

ITEM # 3g
DATE: 02-11-20

COUNCIL ACTION FORM

SUBJECT: MOTION SETTING FEBRUARY 25, 2020 AS THE DATE OF PUBLIC HEARING TO ADOPT A MAXIMUM CITY PROPERTY TAX LEVY FOR FISCAL YEAR 2020/21

BACKGROUND:

During the 2019 legislative session, changes were made to the Iowa Code that altered the process for adoption of annual budgets for cities. Per Iowa Code Section 384.15A, cities must now hold a public hearing and adopt a maximum property tax levy in any year the city expects to adopt a budget that includes a levy of property taxes (excluding debt service) exceeding 102 percent of the prior budget. Additionally, the Code requires that notice of the hearing be included on the City internet site and primary social media account. The approval of the maximum levy requires a two-thirds majority of the Council.

One of stated purposes of the new legislation was to improve transparency and disclosure of proposed property tax increases for local government.

CITY OF AMES BUDGET AND PROPERTY TAX LEVY

As a growing city, Ames routinely adopts a budget that includes a levy of property taxes that exceeds 102 percent of the prior year. Ames has also followed a policy of complete and full disclosure for the proposed and adopted budget, including the levy of property taxes and the impact of the various classes of property. Because of this, compliance with the Iowa Code changes will fit within our established budget process, but will require an additional hearing and posting of property tax levy information in the format established by the State of Iowa.

Attached is the draft form providing notice of public hearing for the maximum levy rate. **Council may make decisions as part of the February 11 budget wrap-up session that could result in adjustments to the maximum levy rate. City staff will make any adjustments needed during the meeting; the Council will then set the hearing on the maximum levy with those decisions incorporated.**

The deadline for adoption of the budget has changed from March 15 to March 31 to allow time for notice and the additional hearing. However, adoption of a maximum levy resolution after the public hearing on February 25 will be required to maintain the established budget schedule and to adopt a budget with funding adequate to meet service levels desired by Council.

ALTERNATIVES:

1. Establish February 25, 2020, as the date to hold a public hearing and adopt a resolution establishing the City of Ames maximum property tax levy for fiscal year 2020/21 as determined in the February 11, 2020 Council meeting.
2. Delay the hearing and resolution establishing the City of Ames maximum property tax levy for fiscal year 2020/21.

CITY MANAGER'S RECOMMENDED ACTION:

Holding a public hearing and adopting a maximum property tax levy is required to proceed with the City Manager's recommended budget and any modifications made by City Council.

Therefore, it is the recommendation of the City Manager that the City Council approve Alternative No. 1, thereby establishing February 25, 2020, as the date to hold a public hearing and adopt a resolution establishing the City of Ames maximum property tax levy for fiscal year 2020/21 as determined in the February 11, 2020 Council meeting.

Please remember, the maximum property tax levy that is now required to be highlighted does not include the Debt Service Levy!

DRAFT

CITY NAME	NOTICE OF PUBLIC HEARING -PROPOSED PROPERTY TAX LEVY	CITY CODE
Ames	Fiscal Year July 1, 2020 - June 30, 2021	85-811

The City Council will conduct a public hearing on the proposed Fiscal Year City property tax levy as follows:

Meeting Date:	Meeting Time:	Meeting Location:
2/25/2020	5:15 P.M.	515 Clark Avenue, Ames, IA

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:		
www.cityofames.org		515-239-5113		
Iowa Department of Management	Current Year Certified Property Tax	Budget Year Effective Property Tax	Budget Year Proposed Maximum Property Tax	Annual % CHG
	2019/2020	2020/2021**	2020/2021	
Regular Taxable Valuation	1 3,079,908,598	3,112,286,020	3,112,286,020	
Tax Levies:				
Regular General	2 \$17,016,779	\$17,016,779	\$17,604,186	
Contract for Use of Bridge	3 \$0	\$0		
Opr & Maint Publicly Owned Transit	4 \$1,934,521	\$1,934,521	\$1,980,445	
Rent, Ins. Maint. Of Non-Owned Civ. Ctr.	5 \$0	\$0		
Opr & Maint of City-Owned Civic Center	6 \$0	\$0		
Planning a Sanitary Disposal Project	7 \$0	\$0		
Liability, Property & Self-Insurance Costs	8 \$0	\$0		
Support of Local Emer. Mgmt. Commission	9 \$0	\$0		
Emergency	10 \$0	\$0		
Police & Fire Retirement	11 \$2,091,970	\$2,091,970	\$2,177,651	
FICA & IPERS	12 \$0	\$0		
Other Employee Benefits	13 \$0	\$0		
*Total 384.15A Maximum Tax Levy	14 \$21,043,270	\$21,043,270	\$21,762,282	3.42%
Calculated 384.15A Maximum Tax Rate	15 \$6.83243	\$6.76135	\$6.99238	

Explanation of significant increases in the budget:

Primary reasons for increases in the budget include increased employee salary and benefit costs and the addition of new employees for police, fire, and parks and recreation.

If applicable, the above notice also available online at:

The official website of the City of Ames: www.CityOfAmes.org/Finance ; The official Facebook page of the City of Ames: www.Facebook.com/CityOfAmes; The official Twitter page of the City of Ames: www.Twitter.com/CityOfAmes

*Total city tax rate will also include voted general fund levy, debt service levy, and capital improvement reserve levy

**Budget year effective property tax rate is the rate that would be assessed for these levies if the dollars requested is not changed in the coming budget year