



Agenda

City Council Work Session Meeting
Oelwein City Hall, 20 Second Avenue SW, Oelwein, Iowa
6:30 PM

February 23, 2026
Oelwein, Iowa

Mayor: Brett DeVore

Mayor Pro Tem: Matt Weber

Council Members: Tony Cannon, Anthony Ricchio, Lynda Payne, Jason Gearhart, Renee Cantrell

Pledge of Allegiance

Discussions

- [1.](#) Discussion on Budget Cuts.
- [2.](#) Discussion on Taxes.
- [3.](#) Discussion on the Utility Infrastructure Funding Plan.

Adjournment

In compliance with the Americans with Disabilities Act, those requiring accommodation for Council meetings should notify the City Clerk's Office at least 24 hours prior to the meeting at 319-283-5440



To: Department Heads
 From: Dylan Mulfinger
 Subject: Budget Cut Act of 2025
 Date: 2/23/2026

Item	Amount	Time Frame	Notes
Police Patrol	\$60,000	July 1 2025	Position was budgeted for but not filled. The position is no longer budgeted for in the city's budget.
Park and Cemetery positions	\$30,000	April 2026	
Library Funding	\$30,000	July 1, 2026	The library board determined to take a full-time position to part time.
Community Development Administrative Assistant	\$44,928	April 2025	This position was not filled after it became vacant.
Phone Cost	\$19,200	October 2025	While this has been the worst project in the history of the city, the city has still saved money. More to come from this project as the current phones do not meet expectations
Internet	\$2,000 Annually	February 2026	The city hall switched to fiber at a much lower cost each month
Bigleaf	\$4,800 Annually	January 2026	With fiber internet, the city will no longer need bigleaf to prioritize bandwidth within city hall.
No Downtown baskets	\$5,000	Summer 2026	The city will no longer water the flower baskets in the downtown daily
Snow text alerts	\$2,544	November 2025	The city will no longer subscribe to a service that allows text messages to residents about snow emergencies
Junk House removal reduction	\$10,000	July 2026	The city will reduce the budget from \$60,000 to \$50,000
Bulk Sticker	\$5,000	May 2026	The city will use reserves in the landfill fund to cover this cost
Tech Spec Payment	\$35,000	July 2026	The city will have its last payment for the tec spec center that the school owns



Items still in progress

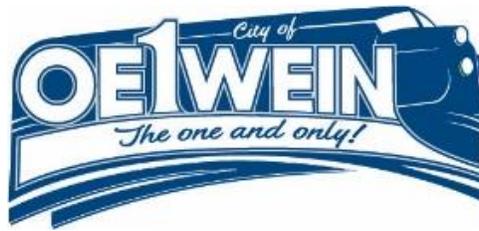
- City Hall reorganization
 - This move will start with the retirement of the City Clerk/Treasurer. City Hall will be evaluated, and staffing levels will be studied.
 - Cut costs unknown
 - Starting July 2026
- Work to lower attorney fees
 - This is an ongoing project the city will need to prioritize. Attorney fees have climbed up with the focus being on code enforcement and nuisance abatement. Since bringing on Lynch Dallas, the city is nearing back-to-back years of \$100,000 attorney fees. This is much higher than any comparable city.
- Less mowing in the parks department with prairie plantings
 - The city will start placing prairies wherever prairie can be planted.
 - Cut unknown
 - Starting May 2026
- Remove downtown streetscape
 - This will happen gradually as the downtown sidewalks are repaired. This will require less staff time, equipment, and supplies.
 - Cut unknown
 - Starting Summer of 2026
- Reduce city cell phones
 - The city has invested in VoIP which works on desktops and laptops. The city has also invested in radios. The need for cellphones is not as crucial as it once was for city staff. Any staff who needs to report to work must provide a cellphone or form of contact. Once the employee gets to work, they can use the city phone or the radio. The city's VoIP allows for an app which forward calls to a cellphone and allows the cellphone to make calls through the app. Staff is still evaluating this cut as it may not be large enough of a cut to make a complete switchover.
 - \$3,243.24 annual cut general fund
 - \$2,157.84 annual cut other funds
 - No start date as this item has been reevaluated
- The housing tax abatement program will start to fall off each year eventually providing \$20,000
 - The city is slowly ending their five-year tax abatement plan. The new plan abates taxes, but does not offer city reimbursement. The current reimbursement are paid for using the local options sales tax.
 - Cut \$10,000
- Police Loan Shift
 - Move the police station loan payment away from franchise fees to debt service as allowed each year
 - Free up franchise fee for supplementing public safety
 - This would be three transfers of \$100,000.
 - This money could also be used for library HVAC or pool floor



