Grans & Reimb	9.2%	\$ 3,679,429
5) Water Pollution Control	8.2%	\$ 3,292,434
6) TIF Revenues	7.2%	\$ 2,872,915
7) Road Use Tax	5.6%	\$ 2,226,141
8) Local Option Sales Tax	5.4%	\$ 2,146,984
9) Landfill	5.2%	\$ 2,087,184
10) Solid Waste	2.6%	\$ 1,038,560
11) Ambulance Fees	2.2%	\$ 899,269
12) Use of Money & Property	2.1%	\$ 841,146
13) Federal Grants	1.9%	\$ 749,167
14) Stormwater	1.6%	\$ 640,486
15) Golf	1.3%	\$ 508,984
16) Commercial & Industrial Replacement	1.3%	\$ 501,999
17) Licenses & Permits	1.0%	\$ 392,235
18) Hotel/Motel Tax	0.9%	\$ 350,715
19) Park/Recreation/Cemetery Fees	0.4%	\$ 168,227
20) Other City Taxes	0.4%	\$ 158,292
21) All Other	0.4%	\$ 153,152
Total Revenues:	100%	\$ 40,047,870

FY24 Revenues by Source (without Transfers)



How were your property tax dollars spent last year? (FY24)



Other
Misc.
2.80%

Jasper
County
16.24%



Newton Community
School District
38.83%



City of
Newton
42.18%

Actual FY24 Tax Dollars Paid (Less Homestead Tax Credit)

		<u>Levy</u>		<u>Dollars for</u>	<u>Dollars for</u>	<u>Dollars for</u>
		<u>Rate</u>	<u>Percent</u>	<u>100,000 Home</u>	<u>200,000 Home</u>	<u>300,000 Home</u>
CITY LEVY	<u>Police Department</u>	5.73	14.10%	\$ 282.11	\$ 592.16	\$ 902.33
	<u>Fire Department</u>	2.85	7.01%	\$ 140.30	\$ 294.49	\$ 448.75
	<u>Debt</u>	2.30	5.65%	\$ 113.07	\$ 237.33	\$ 361.65
	<u>Parks/Airport</u>	1.64	4.03%	\$ 80.56	\$ 169.09	\$ 257.66
	<u>General Government</u>	1.42	3.50%	\$ 69.96	\$ 146.85	\$ 223.77
	<u>Library</u>	1.17	2.89%	\$ 57.74	\$ 121.20	\$ 184.69
	<u>Economic Development</u>	0.60	1.49%	\$ 29.77	\$ 62.49	\$ 95.22
	<u>Property Insurance</u>	0.47	1.15%	\$ 23.06	\$ 48.40	\$ 73.75
	<u>Legal/City Buildings</u>	0.60	1.48%	\$ 29.65	\$ 62.24	\$ 94.84
	<u>Public Works</u>	0.36	0.89%	\$ 17.77	\$ 37.31	\$ 56.85
	<u>CITY TOTALS:</u>	17.14	42.18%	\$ 843.99	\$ 1,771.56	\$ 2,699.52
	<u>School</u>	15.78	38.83%	\$ 776.91	\$ 1,630.69	\$ 2,484.86
	<u>County</u>	6.58	16.20%	\$ 324.16	\$ 680.40	\$ 1,036.81
	<u>All Others</u>	1.14	2.80%	\$ 55.94	\$ 117.42	\$ 178.93
	TOTALS:	40.64	100%	\$ 2001.00	\$ 4,200.08	\$ 6,400.12

FY26 Budget Information

Rollback numbers :

Residential: FY25 46.3428% FY26 47.4316%

1.09% Increase in the rollback– 80% of Newton's tax base is residential

Commercial: FY25 90% FY26 90%

The first \$150,000 will be taxed at the residential rate. At this time, the State backfills the Commercial Business property tax reduction.

Elimination of the Original Backfill: Newton's amount will be reduced over an 8 year period until it reaches zero in FY29. FY25 budget impact is a decrease of approximately \$40,000 across all funds. (FY25 amount: \$160,000 / FY26 Projected: \$120,000 / FY27 Projected \$80,000 / FY28 Projected \$40,000 / FY29 \$0)

Rollback comparisons FY25 & FY26

<u>ALL Houses</u>	<u>FY25 46.3428%</u>	<u>FY26 47.4316%</u>
Assessed Value	\$ 100,000	\$ 100,000
Taxable Value	\$ 46,343	\$ 47,432
Gross Taxes:	\$ 1,884	\$ 1,928
Less Homestead Credit:	(\$ 199)	(\$ 199)
Net Tax	\$ 1,685	\$ 1,729 (\$44 Increase)

<u>Over 65 Exemption</u>	<u>FY25 46.3428%</u>	<u>FY26 47.4316%</u>
Assessed Value	\$ 100,000	\$ 100,000
Taxable Value	\$ 43,093 (\$3,250 credit)	\$ 40,932 (\$6,500 credit)
Gross Taxes:	\$ 1,752	\$ 1,664
Less Homestead Credit:	(\$ 199)	(\$ 199)
Net Tax	\$ 1,553	\$ 1,465 (\$88 decrease)

<u>Over 65 Exemption & Military</u>	<u>FY25 46.3428%</u>	<u>FY26 47.4316%</u>
Assessed Value	\$ 100,000	\$ 100,000
Taxable Value	\$ 39,093 (\$3250 & \$4000 credit)	\$ 36,932 (\$6500 & \$4000 credit)
Gross Taxes:	\$ 1,589	\$ 1,501
Less Homestead Credit:	(\$ 199)	(\$ 199)
Net Tax	\$ 1,390	\$ 1,302 (\$88 decrease)

*Assumes Current Levy for FY25 of \$40.65062

IPERS Employer Rates remain the same at 9.44%

MFPRSI Retirement Rates:

FY25 22.66% FY26 22.68%

Staff will attend a Budget Workshop on December 3rd in Waukee to learn more and hear how other cities are planning for future budgets given the revenue restraints and reductions.

