



# FY 22 Recommended Budget (Revenue)

Operating Budget Work Session  
January 22<sup>nd</sup>

# Rules for the Day



Budget Manager will review the Revenue budget presentation



Don't be afraid to ask! Questions and discussion is why we are here



Bathrooms available in the administrative area or in the foyer

# BUDGET GUIDELINES



Adopt a balanced and sustainable General Fund budget



Conservative revenue and expenditure forecasts



Operating expenses from active CIP projects included in operating budget



General Fund Reserve  $\geq 35\%$  for one-time funding



Proprietary fund balance targets: By 2024, 3-6 months operating reserve



Maintain current service delivery levels

# BUDGET PRIORITIES



Align funding to Strategic Plan Initiatives



Competitive Pay and Benefits

Salary Increases (2.5%)

Health Insurance Rate Increase (6%)



Maximize Technology Investments



Maintain Sustainable Rates for all Proprietary Funds



City Share of Derecho Clean Up

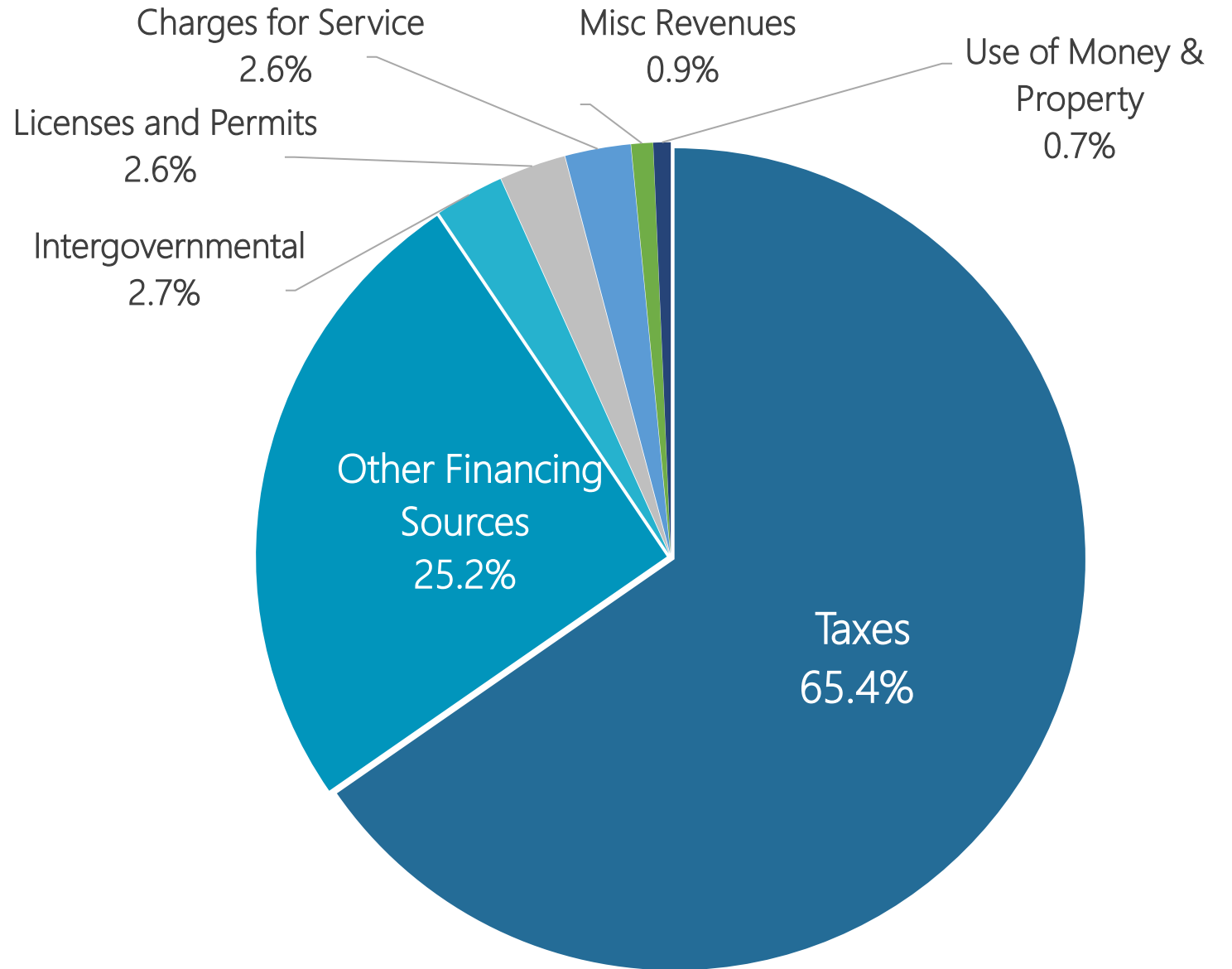
# Revenue

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# FY 22 General Fund Revenue by Class

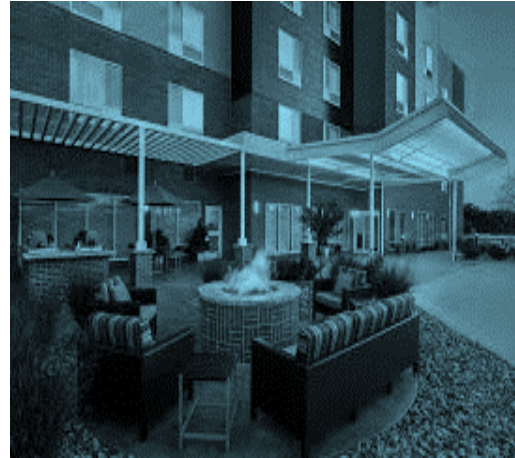
Property Taxes represent **81.5%** of General Fund revenue