- Reduce road spending in Franchise Fees
 - Franchise fees can be used for public safety. Any time we offset the cost of public safety it allows the city to spend money on other general fund departments. While the city needs to maintain the streets, cuts are needed to ensure the city functions.
 - \$50,000 transfer from franchise to the general fund
 - The city already transfers \$30,000 for public safety from franchise fees
- Vote on local option sales tax language to change to all government purposes
 - This is needed to allow for general fund operations to be charged to local option sales tax

Items the council did not approve:

- Code Enforcement officer
 - The city will need to cut the code enforcement officer to create space in the general fund. This position was created by the city council in 2021. The City Administrator understood Community Development was at a high level of staff, because staff were needed to address the critical job of improving housing in Oelwein. With the city finishing up the first round of rental inspections and moving onto the second round. New software and longer tenure of staff should allow for more time for the Building Official and Building Inspector. This will reduce the city's ability to address code enforcement. This cut is not supported by the department head or the Mayor.
 - An alternative would be to move this position to a part-time April-November. The position would cap out at 1040 hours.
- Move funding for the chamber to the hotel motel tax
 - The city would reduce the amount of available hotel motel funds from \$20,000 to \$10,000 each year with the chamber receiving \$10,000, of their \$50,000, from hotel motel funds. This would not include the payback clause should the chamber run a profit on their events. This frees up local option sales tax to be used for other general fund needs.
 - Cut= \$10,000
 - July 1, 2025



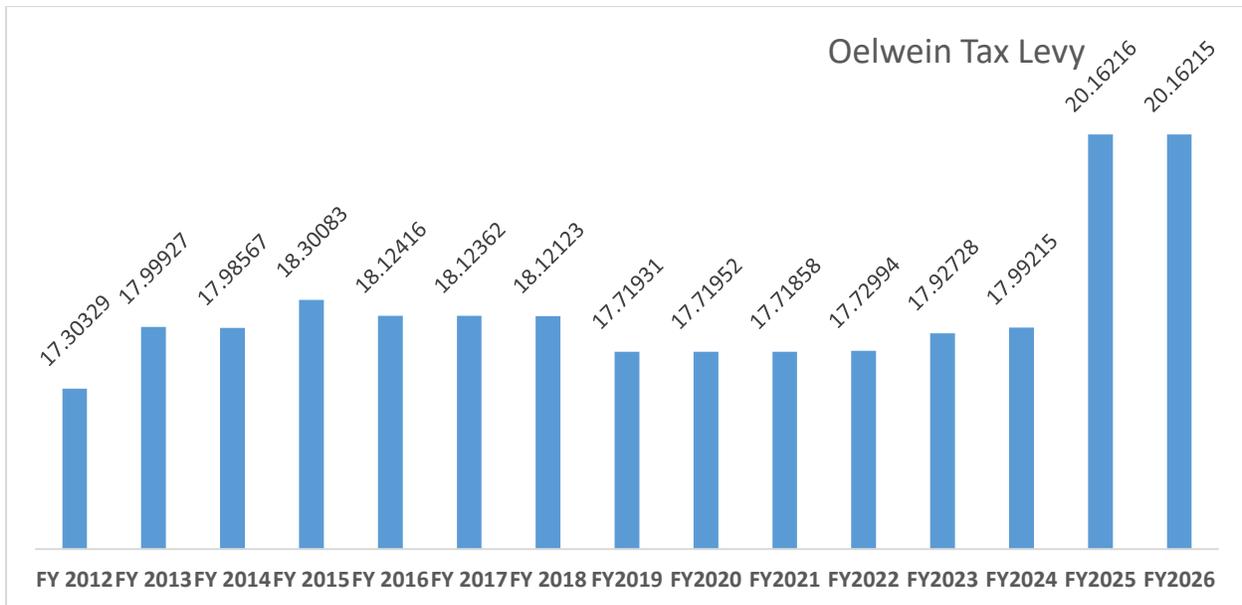
FY2027 Budget Letter to Oelwein City Council

