



November 5, 2020

SUBJECT: 2021-2025 Capital Improvements Program

Mayor Cirksema and Clive City Council Members,

On November 5 the City Council and staff will hold a workshop to discuss the proposed 2021-2025 Capital Improvement Program (CIP) included herein. The discussion was an opportunity for the City Council to provide staff your insights and thoughts regarding the extensive infrastructure program proposed in this CIP, with particular focus on proposals to address infrastructure reinvestment such as pavement rehabilitation, facility improvements and the redevelopment and development of park facilities, trail system and key assets along and within the Clive Greenbelt.

During the November 5 workshop, Community Development Director Doug Ollendike and staff will provide a brief overview of the proposed CIP to seek the City Council's direction on any modifications you would like to see in the CIP following your review. Following the discussions during the November 5 workshop, the City Council is scheduled to hold a public hearing for the proposed 2021-2025 Capital Improvements Program on December 10, with action to approve the CIP to follow.

Several critical success factors influence how well the City of Clive can innovate to meet the challenges ahead; one of the most important is a smart, forward looking and integrated infrastructure program. The focus is on three core missions in this citizen-centric program:

- Provide a healthy, pleasant and safe living environment for Clive residents.
- Strengthen economic vitality, demand and competitiveness, and
- Sustain a pattern of funding resilient infrastructure investments—buildings, roads, utilities, waterways, and quality of life.

Clive has been proactive in our response to changing demographics as the Des Moines Metropolitan Area continues to thrive into one of the strongest mid-sized metros in the country. In addition, Clive also seeks to adapt our capital strategies and approaches in response to funding challenges posed by the COVID-19 pandemic. Starting almost a decade ago, we now continue a process to prepare the capital improvements program which supports achievement of the City Council's vision for the community. Key to this strategy is the Council's recognition of investment in infrastructure as a source of sustained competitive advantage for Clive as identified in the Clive Plan 2020-2025-2035 Goal of "Resilient City Facilities and Infrastructure" and a "Distinctive Clive Greenbelt".

Continuing to meet the growing needs of our community is made more difficult by the many financial constraints facing many cities, including Clive, for both the short-term as we work through the challenges

associated with COVID-19 and constraints for the foreseeable future. Previous efforts to develop a long-term strategy and to prioritize short-term goals have helped achieve sustained prosperity. That is to say Clive has been deliberate, tactical, and paid special attention to its fiscal responsibilities. Still, we have arrived at a time when we face significant challenges and threats to our ongoing efforts of competitiveness and economic growth.

Unquestionably, continued investment in effective and efficient infrastructure is a key factor supporting our core mission. This proposed infrastructure strategy takes a holistic view of the community, determining where and when to invest, articulates key objectives and helps define schedules. This framework for strategic infrastructure investment respects two key realities: the City has to perform on an array of prioritized goals, and the City has limited resources. The question is how to leverage these realities successfully as we navigate this new political and economic landscape.

Although a shift in thinking about our new realities is prudent, it is also critical to maintain an annual capital improvement process for the purpose of developing a five-year capital improvement plan (CIP). The five-year capital improvement plan being developed from this year's capital improvement process is for calendar years 2021-2025. The CIP process is intended to provide a format for departments to submit projects to the City Manager and City Council while providing an objective means for reviewing and ranking capital projects. The first year of the capital improvement program will be included as part of the budget submitted for Council approval in March 2021. The first two years of the program also determines the amount of infrastructure bonds and other debt instruments to be issued over the upcoming year(s).

Work on the 2021-2025 CIP has progressed on schedule to a point where information about projects and the corresponding financial plan are now ready for presentation to the City Council and approval. Notable observations about the 2021-2025 CIP include:

