



City of Cedar Rapids  
Finance & Administrative Services Committee  
Blairs Ferry Conference Room  
City Hall, 101 1<sup>st</sup> Street SE  
Wednesday, August 24, 2016  
4:00 pm – 5:00 pm

Purpose of Finance & Administrative Services Committee: To enable the City Council to discuss and evaluate in greater detail these specific issues that directly impact the financial and organizational strength of the City of Cedar Rapids.

Meeting was brought to order by Council member Gulick at 4:00 p.m.

Present: Council members Kris Gulick (chair) and Susie Weinacht; Steve Hershner, Utilities Director; Jeff Pomeranz, City Manager and Casey Drew, Finance Director

Council member Justin Shields was absent.

- Mayor Ron Corbett is an ex-officio member of all Council Committees per City Charter Section 2.06.

Minutes from the July 27, 2016 meeting were approved as distributed.

1. **Review Financial Information:** Casey Drew, Director of Finance, began his financial review of July 2016, stating that the expenditures are on course. Due to the time of the year, the recreation areas have a higher expenditure percentage to date.
  - Council member Gulick asked Finance Director Drew how the Golf Analysis was coming. Casey stated the director team consisting of Sven Leff, Sandi Fowler, and himself are currently reviewing golf operations with golf management and golf pros. The plan is to bring a recommendation to Council in November / December 2016 regarding how to eliminate the deficit balance. The IT budget is showing a larger use of expenditure budget than most departments due to annual software cost being paid in July 2016..

Finance Director Drew reminded the committee that it is early in the financial cycle and next month's meeting we would review FY16 as well as August's monthly data.

## 2. **FY 2016 Hotel Motel Fund Review**

- The City's Hotel Motel Fund has an \$804,000 cash balance as of June 30, 2106.
- Fiscal Year 2017 budget is \$3.36 million with \$1.8 million being allocated to third party entities and the remaining \$1.56 million being used for debt payments related to the convention center, operating cost at the Ice Arena and Ushers Ferry.

### **3. Storm Sewer Revenue Bond Coverage Calculations**

- Two scenarios were presented that showed how much Storm Sewer rates would increase if the City chose to fund \$100 million in revenue bonds for Storm Sewers over a 20 or 10 year period.
- Issue \$5M revenue bonds per year for 20 years will require operating revenue to have an average increase of 7.1% each year for the next 20 years. Operating revenue will increase from \$4.8M to \$17.5M over the 20 year period. (This scenario assumes 3% interest rate for revenue bonds, operating expenses increasing no more than 5% per year, and bond covenant of 1.75).
- Issue \$10M revenue bonds per year for 10 years will require operating revenue to have an average increase of 20% each year for the next 10 years. Operating revenue will increase from \$4.8M to \$23.9M over the 10 year period. (This scenario assumes 3% interest rate for revenue bonds, operating expenses increasing no more than 5% per year, and bond covenant of 1.75).
- Analysis shows using revenue bonds over the shorter 10 year period would require higher rate increases which would have a direct impact on users.
- More work on how to implement the Storm Sewer construction plan needs to be done by staff before a formal recommendation can be made to the City Council.

**Public Comment:** (2 minutes per person, total maximum of 10 minutes per meeting)

**Outstanding items update:**

None

**Future Topics:**

1. Regional services
2. Development financial incentive process
3. Entrepreneurial development economic development incentives and land use issues
4. Efficiency efforts

The meeting was adjourned at: 4:54 p.m.

Respectfully submitted,  
Megan Snitkey  
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Department of Finance