Honorable Mayor and Council,

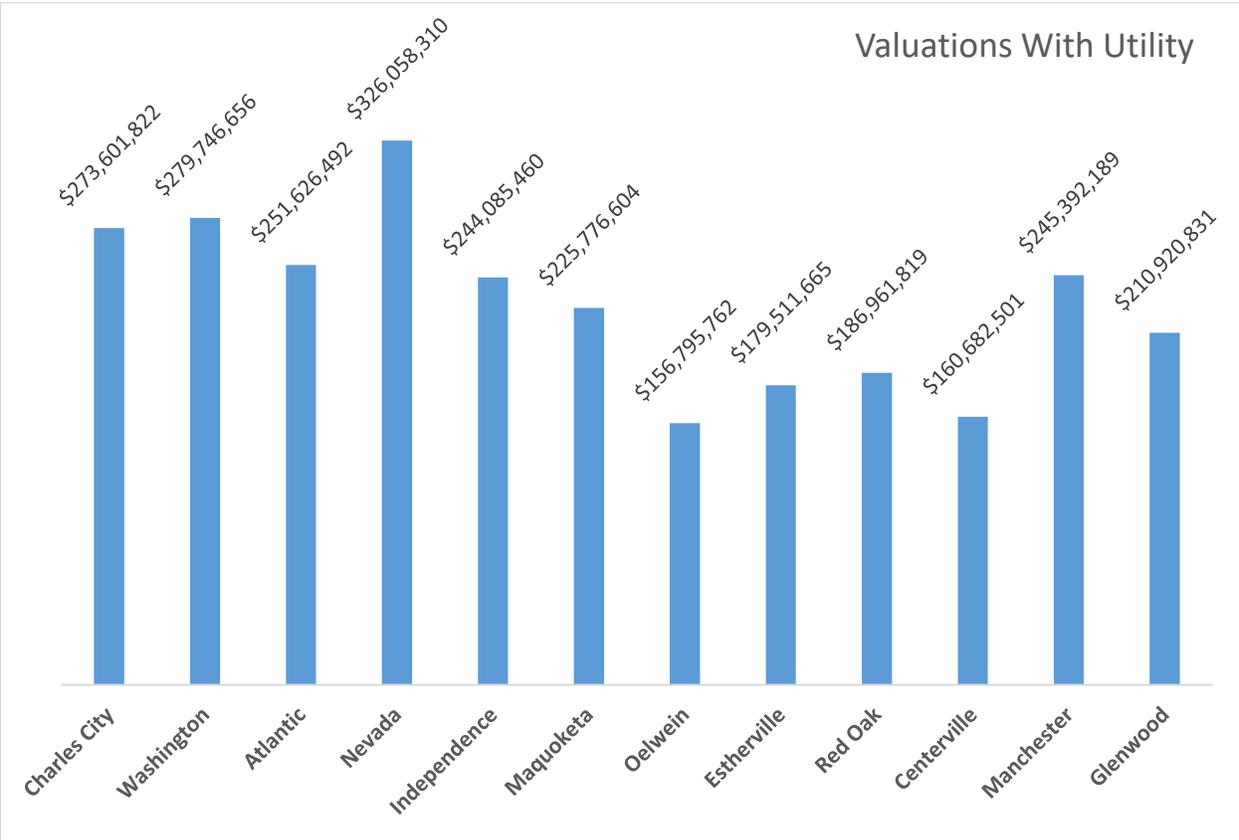
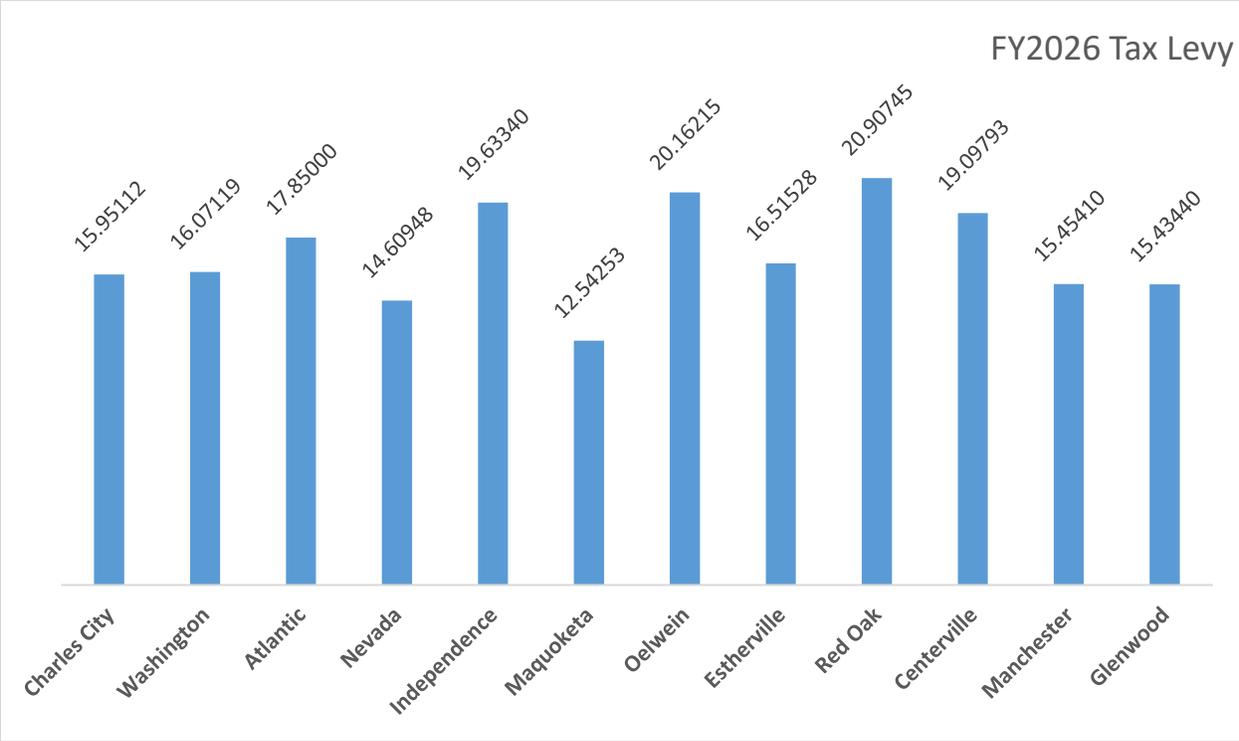
The city has started the FY2027 early as meeting commenced in May of 2025 to have serious discussions about budget reductions. The state of Iowa continues to limit the cities abilities to provide services locally. The mentality now for most departments is to increase salaries then expect no increases in any other fund. This is difficult as supplies and equipment are costly and rise each year. The city council made several decisions in 2025 that will limit some services previously provided by the city. With the potential of even more property tax cuts, the city council will need to direct staff to keep essential service functioning while evaluating any other services that ius not absolutely necessary for the organization.

Tax Rate

The City Council adopted a tax rate of \$20.16215 for the year 2025-2026 (FY2026). The proposed tax rate is \$20.16215. The decrease is minimal. The city was able to use high valuations and did not have to increase the levy.