1. The 2021-2025 CIP responds to the City's strategic plan in numerous ways and based on the discussions of the City Council during its August 2020 strategic planning retreat the following changes have been made based on priorities determined during that retreat:
  - a. Continued focus of reinvestment in pavement rehabilitation and expansion. The proposed CIP identifies transportation related projects that exceed \$3.5 million per year on average, with approximately \$3 million per year earmarked specifically for pavement rehabilitation projects.
  - b. Continued emphasis on investments in both existing and the development of new City parks and trail facilities, stemming from the adoption of the Greenbelt Master Plan in 2016. The proposed CIP identifies support for redevelopment of existing parks such as Linnan Park, while also making investments in parks in newly developed areas such as Shuler Park, Alice's Road Park and the Shadow Creek Greenway. In addition, substantial projects are identified to begin to implement the Greenbelt Master Plan with priority investments at Greenbelt Landing, Porter Shelter and Campbell Park.
  - c. Increased focus on flood mitigation and water resource planning efforts through property buyouts, projects and a specific focus in the coming year on developing a Water Resources Master Plan for the City of Clive.
  - d. Improvements to city facilities with the recently initiated construction of a new public safety center at 8800 Hickman Road to be completed by November 201.
2. Being strong fiscal stewards by offering a plan that maintains the City's debt service levy (currently at \$1.48) within the approved financial policy for \$2.00 for non-referendum projects. In addition, with the recently approved Polk County Local Option Sales Tax (LOST) combined with the

previously approved Dallas County LOST, the City is able to deliver on a number of capital investments outlined in the public education campaigns for those LOST referendums.

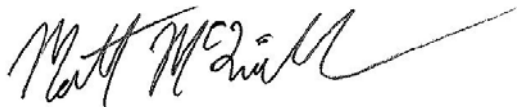
3. With the new realities of less state and federal resources, the City is looking for partnerships with neighboring cities for joint construction projects that are mutually beneficial, such as the street construction and rehabilitation projects on Meredith Road with Urbandale, and a future focus on reconstruction of Alice's Road with Urbandale and Waukee. In addition, success for the Greenbelt Triad projects and Walnut Creek Watershed will require additional partnerships and advocacy with our neighboring communities to garner water quality and quantity results.
4. Needs in terms of continued infrastructure investment to encourage development and growth in the Shadow Creek area.
5. An emphasis on maintaining the City's infrastructure through the use of annual maintenance programs for city streets and traffic systems, the Greenbelt Trail, stormwater management and underground utilities.

Combined with the City Council's strategic planning efforts and prioritization, the annual CIP planning process provides an overall capital program. The process includes the establishment of a capital financing strategy, which involves major decisions and long-term commitments responsive to the purposes of limiting the cost of providing capital infrastructure and equipment while meeting the community's needs; ensures financial strength and flexibility in the future; strengthens Clive's standing with the bond rating agencies, bond buyers, regulators, and the local community; and culminates in December 2020 with the City Council's adoption of the 2021-2025 CIP document. Policy guidance on the development of the 2021-2025 CIP is provided in the Clive Financial Policies for the Capital Improvements Program, approved by Council on May 26, 2016.

Pending further discussion of the 2021-2025 CIP, City Council approval of the new CIP is requested during the meeting on December 10, 2020. With this action, next year's 2021 capital expenditures and debt issues will be finalized and ready to be included in the City's final budget for the upcoming 2021-2022 fiscal year.

I am pleased to forward for your review the attached set of CIP information documents including appendices, plan maps, individual project sheets, and summaries of projects by year and by category. I look forward to our discussions regarding projects, timing, financing, and determining the scope of the 2021-2025 capital program.

Respectfully Submitted,



Matt McQuillen  
City Manager

## **Capital Improvements Program (CIP)**

The Capital Improvements Program (CIP) serves as an effective guide for the efficient and effective provision of public facilities, outlining timing and financing schedules of capital and infrastructure projects for a five-year planning period, and for the next fiscal year capital budget.

The CIP identifies capital needs, establishes priorities and identifies potential funding sources. Key sources of identifying capital requirements include the Clive Comprehensive Plan as well as professional studies of facilities, transportation, utilities, and stormwater needs.

The CIP neither appropriates funds nor authorizes projects. The City Council must act to initiate each project. Proceedings to initiate capital improvements are presented when sources of funding are available.

The capital budget is a significant part of the 2021-2022 Budget. It represents costs associated with capital projects in the first year of the 2021-2025 Capital Improvements Program.

Capital projects may include land acquisitions, the construction of new buildings, additions to or renovations of existing buildings, construction or reconstruction of street and utility infrastructure, and major equipment purchases. Because of the size and magnitude of these projects, bond funds are a major source of financing for projects including utility projects.

Staff performs a systematic evaluation of capital project requirements, identifies any project changes, incorporates recommended changes and submits the revised program to the City Council for consideration, modification and adoption as a part of the annual budget process.

During the preparation and review of the recommended Capital Improvements Program, city management staff employed experience-based judgment to identify which projects can be accomplished within a given year, within the limit of the City's control. As would be expected, project expenditure and revenue estimates for the earlier years are more precise than in the late years of the plan.

