City of West Branch
Office of the City Administrator

To: Mayor and Council

From: Matt Muckler, City Administrator

Date: January 20, 2012

Weekly Council Update

● **McDonald's Re-Build Project**: The Planning and Zoning Commission will hold two meetings to discuss a new site plan ordinance and review a site plan proposal from McDonald's for a project to rebuild their restaurant here in West Branch. The first meeting will take place on January 24th and the second on February 2nd. The site plan ordinance and the McDonald's site plan will also appear on the February 6th Council Agenda.

● **Software Training:** City Administrator Matt Muckler, Deputy City Clerk Dawn Brandt and Administrative Assistant Ashley Borland-Kaalberg received training this week on the updated payroll system. Training will be provided on the updated utility billing system over the next two weeks.

● **February Council Work Sessions:** These Council Work Sessions will take place at 6:00 p.m. at the Council Chambers located at 110 North Poplar Street:

---Monday February 6th: Matthew J. Wildman, P.E., Project Manager, HR Green, Inc. – Walker, IA Submerged Attached Growth Reactor (SAGR) Project

---Tuesday February 21st: City Engineer Dave Schechinger, P.E. – Update on Lift Station Project and Results of Phase I of the Inflow & Infiltration Study

● **Winter Adult Reading Month:** The West Branch Public Library will be holding a short reading incentive program during February. The program will be called W.A.R.M., Winter Adult Reading Month and will feature an electronic reader as a prize. Participants will be asked to read two books during the month to complete the participation goal and multiple entries may be made if more books are read during the month. Registration will begin on January 30th and prizes be drawn on March 2nd.

● **Property Tax Reform News from the Iowa League of Cities:**

Two property tax reform bills were filed at the beginning of the legislative session this year. HSB500 is the House version of property tax reform. The first of several subcommittees was held on Wednesday January 11th. A second 90-minute subcommittee was held on Tuesday, January 17th. The bill has similarities to the House property tax legislation from last session.

Division I of the bill deals with school finance and phasing in more state funding to reduce local property taxes. Division II phases in a 40 percent rollback over 14 years. It would take effect in two seven-year, 20-percent steps, with incremental annual increases in exempted valuation amounts per property on the actual value of permanent improvements. During the first seven-year step (January 1, 2013-December 31, 2019), 20 percent of the annual designated amount of valuation of permanent improvements (starting at $100,000) would be exempted. In 2019, 20 percent of the actual value of permanent improvements to the property worth up to a $1 million would be exempted.

During the second seven-year step (January 1, 2020-December 31, 2026) 40 percent of the annual designated amount of valuation (starting with the first $500,000 in valuation) would be exempted until 40 percent of the total actual value of the permanent improvements to the property were exempted, no matter the valuation. This would make 40 percent of the actual value of permanent improvements on all commercial and industrial property exempt by 2026. Division II also includes a provision which would reduce the exemption amount by any other "property tax exemptions" already given to the property, to prevent a 'double-dipping' effect. No backfill is included in the legislation, so city budgets would be affected by the exempted amount. The bill does not address tax increment financing (TIF) protection.

Division III would eliminate the $8.10 levy replacing it with a restriction on general fund property tax growth. Instead of the $8.10 levy, the maximum property tax dollars certified by the city for the general fund would be subject to a Consumer Price Index (CPI) limitation. Some other key levies, like the trust and agency levy, would not be limited by CPI. We saw this CPI limitation in legislation last session. There are several issues with this version that would need to be addressed. The League is opposing this bill in the Legislature and spoke at Tuesday's subcommittee meeting – asking clarifying questions and expressing concern over the ramifications of the bill. Des Moines Finance Officer Scott Sanders raised concerns that the bill would drastically reduce city revenues with no alternative revenue sources or backfill to make up the loss.

The Governor's property tax bill has also been introduced. HSB519 has an automatic 15 percent rollback on commercial and industrial property at five percent per year for three years. The bill contains the potential for an additional five percent rollback each year thereafter up to a maximum of 40 percent, if a four percent statewide growth trigger for commercial and industrial growth is met, along with the state fulfilling its previous year's backfill amount required under the bill. The state would provide $50 million per year in backfill money for the first year. Additional backfill is provided, but the League is still reviewing and interpreting the provisions. A provision in the backfill mechanism would prevent any taxing district with growth over the values as of January 1, 2012, from receiving any backfill money for that year. The bill restricts residential rollback growth to two percent (instead of the current allowed four percent) from the previous year, and also restricts any decrease in the residential rollback to two percentage points from the previous year. The bill contains provisions designed to protect existing TIF districts, which the League's bond counsel is reviewing. The bill also contains the same CPI restrictions to general fund growth in city property taxes, as the House bill, HSB500, making property tax growth subject to a CPI adjustment, instead of the $8.10 levy limitation.

The information provided is one-way communication and should not be discussed among you as this would be a violation of the open meeting law.