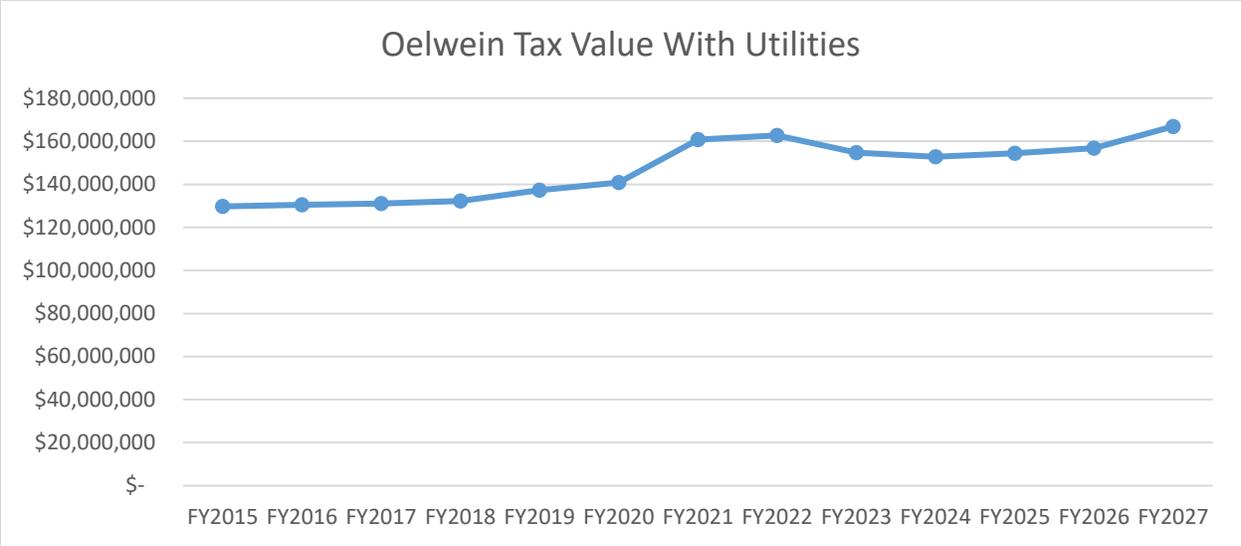
The Oelwein tax rate is high, because assessed values are low and require a high tax rate. The city council has done a great job ensuring spending has been conservative, and services are being delivered as expected from the public. This conservative spending shows the community that council is doing their due diligence and tasking staff with the need to be flexible and innovative when spending public dollars.



Oelwein has a high levy because 55 percent of the homes were built before 1940 and have an average assessed value of \$37,184. A house valued at \$37,184 pays just over \$335.00 in property tax annually. The \$350.00 of taxes is spread out among the city and other taxing entities, the school district, county, community college, and other smaller levies. This is a challenge for the city as low revenues from property tax will continue to restrict revenues and put a strain on city services which are already being offered. The following table shows how the city takes in revenue from property taxes.

FY2026	Assessed Value	Roll Back	Taxable Valuation	Per 1000	City Levy	Property Taxes City Only
Residential	\$35,000	47.4316%	\$16,601	\$17	20.16215	\$335
Residential	\$200,000	47.4316%	\$94,863	\$95	20.16215	\$407
Commercial	\$200,000	47.4316%	\$71,147	\$71	20.16215	\$407
		90%	\$45,000	\$45	20.16215	\$907
						\$1,314
Industrial	\$1,000,000	47.4316%	\$71,147	\$71	20.16216	\$407
		90%	\$765,000	\$765	20.16215	\$15,424
						\$15,831
FY2027						
Residential	\$35,000	44.5345%	\$15,587	\$16	20.16109	\$314
Residential	\$200,000	44.5345%	\$89,069	\$89	20.16109	\$406
Commercial	\$200,000	44.5345%	\$66,802	\$67	20.16109	\$406
		90%	\$45,000	\$45	20.16109	\$907
						\$1,314
Industrial	\$1,000,000	44.5345%	\$66,802	\$67	20.16109	\$406
		90%	\$765,000	\$765	20.16109	\$15,423
						\$15,830

The city saw the largest increase in valuations since 2021. The city could not use all that increase as the new state laws ratchet down the city to collect all the taxes. The increase in valuation is a good sign for the community and much needed after there to four years of decrease and stagnate valuations. The state continues to restrict funding to local governments. The new calculation for business is a large decrease for Oelwein as the commercial properties see fifty percent of their first \$150,000 in taxable value decreased. With new tax laws on the horizon, Oelwein will have to sit tight and see how the changes will affect future budgets.



