

Proposed FY 2022 Budget Presentation

General Fund

Trust & Agency Fund

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Administrative Services



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Trust & Agency Fund – Key Issues

Revenues

- 1) Same property tax impacts as General Fund
- 2) Revenues from State Property Tax Backfill
- 3) Levy went from \$1.34 to \$1.59 in FY 2016-17, has been \$1.59 since.

Expenditures

- 1) Budgeting 5% increase in health insurance costs for FY 21-22, health insurance claims are trending positively versus premiums.
- 2) Retiree insurance increase w/ projected retirements
- 3) 79% for insurance programs, 21% for Police pensions

Fund is stable, tax rate to stay at \$1.59, need to closely monitor future trends.

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General Fund – FY 2019-20 Actual

- 1) Revenues – Increased \$120,000 (+0.7%)
 - Although would have been higher but for COVID-19 impacts at the end of the FY.
- 2) Expenditures – Decreased 1,155,000 (-6.2%)
 - Spent 94.2% of what was budgeted, less salary/wage costs
 - Less parks/rec and aquatic expenses due to pandemic closures
 - Less Hotel/Motel allocations and other General Fund related expenses
- 3) Financial Position/Cash Balance
 - Original Budget = \$1,000 surplus
 - Actual/Audited = \$47,000 surplus

Cash balance as % of Expenditures = 28.8% Approved Budget, 34.3% Actual

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General Fund – FY 2020-21 Revised

1) Revenues – Increase of \$48,000 (+0.3%)

- Increases in grant funding due to COVID-19/Derecho, more LOST to support Station #43
- Lower than anticipated revenue in recreation and aquatics programming and Hotel Motel revenues due to COVID-19.

2) Expenditures – Increase of \$115,000 (0.6%)

- Higher than anticipated expenses associated with Westside Station and Urbandale Station #43
- Higher IT and Facility costs due to COVID-19 safety protocols and remote work increase

3) Financial Position/Cash Balance

- Original Budget = \$176,000 surplus
- Revised Budget = \$110,000 surplus

Cash balance as % of Expenditures = 29.7% Approved Budget, 31.9% Revised

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General Fund – Overview

- Main Operating Fund of the City of Clive
- Provides for primary governmental activities
 - ✓ Public Safety, Public Works, Health & Social Services, Culture & Recreation, Community & Economic Development and General Government
- Current FTE count: 134.2
 - ✓ +11% in past 5 years, nearly 15% growth in population
 - ✓ Current year includes additions of 3 patrol officers in PD, building inspector position in Com Dev and ROW Operations Specialist in Public Works.
 - ✓ No requests for additional staffing in FY 2021-2022
- Total City of Clive Property Tax Levy = \$10.14
 - ✓ General Fund Tax Levy = \$7.07 (70% of total)

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Administrative Services

- Provides official municipal services and records management for Clive
- 9 full-time positions (transfer of HR Manager to Admin resulted in growth to 9 positions)
- Current Trends and Issues (Budget Memo)
 - ✓ Re-Organization of Department
 - ✓ Many short-term initiatives (budget process, accounts payable workflow/process, 457 transition, online job apps)
- Significant Budget Requests for FY 2021-22
 - ✓ None

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Police

- Primary law enforcement agency for Clive
- 28 full-time sworn, 3 full time civilian and one part-time civilian positions

- Current Trends and Issues (Budget Memo)
 - ✓ Achieving a new patrol scheduling model (4/10)
 - ✓ Beginning a Police K-9 Program
 - ✓ Ongoing efforts for professionalism, fairness and accountability

- Significant Budget Requests for FY 2021-22
 - ✓ Addition of K-9 Program (further detail on next slide)
 - ✓ Patrol vehicle replacements (3) = \$127,000
 - ✓ Unmarked vehicle replacements (2) = \$37,000 total
 - ✓ New Public Safety Center operational support = \$36,000 total for half-year of operations

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Police Proposed K-9 Program

- Funding Needs Estimate:
\$58,098
- Cash Raised as of January 21:
\$28,127
- In-Kind Contribution offer
from Clear Lake PD: \$22,180
- Total Raised: \$50,307



