



December 13, 2018

SUBJECT: 2019-2023 Capital Improvements Program

Mayor Cirksema and Clive City Council Members,

On November 1 the City Council and staff held a workshop to discuss the proposed 2019-2023 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 stormwater management, infrastructure reinvestment and incorporation of the new Greenbelt Master Plan into the CIP.

During the November 1 workshop, Community Development Director Doug Ollendike and staff provided 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 1 workshop, the City Council is scheduled to hold a public hearing for the proposed 2019-2023 Capital Improvements Program on December 13, 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 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. Starting over six years 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 2019-2023-2033 Goal of "Upgrade 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 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 2019-2023. 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 2019. 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 2019-2023 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 2019-2023 CIP include:

1. The 2019-2023 CIP responds to the City's strategic plan in numerous ways and based on the discussions of the City Council during its August 2018 strategic planning retreat the following changes have been made based on priorities determined during that retreat:
 - a. New focus to increase investment in pavement rehabilitation and expansion. The proposed CIP identifies transportation related projects that exceed \$4 million per year on average. The City Council has set a target of \$3.1 million per year for pavement work.
 - 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 Canary Park and Berkshire North Park. In addition, substantial projects are identified to begin to implement the Greenbelt Master Plan with investments near the Clive Aquatic Center, Porter Shelter and Campbell Park.
 - c. Increased focus on flood mitigation and water resource planning efforts through property buyouts, projects and multiple planning efforts with local jurisdictions and federal agencies for storm water improvements to enhance flood protection and Walnut Creek streambank stabilization.
 - d. Improvements to public safety facilities continue to be a focus, therefore 20% of the 2019-2023 CIP is providing resources for public safety-related facility replacements and upgrades.
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. This plan does bring forward the reality of the limitations associated with the current debt service levy rate and begins a conversation on how that rate is managed in the near future.

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. In addition, success for the Greenbelt Master Plan 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 Northern Neighborhood 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 2018 with the City Council's adoption of the 2019-2023 CIP document. Policy guidance on the development of the 2019-2023 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 2019-2023 CIP, City Council approval of the new CIP is requested during the meeting on December 13, 2018. With this action, next year's 2019 capital expenditures and debt issues will be finalized and ready to be included in the City's final budget for the upcoming 2019-2020 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 2019-2023 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 2019-2020 Budget. It represents costs associated with capital projects in the first year of the 2019-2023 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.

Capital Improvement Program projects scheduled for completion during each year for the next five-year period are summarized in Section 2.

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 2019-2023. 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 2019 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 2019-2023 totals \$61,588,820, and represents a 22% increase from the previous five-year CIP (please see Appendix #4 for the changes between the 2019-2023 proposed CIP from the 2018-2022 approved CIP). Of this total 35% is for transportation projects, 7% is for municipal utility projects, 25% is for parks facilities, 20% for public safety facility projects and 13% for annual infrastructure reinvestment.

Capital Budget requirements for 2019 total approximately \$11.5 million. Capital spending authorizations by year/project/category are contained in Appendix #3 and for the upcoming year include:

- Annual Maintenance \$1,346,550
- Transportation \$6,653,250
- Municipal Utilities \$ 225,000
- Park Facilities \$1,244,866
- Public Safety Facilities \$2,070,000

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 2018 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 1, 2018

City Council CIP Workshop. City Manager and City Council review capital budget process overview, capital planning, project ranking/priority list for Calendar Year 2019, review financial plan and debt service requirements for proposed 2019-2023 CIP. Feedback from citizens is considered and discussion is held on Council preferences.

November 8, 2018

During regular meeting, City Council sets public hearing for 2019-2023 CIP consideration for December 13 meeting.

December 13, 2018

Following a public hearing, City Council approval of the 2019-2023 Capital Improvements Program and distribution of the final digital CIP book.

March 14, 2019

Following public hearing, City Council considers FY 2020 Budget for adoption, including Debt Service Fund appropriation and 2019 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 2019-2023 looks to leverage resources in excess of \$60 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 the largest source of traditional revenue for the proposed CIP, representing about \$29.2 million or 46% 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 proposed CIP contains more reliance on regular GO debt in the middle years of the plan and less in the early and later years. The largest element of GO debt may require the passage of a bond referendum to provide approximately \$12.5 million for the construction of a new and remodeled public safety facilities. Voter approval of a bond referendum would require a maximum debt service levy increase of up to \$0.67 (preliminary) and is likely to be less than that, depending on the structure and timing of the debt issuances related to the referendum and whether local option sales taxes could be used to offset those debt service expenses.

