RESOLUTION

RESOLUTION ESTABLISHING THE CITY OF ANKENY'S 2019 STATE LEGISLATIVE PRIORITIES

WHEREAS, the City of Ankeny is a fast-growing municipality in Iowa; and

WHEREAS, the City of Ankeny and other cities play a crucial role as economic drivers in the State of Iowa's economy; and

WHEREAS, cities need to partner with the State of Iowa to ensure they receive the support they need to energize their own and the State's economic futures; and

WHEREAS, an ongoing dialogue on key legislative matters between City policymakers and staff with the State's legislators and Executive Branch is an important component of any community's success.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Ankeny hereby approves the attached list of 2019 State Legislative Priorities; and

BE IT FURTHER RESOLVED that the City Manager and staff pursue these priorities on behalf of the City Council during the 2019 State Legislative session.

APPROVED AND ADOPTED this 7th day of January 2019.

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Gary Lorenz, Mayor

ATTEST:

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Debra M. Arend, Interim City Clerk

BACKFILLING REVENUES ASSOCIATED WITH PROPERTY TAX REFORM

State reimbursement for revenues lost due to commercial property tax reform is more than $1 million for fiscal year 2019. These revenues represent a significant portion of the City's annual budget, impacting both operating funds and the City's debt service fund. The State fulfilling its commitment to backfill these revenues is critical to all local governments. Any significant reduction in backfill will have tax rate implications. It is critically important that the legislature communicate with local governments, at the earliest point possible, its intentions regarding funding backfill both short term and long term to avoid disruptive mid-year budget changes that could impact public services. Specifically, legislative efforts should be made to avoid retroactive reductions to replacement revenues, recognizing cities are required by law to finalize their budgets well before the legislature adjourns each year. If and when change to replacement revenue reimbursement is inevitable, legislators should support the longest phase-in period feasible in order to mitigate financial distress to local governments.

ADDRESSING EMPLOYER-PAID COSTS ASSOCIATED WITH THE MUNICIPAL FIRE & POLICE RETIREMENT SYSTEM OF IOWA (MFPRSI)

While the City of Ankeny values its police officers and firefighters who bravely serve in critical roles in local government, the costs of providing these public safety employees' pension benefits are unfairly disproportionate, with employer rates increasing 44% since fiscal year 2010 without any additional employee contributions. As a result, the City of Ankeny has shifted a total of 16.376 cents of tax authority from the General Fund to the Police and Fire Retirement Fund. Additionally, the City transferred $750,000 during fiscal years 2013 and 2014 to the Police and Fire Retirement Fund to help cover rising costs. The City's growth demands in the area of public safety will necessitate the hiring of additional employees in the short term and beyond, further increasing projected public safety pension-related costs. A rational, thoughtful solution to long-term public safety pension funding is needed.

Unlike Iowa Public Employees' Retirement System (IPERS) contribution rate increases—which are shared between employees (40%) and employers (60%)—MFPRSI contribution rate increases fall solely on the employer. With fiscal year 2020 employer contribution rates at 24.41% of payroll and long-term projected costs remaining above 20% for many years, a plan is needed that ensures that cities will not indefinitely bear the full cost of any future contribution rate increases.

Moreover, current statutory language that maintains employee contribution rates and by definition places the entire burden for increased contribution rates on employers is unacceptable to Ankeny. With the system heavily invested in equities, another significant stock market decline could send contribution rates soaring once again. A well-thought-out, methodical implementation of a fairer distribution of costs could be accomplished in a way that preserves retirement security and, like IPERS, requires employees and employers to share in contribution rate increases and benefit when contribution rates decrease. Further complicating Ankeny's individual circumstances is the fact that Ankeny public safety employees participate in Social Security, while the super majority of MFPRSI-eligible employees in other communities do not. This adds an additional cost of 6.2% of payroll each for the employee and employer for Ankeny's police officers and full-time firefighters. Consideration should be given to the concept of alternate plan ideas and alternate cost-sharing formulas that can preserve the system but provide for a fairer distribution of its costs. Moreover, establishing a modified system for new employees should be thoughtfully explored with input from all stakeholders.

TAX INCREMENT FINANCING (TIF)

Cities have limited economic development tools to attract new businesses and retain expanding businesses. The current TIF law works well for Ankeny, including the ability to use annual appropriation debt for larger-scale projects. Existing TIF laws include provisions to hold local governments accountable for decisions they make through substantial reporting requirements. Any efforts to limit TIF's scope or flexibility will have negative impacts on Iowa's ability to compete in the global economy. Efforts to exclude some jurisdictions (e.g., school districts) from sharing in the costs of TIF could have harmful effects on city budgets and result in longer incentive periods. Without all taxing jurisdictions participating in economic development projects to help bridge financial gaps for businesses making large-scale investments, the costs get distributed on a larger scale to the local municipality participating. Those who benefit from tax increment financing should participate in its costs.