FY 21 Revenue: \$26,930,284



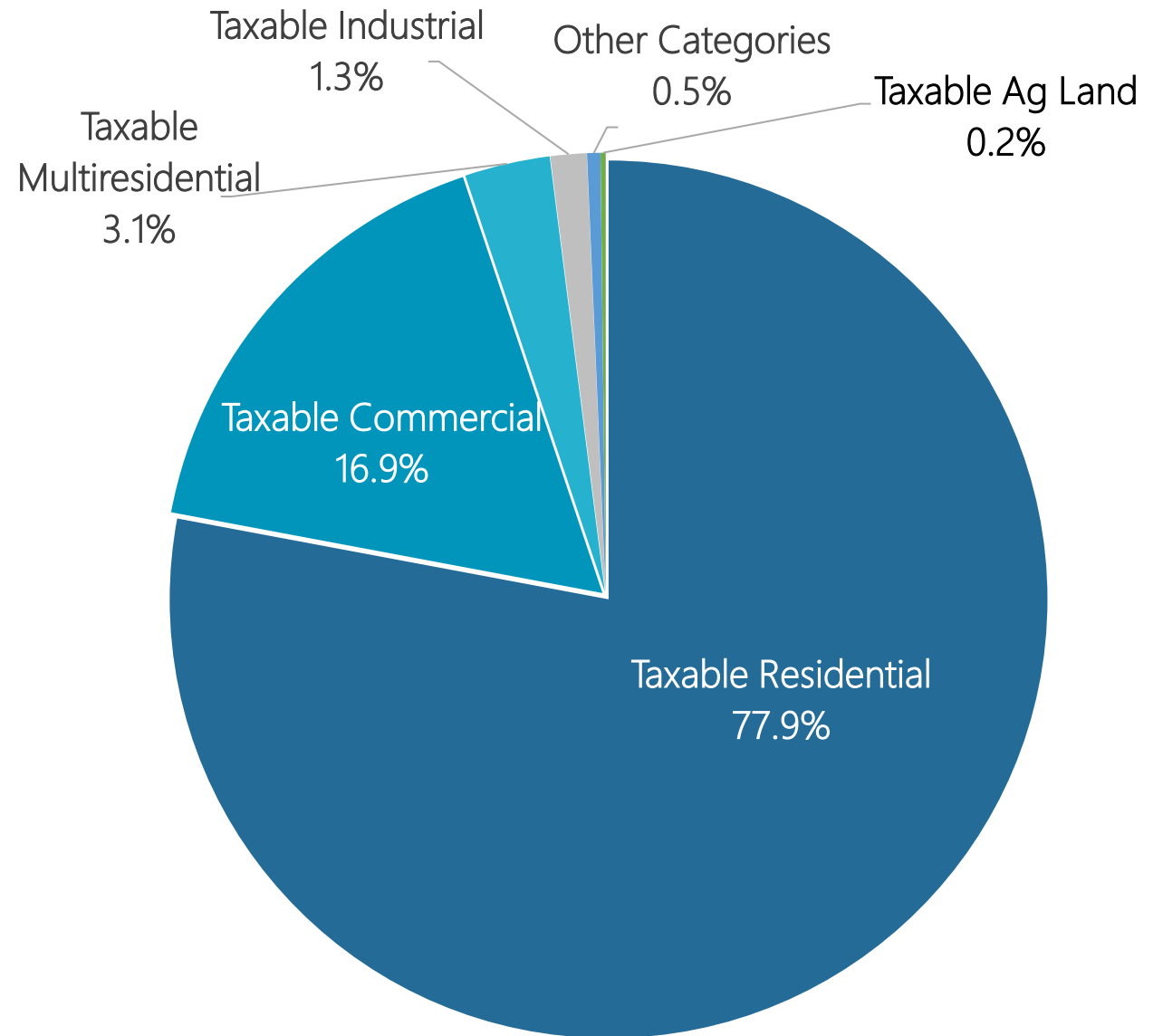


# PROPERTY TAX REVENUE



# FY 22 Taxable Valuation by Classification

Taxable Residential represents **78%** of total taxable property valuation





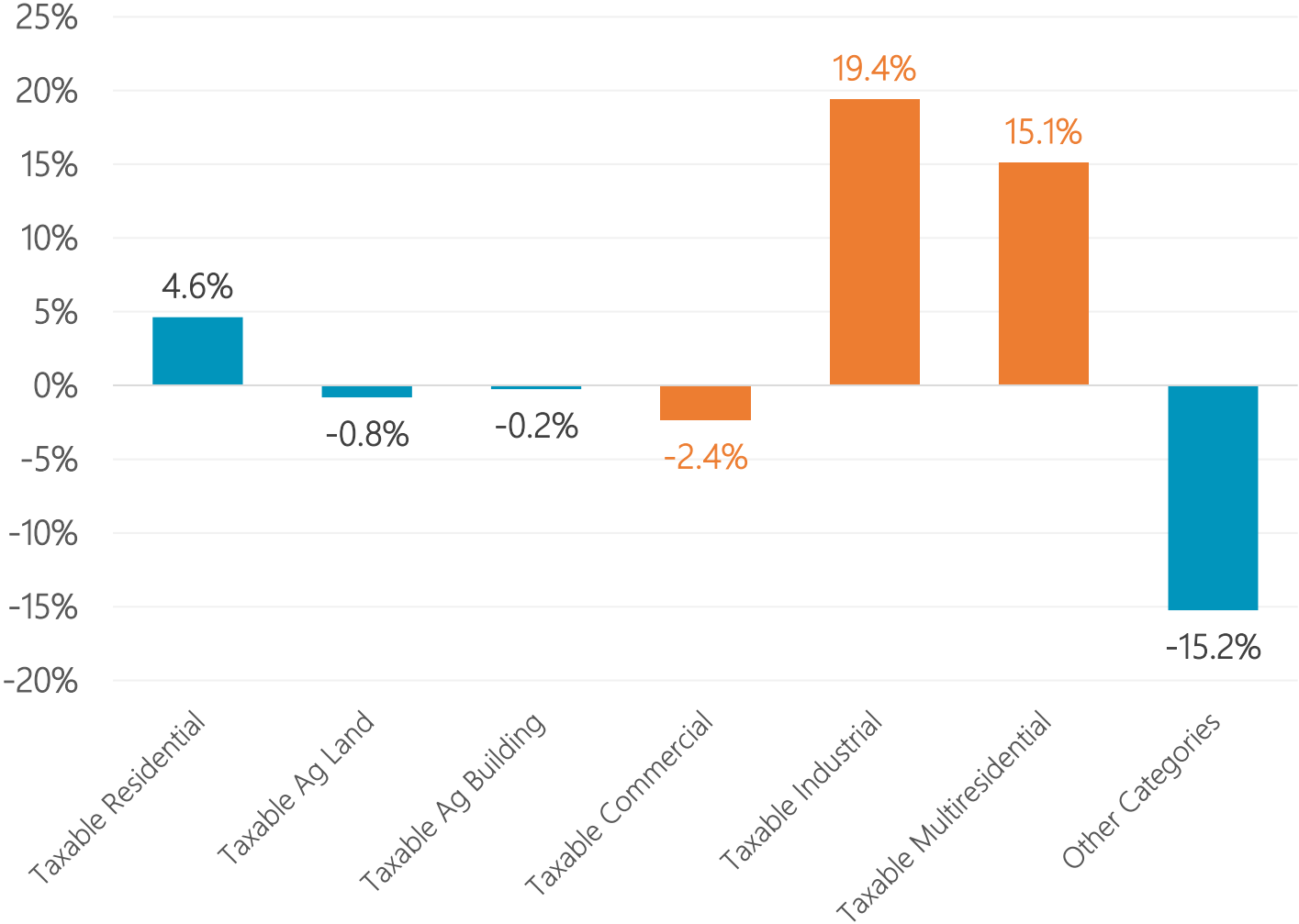
# Taxable Valuation Percent Change

Significant growth in Multi-Residential and Industrial

Decline in Commercial

Diversification of property tax valuations

### FY 22 Taxable Valuation % Change



# Residential Valuation



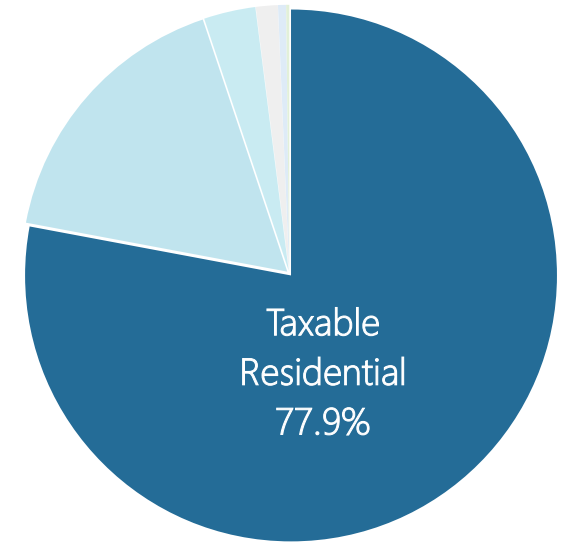
Taxable Valuation of \$1.4B  
increased by **4.6%**



Rollback increased by **1.34 % pts**



Estimated increase in residential revenue due  
to rollback (flat levy) **\$391K**