“Szaron”

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Fire

- Provides Fire and EMS services for Clive
- 20 full-time and approximately 30 part-time positions
- Current Trends and Issues (Budget Memo)
 - ✓ Service Delivery Collaborations (Urbandale and Westside)
 - ✓ New Public Safety Center – Opening December 2021
 - ✓ Paramedic Training and Equipment Update
- Significant Budget Requests for FY 2020-21
 - ✓ Ambulance Remount (New Chassis) = \$145,000
 - ✓ New Public Safety Center operational support = \$36,000 for half-year

Leisure Services

- Provides Quality of Life services for Clive (Parks/Rec/Library)
- 22 full-time, 5 part-time and 100+ seasonal positions

- Current Trends and Issues (Budget Memo)
 - ✓ First year as Director for Richard, rapidly adjusting services to the pandemic and related safety protocols
 - ✓ Operationalizing the goat program with equipment, volunteerism and addition of a forestry mulcher.

- Significant Budget Requests for FY 2021-22
 - ✓ Replacement of Skid Steer with the addition of a forestry mulcher attachment = \$112,000
 - ✓ Replacement/Trade-Ins of Rubber Tire Backhoe & Breaker, air compressor from PW = No Cost
 - ✓ Annual Park Improvement/Replacement Funding (Linnan Park) = \$125,000
 - ✓ Purchase of Turf and Prairie Seeder = \$16,500
 - ✓ Replacement of basketball hoops at Lundberg and Huntington Ridge Parks = \$4,800
 - ✓ Park signage multi-year signage replacement program = \$24,000/year for two more years
 - ✓ Annual Aquatic Center Replacements (Lazy River Spray Feature) = \$21,000 total

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Community Development

- Provides development activity oversight for Clive
- 8 full-time positions, one part-time position

- Current Trends and Issues (Budget Memo)
 - ✓ Zoning Ordinance Update
 - ✓ University Avenue Corridor Study
 - ✓ District 1 Neighborhood Plan, Linnan Park Tactical Plan, Flood Property Buyout Area Plan
 - ✓ Capital Improvements Plan
 - ✓ Support for Citywide Efforts: Water Resources Master Plan, Stormwater Management, Northern Neighborhoods Park Planning

- Significant Budget Requests for FY 2021-22
 - ✓ Upgrade of Planner/GIS Analyst to Senior Planner position



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City Manager's Office

- General Management and Oversight of City of Clive operations
 - Technology Services Division and Human Resources Division (proposed to move to City Clerk's Office)
- 5 full-time positions, 2 in CMO and 3 in Technology Services
 - Was reduced to 5 full-time in previous fiscal year with transfer of HR Manager to Admin Services
- Current Technology Services Trends and Issues (Budget Memo)
 - ✓ Disaster Recovery/Business Continuity Best Practices
 - ✓ Security
 - ✓ General Fund and Capital Equipment Expenditures
 - ✓ Future of Technology Services – New Data Center
- Significant Budget Requests for FY 2021-22
 - ✓ Annual network infrastructure replacements = \$58,000
 - ✓ Annual computer and copier replacements = \$61,000

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General Fund – Revenues

Significant Revenue Increases

1) Property Tax (+\$430,000)

- a. Assessed Valuation Increased by 2.5%, Taxable Valuation increasing by 3.84%
 - a. Residential Rollback increased from 55.07 to 56.4%
 - b. Multi-Family Residential Rollback decreased from 71.25% to 67.5%
- b. Recreation & Aquatics Revenue Recovery Post COVID-19 (+392,000)
 - a. Estimated return to normal operations following the pandemic w/ summer programming

Stable Revenues

1) Dallas County LOST Property Tax Relief (\$641,000)

- a. Tax relief to offset expenses associated with Urbandale Fire Station #43 collaboration

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General Fund – Revenues

Significant Revenue Decreases

1) Hotel/Motel Tax Revenue

- a. Showing \$900K in budget year and future years, history of \$1 million+

2) Smaller revenue decreases in a variety of areas

- a. Interest Income drop due to COVID-19 market impacts (-\$25,000)
- b. Decrease in building permit revenue, only as a result of new hospital history (-\$25,000)
- c. Off-year for rental inspection program (-\$64,000)

Overall revenues increase of 1.3% from FY 2020-21 to FY 2021-22, \$244,000 in additional revenue.

