

**Coralville City Council
Work Session
January 11, 2022
City Hall**

Present: Mayor Meghann Foster, Council Members Mike Knudson, Jill Dodds, Hai Huynh. Laurie Goodrich listened via computer. Mitch Gross arrived at 5:10 pm.

Staff Present: City Administrator Kelly Hayworth, Deputy City Administrator Ellen Habel, Director of Finance Tony Roetlin, Fire Chief Orey Schwitzer, Director of Parks and Recreation Sherri Proud, Human Resource/Risk Manager Mike Funke, Water Superintendent Matt Gilmore, Streets and Solid Waste Superintendent Eric Fisher, Director of Parking and Transportation Vicky Robrock, City Clerk Thor Johnson, Police Chief Shane Kron, Community Development Director Dave Johnson, Library Director Alison Ames Galstad, Wastewater Treatment Superintendent Dave Clark, City Engineer Scott Larson

City Administrator Kelly Hayworth opened the meeting at 4:30 pm.

1. Fiscal Year 2023 Budget Presentation and Discussion by Management Team: Hayworth thanked Director of Finance Tony Roetlin for his work on the budget and gave an overview of the process. Roetlin said the gap for the proposed general fund budget is currently \$245,885. He said property taxes and hotel/motel taxes are the two largest revenue sources for the general fund and property taxes are budgeted to increase by \$192,000, with the residential rollback going from 54% to 52% and multi-residential from 67% to 63%. Roetlin said all or nearly all hotels appealed their valuations and the average decrease was 25%. He added the Coral Ridge Mall valuation settlement also caused a reduction. Regarding hotel/motel taxes, Roetlin said they used to be 11% to 12% of general fund revenues, the highest percentage of any city in Iowa, and peaked at \$2.9 million in FY20. Roetlin said the budget projects \$2.656 million for FY23, a significant increase over \$2.09 million in FY21.

Roetlin said the property tax backfill from the state was up to \$1.6 million in FY18 and will be phased out beginning in FY23 and ending in FY29, with a general fund impact of \$110,000 annually. Roetlin noted backfill funds have been placed in reserves.

Roetlin reviewed general fund support of the transit department from FY08 to FY23 and federal COVID support for the department in FY20-FY23, the total of the two reaching \$979,584 for FY23. Roetlin commented that fares and ridership are down and SEATS costs have increased over the last four years. Hayworth added that federal funds will help this department again next year but after that it would require an additional \$500,000 in general fund money.

Roetlin reviewed a list of assumptions and risks: hotel/motel tax revenue projections, Hyatt Hotel and Conference Center results, transit fares and ridership, CCPA revenues and expenditures, and employment costs—wages and benefits.

Hayworth said that with regard to the solid waste department, costs for the recycling drop site are nearly \$90,000, with single family and duplex homes paying for the site for apartments, businesses, and non-Coralville residents. He added that recycling used to generate some revenue but is now an expense, with a smaller group paying for the service and a larger group using it, causing pressure on rates. Hayworth said the Quality Care building will be available for a recycling site later in 2022 and the specifics of operations will be determined in the meantime.

At this time Councilperson Gross arrived.

Hayworth said that now that the data is in hand, the council can discuss use of ARPA funds at a future meeting.

Roetlin asked the department heads to share highlights from their budget requests.

Director of Parks and Recreation Sherri Proud said her budgets were primarily the same and she looked at ways to stay competitive and retain or recruit employees, including adding holidays. She proposes a \$1 increase to Aquatic Center fees, totaling \$6; increase golf fees by \$1; licensing productions written by Camp Creamery writers to generate revenue for CCPA; no furloughs for CCPA staff; more funds in administrative support so Evan Hilsabeck can spend more time fundraising for CCPA; expand single track trail; paint indoor pool; and a cloud-based timesheet system for part-time and seasonal employees.

Library Director Alison Ames Galstad said the Library is returning to in-person services, talked to the Coralville Community Food Pantry about a social services outreach position and securing funding outside of the budget process, and high demand for hot spots.

Community Development Director Dave Johnson said his department exceeded revenue projections last year and is on track to do so again, noting the department is self supporting and requesting two new positions: an additional full time rental housing inspector and a half time property maintenance inspector. He said they are also upgrading the rental permit software to streamline operations and the addition of administrative hours has helped, as well.

City Engineer Scott Larson said the proposed budget for his department is generally unchanged and noted he was named engineer on April 1; Zaid Alsamawi was named assistant engineer on May 17. He noted the reconstruction of 5th Street from 12th Avenue to 20th Avenue will be let in early 2023 and two companies are working on fiber to the home.

Deputy City Administrator Ellen Habel reported that CoralVision requests a 6% increase, the first increase since FY20, and the proposed budget includes a reserves account for servers.