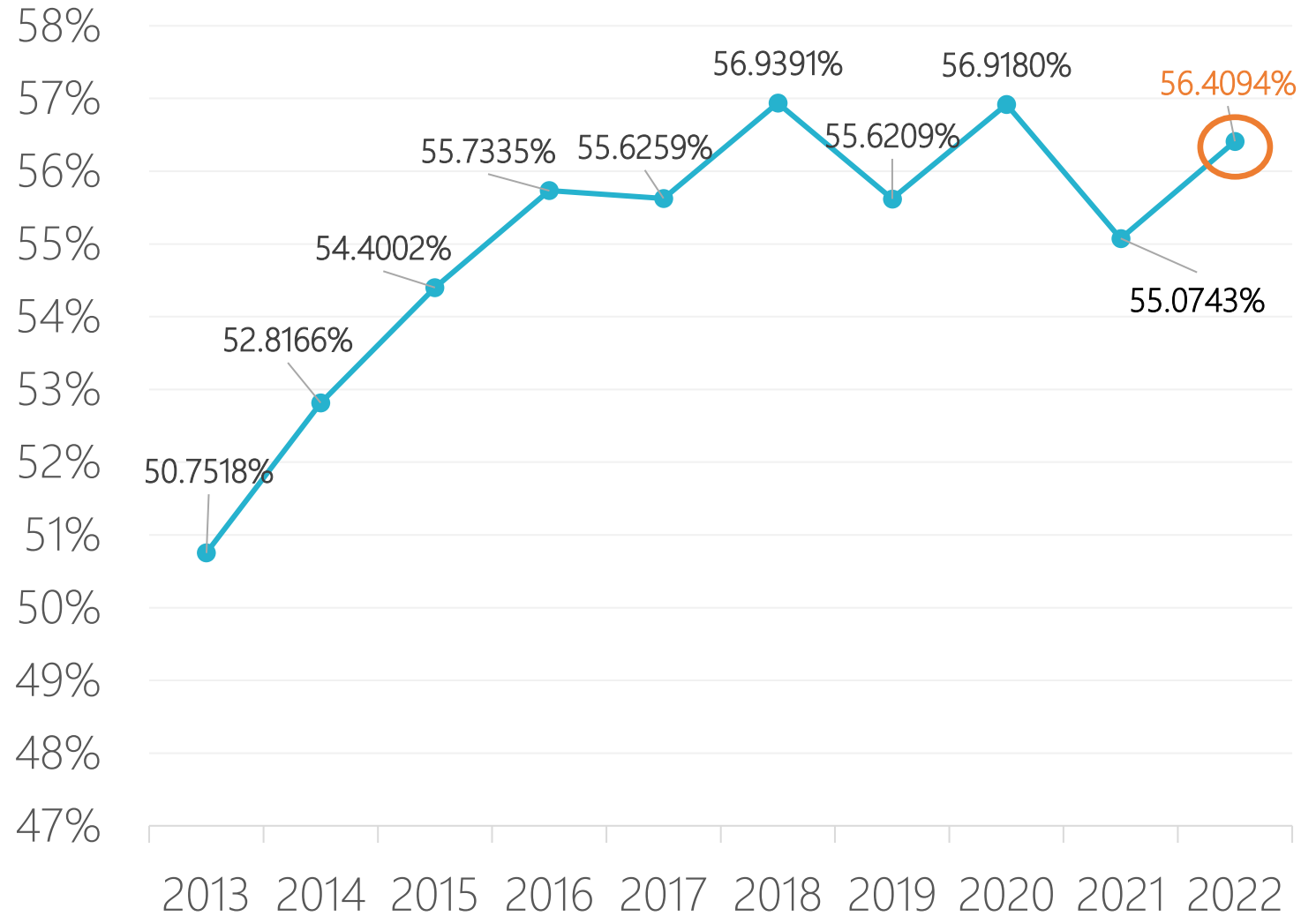


# Residential Rollback

FY 22 rate of **56.4094%** is an increase of 1.34% points.

It is the lower than the previous two non-revaluation years.

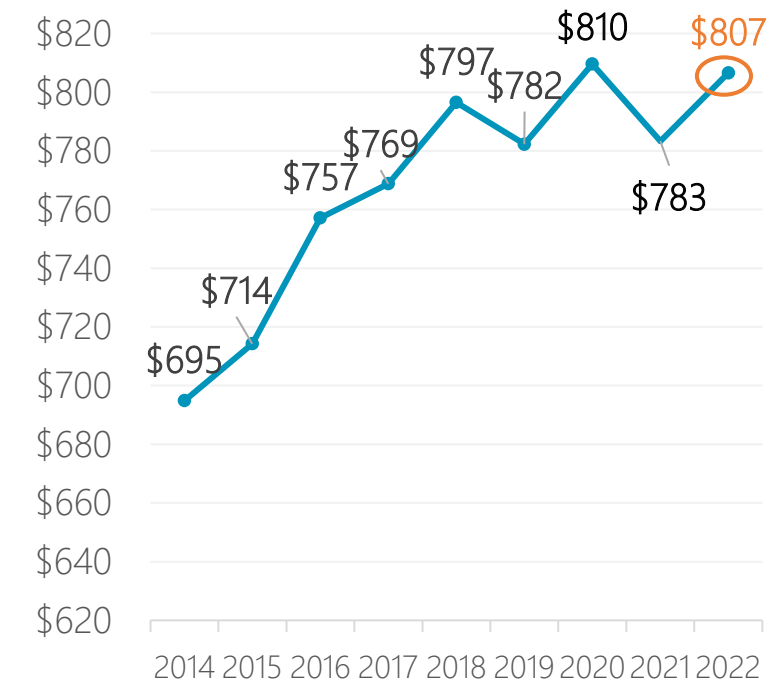
## Rollback % by Year



# Residential Rollback & Taxes Paid

Fiscal Year	Rollback (per \$1000)	Levy Rate	City Taxes (per \$1,000)	% Change
<b>2022</b>	<b>\$56,409</b>	<b>14.29856</b>	<b>\$806.57</b>	<b>3.0%</b>
<b>2021</b>	\$55,074	14.21502	\$782.88	-3.3%
<b>2020</b>	\$56,918	14.22338	\$809.57	3.5%
<b>2019</b>	\$55,621	14.06516	\$782.32	-1.8%
<b>2018</b>	\$56,939	13.98943	\$796.54	3.6%
<b>2017</b>	\$55,625	13.82107	\$768.80	1.5%
<b>2016</b>	\$55,733	13.58624	\$757.20	6.0%
<b>2015</b>	\$54,400	13.12954	\$714.25	2.8%
<b>2014</b>	\$52,817	13.15637	\$694.88	0.9%

## Residential City Taxes Paid per \$1,000 of Taxable Valuation



FY 22 is \$24 MORE than FY 21  
&  
\$3 LESS than FY 20

# Multi-Residential Valuation



Taxable Valuation of \$56M increased by **15.1%**

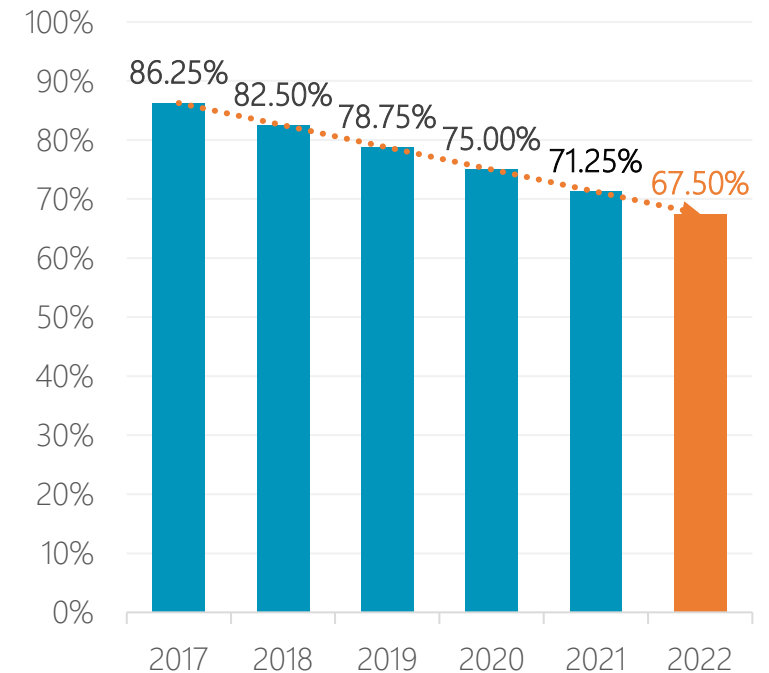


Rollback decreased by **3.75 % pts**



Loss revenue due to rollback (flat levy)  
**\$31K**

## Rollback 2017-2022



Rollback rate will continue to decrease annually until to FY 2024 when it would be set equal to the residential rate.

# Commercial/Industrial Valuation



Commercial Taxable Valuation of \$303M decreased by  
**2.4%**



Industrial Taxable Valuation of \$24M increased by  
**19.4%**



Rollback remained flat at **90%**



# Commercial & Industrial Backfill



Backfill is supplanting revenue for commercial and industrial rollback



FY 22 Budgeted at \$478K



State allocated revenue source (Iowa Legislature)

# Property Taxes Overall



Regular Taxable Valuation: \$1.76B  
Increase of 3.72%



Ag Land Taxable Valuation: \$3.5M  
Decrease of .8%



Debt Taxable Valuation: \$1.93B  
Increase of 4.20%

*Decent year for  
property taxes*

**Property Tax Rate**  
14.29856

Additional  
Revenue in FY 21

**\$1.08M**



# Property Tax Levy

New Property  
Tax Revenue  
(General Fund)

