



# General Fund Budget Memo



The following document provides an overview of the City Manager's proposed operating budget for the General Fund and Trust & Agency Fund for the Fiscal Year (FY) beginning July 1, 2021. Presentation and discussion of the proposal included in this memo will occur during the regular City Council meeting on January 28, 2021. Based on those discussions and City Council direction the Clive City Council will consider the adoption of the FY 2021-22 Budget on March 25, 2021.

**Fiscal  
Year  
2021-22**

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## **A. Introduction**

The City Manager is pleased to present to you the proposed budget for the City of Clive's General Fund and Trust & Agency Fund for FY 2021-2022. This budget memo will outline the City Manager's budget proposal, beginning with the status of the City's Trust & Agency (T&A) Fund. Following the T&A overview, the City's General Fund financial position from the previous fiscal year that ended on June 30, 2020 will be outlined. Next, an update on the current fiscal year, ending June 30, 2021, will be provided. Finally, based on the anticipated financial position of the City at the end of this current fiscal year, the budget memo will offer the City Manager's recommendations for the General Fund operating budget running from July 1, 2021 through June 30, 2022.

Following the section on the proposed FY 2021-22 budget, the memo will outline key policy considerations the City Manager is seeking City Council direction on. Following the memo, a series of supporting documentation is included in an appendix. The appendices will be referred to in the sections of the memo.

Based on conversations beginning on January 28, the City Council may desire to have additional budget discussion during the February 4 quarterly work session, and the regular meetings on February 11 and February 25. Based on the current budget calendar, the City Council will be asked during the January 28 meeting to set a public hearing to consider exceeding the 2% annual growth in revenues at the February 25 meeting. Following that February 25 hearing, the City Council will then be asked to set the normal budget public hearing to approve the corresponding budget publication (which sets the maximum property tax rate for the City's levy) during the February 25 meeting. The public hearing and consideration to adopt the FY 2021-22 budget will be scheduled for March 25. The deadline for the adopted budget submission to the County Auditor is March 31.

## **B. Trust & Agency Fund Overview**

The City's Trust & Agency (T&A) Fund is a property tax based fund specifically targeted to provide support for the City's insurance expenses. Expenses include the City's general liability and workers compensation insurance, and health insurance for retirees and staff in the City's General Fund departments. A summary of the T&A Fund is provided in Appendix #1.

### **1. Revenues**

The primary revenue source for the T&A Fund is property taxes. Beginning in FY 2016-17 the police pension expenses were moved to the T&A Fund from the General Fund. The City raised the T&A Fund levy to \$1.59 to compensate for those increased expenses. The previous five years the City maintained a \$1.34 property tax levy for the T&A Fund and has maintained the \$1.59 levy since the FY2016-17 increase.

The levy rate will generate approximately \$2.6 million in revenue in FY 2021-22. Additional revenues include a distribution from the State of Iowa to backfill the losses in commercial property tax revenue as a result of the modifications made to the state's property tax system in 2013. Also, the City receives reimbursement from retirees on the City's health insurance plan. Depending on the years of service (in excess of 20 years) of the retiree, the City pays for a portion of their health insurance until they qualify for Medicare and the retiree reimburses the City for the balance. The T&A Fund also receives a transfer in from other operating funds (Road Use Tax and Utility Funds) to compensate for the health insurance expenses in the fund that are supported by those operating funds.

Revenues in the T&A Fund have been steady and are projected to maintain increases in collections for the next several years. As shown in Appendix #1, revenue increases are currently keeping pace but the fund balance begins to erode in the future years. Due to the City's continued growth in taxable valuation through new construction and recent re-valuation increases the City's current levy rate is projected to provide the necessary resources to cover expenses for the short-term. Assumptions for property tax revenue growth is aligned with the same assumptions used for the General Fund. The only potential change in revenue is if the State of Iowa decides to no longer provide backfill support to Iowa cities for the commercial property tax legislation. If this were to occur the City would experience an approximate \$82,000 annual loss in revenue to the T&A Fund.