* - Increase in “Transfers In” of \$150,000 due to continuation of salary/expense reallocations.

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General Fund – Expenditures

Significant Expenditure Changes

- 1) Collaborative Public Safety Programs (+\$159,000)
 - a. Westcom Dispatch Costs: +\$24,000
 - b. Fire/EMS Collaborations: +\$134,000 (Westside Station up \$35K, Urbandale Station #43 up \$99K)
- 2) Normal Recreation and Aquatics Programming Operations (+\$118,000)
 - a. Anticipating normal programming following the COVID-19 changes in the current fiscal year
- 3) Salaries and Wages (+\$78,000)
 - a. Annual wage increase estimate of 3.75% (Based on October 2020 CPI of 1%)
 - b. “27th Payroll” anticipated in FY 2022-23, happens once every 11 years

Overall expenditure increase of 2.5% from FY 2020-21 to FY 2021-22, \$467,000 in new expenditures.

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General Fund Financial Position

1) Financial Position/Cash Balance

- Last Year's Projection = \$366,000 surplus
- Proposed Budget = \$182,000 surplus

2) 99% Expenditure Assumption

- \$390,000 surplus in FY 2021-22

Cash balance as % of Expenditures = 30.8% Projected, now projected at 32.2% in Proposed Budget

Future projections show stability for the short and long term.

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State Property Tax Backfill

- Results of 2013 Commercial Property Tax Legislation
- \$529,000 received from State for Backfill
 - Prorated based on levy: \$303,000 General, \$77,000 Debt, \$82,000 T&A
 - Stable when compared to previous and current fiscal years
- What is the potential result of losing the backfill?
 - Debt Service and Trust & Agency can withstand loss, although limits future
- General Fund Options for \$370,000 Backfill Revenue Loss
 - 1) Status Quo – If lost, fund balance drops to 30.5%
 - 2) Expenditure Reductions – One-time, phased
 - 3) Revenue Enhancement – One-time, phased = \$0.23 levy
 - 4) Hybrid – Combination of Option #2 and #3

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State 2% Transparency Threshold

- 2019 Property Tax Legislation - 2% Transparency Threshold
- Requires supermajority vote on resolution to exceed 2% property tax revenue growth threshold for a proposed City budget (3.8% growth included in FY 2021-22)
- If limited to 2% property tax revenue growth, loss of \$527,000 in revenue
 - Prorated based on levy: \$430,000 General and \$97,000 Trust & Agency
- What would happen to the tax rate if 2% threshold was observed? Drop in Clive tax rate by \$0.32.
 - \$0.26 reduction in General Fund levy and \$0.06 reduction in Trust & Agency Levy
 - Expenditure reductions of \$430,000 in General and \$97,000 in Trust & Agency

City Manager's Recommendation

Maintain the existing Clive tax levy rate of \$10.14

General Fund \$7.07,

Debt Service \$1.48

Trust & Agency \$1.59

This would be the sixth year in a row maintaining the \$10.14 rate.

Metro Area City Tax Levies FY2020-2021	
<u>City</u>	<u>Total City Tax Levy</u>
Ankeny	\$ 10.00
Clive	\$ 10.14
Urbandale*	\$ 10.16
Johnston	\$ 10.63
Altoona	\$ 10.75
West Des Moines	\$ 10.99
Pleasant Hill	\$ 11.50
Grimes	\$ 11.71
Waukee	\$ 13.30
Windsor Heights*	\$ 14.48
Norwalk	\$ 15.20
Des Moines	\$ 16.61
* Does NOT include \$0.39 Sewer District Levy	