**\$1.15M**

New Debt  
Service Revenue

**-\$77K**

Total Property  
Tax Revenue

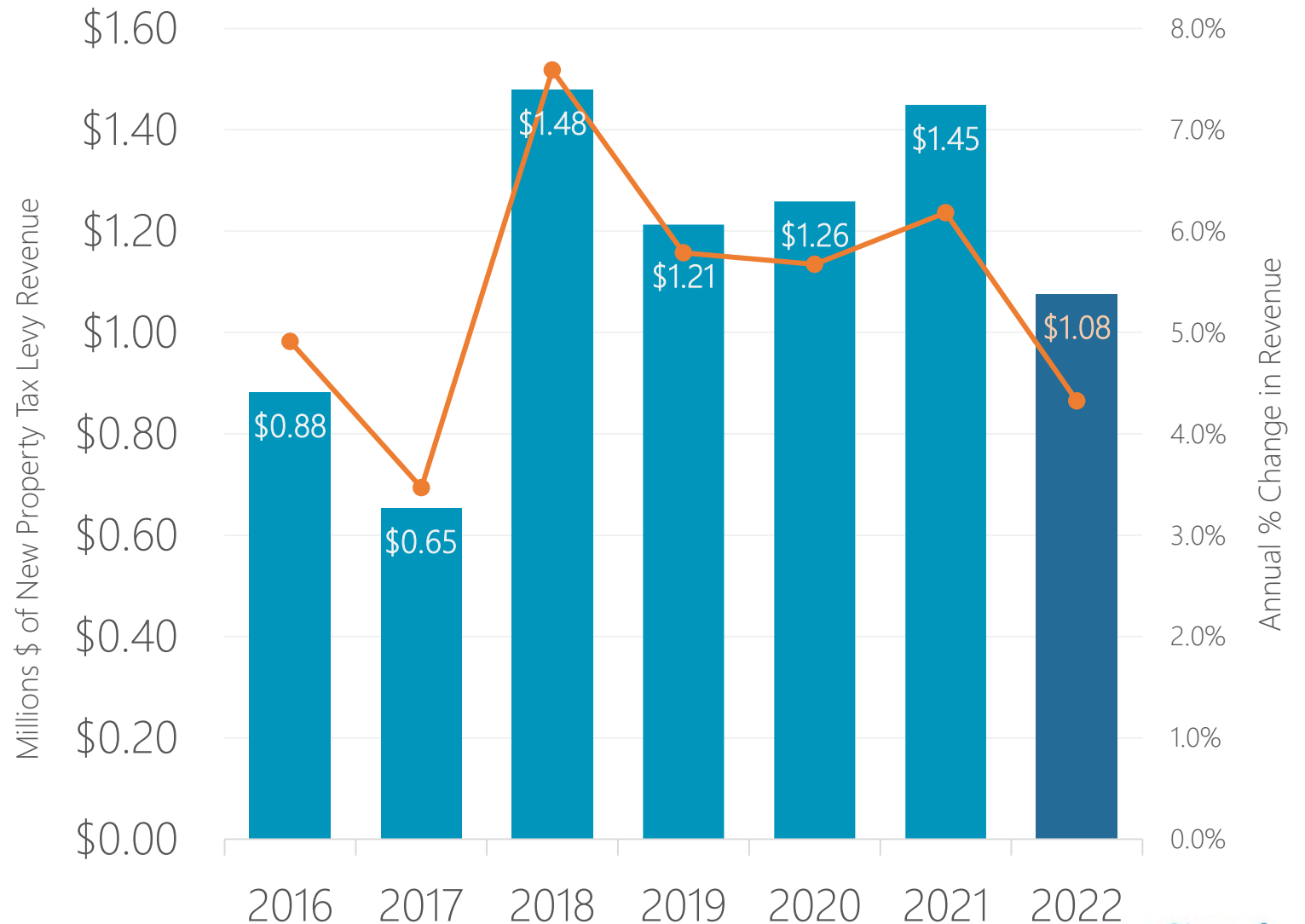
**\$1.08M**

Levy	Rate	Taxes Levied	% Increase
Regular 8.10	8.10000	\$14,543,335	3.7%
Tort Liability	0.17299	\$310,591	33.4%
Transit	0.26232	\$470,990	1.0%
Civic Center	0.13500	\$242,389	3.7%
Library	0.04000	\$71,819	3.7%
Emergency	.08354	\$150,000	New
Employee Benefit	3.46809	\$6,226,870	6.7%
Debt Service	2.03662	\$3,938,051	-1.9%
<b>Regular Total</b>	<b>14.29856</b>	<b>\$25,954,045</b>	<b>4.3%</b>
Ag Land	3.00375	\$10,420	-.8%
<b>Total</b>		<b>\$25,964,465</b>	<b>4.3%</b>

# Property Tax Revenue

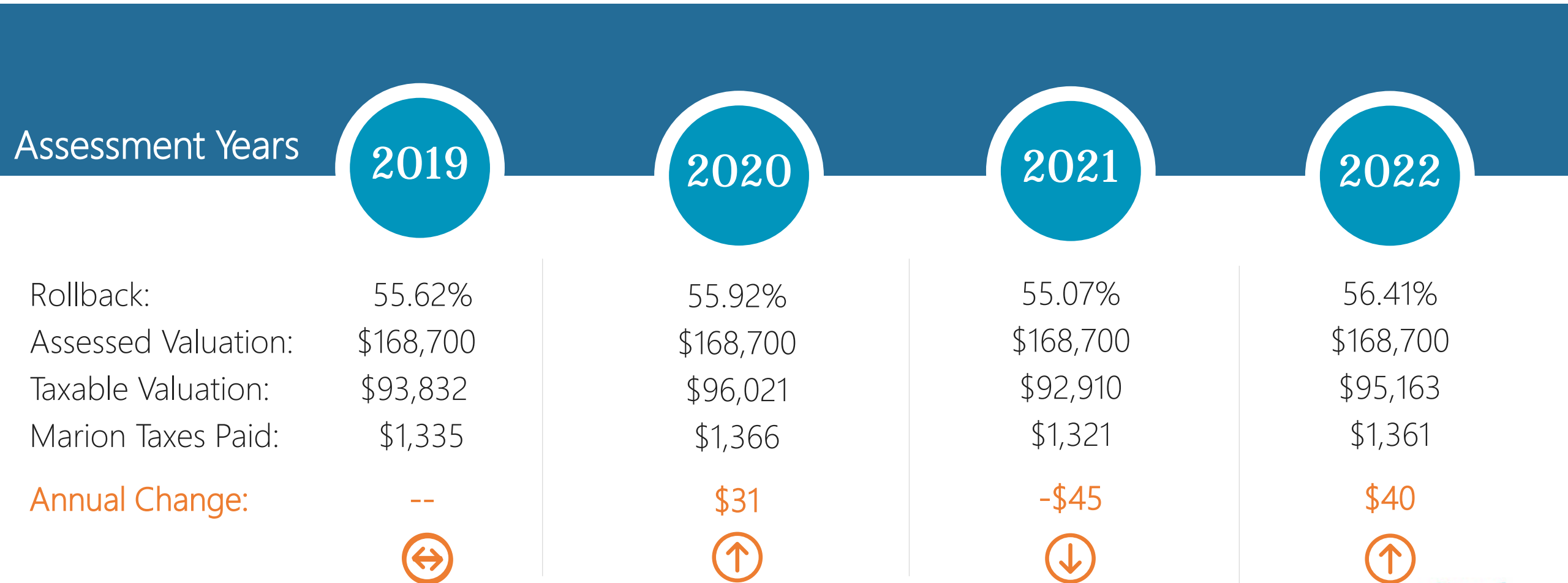
FY 17 was the last time Marion received LESS than \$1.2M in annual property tax revenue