1. Cut City Services
2. Hiring Freezes/not filling open positions
3. Increase Existing Revenues or Add New Revenue Streams:
 - Franchise Fees
 - Increase Fees / New Fees

HF718 & SF2442 Growth limits

Tier 1	Annual non-TIF Taxable Value Growth = Less than 2.75%	CGFL is not impacted
Tier 2	Annual non-TIF Taxable Value Growth = 2.75%-3.99%	CGFL is reduced by formula, reducing revenue growth by approximately 1% for the next budget year
Tier 3	Annual non-TIF Taxable Value Growth = 4%- 5.99%	CGFL is reduced by formula, reducing revenue growth by approximately 2% for the next budget year
Tier 4	Annual non-TIF Taxable Value Growth = 6% or higher	CGFL is reduced by formula, reducing revenue growth by approximately 3% for the next budget year

Summary of HF718 & SF2442 Impacts on Local Governments:

- Division 2: Consolidates levies and creates a new CGFL (City General Fund Levy)
- Division 5: New Homestead Exemption for residential property owners of age 65 or more (\$3,250 in FY25 / \$6,500 in FY26 / NO backfill from State)
- Division 6: New Military Service Exemption expansion
- Division 7: Property Tax Abatement Agreements & Limits
- Division 9: County Auditor reports to distinguish revaluations and other additions to tax base
- Division 10: Requires new statement to be mailed to all property owners / changes to budget timeline
- Division 13: Single date for bond elections
- Division 14: Bond Financing and report requirements

The City's credit rating could be impacted by the flexibility/ability to generate revenues with decreased availability of levies

Actual City of Newton Property Values in relation to \$8.37 Taxes Levied

Fiscal Year	100% Value	Taxable Value	\$8.37 Taxes	Difference	% Inc / Dec
6-30-16	812,444,545	440,115,181	\$3,683,764		
6-30-17	793,873,013	432,420,239	\$3,619,357	\$ -64,221	-1.8%
6-30-18	801,709,497	441,030,628	\$3,691,426	\$ 72,069	2.0%
6-30-19	812,762,835	429,299,510	\$3,593,237	\$ -98,189	-2.7%
6-30-20	833,965,537	439,551,051	\$3,679,042	\$ 85,805	2.4%
6-30-21	917,817,908	474,391,993	\$3,970,661	\$ 291,619	7.9%
6-30-22	922,991,296	475,441,842	\$3,979,448	\$ 8,787	0.2%
6-30-23	998,255,090	493,435,967	\$4,130,059	\$ 150,611	3.8%
6-30-24	1,091,513,093	530,770,916	\$4,442,553	\$ 312,494	7.6%
6-30-25	1,282,869,342	545,181,180	\$4,563,166	\$ 120,613	2.7%

9 year example of General Fund tax receipts if HF718 & SF2442 would have started in FY16

	100% Valuations	Taxable Values	Percentage Increase	CGFL Taxes	Difference	Percent Inc in Tax \$'s	Difference from Actual	CGFL Levy Rate
FY16	812,444,545	440,115,181		3,683,764				
FY17	793,873,013	432,720,239	-1.7484%	3,619,357	(\$64,407)	-1.80%	\$0	\$8.3700
FY18	801,709,497	441,030,628	1.9912%	3,691,426	\$72,069	2.00%	\$0	\$8.3700
FY19	812,762,835	429,299,510	-2.6599%	3,593,237	(\$98,189)	-2.70%	\$0	\$8.3700
FY20	833,965,537	439,551,051	2.3880%	3,679,042	\$85,805	2.40%	\$0	\$8.3700
FY21	917,817,908	474,391,993	7.9265%	3,859,315	\$180,273	4.90%	(\$111,346)	\$8.1353
FY22	922,991,296	475,441,842	0.2213%	3,870,097	\$10,781	0.22%	(\$109,352)	\$8.1353
FY23	998,255,090	493,435,967	3.7847%	3,977,685	\$107,589	2.78%	(\$152,374)	\$8.0600
FY24	1,091,513,093	530,770,916	7.5663%	4,159,465	\$181,780	4.57%	(\$283,087)	\$7.8300
FY25	1,282,869,342	545,181,180	2.7150%	4,271,771	\$112,306	2.72%	(\$291,395)	\$7.8300

Total cumulative loss of General Fund revenue thru FY25 would have been \$947,553

FY26 Partner Funding

Staff sent out letters to all partners last week with the City Council's request for information from the last budget workshop. Information will be sent to all City Council members before the December 2nd workshop.

Question or Comments?