Numerous sources are drawn upon to develop the expenditures included within this document including plans and/or studies completed or currently in process. A list of past and current plans and studies are provided following this memo.

Capital Improvement Program projects scheduled for completion during each year for the next five-year period are summarized in Appendices 2, 3 and 4. Maps showing the overall plan, pavement rehabilitation-specific plans and water main rehabilitation plans are also included.

## **Process**

The annual capital improvement process is a process created for the purpose of developing a five-year capital improvement program. The five-year capital improvement process is for projects occurring in calendar years 2021-2025. The CIP process is intended to provide a format for departments to submit projects to the City Manager and to the City Council while providing an objective means for reviewing and ranking capital projects. The first year of the capital improvement program will be included as part of the budget submitted for Council approval next March. The first two years of the program also determines the amount of bond issues and other debt instruments that will be issued over the upcoming year(s).

The capital improvement process includes a submittal form that gathers information about capital projects including information on the department, the project type and purpose, funding sources, underlying City studies and reasons for the project's timing. These factors will be combined with other factors such as relevance to City Council goals, method of financing and whether or not it is new or replacement work. Evaluation criteria will be applied to the relevant factors to provide each project with a score that will be used to rank and prioritize each project.

Since the financing for the first year of projects will be issued through a bond in early 2021 and the expenditures for these projects will also become part of the adopted budget, the emphasis in the capital improvement process will be on the first year of the capital program. The projects for the remaining four years of the program will become part of the City's long-term financial plan and five-year capital improvement plan, and will not have debt issued for them until future years. These projects are still an important part of the capital improvements program as they help shape the debt issues and debt service levy into the future.

### **Synopsis**

The Capital Improvements Program for 2021-2025 totals \$66,686,000, and represents an approximate 8% decrease from the previous five-year CIP. Of this total 28% is for street related projects (whether street rehabilitation or new street projects), 13% is for municipal utility projects, 35% is for Greenbelt/parks facilities, 17% for the new public safety center and 7% for non-street related annual infrastructure reinvestment.

Capital Budget requirements for 2021 total approximately \$26.6 million (the largest single year of capital investment in the City's history). Capital spending authorizations by year/project/category are contained in Appendices 2, 3 and 4 and for the upcoming year include:

- Annual Maintenance                      \$ 1,042,000 (non-street related)
- Transportation                              \$ 8,729,000 (both rehabilitation and new streets)
- Municipal Utilities                         \$ 300,000
- Greenbelt/Park Facilities                 \$ 5,540,000
- Public Safety Facilities                     \$11,000,000

This program represents a concerted effort to ensure that needed capital projects and infrastructure are in place in a timely manner to accommodate continued growth and development in the community. Staff has worked to mitigate the impact that debt service requirements would have on the annual property tax levy through careful review of the need for the projects, timing of these projects, and by making several policy recommendations for funding, described in other sections of this document.

### **Program Overview**

The capital improvement program provides an organized timeline and objective grading criteria for the purpose of scheduling capital projects and planning long-term debt. The annual program calendar starts in September and culminates in late 2020 so that next year's capital expenditures and debt issues are finalized and ready to be included in the City's budget for the next fiscal year.

As a part of the process, capital projects are individually submitted on forms by each department. The projects are then evaluated based on the information provided on the forms. The following criteria are used for evaluating capital projects:

- Source of funding including availability of additional revenue.
- Total project cost (design and development) and schedule for completion.
- Operating and maintenance costs for at least a five-year period following completion.
- Useful life of asset.
- Benefits to the city including, but not limited to, the effect on future operating and maintenance costs, economy, services, public health and safety, environment, segment of population to be affected and special considerations.
- Alternatives considered.
- Consequences of not funding or deferral.
- Evaluation of citizen input.
- Impact on strategic goals for the City.

These urgency-of-need criteria are used as general guidelines that point to, rather than determine priorities among capital project requests. In evaluating the urgency of need, affordability is given strong consideration.

Once the projects are evaluated using the above criteria, they will then be ordered based upon their fund source and project year. Project summaries and order will then be reviewed by the City Manager and organized for presentation to the City Council.

### **Program Calendar**

#### **November 5, 2020**

City Council CIP Workshop. City Manager and City Council review capital budget process overview, capital planning, project ranking/priority list for Calendar Year 2021, review financial plan and debt service requirements for proposed 2021-2025 CIP. Feedback from citizens is considered and discussion is held on Council preferences.