## Annual Property Tax Levy Collections



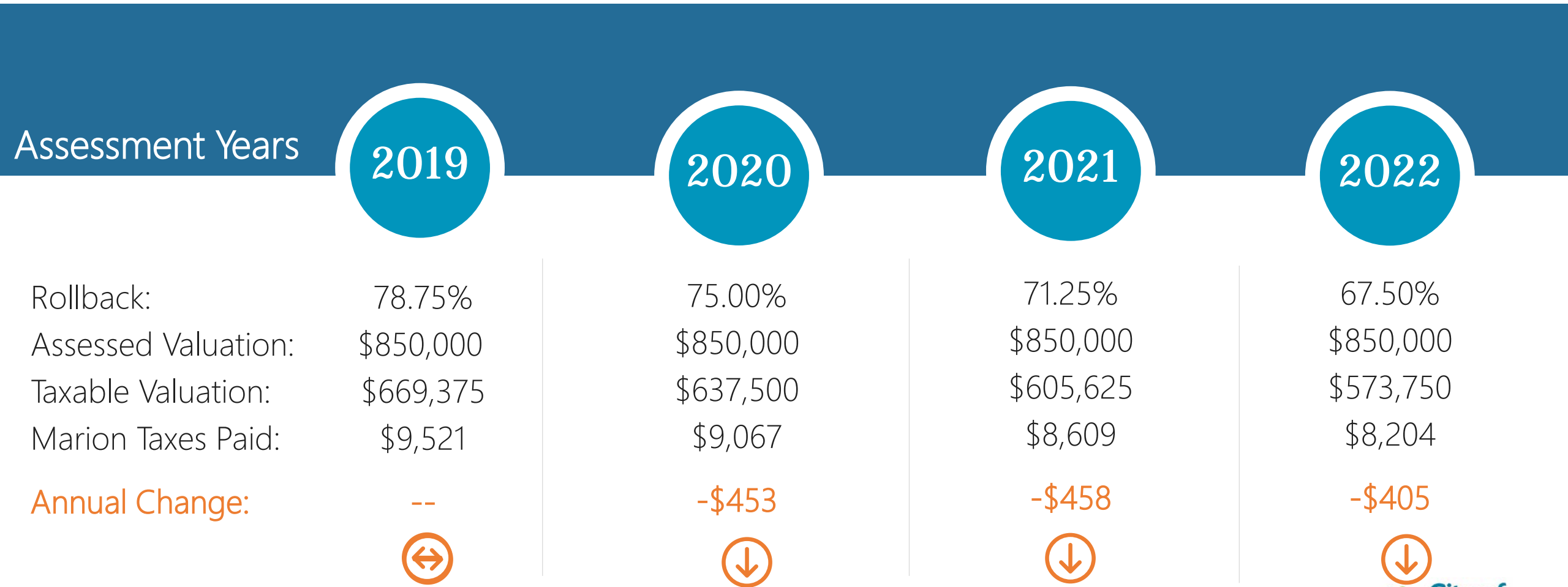


# Residential Property Tax Example





# Multi-Residential Property Tax Example

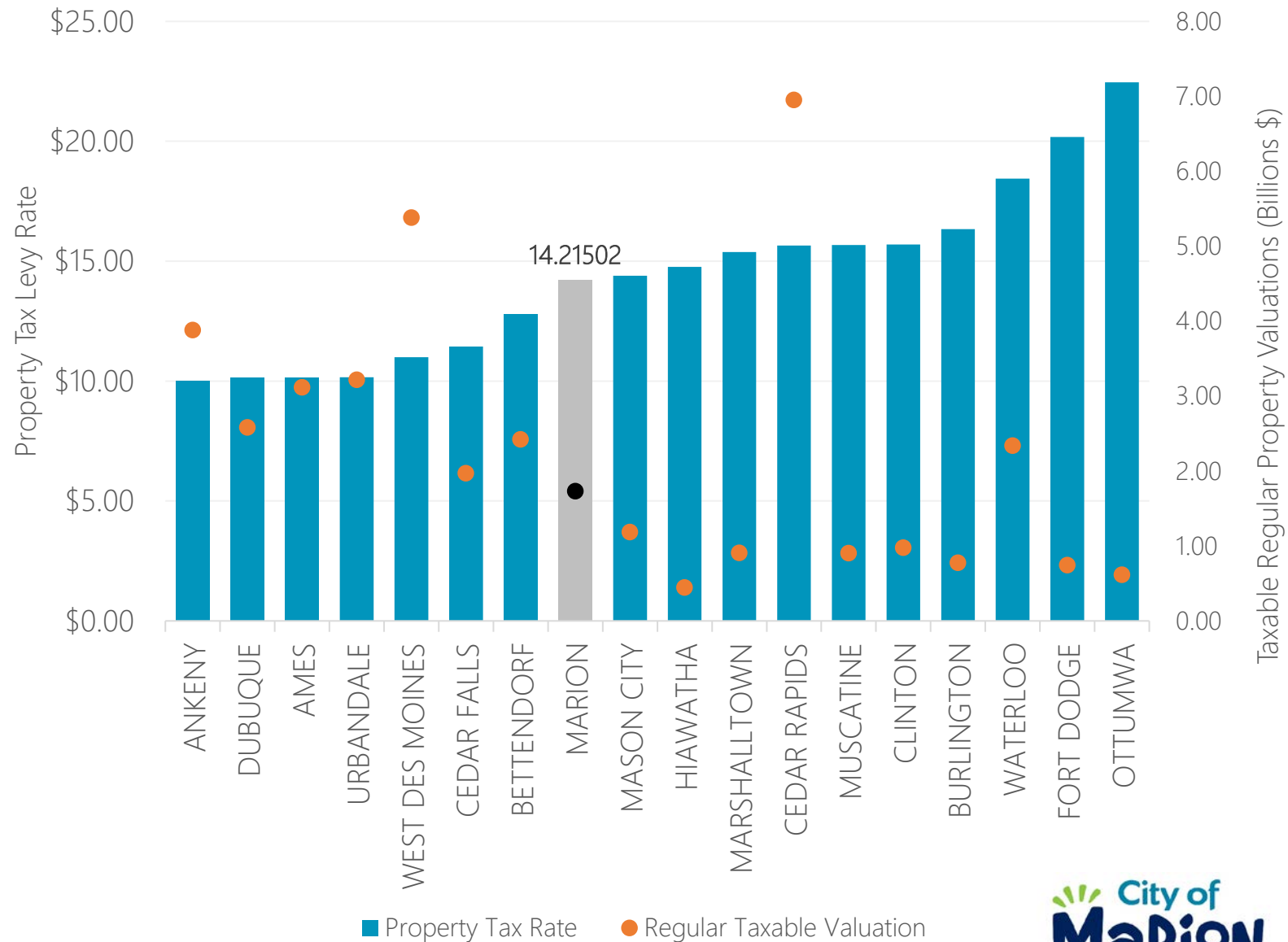




# FY 21 Property Tax Rates of Comparable Cities

Cities with higher property tax valuations, on average have LOWER tax rates

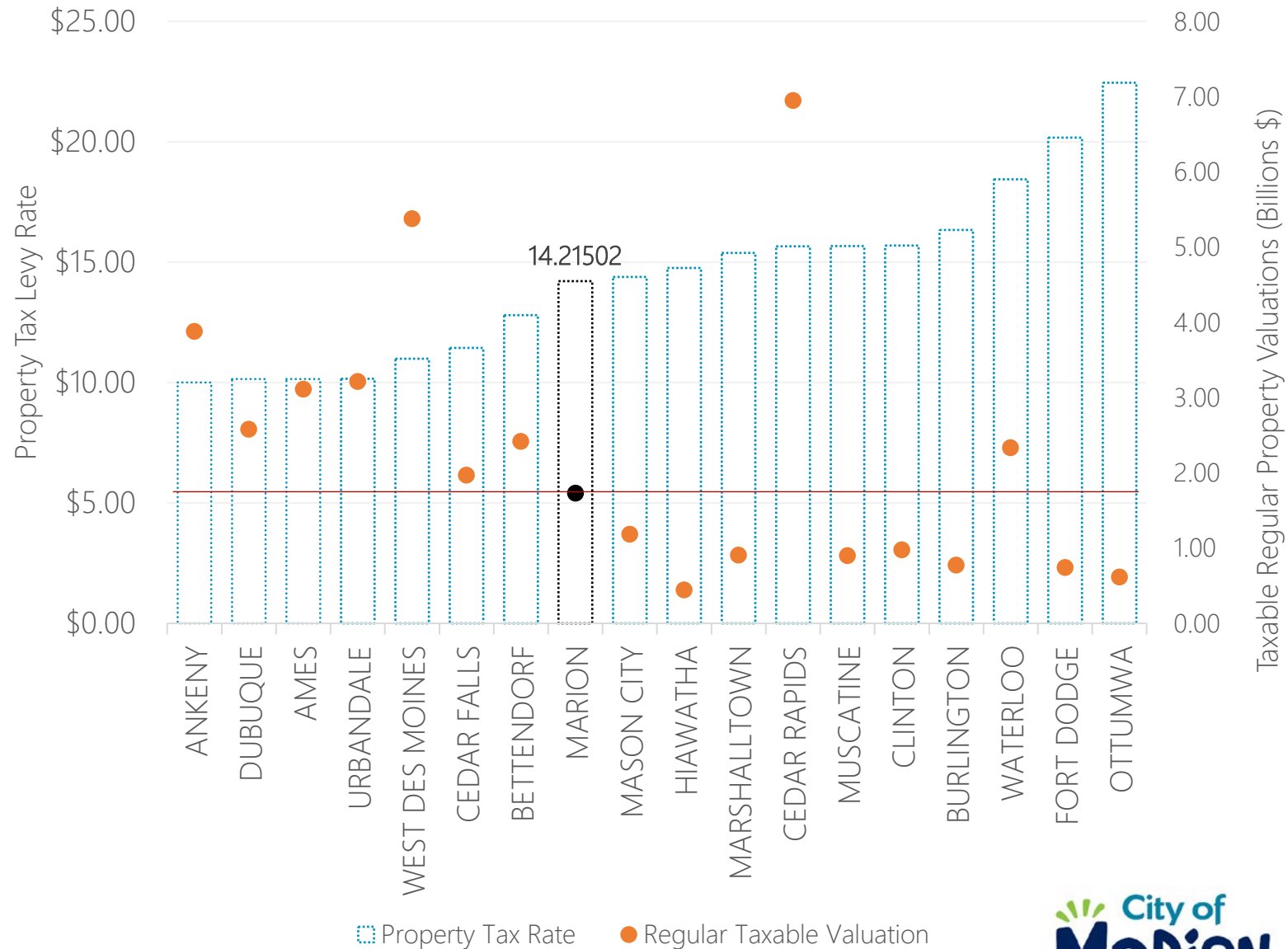
## FY 21 Property Tax Levies and Valuations



# FY 21 Property Tax Rates of Comparable Cities

Marion's property tax rate was **LOWER** than all comparable cities with **HIGHER** tax valuations