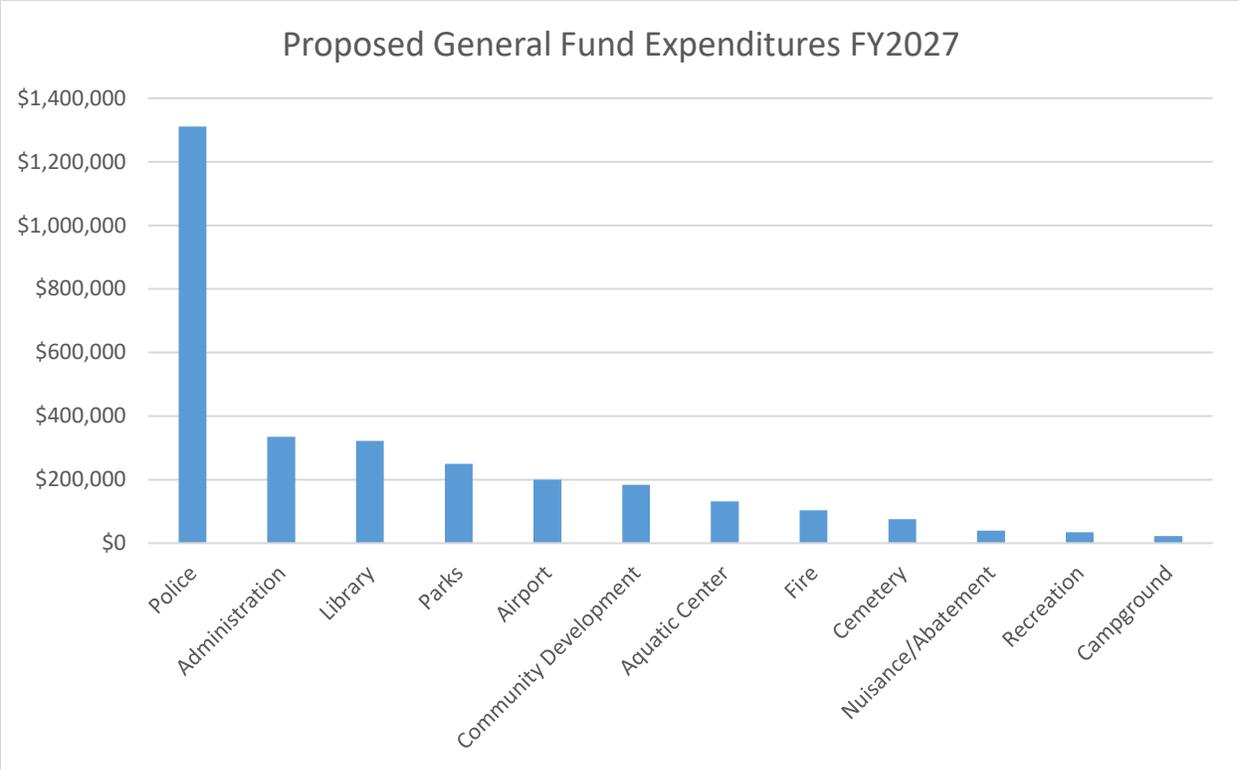
Loss of the State Backfill

The chart below shows how the city has lost revenue that was once guaranteed by the state. This revenue was used to provide general fund services. The city will receive no backfill in FY2027. The backfill was the state using their revenues to backfill state mandated property tax cuts.

