



To: Mayor and City Council
 From: Dylan Mulfinger
 Subject: Traffic Camera Enforcement Revenue Loss
 Date: 10/14/2024

The City of Oelwein is projected to see a revenue shortfall of \$450,000 in fiscal year 2026. In our current fiscal year 2025, the city will see a shortfall of \$379,128. The projected estimate for FY2025 was \$600,000 in revenue. This revenue was to be used as council voted in the city’s budget below:

Fund	Amount	Purpose
State Fee	Ten Percent	It is anticipated the state of Iowa will pass legislation which will require cities to provide 10 percent of their revenue to the state.
Event Center	\$100,000 annually	Council dedicated \$500,000 in 2022 to the new Oelwein Event Center to be paid out in five payments. This payment will be completed by the fiscal year 2028. In fiscal year 2029, these dollars will be allocated to roads.
Road Improvement	\$150,000 annually	Funds dedicated to road improvement can be used for roads, curbs, and right of way improvement. These funds can be used annually or set aside to prepare for a larger project. The funds can also be used for sealcoat. The funds cannot be used for equipment.
Capital Improvement Program	\$115,000 annually	These funds will be used for the capital improvement program that assists general funds in obtaining capital items. Using the automated traffic enforcement revenue will open up franchise fee dollars to be used on roads.
Property Tax Relief	\$175,000 annually	These funds will be used to support the general fund and ensure the city will not have to raise fees or taxes to make up for potential shortfalls in property taxes. This allocation ensures services are maintained at a level expected by the community.

The event center funding was moved to economic development and was paid using local option sales tax. This was done as state law only allowed speed camera revenue to go toward public safety and infrastructure. This allowed for funding from speed cameras to go toward road construction. The city will now take on three payments for the event center out of economic development and not have funding for road construction.

The funding for road improvements will stop and the city will need to work to allocate funding from road user tax, local option sales tax, and franchise fees. The funding will be hard to find as all three of those sources are allocated to other areas of the city.



The capital improvement funding will have to go back to franchise fees. This will eliminate road funding from franchise fees and lower the amount of funds for other general fund departments in their capital expense.

The funding for any property tax relief will be eliminated and the city will have to make substantial cuts to the operation of general funded departments or find new revenue sources to fund the general fund.

Goals:

- A funded general fund
- Road Improvements

Obstacles

- No revenue from traffic camera enforcement
- State tax cuts
- Loss of property tax revenue
- Loss of tax paying properties

Next Steps

The new annual road fund starting in FY2026 will come from the following funding sources:

- \$100,000 Franchise Fees
- \$75,000 Economic Development
- \$150,000 Road User Tax
- Total \$325,000

This has fallen from \$490,000 because of the loss in traffic camera enforcement revenue.

The general fund will need to see cuts because of the loss of camera revenue and less property tax dollars. A budget reduction plan was started in FY2024 and will need to be continued. The budget reduction goal is \$334,000.