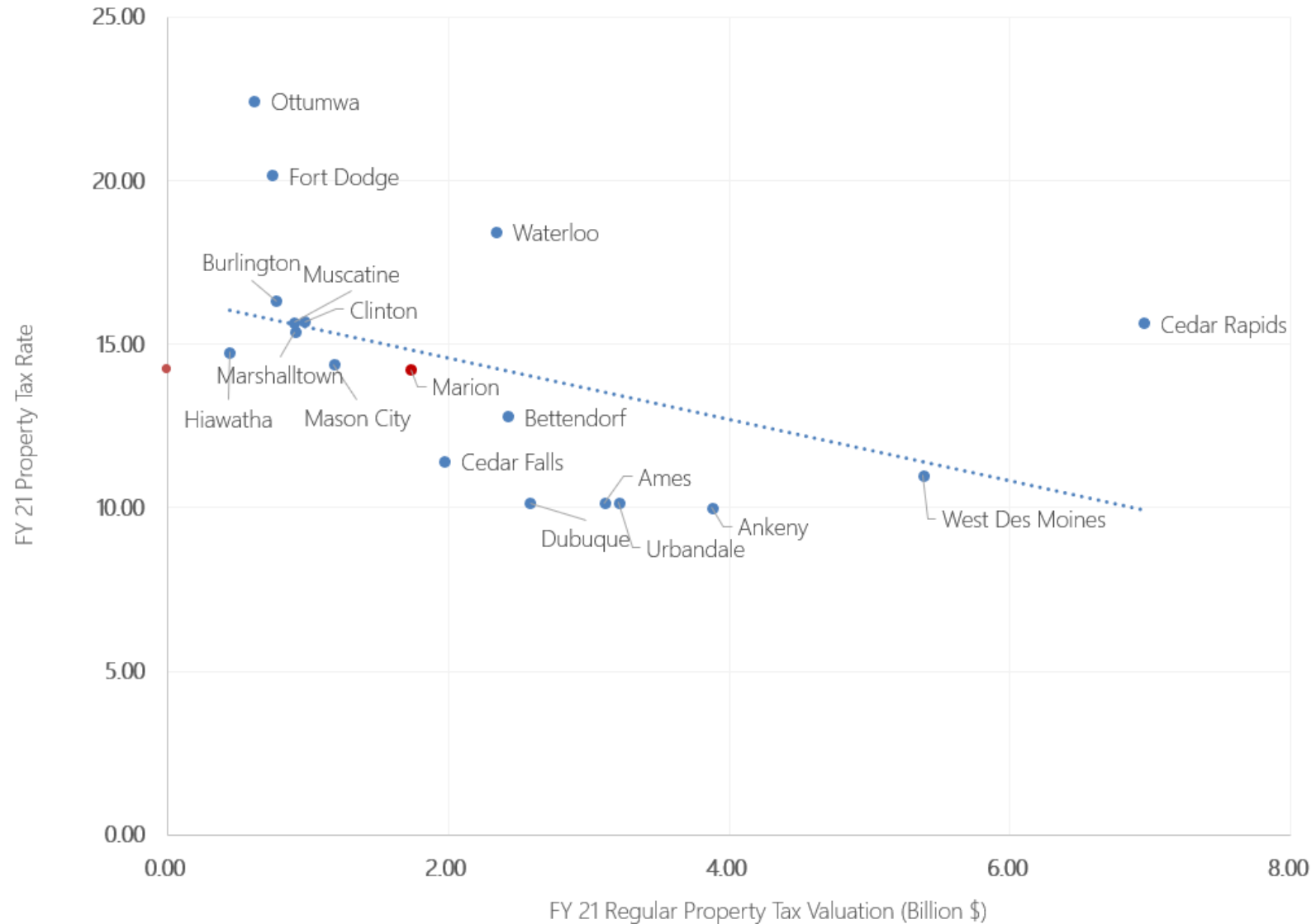
## FY 21 Property Tax Levies and Valuations



# Marion Below Average Rate by Valuation

Marion is below comparable city trendline of property tax rate by valuation

## FY 21 Property Tax Levy Rate by Taxable Valuations



# Maximum Property Tax Hearing

Senate File 634



New 2019 law, establishes “maximum property taxes” threshold at 2%



Requires 2/3 vote of City Council to exceed 2%



2% on a flat levy rate in FY 21 is a **REDUCTION** of **\$734K** in taxes



Notice of public hearing will be sent out before January 28<sup>th</sup>



The published notice establishes the **ceilings** for property tax levies

# Maximum Property Tax Notice

Property Tax Levy Rate  
(14.29856)

<b>CITY NAME</b> Marion	<b>NOTICE OF PUBLIC HEARING -PROPOSED PROPERTY TAX LEVY</b> Fiscal Year July 1, 2021 - June 30, 2022	<b>CITY CODE</b> 57-547
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The City Council will conduct a public hearing on the proposed Fiscal Year City property tax levy as follows:

<b>Meeting Date:</b>	<b>Meeting Time:</b>	<b>Meeting Location:</b>

At the public hearing any resident or taxpayer may present objections to, or arguments in favor of the proposed tax levy. After adoption of the proposed tax levy, the Council will publish notice and hold a hearing on the proposed city budget.

City Web Site (if available):		City Telephone Number:			
Iowa Department of Management		Current Year Certified Property Tax	Budget Year Effective Property Tax	Budget Year Proposed Maximum Property Tax	Annual % CHG
		2020/2021	2021/2022**	2021/2022	
Regular Taxable Valuation	1	1,731,148,967	1,795,473,457	1,795,473,457	
<b>Tax Levies:</b>					
Regular General	2	\$14,022,307	\$14,022,307	\$14,543,335	
Contract for Use of Bridge	3	\$0	\$0		
Opr & Maint Publicly Owned Transit	4	\$466,555	\$466,555	\$470,990	
Rent, Ins. Maint. Of Non-Owned Civ. Ctr.	5	\$0	\$0		
Opr & Maint of City-Owned Civic Center	6	\$233,705	\$233,705	\$242,389	
Planning a Sanitary Disposal Project	7	\$0	\$0		
Liability, Property & Self-Insurance Costs	8	\$232,767	\$232,767	\$310,591	
Support of Local Emer. Mgmt. Commission	9	\$0	\$0		
Emergency	10	\$0	\$0	\$150,000	
Police & Fire Retirement	11	\$0	\$0		
FICA & IPERS	12	\$0	\$0		
Other Employee Benefits	13	\$5,838,514	\$5,838,514	\$6,226,870	
<b>*Total 384.15A Maximum Tax Levy</b>	14	\$20,793,848	\$20,793,848	\$21,944,175	<b>5.53%</b>
<b>Calculated 384.15A Maximum Tax Rate</b>	15	\$12.01159	\$11.58126	\$12.22194	

# Maximum Property Tax Notice

— Suggested publishing  
rate (14.60489)

<b>CITY NAME</b> Marion	<b>NOTICE OF PUBLIC HEARING -PROPOSED PROPERTY TAX LEVY</b> Fiscal Year July 1, 2021 - June 30, 2022	<b>CITY CODE</b> 57-547
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Liability, Property & Self-Insurance Costs	8	\$232,767	\$232,767	\$310,591	
Support of Local Emer. Mgmt. Commission	9	\$0	\$0		
Emergency	10	\$0	\$0	\$450,000	+\$300K
Police & Fire Retirement	11	\$0	\$0		
FICA & IPERS	12	\$0	\$0		
Other Employee Benefits	13	\$5,838,514	\$5,838,514	\$6,476,870	+\$250K
<b>*Total 384.15A Maximum Tax Levy</b>	14	\$20,793,848	\$20,793,848	\$22,494,175	8.18%
<b>Calculated 384.15A Maximum Tax Rate</b>	15	\$12.01159	\$11.58126	\$12.52827	





# OTHER REVENUE

Franchise Fees  
Building Permits & Inspections  
LOST  
Road Use  
Hotel/Motel



# Franchise Fees<sup>GF</sup>



Diversifies and accelerates revenue collections

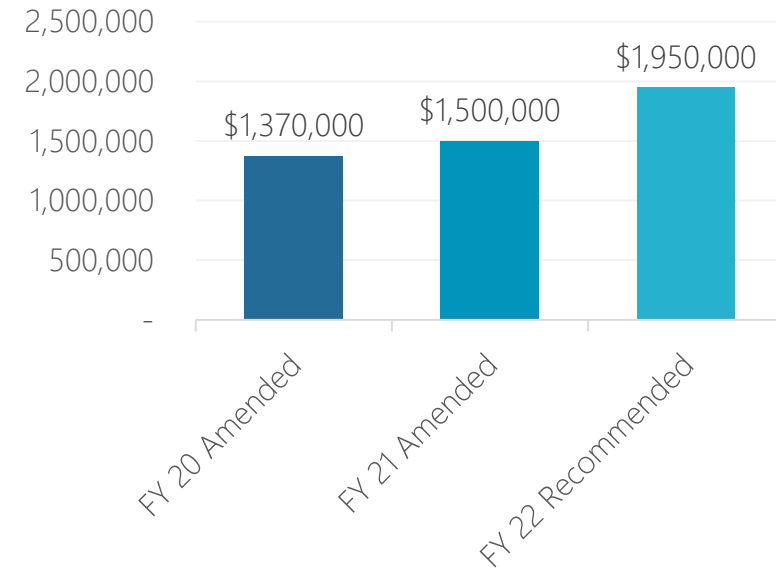


Alliant, Mid-American & LINN REC



Alliant fee increase in 2020

## Revenue



FY 22 increase of **\$450K** or **30%**

City of Marion levies a **4%** franchise on electrical bills

# Building Permits & Inspections<sup>GF</sup>



3<sup>rd</sup> highest General Fund revenue



Rental Inspection fees changed in FY 20

## Revenue



FY 21 Estimated revenue reflects the additional demand due to the August derecho storm.