Backfill History	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
	\$74,546	\$70,846	\$81,192	\$104,564	\$114,332	\$111,382
Future Backfill						
	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027
	\$111,382	\$89,105	\$66,829	\$44,553	\$22,276	\$0

General Fund

The general fund is not on track as the expenditures are larger than revenue. While budget cuts have extended the ability to provide services, the city will still need to reduce in future budgets. The general fund provides multiples services to the community. Prioritizing these services is difficult and requires several meetings of the city council and public comment. Even with a budget crunch, a level of service will be delivered in



The Community Development Department is funded through general fund and Local Option Sales Tax. Administration is split three ways between general fund, water, and wastewater. This chart shows only the general fund expenditures.

If Oelwein received a stable three percent increase in property taxes, the city would be in a much better place financially.

Year	Property Taxes Received	If stable 3 percent	Loss
FY2015	\$1,050,937	\$1,082,465	
FY2016	\$1,056,557	\$1,114,939	\$58,382
FY2017	\$1,061,307	\$1,148,387	\$87,080
FY2018	\$1,071,057	\$1,182,839	\$111,782
FY2019	\$1,112,247	\$1,218,324	\$106,077
FY2020	\$1,140,689	\$1,254,874	\$114,185
FY2021	\$1,302,573	\$1,292,520	-\$10,053
FY2022	\$1,317,776	\$1,331,296	\$13,520
FY2023	\$1,217,916	\$1,371,234	\$153,318
FY2024	\$1,237,352	\$1,412,371	\$175,019
FY2025	\$1,267,511	\$1,454,743	\$187,232
FY2026	\$1,254,476	\$1,498,385	\$243,909
FY2027	\$1,329,756	\$1,543,336	\$213,580

Franchise Fees

Franchise Fees are the five percent taxes on natural gas and electric. They can be used for several purposes including public safety, public buildings, equipment, and economic development. The revenue for FY2027 is estimated at \$760,000. This revenue is dependent on weather and utility usage.

- FY 2027 (proposed)
 - \$825,000
 - Plan to spend
 - \$155,555 Police Station Loan
 - This has been reduced to help pay for CIP items
 - The city will use reserves in debt service for this payment.
 - \$152,000 property tax relief (general fund)
 - \$366,500 Capital Improvement Plan (CIP)
 - \$100,000 Road Improvements
 - \$30,000 public safety transfer

The city will be using franchise fees to fund road improvements. The franchise fee will be used to fund the final needed improvements to City Hall. The CIP program is balanced to meet the needs of each general funded department. The CIP items are voted on and approved by the city council when the budget is approved. Should the city continue to see reduced revenues from property taxes, franchise fees will need to be used for supporting the general fund in a larger capacity.

Economic Development

The City of Oelwein uses local option sales tax for economic development and property tax relief. This funding is used to better the community and accomplish the goals set by Council. A high priority of Council is to improve housing. The City Council has the option this year to make a large impact on housing. I have outlined the dollars and how the city can use them below:

Local Option Sales Tax Revenue (projected FY2027)

- \$750,000
 - \$525,000 economic development
 - \$225,000 property tax relief
- \$525,000
 - This money is used for multiple economic development activities:
 - \$100,000 Road Improvements
 - \$100,000 Event Center
 - This will be the 4th of 5 payments
 - \$50,000 Oelwein Chamber and Development
 - \$45,000 Abatement (Code enforcement officer)
 - \$35,000 Oelwein Regional Tech Complex (Tec Spec)
 - Last year
 - \$35,000 Library Accreditation
 - \$25,000 Residential tear down grant (will be used for downtown buildings)

- \$50,000 Junk house removal (will be used for downtown buildings)
 - Reduced to \$50,000 because of budget cuts
- \$20,000 Fayette County Housing Trust Fund
- \$30,000 Wellness Center Loss

Reserves

The City of Oelwein is working toward having strong accounts to help the city remain fiscally stable and prepare the city for future loans and emergency expenses. Having stable reserves saves the city money and prepares the city for emergency expenses. It is generally considered a best practice to have 20 percent of expenses in reserves. This percentage can fluctuate based on availability and City Council determination. The following are reserves for the City of Oelwein in Fiscal Year 2026 and 2027.