#### **November 12, 2020**

During regular meeting, City Council sets public hearing for 2021-2025 CIP consideration for December 10 meeting.

#### **December 10, 2020**

Following a public hearing, City Council approval of the 2021-2025 Capital Improvements Program and distribution of the final digital CIP book.

#### **March 25, 2020**

Following public hearing, City Council considers FY 2022 Budget for adoption, including Debt Service Fund appropriation and 2021 capital project expenditures.

### **City Council CIP Policies**

The following is the Capital Improvements Program Section of the Clive Financial Policies approved by the City Council on May 26, 2016.

## **CAPITAL IMPROVEMENTS PROGRAM**

Policies for the capital improvements program are intended to encourage planning for future growth and infrastructure repair within the framework of the City's financial policies.

### **General Policies**

- A. The City should prepare and annually update at, minimum, a five-year capital improvement program (CIP). This program should identify future capital project expenditures made necessary by anticipated changes in population, infrastructure replacement and extension, economic base and/or land use. The improvement of land or buildings that is greater than \$5,000, is not an ordinary repair or maintenance expenditure, and has a useful life of three years or more. A capital improvement is budgeted in the Capital Improvement Fund if it is greater than \$50,000 and has a useful life of ten years or more and especially if funded through general obligation bonds.
- B. The operating and maintenance cost of a proposed capital improvement shall be calculated to determine a "true cost" of each improvement and assist in programming of future overall revenue requirements of the City.
- C. The capital improvements plan will include the costs, timing and sources of funding and the estimated impact of future revenue requirements for each project. These calculations shall reflect adjustments for inflation.
- D. The capital improvements plan should maintain the City's assets at a level adequate to protect the City's capital investments, minimize future maintenance and replacement costs, and provide for an adequate level of service.
- E. The annual expenditures identified in the CIP should be fully funded from financial resources that are anticipated to be current and available.
- F. Grants and similar forms of intergovernmental assistance should be used to finance only those projects identified in the CIP or other planning documents as the community needs.
- G. A fiscal impact analysis should be performed on all projects for which the City's financial participation is requested by the private sector. This analysis should identify anticipated direct and indirect public costs and revenues associated with the proposed project.
- H. Evaluate all requests for capital improvement projects using the following criteria:
  1. Source of funding including availability of additional revenue.
  2. Total project cost (design and development) and schedule for completion.
  3. Operating and maintenance costs for at least a five-year period following completion.
  4. Useful life of asset.
  5. Benefits to the City including, but not limited to, the effect on future operating and maintenance costs, economy, services, public health and safety, environment, segment of population to be affected and special considerations.
  6. Alternatives considered.
  7. Consequences of not funding or deferral.
  8. Evaluation of citizen input.

9. Impact on strategic goals for the City.
  - I. Design facilities using current technology in order to be efficient and cost effective, protect the public welfare and minimize adverse effects on the environment. Revise cost estimates after completion of design.
  - J. Priority will be given to replacement or repair of existing assets, prior to consideration of new or expanding infrastructure.
  - K. Plan facility needs for a built out population of 25,000. If additional city space becomes available, consolidate offices into the fewest number of buildings as much as possible.
  - L. Where possible identify and encourage opportunities where leveraging resources with neighboring or overlapping governmental jurisdictions is beneficial for joint infrastructure projects or studies/analysis.

### **DEBT MANAGEMENT POLICIES**

The issuance of debt is a necessity for the financing of many major capital improvements. Determining the method and timing for financing is subject to numerous considerations. The City's debt policies are intended to encourage conservative debt management while maintaining the flexibility to use the various financing mechanisms that are available to the City.

The City's overall tax levy must be reflective of the impact of debt issuance. Alternative revenue sources will be used when practicable to maintain an overall tax rate consistent with the general philosophy of municipal service determined by the City Council.

The cost of financing through the issuance of debt, is also affected by the strength of the City's financial position. Bond ratings and investor's bids are influenced by the City's debt management policies, as well as the overall financial policies of the City. It is the City's goal to maintain debt management policies that keep outstanding debt within manageable levels and which maintain the City's flexibility to issue debt in the case of unusual circumstances beyond the City's control.