FY 21 Estimated Inspection Charges are only 50% of budget.

# Local Option Sales Tax

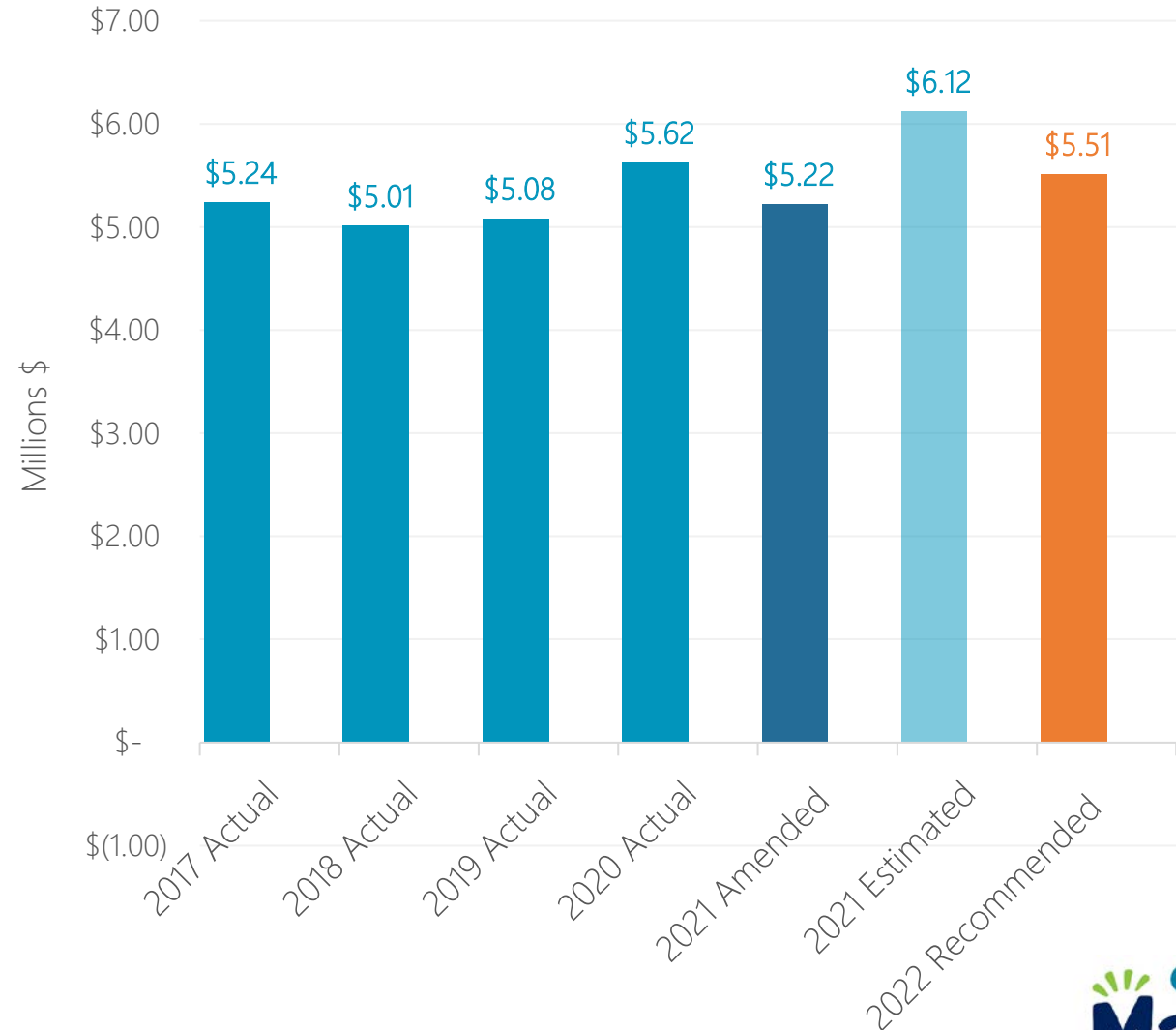


## Revenue

FY 21 Budget: \$5.15M  
 FY 22 Recommended:  
**\$5.5M (+6.8%)**



## LOST Revenue (FY 17-22)



# Road Use



## Revenue

FY 21 Budget: \$4.9M  
 FY 22 Recommended:  
**\$4.9M (0%)**



## Road Use Revenue (FY 17-22)





# Hotel/Motel



## Revenue

FY 21 Budget: \$205K  
FY 22 Recommended:  
**\$250K (+22%)**



## Hotel/Motel Revenue (FY 17-22)







# Proprietary Funds Revenue

- Sanitary Sewer
- Solid Waste
- Stormwater Management
- Urban Forest Utility

# Sanitary Sewer Revenue

Collections



FY 21  
**\$5.0M**

FY 22  
**\$5.8M**  
**+16.1%**

## Previous

7/1/19

Sewer Monthly Service Charge: \$2.00

Sewer Variable per 100 c.f.: \$3.80

Sanitary Sewer Service Charge: \$2.00

## Current

7/1/20

Sewer Monthly Service Charge: \$2.00

Sewer Variable per 100 c.f.: \$4.10

Hook-up Fees: \$2,000 each  
\$310K in new revenue (Annualized)

## Proposed

FY 22

Sewer Monthly Service Charge: \$2.00

Sewer Variable per 100 c.f.: \$4.39  
7% Increase

Hook-up Fees: \$2,000 each  
\$310K in new revenue

# Sanitary Sewer Revenue

Fund Balance Table

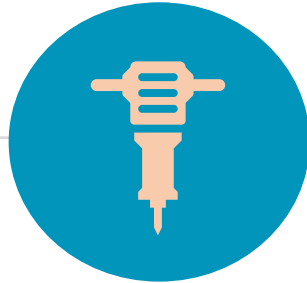
## Annual Operating Budget

## 610 - Sanitary Sewer

Budget Summary	FY 2019 Actual	FY 2020 Actual	FY 2021 Amended	FY 2021 Estimated	FY 2022 Requested	FY 2022 Recommended
Beginning Balance	472,643	356,458	2,084,633	2,084,633	2,421,454	2,421,454
Revenues	4,001,072	7,405,521	6,047,100	6,230,000	8,712,444	6,166,200
Transfers In	-	-	-	-	-	-
<b>Total Revenues</b>	<b>4,001,072</b>	<b>7,405,521</b>	<b>6,047,100</b>	<b>6,230,000</b>	<b>8,712,444</b>	<b>6,166,200</b>
Expenditures	3,903,258	5,419,649	6,527,885	5,647,034	6,066,813	7,820,732
Transfers Out	214,000	257,696	319,215	246,145	246,145	246,145
<b>Total Expenditures</b>	<b>4,117,258</b>	<b>5,677,345</b>	<b>6,847,100</b>	<b>5,893,179</b>	<b>6,312,958</b>	<b>8,066,877</b>
<b>Ending Balance</b>	<b>356,458</b>	<b>2,084,633</b>	<b>1,284,633</b>	<b>2,421,454</b>	<b>4,820,940</b>	<b>520,777</b>
Ending Balance/Expenditures	9.1%	38.5%	19.7%	42.9%	79.5%	6.7%
FB # Months of Expenses	1.0	4.4	2.3	4.9	9.2	0.8
Current Year Cash Added/Used	(116,186)	1,728,175	(800,000)	336,821	2,399,486	(1,900,677)

# Sanitary Sewer Replacement Revenue

Collections



FY 21  
**\$250K**

FY 22  
**\$550K**  
**+120%**

## Previous

7/1/19

Monthly Sanitary Sewer Replacement  
Service Charge: \$2.00

## Current

7/1/20

Monthly Sanitary Sewer Replacement  
Service Charge: \$2.00

## Proposed

FY 22

Monthly Sanitary Sewer Replacement  
Sanitary Sewer Service Charge: \$3.00

50% Increase (proposed to begin  
on 1/1/22)