The city council will need to make some hard decisions on expenditures in franchise fees and economic development. These funds are projected to continue to drop as road funding has put a strain on both funds. Tearing down two buildings in the downtown was a major expense with 27 south Frederick costing \$110,709 and 33 South Frederick costing \$96,000. Both projects were unexpected and set back residential demolition by five years. This is why residents are frustrated with the city, because even if we plan, we cannot plan for taking down two downtown buildings in two years.

20% Reserve	Fund	FY2025 Start	FY2026 Start	Projected FY2027 Start	Projected FY2028 Start
\$661,426	General	\$1,239,467	\$1,256,329	\$687,143	\$428,658
\$188,175	Road User Tax	\$593,253	\$577,647	\$487,647	\$493,547
\$194,424	Franchise Fees	\$353,388	\$76,955	\$103,405	\$55,905
\$191,244	Economic Development	\$597,367	\$232,480	\$15,217	\$5,252
\$415,239	Water	\$866,141	\$849,903	\$557,317	\$935,973
	Water Infrastructure	\$34	\$404,658	\$135,000	\$555,000
\$500,576	Sewer/Waste	\$1,341,081	\$1,518,951	\$1,026,201	\$1,323,767
	Sewer/Waste Infrastructure	\$8	\$417,236	\$837,236	\$100,265

Capital Improvement Program (CIP)

The Capital Improvement Program (CIP) is now in its fifth year for the City of Oelwein. Franchise fees will play a key role in purchasing equipment and infrastructure. Franchise is the main fund for our Capital Improvement Program. The complete CIP is included in the budget book. Additional funding sources for the CIP include Road Use Tax, Utilities, Municipal Trust, Grants, and Economic Development.

Comparable Cities

The City uses several cities in Iowa to make comparable evaluations. This is based on population, location, income, and general characteristics. The city uses the following comparable cities:

- Estherville
- Maquoketa
- Red Oak
- Centerville
- Nevada
- Atlantic
- Washington
- Charles City
- Glenwood
- Independence
- Manchester

FY2027 and Beyond

We will sit and wonder on the future of the city budget as we wait for the state to make decisions on the future of property taxes. Oelwein is value so low compared to other cities but has a high demand for services. The city council will need to continue to make difficult decisions with assistance from staff. Each year the discussion must center around what must be provided and what can be cut back. Unless a new tax is inventive or the state starts providing any dollars to local government, the future is rough for Oelwein.

Thank you for your time,

Dylan Mulfinger, City Administrator

Oelwein Utility Infrastructure Funding Plan

Item 3.

Water	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034	FY2035	FY2036	Total
Project Start Date	No Project	May-26	No Project	No Project	May-29	No Project	No Project	May-32	No Project	No Project	May-35	No Project	
Design	Jan-25			Jan-28			Jan-31			Jan-34			
Bid		Jan-26			Jan-29			Jan-32			Jan-35		
Rev	\$420,000	\$420,000	\$500,000	\$580,000	\$660,000	\$580,000	\$580,000	\$580,000	\$580,000	\$580,000	\$580,000	\$580,000	
Project Cost		\$1,905,000			\$2,240,000			\$2,240,000			\$2,240,000		\$8,625,000
									No Project				
Waste Water	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034	FY2035	FY2036	
Project Start Date	No Project	No Project	May-27	No Project	No Project	May-30	No Project	No Project	May-33	No Project	No Project	May-36	
Design		Jan-26			Jan-29			Jan-32			Jan-35		
Bid			Jan-27			Jan-30			Jan-33			Jan-36	
Rev	\$420,000	\$470,000	\$870,000	\$870,000	\$870,000	\$870,000	\$870,000	\$870,000	\$924,000	\$924,000	\$924,000	\$937,150	
Project Cost			\$2,260,000			\$3,110,000			\$3,164,000			\$3,285,150	\$11,819,150
													\$20,444,150

Project Cost assumes that CDBG provides \$500,000 to each project. We also assume that water brings in \$35,000 monthly along with sewer earning \$35,000 monthly. The city will move monthly this amount into infrastructure accounts. Projects must include engineering fees in the total dollar amount.