## 2. Expenditures

As mentioned, the expenditures included in the T&A Fund are for costs related to City insurance programs and the City contribution to the police pension program. 80% of the total T&A Fund expenses are focused on the insurance programs, with 64% for City health insurance program for those employees in the General Fund departments including a small portion supporting Public Works and retirees, and 15% for general liability and workers compensation insurance with the Iowa Communities Assurance Pool (ICAP) and Iowa Municipal Workers Compensation Association (IMWCA). The remaining 21% balance is the City contribution to the Municipal Fire and Police Retirement System of Iowa (MFPRSI) for all sworn police officers, as well as police disability claims.

As shown in Appendix #1, expenditures trends for the past number of years have shown increases. The rise in health insurance premiums has been a challenge, but mitigated with the City's membership in the IGHCP health trust. Clive's health insurance claims had been running higher than premiums in the past few years, but that started leveling off in 2019 and continues in 2020 with claims under premiums for the first time in a number of years. The positive claim experience is likely a result of the change to Wellmark's Blue Choice provider plan and full implementation of the City's Wellness Plan. IGHCP has communicated the FY 21-22 health insurance premiums should come in with a 5% increase, which is great news. Typically, a 10% increase is factored in, which has been dialed back to 5% for the budget year, accounting for the lower projection for FY 21-22. A 7.5% increase has been projected for future years. Workers compensation costs have stabilized in the past year and staff continues to analyze incidents for teaching opportunities that provide a safe work environment for employees. The efforts by all City staff have a

substantial impact on the premium. In FY 2020-21, the City is effectively getting a 26% (up from 24% last year) premium discount based on claims history. This equates to a \$107,000 reduction off the top of the premium before any other discounts. Fund expenditures in FY 2021-22 show a smaller increase than typical with the reduction of projected health insurance premiums from 10% to 5% and no new personnel additions. As indicated, the trend is not as steep in the projected years based on recent health insurance claims history.

The proposed Trust & Agency expenditures for the FY 2021-22 budget include some expenditure increases in the following areas:

- An overall decrease in group insurance costs-\$63,000, including a projected 5% cost increase in health insurance premiums for the coming year. As mentioned above, the City is starting to see a turn in our claim experience where claims are now trending below premium costs. Staff anticipates this positive trend to be reflected in our annual renewal. As a result of the recent trends, the City is maintaining a projection of a 7.5% increase in health insurance premiums pending the renewal later this winter.
- In addition to the increased premiums for the City health insurance plan, the FY 2021-22 budget for the T&A Fund includes a “transfer in” from Road Use Tax and Utility Funds to offset a portion of the costs.
- \$24,000 increase in retiree health insurance costs, with \$39,000 increase in reimbursements. The net increase of approximately \$15,000 due to retirements of tenured staff who are eligible for the City’s retiree health insurance cost-share program. The increase in reimbursements relates to retirees not eligible for the cost-share program or have that reimburse the City in full for their insurance premiums. These numbers track up and down as retirees age out, and the addition of new retirees.
- An increase of approximately \$15,000 in the City’s general liability and workers compensation insurance costs. This increase represents a conservative inflationary increase for both insurance programs in these costs. In the current fiscal year, the cost savings in the workers compensation insurance costs offset the majority of the increase for the new cyber coverage.
- Noted is an additional expense item for Municipal Fire and Police Retirement System of Iowa (MFPRSI) medical claims for police disability claims. State legislation requires the City be responsible for a police officer’s medical claims with regard to a qualified disability retirement. In this situation, the officer is not eligible to remain on the City’s health insurance program.

Overall, the City Manager is proposing a 1.5% increase in expenditures for the proposed FY 2021-22 budget. This proposed increase equates to approximately \$40,000.

### 3. Financial Position/Fund Balance

Due to the City’s ability to generate revenue and hold expenditure costs, Clive has consistently experienced surpluses in the Trust & Agency Fund, with the most recent year (FY 2019-20) at \$435,993. As shown in Appendix #1, the current fiscal year (FY 2020-21) and the proposed budget (FY 2021-22) are

anticipated to continue the surplus trend in the Fund. The City will be able to maintain a significant fund balance in the T&A Fund. As shown in Appendix #1, the City is projecting cost increases for health insurance for the next five years, but at a slower pace than what has been budgeted for previously due to the recent positive claim experience. If renewals come in better than projected, the position of the fund will strengthen and would afford the City the flexibility to be able to reduce future anticipated deficits and maintain the levy rate in future years.