City Manager's Recommendation

Recommendation based on the following factors:

- 1) Directions Outlined in Strategic Plan
 - a. Cost Effective Delivery, Forward Thinking, Continuous Improvement
 - b. High quality services at a very competitive tax rate = the “Best Deal in the Metro Area” for Clive residents/businesses
 - c. Reflects the City's Financial Strategy of conservative financial practices to protect the City from unknowns, while also positioning the City to take advantage of future opportunities to realize the City Council's vision for the community
- 2) Meeting the Needs of a Growing Community
 - a. Population growth of 15% over past five years
 - b. Staffing growth of 11%
 - c. Inclusion of last phase of full 24/7 staffing of Urbandale Fire/EMS collaboration

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Cost to the Clive Taxpayer

FY 2020-21 Current								
Type of Property	Property Tax (1)			Franchise Fee	Utility Fees			Total Annual Taxpayer Cost for City Services
	General	Trust & Agency	Debt Service	Electric/Gas	Water (2)	Sewer (2)	Stormwater (3)	
House Valued at \$318,000 (1) with 5,000 Gallons of Water Usage (2) and 1 ERU (3)	\$ 1,238.12	\$ 278.44	\$ 259.18	\$ 100.00	\$ 465.36	\$ 462.00	\$ 103.32	\$ 2,906.42
Business Valued at \$1,000,000 (1) with 12,000 Gallons (2) and 15 ERU (3)	\$ 6,363.00	\$ 1,431.00	\$ 1,332.00	\$ 500.00	\$ 1,116.84	\$ 974.04	\$ 1,549.80	\$ 13,266.68

FY 2021-22 Proposed								
Type of Property	Property Tax (1)			Franchise Fee	Utility Fees			Total Annual Taxpayer Cost for City Services
	General	Trust & Agency	Debt Service	Electric/Gas	Water (2)	Sewer (2)	Stormwater (3)	
House Valued at \$318,000 (1) with 5,000 Gallons of Water Usage (2) and 1 ERU (3)	\$ 1,268.24	\$ 285.22	\$ 265.49	\$ 100.00	\$ 479.28	\$ 471.12	\$ 113.64	\$ 2,982.99
Business Valued at \$1,000,000 (1) with 12,000 Gallons (2) and 15 ERU (3)	\$ 6,363.00	\$ 1,431.00	\$ 1,332.00	\$ 500.00	\$ 1,150.92	\$ 993.60	\$ 1,704.60	\$ 13,475.12

Increase (Decrease) in Cost from FY 2020-21 to FY 2021-22								
Type of Property	Property Tax (1)			Franchise Fee	Utility Fees			Total Inc (Dec) in Annual Cost for City Services
	General	Trust & Agency	Debt Service	Electric/Gas	Water (2)	Sewer (2)	Stormwater (3)	
House Valued at \$318,000 (1) with 5,000 Gallons of Water Usage (2) and 1 ERU (3)	\$ 30.13	\$ 6.78	\$ 6.31	\$ -	\$ 13.92	\$ 9.12	\$ 10.32	\$ 76.57
Business Valued at \$1,000,000 (1) with 12,000 Gallons (2) and 15 ERU (3)	\$ -	\$ -	\$ -	\$ -	\$ 34.08	\$ 19.56	\$ 154.80	\$ 208.44

City Council Direction & Next Steps

Direction

- 1) Do you concur with the City Manager's Recommendation for the proposed FY 2021-22 General Fund Budget?
- 2) Does the City Council have any additional thoughts or staff direction regarding optional budget programs/items?

Next Steps

- 1) Further discussion at February 4 Council work session (if needed)
- 2) General Fund and Trust & Agency Fund budgets incorporated into overall budget proposal
- 3) **February 25** – Public hearing and resolution on exceeding 2% property tax revenue growth (super vote). Budget Publication and setting the budget public hearing, sets maximum property tax rate.
- 4) **March 25** - Budget public hearing and vote on proposed FY 21-22 Budget
- 5) **March 31** – State mandated deadline for City budget certification

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