Police Chief Shane Kron said his budget proposes an additional detective who would work in technology forensics and would be part of the Johnson County joint technology forensics team. Kron said the last detective was added in 1992. He also said the animal control budget is projected to increase by \$7,383.

Fire Chief Orey Schwitzer said his proposed budget changes are primarily the result of health and property insurance costs, as well as fuel. He said the department continues to apply for grants for replacing SCBA and requests funds to upgrade the burn building to better train firefighters in recognizing flashover fires.

Streets and Solid Waste Superintendent Eric Fisher said the 2020 Census results yielded an additional \$400,000 annually in Road Use Tax Funds, although the funds per capita declined by \$1.50. He said his proposed budget requests a new full time position that combines streets funds with a part-time solid waste position and also increased reserves for equipment. In recycling, he said he expects revenues to increase by 1% and noted 50% of the department's trucks were down last week. He said the last rate increase in solid waste was in 2017 and an increase of \$1 per month per customer yields \$50,000 annually. He also noted the solid waste budget is currently \$185,000 out of balance and future issues include single stream vs. sorted recycling; locating a recycling facility; equipment needs; and operating capital. Fisher also commented that it costs twice as much to recycle materials as it costs to landfill them.

Water Superintendent Matt Gilmore said his proposed budget includes an increase resulting from tower maintenance, which used to be paid on an occasional basis and is now on a contract and paid from operations. Gilmore said he also proposes one new full time staff person and has proposed capital improvements and reserves in the budget, and will use the funds that were in reserves for tower maintenance in the near term. Gilmore recommends a water rate increase of 7.75% for FY23, with increases annually for four years, for a total of a 25% increase.

Wastewater Treatment Superintendent Dave Clark said his budget reflects a slight decrease resulting from a reduction in interest on debt service. He said his budget also includes capital projects: repairs to the Oakdale Trunk Sewer and replacement of the Brown Deer Lift Station #4 Force Main. Clark said his department also maintains 10 storm water pump stations and 60 watering wells, with that budget decreasing 10.3% because of the generator maintenance contract cycle.

Director of Parking and Transportation Vicky Robrock said her proposed transit budget includes replacement of a 2010 Ford Eldorado, 15% of salary of the county mobility coordinator, and replacement of security/surveillance system on buses. For the parking department, Robrock said the budget proposes a three-fourths time maintenance/events person for night and weekend events at the Arena and Fieldhouse, a digital sign for use during events, and replacement of a pick-up.

The work session was suspended at 6:15 pm for the regular meeting of the City Council.

The work session reconvened at 7:40 pm.

Present: Mayor Meghann Foster, Council Members Mike Knudson, Jill Dodds, Hai Huynh, Mitch Gross.

Staff Present: City Administrator Kelly Hayworth, Deputy City Administrator Ellen Habel, Director of Finance Tony Roetlin, City Attorney Kevin Olson

Others Present: Tim Oswald, Piper Sandler

1. 2022 Bond Refinancing: Tim Oswald of Piper Sandler shared bond refinancings planned for 2022, with several bond issues prepayable or callable. Hayworth provided a summary of the Mall TIF. Oswald said there are three series to sell, one at approximately \$30 million, one at approximately \$20 million, and one at approximately \$35 million. Oswald said the January 25 city council meeting agenda will include an item setting the date for the public hearing; he added the interest rate is expected to change from roughly 4% to 2%. He said he estimates the reduction in interest costs over 20 years is \$2.15 million.

2. Fiscal Year 2023 Budget Discussion: Hayworth said staff will continue putting together more information on water, solid waste, and the general fund. Roetlin noted that the budget books include additional information on other departments that were not reviewed during the earlier meeting: administration, city clerk, hotel, human resources, and health and social services. Mayor Foster asked if ARPA funds could be applied to some of the deficit. Hayworth replied that staff is working on the details for that as well as two capital project requests from outside organizations. Roetlin noted the maximum levy hearing date would be set at the January 25 city council meeting, with the hearing at the first meeting in February. Knudson inquired whether the rent from the Quality Care building could be applied toward the gap in the solid waste budget. Hayworth responded that those funds were budgeted in the general fund. The council and staff discussed the challenges facing the budgets for transit and solid waste.

3. City Administrator's Time: Kelly Hayworth provided the following updates:

- Regarding the OSHA requirement for vaccination or testing, staff was notified, vaccination status was requested, and then the state said it would not enforce the requirement. Hayworth said currently the requirement was on hold while the Supreme Court considers its decision, and Iowa City and North Liberty have put their requirements on hold, as well. He said the vaccination data thus far was very positive, with 86% of full time and 97% of part time employees vaccinated.

Adjourned at 9:05 pm.

Notes taken by Ellen Habel, Deputy City Administrator