#### **General Policies**

- A. Long-term borrowing shall be limited to capital improvement projects that cannot be financed from current revenues and to capital equipment with a useful life of 10 years or greater and a purchase cost of \$400,000 or greater. Long-term debt shall not be used for current operations.
- B. Any capital improvement projects or capital equipment financed through bonds should be financed for a period not to exceed the expected useful life of the project, facility or equipment.
- C. All essential cooperate purchase projects shall be targeted for no more than ten year bonds and general corporate purpose shall be targeted for no more than twenty year bonds, unless special circumstances warrant adjustments to these schedules.
- D. Total debt outstanding, including overlapping debt, will be considered when planning additional debt issuance.



- E. The City's share of paving projects, including the cost of over-width or over-depth paving of major streets, should be financed with road use tax funds or other revenue sources when funds are appropriate and available.
- F. The City's share of utility projects, including the cost of over-sizing of water, sewer and storm water mains, should be financed with utility funds and other revenue sources when funds are appropriate and available.
- G. The use of general obligation bonds for projects does not dismiss the potential of pro rata payment for debt service by specifically benefited funds such as tax increment financing, road use tax, water, sewer or storm water.
- H. Financing requirements will be reviewed annually. The timing for financing will be based upon the City's need for funds, market conditions and debt management policies.
- I. The City will maintain good communications with bond rating agencies about its financial condition. The City will follow a policy of full disclosure on every financial report and bond prospectus.
- J. Periodic reviews of all outstanding debt will be undertaken to determine refunding opportunities. Refunding will be considered if and when there is a net economic benefit of the refunding or the refunding is essential in order to release restrictive bond covenants, which affect the operations and management of the City.
- K. The City will annually review opportunities to convert projects historically utilizing pay-as-you-use financing (debt) to pay-as-you-go financing (cash) in an effort to reduce long-term debt.

#### **Debt Limitations**

- A. Debt will be structured to achieve the lowest possible net cost to the City given market conditions, the urgency of the capital project, the type of debt being issued, and the nature and type of repayment source. Moreover, to the extent possible, the City will design the repayment of its overall debt so as to rapidly recapture its debt capacity for future use.
- B. Bond issues should be scheduled so that the City's total debt service schedule has relatively level principal and interest payments over the life of the debt. "Backloading" of costs will only be considered when such structuring is beneficial to the City's overall amortization schedule.
- C. Total unabated general obligation debt service in any year should not exceed 50% of general fund revenues.
- D. Total unabated general obligation debt service will follow the establishment of an annual target that takes into consideration taxable valuation growth, the capital improvement program and the City's ability to maintain a stable or declining debt service levy rate.
- E. Total general obligation indebtedness should not exceed 75% of the limit prescribed by State statute, which is currently 5% of actual assessed property values within the City.
- F. Cash balances and reserves in excess of \$100,000 may be used to meet debt service obligations.
- G. Mindful of the need to adequately program and fund necessary capital improvements, the City will attempt to maintain general obligation bond principal per capita debt levels at rates reflective of infrastructure needs, population growth and bond rating standards.

- H. The City's property tax levy funding debt service payments for general obligation bonds (Debt Service Levy) shall not exceed a rate of \$2.00/\$1,000 of taxable valuation, excluding voter approved referendum bond projects.

### **Financial Plan - Capital Improvements Program (CIP)**

Annually the City undertakes a wide variety of infrastructure projects ranging from water/sewer pipe installation to paving of city streets. The same goes for the funding of those projects, with an assortment of funding sources from levying of property taxes to federal appropriations. A constant challenge for city staff is trying to find resources beyond property taxes to help with maintaining and enhancing the City's infrastructure while lessening the burden on Clive taxpayers.

The financial plan for the proposed 2021-2025 looks to leverage resources in excess of \$66 million. When discussing a financial plan for a CIP, the issuing of debt to cover project obligations is always a critical factor. The financial plan uses the City's traditional method of using 10 & 20 year infrastructure bonds for permanent financing. The following summary provides a breakdown for each major funding category the City uses to provide resources for projects. Following the summary please refer to Section 2 for a detailed view of financing for each CIP project, followed by an analysis from Public Financial Management (PFM) on the impact of the financial plan on the City's debt service levy.