**Based on the above financial analysis of the Trust & Agency Fund, the City Manager is recommending no change to the \$1.59 property tax rate for Trust & Agency.**

## General Fund

### C. Previous Fiscal Year – FY 2019-20

#### 1. Revenues

The fiscal year ending on June 30, 2020 was a very positive year for the City financially in the General Fund. Appendix #2 provides the City's 10-year financial forecast, including detail on the actual figures for FY 2019-20. So much changed from the time the FY2019-2020 budget was approved. Revenues were lower than anticipated. The decrease was apparent in Hotel Motel revenue, Leisure Services fees, and interest income from the impact of the pandemic. Increases were seen in receipts from the outside agreements and building permit revenues.

The total revenue was \$119,790 higher (0.7%) than the original FY 2019-2020 budget projections; although as compared to the revised figures shown in January 2020 the pandemic took a toll with revenues ending the year \$615,385 lower (3.6%).

#### 2. Expenditures

The City's financial position at the end of FY 2019-20 experienced a reduction in overall expenditures as compared to what was budgeted, and significantly lower than projections at this time last year. Due to state law requirements, the City must keep its expenditures within the limits established in the budget. For FY 2019-20 the City expenditures to 94.2% of the revised budgeted limit. In total the City experienced approximately \$1,155,000 less in expenses than was projected, with an overall addition of \$47,230 to the General Fund cash reserves. This positive result includes the transfer out of \$600,000 for the second phase of the Flood Prone Property Buyout Program.

The expenditure decreases were represented in the following areas:

- \$304,000 less in salaries and pension benefits, mainly due to the transition of positions where a few months went by before the positions were filled. Some of those positions had long tenured

staff that retired and were replaced by new staff starting off at the entry level of the pay scale, as well as reduced salaries paid for part-time employees in Leisure Services due to the pandemic.

- \$148,000 less in Hotel/Motel allocations due to lower than anticipated revenues received.
- \$46,000 less in Urbandale Station 43 expenses due to the federal SAFER grant that was received.
- \$203,000 less in parks & recreation and aquatic center operating expenses due to pandemic-related closures.
- The balance of expenditure reductions (\$ 454,000) is a collection of less than anticipated expenses in all other expense categories in the General Fund.

### 3. Financial Position/Fund Balance

Based on the revenues and expenditures noted above the City ended FY 2019-20 with a surplus of \$47,230. When originally budgeted, the fiscal year was anticipating a surplus of \$1,000, with a cash balance as a percent of expenditures of 28.8%. As a result of reduced expenditures, the actual surplus increased the General Fund cash balance to 34.3%. Overall, FY 2019-20 was a positive financial year for the City and positions Clive in a more favorable position, factoring in the financial impacts of the COVID-19 pandemic.

## D. Current Fiscal Year – FY 2020-21

### 1. Revenues

The current fiscal year, ending on June 30, 2021 is projected to add \$110,000 to cash reserves, compared to the anticipated surplus of \$176,000 projected at this time last year. FY 20-21 revenues are projected to come in \$48,000 more than budgeted at this time last year. This difference is a mixture of increases and decreases again due to the pandemic, but overall not a large impact. General Fund will still align with the Standard Financial Policy, projecting a cash reserve level at 31.9%, comfortably above the 25% target.

Some of the shifts to the revenue projections include:

- An adjustment to the transfer in due to reconciliation of FY 19-20 LOST revenues, equaling an increase of \$143,000.
- FEMA grant funding due to the COVID-19 pandemic and Derecho expenses totaling \$559,000.
- Anticipated lower revenues for library, parks programming and the aquatic center of \$402,000.
- Lower Hotel Motel revenue due to the impact of the pandemic of \$350,000.