As for the balance of non-referendum GO debt, 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 2019-2023 proposed CIP, substantially more resources are needed to meet those project needs. In addition, the proposed CIP does not account for any Polk County Local Option Sales & Services Tax (LOSST) revenue that may be able to be directed towards these property tax funded projects. Dallas County LOSST is being utilized for quality of life capital projects in the Dallas County portion of the community. If Polk County LOSST becomes a revenue source, then the CIP will need substantial revisions, possibly allowing the City 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 \$29.2 million of GO debt discussed above, the City is anticipated to TIF abatements to support up to \$2.7 million in project costs contained within a TIF district. If allowed to proceed, it is anticipated for the Clark Street Reconstruction project to utilize TIF financing for support. 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. Over the past few years, the City has relied substantially on TIF to provide resources for the various infrastructure projects in the 86th St/University Blvd corridors.

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 \$13.4 million, or 21%, 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 Utility for a series of water main replacement projects that are now identified in the proposed CIP. These projects were short-term recommendations from the Municipal Drinking Water System Study completed earlier this year by Snyder & Associates.

In addition, the proposed CIP identifies a series of stormwater-related investments in both stormwater management projects, streambank stabilization and flood mitigation efforts. The stormwater-related projects require almost doubling past capital support from the stormwater utility fund. City staff

anticipates these stormwater efforts to continue to grow in the coming years as the City outlines more detailed flood mitigation strategies.

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 the first increase in the Clive retail water rate last year. Multiple water infrastructure projects are planned in the near future and the water utility cash flow has planned for these projects to minimize any impacts of future water rate increases. In addition, the sewer and stormwater utilities will need adjustment in future years to allow for sanitary sewer replacements and the enhanced stormwater-related efforts discussed above.

Utility Franchise Fees

After property tax and municipal utilities, the 5% electric and gas utility franchise fee generates about \$6.1 million in revenue for the 2019-2023, 10% 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 \$1,200,000 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 & Intergovernmental

Every year city staff looks for opportunities outside of the normal funding mechanisms (property tax and utility rates) to assist with the construction of infrastructure projects. These opportunities can include awards of federal and state grants, regional resources or assistance from other taxing bodies. The proposed CIP financial plan identifies about \$7.2 million to be received from grant awards or intergovernmental assistance, representing 12% 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 2017 for \$125,000 for acquisition of the extension of the Clive Greenbelt west of Alice's Road. Other grants have either been applied for already, are waiting on award announcements, or the city anticipates making future applications for the funding (Greenbelt projects).

The City works with neighboring jurisdictions on multiple projects. In the proposed CIP, Clive is working with the City of Urbandale for paving projects along Meredith Road. In addition to street projects, the City is working with the IDOT, Urbandale and Windsor Heights on traffic signal improvements to the Hickman Road corridor and with Urbandale and the DOT on expansion of the 128th Street and Hickman Road intersection.

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 \$6.8 million and 11% of all revenue sources. In 2019 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 some specific projects, special assessments and developer contributions are accounted for and included under this revenue category.

Finally, the new revenue source of Dallas County Local Option Sales and Services Tax (LOSST) is included in this revenue category. Dallas County LOSST supports approximately \$425,000 of capital projects per year based on the adopted ballot language, representing 50% of revenue generated from the Dallas County LOSST. Projects identified for Dallas County LOSST support are Canary Park, the Greenbelt Trail Extension west of Alice’s Road and construction of the Westgate Bridge. All of these projects are located within the Dallas County portion of Clive.

Financial Plan Overview

The financial plan presents a diversified approach to funding the proposed 2019-2023 capital improvements program with over 52% coming from non-property 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 through a proposed bond referendum, with substantial investments in infrastructure rehabilitation through the City’s utility franchise fee. Below is a quick summary of the funding sources.

<u>Funding Source</u>	<u>Revenue (\$)</u>	<u>% of Overall</u>
Property Taxes	\$29,263,717	46%
Municipal Utility Revenues	\$13,448,000	21%
Utility Franchise Fees	\$6,167,000	10%
Grants & Intergovernmental	\$7,226,937	12%
Miscellaneous Revenues	<u>\$6,811,166</u>	<u>11%</u>
	\$62,916,820	100%

The financial plan section completes the submittal of the proposed 2019-2023 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 2019-2023 Capital Improvements Program during the December 13 Council meeting.