### **Property Tax**

Property taxes, specifically those collected via the City's debt service levy, is one of the largest sources of revenue for the proposed CIP, representing about \$20.1 million or 30% of the overall financial plan. Property tax revenue is used to make the principal and interest payments for any general obligation (GO) debt issued by the City to pay for infrastructure projects. There are five types of GO debt issued by the City, with all types backed by the full faith and credit of the city's taxing authority:

- 1) Regular GO debt – debt service levy only.
- 2) Water-abated GO debt – reimbursement received from City's water fund.
- 3) Sewer-abated GO debt – reimbursement received from City's sewer fund.
- 4) Storm-abated GO debt – reimbursement received from City's stormwater fund.
- 5) Tax increment financing-abated GO debt – reimbursement received from capturing taxes paid to all taxing authorities on certain new commercial & industrial properties.
- 6) Referendum approved GO debt – additional debt service levy authority for capital projects approved by a vote of a super-majority (60%) of Clive taxpayers.

The City's current debt service tax rate of \$1.48 is expected to be sufficient for projects currently identified to receive GO Debt funding. Due to the sizable increase of park and trail related projects in the 2021-2025 proposed CIP, substantially more resources are needed to meet those project needs. In addition, the proposed CIP does account for Polk County Local Option Sales Tax (LOST) revenue that will be utilized to support the 20-year GO bond debt service payments associated with the new Clive Public Safety Center. Dallas County LOST is being utilized for quality of life capital projects in the Dallas County portion of the community. The financial goal is to utilize LOST revenues for capital projects as a way to maximize capital

investments in City priorities will also be able to maintain the current \$1.48 debt service levy rate for the foreseeable future. Finally, if the City's taxable valuation projections were to drastically change, then the debt service levy would need to be reassessed.

#### Tax Increment Financing (TIF)

The use of tax increment financing (TIF) to abate some of the GO debt issued by the City, is a way for the city to allow for growth, specifically commercial & industrial growth, to pay for itself. Of the \$20.1 million of GO debt discussed above, the City is anticipating TIF abatements to support up to \$6 million in project costs contained within a TIF district. The City has already utilized TIF-financing bonding in 2019 to support Phase 1 of the Clark Street Reconstruction project. It is anticipated that more projects will be able to be supported through TIF as incremental valuations are realized in the City's Urban Renewal District. Projects identified for future TIF revenue support include Greenbelt Landing, Harbach Blvd Reconstruction, Linnan Park Improvements and Porter Shelter Improvements.

#### Local Option Sales Tax (LOST) Revenues

As mentioned in the previous section, the proposed CIP utilizes LOST revenues to offset debt service costs associated with the new \$15.5 million Clive Public Safety Center project. The property tax relief portion of LOST revenues will be utilized to pay the debt service associated with the \$15.5 million facility. In addition, non-property tax relief LOST revenues from both the Polk and Dallas County portions of Clive will provide \$1.5 million per year for capital projects identified in the approved referendum language for each LOST election. LOST capital revenues total \$7.35 million in the five-year CIP and when added to the \$11 million that is left for the Clive Public Safety Center, represents 28% of the overall financial plan at \$18.35 million. Projects identified for LOST capital support are street rehabilitation and improvements, the Greenbelt Trail Extension west of Alice's Road, park improvements in the western developing areas of Clive and future Greenbelt land acquisitions.

#### Municipal Utility Revenues

The City's municipal utilities (water, sewer, storm water) help support numerous infrastructure projects to ensure each utility can adequately provide service to Clive's utility customers. Resources from the utility funds make up around \$10.7 million, or 16%, of the proposed CIP financial plan. Funds from the utilities go to pay for abatements of the GO issued debt discussed above. Another option is for the utilities to issue debt directly and pay principal and interest payments based on the revenues of the utility. These debt instruments are called Revenue Bonds, and unlike GO Bonds, are not backed by the full faith and credit of the City's taxing authority. Instead, the Bonds are supported by the amount of revenue each utility generates. One additional debt instrument is a loan from the State Revolving Fund (SRF). Iowa's SRF provides low-interest loans to communities looking to provide enhanced sewer service to its residents. Currently, the City is only utilizing utility resources for GO bond abatements. There is no outstanding SRF or Revenue Bonds for the City. In addition, annual cash transfers are planned from the Water, Sewer, and Stormwater Funds to pay for the annual maintenance programs identified in the CIP.

The City is anticipating an increase in funding support from the Water and Sewer Utilities for a series of water and sewer main replacement projects that are now identified in the proposed CIP. These projects

were short-term recommendations from system studies completed by engineering consultants over the past three years.

