

**AGENDA
FINANCE & PERSONNEL COMMITTEE
CITY HALL COUNCIL CHAMBERS
MONDAY, JUNE 12th, 2023
3:30 PM**

Go to: www.zoom.com
Meeting ID: 978 6396 1227
Call-in only: 312 626-6799, enter meeting number

- 1. CALL TO ORDER**
- 2. ROLL CALL**
- 3. APPROVAL OF THE AGENDA**
- 4. APPROVAL OF MINUTES OF MAY 8th, 2023 MEETING**
- 5. PUBLIC PARTICIPATION**
- 6. DISCUSSION REGARDING CREDIT CARD STATEMENT (MAY, 2023)**
- 7. DISCUSSION REGARDING BANK STATEMENTS (MAY, 2023)**
- 8. DISCUSSION AND POSSIBLE MOTION REGARDING DEPARTMENT HEAD AND CITY MANAGER SALARIES FOR FY2023-2024**

City Manager Summary: Department Head and City Manager Salary increases are separate from the labor group. No increase is currently included in the FY2023-2024 Budget. Staff is bringing an increase consideration to the Finance & Personnel Committee. The labor group is set to receive +3.5% on July 1. At the meeting, we'll discuss funding options and collectively seek a motion so a FY2023-2024 amendment can be prepared for in the event an increase is authorized.

- 9. DISCUSSION AND POSSIBLE MOTION REGARDING ADOPTION OF CITY FRANCHISE FEES**

City Manager Summary: Cities all across Iowa are racing to the adoption of Franchise Fees. This adoption may occur through Ordinance. Currently, the City has a Natural Gas Franchise but it is set at 0%. Multiple other Franchise Agreements would have to be drafted by the City Attorney to adopt Franchise Fees. These may added up to 5% of gross sales.

Given the State squeeze on property taxes and the pending elimination of Local Option Sales Tax (LOST), Staff cannot stress enough how important it is to be forward thinking about building revenue due to the future reduction of revenue in other City sources. As an example, in FY2021-2022, the City received \$829,466 in LOST revenue. The pending State action is to eliminate the LOST and consolidate it into a State revenue share where

ultimately the City has no actual rights to the decision making at the State level thus creating substantial revenue concern in the event the State seeks to lower sales tax. You can begin to see why City management in the face of property tax reduction, pending sales tax consolidation into sole State authority, extreme rise in City labor costs to stay competitive, rise in utility payments, rise in insurance costs, and rise in capital equipment costs cause a perpetuating stress over the long-term financial health of the City.

Added to the concern is that the ARPA funding available to the City will be removed from future City Budgets, there will be no "extra support" to help finance the purchase of a police vehicle, paint the East water tower, or take any extra capital expenses related to the levee construction or the City's need to incentivize daycare infrastructure.

In order to describe a revenue purpose statement, one must first understand that Maquoketa Municipal Electric Utility (MMEU) does a revenue share of 2% of their gross sales. MMEU titles this a Franchise Fee though there is nothing in City Code requiring the Franchise Fee. Approximately \$160,000 is shared to the City General Fund as a result of the 2% or \$160,000. Therefore, the City must be able to achieve at least \$160,000 in General Fund support in order to help sustain General Fund supported services such as administration, public works, police, fire department, parks, ymca, code enforcement, and economic development. This does not mean that the City won't have to make any budgetary cuts to reach a balanced budget in FY2024-2025. This is inevitable.

For discussion purposes Staff offers the following revenue purpose statement for use of the Franchise Fee funds. This is required by the State and the use of the Funds must have an authorized application that is clear in the City Budget:

Franchise Fee Revenue Statement Estimate					
Business	Revenue	5%	Street Projects - 55%	Park Capital Improvements - 5%	Property Tax Reduction - 40%
MMEU	\$ 7,700,000	\$ 385,000	\$ 211,750	\$ 19,250	\$ 154,000
Black Hills	\$ 3,200,000	\$ 160,000	\$ 88,000	\$ 8,000	\$ 64,000
BLB	\$ 540,000	\$ 27,000	\$ 14,850	\$ 1,350	\$ 10,800
		\$ 572,000	\$ 314,600	\$ 28,600	\$ 228,800
This is \$68,800 greater than the current MMEU share of \$160,000 to the General Fund					

Black Hills Energy was consulted in the drafting of the above chart. Their figures incorporated the average of the previous 3 financial years and not the current year which had extraordinarily high gas prices.

The Revenue purposes give the General Fund a small boost in the event of lower property taxes and less sales tax. The 5% plan gives the 10-Year Street Improvement Plan and Park Master Plan even more ability to achieve their goals. If the City raises fees, the Citizens must actually feel the benefit. This will deliver that expectation.

Committee support is recommended.

10. Other Business

11. ADJOURN