As represented in Appendix #2 the City is projecting increased revenue for the current fiscal year as compared to one year ago. Total revenues are projected to be up (0.3%) in the current fiscal year compared to the adopted budget, with an additional \$48,000 in revenue collections anticipated. The primary drivers of the higher than anticipated revenues, offset by projected lower revenues are the impact on fees for service and Hotel Motel revenue as the pandemic lingers.

## 2. Expenditures

In addition to slightly higher revenue collections expected for the current fiscal year, the City is projected to experience an increase in overall expenditures, compared to what was budgeted, of \$115,000 (0.6%). In the current year staff is anticipating higher operating expenses than what was budgeted for the Westside Station and Urbandale for Station #43 and higher IT equipment costs due to the ramping up of remote work during the pandemic; and higher facilities costs than what was budgeted with the addition of security measures and other items.

## 3. Financial Position/Fund Balance

Based on the revenues and expenditures noted above the City is expected to end FY 20-21 adding to the cash reserves in the amount of approximately \$110,000, with reserves sitting at 31.9% of expenses. When originally budgeted, this fiscal year was anticipated to have a surplus of \$176,000 resulting in a General Fund cash balance as a percent of expenditures and transfers out of 29.7%. In a conservative measure, due to possible lingering effects of the pandemic, there were no plans to execute another phase of the Flood Prone Property Buyout Program in the current fiscal year. As discussed earlier, historically the City never spends 100% of budgeted expenditures. If actual expenditures only reach 98% of revised budgeted figures, an additional \$371,000 would be added to projected cash reserves.

## E. Proposed Budget – FY 2021-22

### 1. General Fund Overview

The General Fund is the main operating fund for City operations. The primary governmental activities of the City are funded through the General Fund. The City is organized by departments to carry out these activities. The General Fund departments include Police, Fire, Leisure Services, Administrative Services, City Manager's Office, and Community Development. Public Works does have services within the General Fund, but due to the minor nature of those services Public Works does not have a detailed section in this memo. The primary activities for the General Fund are described briefly below.

**Public Safety** – This service area includes the personnel, services and commodity costs associated with the Police and Fire Departments. Additional services are included for animal control, emergency management, and Westcom Regional 911 Dispatch.

**Public Works** – A portion of Public Works is supported through the General Fund. The largest expenditures included in the General Fund for Public Works is related to street lighting, engineering and garbage collection. The balance of Public Works' activities for road repair, road administration and snow removal are expended through the Road Use Tax Fund.

**Health & Social Services** – The City's wellness services for employees and the mosquito spraying program are included within this service area.

**Culture & Recreation** – All services provided by the Leisure Services Department are provided through this service area. Services include the public library, recreation programming, parks maintenance, public art programs, hotel/motel allocations and the aquatic center.

**Community & Economic Development** – The Community Development Department provides services in the areas of planning, zoning, building inspection, and code enforcement.

**General Government** – City management, legal, financial services, human resources, and technology services are included within this service area. In addition, the operation of the City Hall Complex facility and the Mayor/City Council are within the General Government category.

To provide the above services the City uses a combination of personnel, contractual services, commodities and equipment. Within the personnel area the City utilizes full-time, part-time and seasonal staff in each of the departments. Below is a table outlining the overall Full Time Equivalent (FTE) count for the City. Staffing detail for each department (except Public Works) will be provided in the next section.



**City of Clive**  
**Authorized Staffing Plan**  
**Fiscal Year 2022 Proposed Budget**

Department	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	Requested FY 2022	Recommended FY 2022 Budget	Projected FY 2023 Proj
Police Department Total	27.70	28.70	28.70	28.70	31.70	31.70	31.70	31.70
Fire Department Total	17.00	17.00	17.00	20.00	20.00	20.00	20.00	20.00
Public Works Department Total	30.50	30.50	30.50	32.50	33.50	33.50	33.50	33.50
Parks & Recreation Department Total	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Community Development Total	7.00	7.00	7.50	7.50	8.50	8.50	8.50	8.50
Library Department Total	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Leisure Services Department	24.00	24.00	26.50	26.50	26.50	26.50	26.50	26.50
City Manager's Office Total	6.00	6.00	6.00	5.00	5.00	5.00	5.00	5.00
Administrative Services Total	8.00	8.00	8.00	9.00	9.00	9.00	9.00	9.00
<b>Staffing Level (FTE)</b>	120.20	121.20	124.20	129.20	134.20	134.20	134.20	134.20