# Sanitary Sewer Replacement Revenue

Fund Balance Table

Annual Operating Budget

615 - Sewer Replace

Budget Summary	FY 2019 Actual	FY 2020 Actual	FY 2021 Amended	FY 2021 Estimated	FY 2022 Requested	FY 2022 Recommended
Beginning Balance	2,835,089	3,221,323	3,530,482	3,530,482	3,476,002	3,476,002
Revenues	504,404	498,551	310,000	468,000	280,000	580,000
Transfers In	63,932	200,047	89,520	89,520	89,520	89,520
<b>Total Revenues</b>	<b>568,336</b>	<b>698,598</b>	<b>399,520</b>	<b>557,520</b>	<b>369,520</b>	<b>669,520</b>
Expenditures	182,102	346,559	970,000	520,000	2,380,000	2,380,000
Transfers Out	-	42,880	92,000	92,000	92,000	92,000
<b>Total Expenditures</b>	<b>182,102</b>	<b>389,439</b>	<b>1,062,000</b>	<b>612,000</b>	<b>2,472,000</b>	<b>2,472,000</b>
<b>Ending Balance</b>	<b>3,221,323</b>	<b>3,530,482</b>	<b>2,868,002</b>	<b>3,476,002</b>	<b>1,373,522</b>	<b>1,673,522</b>
Ending Balance/Expenditures	1769.0%	1018.7%	295.7%	668.5%	57.7%	70.3%
FB # Months of Expenses	212.3	108.8	32.4	68.2	6.7	8.1
Current Year Cash Added/Used	386,234	309,158	(662,480)	(54,480)	(2,102,480)	(1,802,480)

# Solid Waste Revenue

Collection & Drainage Fees



FY 21  
**\$2.5M**

FY 22  
**\$2.7M**  
**+7.7%**

**Previous**  
7/1/19

Monthly Rate: \$15.50

**Current**  
7/1/20

Monthly Rate: \$17.50

**Proposed**  
FY 22

Monthly Rate: \$18.75  
7% Increase



# Solid Waste Revenue

Fund Balance Table

## Annual Operating Budget

## 670 - Solid Waste

Budget Summary	FY 2019 Actual	FY 2020 Actual	FY 2021 Amended	FY 2021 Estimated	FY 2022 Requested	FY 2022 Recommended
Beginning Balance	498,855	396,812	2,315,652	2,315,652	2,482,244	2,482,244
Revenues	2,036,588	5,069,688	2,855,990	2,903,145	5,446,370	2,972,370
Transfers In	39,852	39,852	39,852	39,852	-	-
<b>Total Revenues</b>	<b>2,076,440</b>	<b>5,109,540</b>	<b>2,895,842</b>	<b>2,942,997</b>	<b>5,446,370</b>	<b>2,972,370</b>
Expenditures	2,103,483	3,072,004	3,169,325	2,530,260	3,313,672	3,476,337
Transfers Out	75,000	118,696	526,215	246,145	246,145	246,145
<b>Total Expenditures</b>	<b>2,178,483</b>	<b>3,190,700</b>	<b>3,695,540</b>	<b>2,776,405</b>	<b>3,559,817</b>	<b>3,722,482</b>
<b>Ending Balance</b>	<b>396,812</b>	<b>2,315,652</b>	<b>1,515,954</b>	<b>2,482,244</b>	<b>4,368,797</b>	<b>1,732,132</b>
Ending Balance/Expenditures	18.9%	75.4%	47.8%	98.1%	131.8%	49.8%
FB # Months of Expenses	2.2	8.7	4.9	10.7	14.7	5.6
Current Year Cash Added/Used	(102,043)	1,918,840	(799,698)	166,592	1,886,553	(750,112)

# Stormwater Management Revenue

Collection & Drainage Fees



FY 21  
**\$1.05M**

FY 22  
**\$1.06M**  
**+1.1%**

**Previous**  
8/25/15

Monthly Service Charge: \$3.33  
Variable Charge: \$1.59

**Current**  
12/1/17

Monthly Service Charge: \$3.50  
Variable Charge: \$1.67

**Proposed**  
FY 22

No Change



# Stormwater Management Revenue

Fund Balance Table

Annual Operating Budget

740 - Stormwater

Budget Summary	FY 2019 Actual	FY 2020 Actual	FY 2021 Amended	FY 2021 Estimated	FY 2022 Requested	FY 2022 Recommended
Beginning Balance	1,318,653	1,291,428	1,534,333	1,534,333	1,200,271	1,200,271
Revenues	1,152,209	1,157,220	1,115,000	1,130,000	1,096,000	1,117,000
Transfers In	-	-	500,000	-	532,000	32,000
<b>Total Revenues</b>	<b>1,152,209</b>	<b>1,157,220</b>	<b>1,615,000</b>	<b>1,130,000</b>	<b>1,628,000</b>	<b>1,149,000</b>
Expenditures	913,853	648,733	1,536,807	1,326,562	1,081,724	1,186,033
Transfers Out	265,581	265,581	137,500	137,500	75,000	575,000
<b>Total Expenditures</b>	<b>1,179,434</b>	<b>914,314</b>	<b>1,674,307</b>	<b>1,464,062</b>	<b>1,156,724</b>	<b>1,761,033</b>
<b>Ending Balance</b>	<b>1,291,428</b>	<b>1,534,333</b>	<b>1,475,026</b>	<b>1,200,271</b>	<b>1,671,547</b>	<b>588,238</b>
Ending Balance/Expenditures	141.3%	236.5%	96.0%	90.5%	154.5%	49.6%
FB # Months of Expenses	13.1	20.1	10.6	9.8	17.3	4.0
Current Year Cash Added/Use	(27,225)	242,905	(59,307)	(334,062)	471,276	(612,033)

# Urban Forest Utility Revenue

Collections



FY 20  
**\$524K**

FY 21  
**\$528K**  
**+.8%**

**Previous**  
7/1/15

Monthly Rate: \$2.25

**Current**  
(7/1/20)

Monthly Rate: \$3.00

**Proposed**

No Change

# Urban Forest Utility Revenue

Fund Balance Table

Annual Operating Budget

720 - Urban Forest

Budget Summary	FY 2019 Actual	FY 2020 Actual	FY 2021 Amended	FY 2021 Estimated	FY 2022 Requested	FY 2022 Recommended
Beginning Balance	628,628	588,275	456,365	456,365	589,391	589,391
Revenues	401,861	408,550	540,461	538,400	538,724	541,724
Transfers In	-	-	-	-	-	-
<b>Total Revenues</b>	<b>401,861</b>	<b>408,550</b>	<b>540,461</b>	<b>538,400</b>	<b>538,724</b>	<b>541,724</b>
Expenditures	304,462	380,496	439,339	344,968	488,805	488,805
Transfers Out	137,752	159,964	60,406	60,406	61,556	61,556
<b>Total Expenditures</b>	<b>442,214</b>	<b>540,460</b>	<b>499,745</b>	<b>405,374</b>	<b>550,361</b>	<b>550,361</b>
<b>Ending Balance</b>	<b>588,275</b>	<b>456,365</b>	<b>497,081</b>	<b>589,391</b>	<b>577,754</b>	<b>580,754</b>
Ending Balance/Expenditures	193.2%	119.9%	113.1%	170.9%	118.2%	118.8%
FB # Months of Expenses	16.0	10.1	11.9	17.4	12.6	12.7
Current Year Cash Added/Used	(40,353)	(131,910)	40,716	133,026	(11,637)	(8,637)



# Capital Revenue



# Capital Revenues

Local Option Sales Tax (LOST)  
Interest  
Donations/Grants  
Road Use  
Utility Support  
TIF



**PAYGO**



**Debt**

General Obligation Bonds  
Revenue Bonds  
Bank Loans  
TIF-backed Debt

# August 2020 Derecho (Clean Up)

## FY 21

Revenue: \$36.8M

1<sup>st</sup> – City Fund Balances

2<sup>nd</sup> Short-term Financing until

FEMA (75%): \$32.4M

State (10%): \$4.3M

Expenditures: \$37.2M

Net: (\$487K)

## FY 22

Revenue: \$0

Expenditures: \$6M

Net: (\$6M)

## Total

Revenue: \$36.8

Expenditures: \$43.2M

Net: (\$6.5M)



# August 2020 Derecho (Insurance)

## FY 21

Revenue: \$2.5M

Expenditures: \$1.1M

Net: \$1.4M

## FY 22

Revenue: \$1.3M

Expenditures: \$700K

Net: \$600K

## Total

Revenue: \$3.8M

Expenditures: \$1.8M

Net: \$2.0M



# Decision Points

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Revenue



Property Tax Levy



Maximum Property Tax Dollars



Proposed Increase in Utility Rates





# Questions