In addition, the proposed CIP identifies a series of stormwater-related investments in both stormwater management projects, streambank stabilization and flood mitigation efforts. City staff anticipates these stormwater efforts to continue to grow in the coming years as the City outlines more detailed flood mitigation strategies and completes the Water Resources Master Plan.

The fees supporting the utilities are analyzed on an annual basis by the city's financial adviser, Public Financial Management (PFM). Due to increases from the City's water supplier, Des Moines Water Works, Clive has made substantial increases to its water rates over the past few years, with rate increases in the past two years. Multiple utility infrastructure projects are planned in the near future and the cash flows for these utilities have planned for these projects to minimize any impacts of future rate increases. In addition, the stormwater utility will need adjustment in future years to allow for enhanced stormwater-related efforts discussed above and could require an adjust to the rate structure of the utility depending on the results of the Water Resources Master Plan.

#### **Utility Franchise Fees**

After taxes and municipal utilities, the 5% electric and gas utility franchise fee generates about \$5.5 million in revenue for the 2021-2025, 8% of the CIP's financial plan. As required by the franchise fee's Revenue Purpose Statement, all of these revenues are supporting the City's Annual Street Rehabilitation Program. The City is currently estimating revenue of approximately \$1,100,000 per year coming from the franchise fee. If the City begins to experience higher revenues from the franchise fee, those funds will go toward accelerating street rehabilitation projects.

#### **Grants & Private Donations**

Every year city staff looks for opportunities outside of the normal funding mechanisms (taxes and utility rates) to assist with the construction of infrastructure projects. These opportunities can include awards of federal and state grants, regional resources, assistance from other taxing bodies, and donations from private entities. The proposed CIP financial plan identifies about \$6.39 million to be received from donations, grant awards or intergovernmental assistance, representing 10% of all revenue sources. A few of the grants identified in the financial plan have already been awarded to the city, such as a Iowa Resources Enhancement and Protection grant (REAP) award from the Iowa Department of Natural Resources in 2020 for \$125,000 for acquisition of the extension of the Clive Greenbelt west of Alice's Road.

For the Greenbelt Triad projects the City has contracted with the Great Outdoors Foundation to assist with private fundraising efforts and grant writing. The City works with neighboring jurisdictions on multiple projects. In the proposed CIP, Clive is working with the City of Urbandale and the City of Waukee for paving projects along Meredith Road and Warrior Lane. In addition, Clive will be engaging the City of West Des Moines for financial assistance for the Indian Hills Woods Improvement project.

Finally, the proposed CIP utilities \$200,000 per year from the Road Use Tax Fund to support pavement rehabilitation efforts through annual concrete street panel replacement.

**Miscellaneous Revenues**

The financial plan relies on a few miscellaneous revenue sources to support CIP projects totaling \$9 million and 12% of all revenue sources. In 2021 existing capital funds are supporting a number of projects, with these funds being previously bonded. Additionally, cash available in project funds are utilized for small elements of some CIP projects, particularly at the design phase of the project. For example, the City recently bonded for capital funds (through a TIF-abated bond issue) to support the Clark Street Reconstruction project. Since these funds are already bonded for they are included in this category.

**Financial Plan Overview**

The financial plan presents a diversified approach to funding the proposed 2021-2025 capital improvements program with over 30% coming from non-tax sources. The plan focuses on finding non-traditional revenue sources to lessen the burden on Clive taxpayers and aggressively seeks partnerships for enhancing the city’s infrastructure. This CIP financial plan includes heavy reliance on regular GO debt, with substantial investments in infrastructure rehabilitation through the City’s utility franchise fee and LOST revenues. Below is a quick summary of the funding sources.

<b><u>Funding Source</u></b>	<b><u>Revenue (\$)</u></b>	<b><u>% of Overall</u></b>
Property Taxes	\$20,170,000	30%
Local Option Sales Tax Revenues	\$18,350,000	28%
Municipal Utility Revenues	\$10,777,000	16%
Utility Franchise Fees	\$5,500,000	8%
Grants & Private Donations	\$6,399,000	10%
Miscellaneous Revenues	<u>\$5,490,000</u>	<u>8%</u>
	\$66,686,000	100%

The financial plan section completes the submittal of the proposed 2021-2025 Capital Improvements Program for the City Council’s consideration. If any adjustments in project expenditures are made by the Council, similar adjustments will be made to the financial plan. The Council is scheduled to hold a public hearing on the CIP and approve the final draft of the 2021-2025 Capital Improvements Program during the December 10 Council meeting.