As shown in the table, the City is currently operating with 134.2 FTE. Over the past five years the City's staffing has grown by 14 FTE, or 11%. During the same five years the City's population has grown from 17,000 to 20,000 (estimated), a growth rate of nearly 15%. For the proposed budget year, there are no new positions requested. As was discussed at the first budget workshop, the City Manager is recommending the creation of a Promotional/Certification Incentive Program for the existing Public Works Operation Specialists. Funding for this proposal will come from Road Use Tax, and the Water and Sewer Utility Funds. In addition, the City Manager is requesting a promotion for the current Planner/GIS Analyst in the Community Development Department to a Senior Planner position.

The next section will provide the detail associated with the City Manager's proposed FY 2021-22 budget, providing an overview of each General Fund department and their related budget requests.

## 2. General Fund Departmental Overviews

The following section will provide an overview of each General Fund department. Included in each section will be a description of services provided and the City Manager's budget request for the department (including staffing, equipment and other expenditures). As will be noted in each section, the Department Director for each department has prepared a departmental budget memo to provide detail from their perspective on how the department's budget meets the City's mission and how their significant budget requests relate to that mission.

### **Administrative Services Department**

The Administrative Services Department provides official municipal services and is the custodian of the City's official records. The department provides the following services to the community:

- Records Management
- Elections
- Elected Official and City Boards/Commissions Support
- Risk Management
- Accounting
- Budget and Debt Management
- Payroll and Employment Benefits Administration
- Utility Billing and Management
- Municipal Licenses and Permit Issuance
- Staff recruitment, development and training
- Human Resources development and oversight

Over the past year, initial steps with the reorganization of the department have taken place aligning appropriate titles with duties being performed and realigning positions for staff growth opportunities. Over the past five years there has not been any staffing additions to the department, only promotions and realigning of responsibilities related to human resources, finance and the City Clerk. The organizational structure in place had served the department well, but outgrown. The re-organization plan started with phase one in FY 2019-20 and the second phase of promotion of the current Accounting Specialist to a Finance Manager position planned for in FY 2020-21, and recently finalized.

Over the years, new technology has presented process improvements in job duties that have resulted in enhanced services to the residents and customers. As duties have changed and services expanded, the completion of the re-organization allows the department to keep pace with current needs without staff additions.

#### Phase I (FY 2019-20) – COMPLETED

- Transition of Matthew Graham to the role of City Clerk.
- Promote of Corey Eastman to Accounting Specialist.
- Transition of Joyce Cortum to Administrative Services Director.

- Moved the Human Resources Manager into the Administrative Services team and report to the Administrative Services Director instead of the City Manager.

Phase II (FY 2020-21) – COMPLETED

- A new job description and pay range put in place for a Finance Manager position. The pay range aligns with that of the City Clerk. This phase was recently completed with the staff person receiving their required finance officer certification.

The pending retirements of one of the Utility Billing Clerks and one of the Administrative Assistants in FY 2021-2022, provides the opportunity for the realignment of duties among existing staff and provide a stronger support system for the Human Resources Manager.

Position/ Job Title	FT/PT	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	Requested FY 2022	Recommended FY 2022 Budget	Projected FY 2023 Proj
<b>Administrative Services</b>									
Administrative Services Director	FT	-	-	-	1.00	1.00	1.00	1.00	1.00
Human Resources Manager	FT	-	-	-	1.00	1.00	1.00	1.00	1.00
City Clerk	FT	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Deputy City Clerk	FT	1.00	1.00	1.00	-	-	-	-	-
Utility Billing Clerk	FT	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Accounting Clerk	FT	1.00	1.00	1.00	-	-	-	-	-
Accounting Specialist	FT	1.00	1.00	1.00	2.00	1.00	1.00	1.00	1.00
Administrative Assistant	PT	-	-	-	-	-	-	-	-
Administrative Assistant	FT	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Finance Manager	FT	-	-	-	-	1.00	1.00	1.00	1.00
<b>Administrative Services Total</b>		<b>8.00</b>	<b>8.00</b>	<b>8.00</b>	<b>9.00</b>	<b>9.00</b>	<b>9.00</b>	<b>9.00</b>	<b>9.00</b>

For the upcoming budget the Administrative Services Department does not have any capital equipment eligible for replacement, therefore there are no equipment requests for FY 2021-22.

Administrative Services Director Cortum has provided an overview and more detail on the department realignment of work assignments in her budget memo included as Appendix #3. The significant change in FY 21-22 will be the retirement of Director Cortum in December 2021. The recruitment and selection for her replacement will be the priority for the coming budget year and will complete a year of transition for the Administrative Services Department.

**Police Department**

The Clive Police Department (PD) is the primary law enforcement agency within the City of Clive. The Clive PD provides the following services to the community:

- Community Patrol
- Criminal Investigation
- Traffic Enforcement and Crash Investigation
- Police Records Management
- Property and Evidence Management
- Alarm Management and Response Program
- Tactical Response Team
- Homeland Security and Disaster Support

- School Crossing Safety
- Animal Control
- Crime Prevention and Safety Education
- School Resource Officer

As shown in the figure below, the PD consists of 28 full-time positions and one part-time position. Over the past five years the PD has had a number of staffing additions. FY 2017-18 included an addition of the School Resource Officer (SRO). The West Des Moines Community School District reimburses the City for 50% of the SRO position. In the current budget year (FY 2020-21), the PD added three officers with the desire to transition the Patrol Division to 4 day/10 hour schedule to be competitive with other surrounding police departments, and to keep pace with the growth of the community.

Position/ Job Title	FT/PT	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	Requested FY2022	Recommended FY 2021 Budget	Projected FY2022 Proj
<b>Police</b>									
Police Chief	FT	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Administrative Assistant	FT	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Administrative Assistant	PT	-	-	-	-	-	-	-	-
Property & Evidence Coordinator	PT	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70
Lieutenant (Patrol)	FT	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Sergeant (Patrol)	FT	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Police Officers (Patrol)	FT	15.00	15.00	15.00	15.00	18.00	18.00	18.00	18.00
Sergeant (Detective)	FT	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Police Officer (School Resource)	FT		1.00	1.00	1.00	1.00	1.00	1.00	1.00
Police Officer (Detective)	FT	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
<b>Police Department Total</b>		<b>27.70</b>	<b>28.70</b>	<b>28.70</b>	<b>28.70</b>	<b>31.70</b>	<b>31.70</b>	<b>31.70</b>	<b>31.70</b>

Annually, City staff reviews and updates the capital equipment plan for all of the City of Clive departments. Any updates and changes to the plan follow the City Council’s Capital Equipment Policy updated in May 2017. The policy outlines intent, financial planning, and provides a framework for replacement cycles for each department. Included below is a summary of the capital equipment purchases expected in the Police Department for the proposed budget.

For the upcoming budget the Police Department is scheduled to replace two Patrol Ford SUV Interceptors, one Patrol Ford Sedan Interceptor and two unmarked cars. The patrol vehicles are on three-year replacement cycles and the unmarked vehicles are on a six-year replacement cycle. The PD will also be seeking a vehicle swap with another Iowa law enforcement agency to acquire a vehicle outfitted for implementing a K-9 program.

Police Summary for FY 2021-22 Proposed Budget (Total cost of \$164,000)

- 1) Replace three patrol vehicles (including setup and warranty) at \$127,000
- 2) Replace two unmarked vehicles, total of \$37,000 for two vehicles.

Police Chief Venema has provided a long-term and short-term view of the PD in his budget memo included as Appendix #4. The substantial budget requests to note:

- ✓ Achieving a new patrol scheduling model (4/10)

- ✓ Beginning a Police K-9 Program
- ✓ Ongoing efforts for professionalism, fairness and accountability

The City Manager concurs with the Police Chief’s PD budget requests and has included these requests in the overall FY 2021-22 budget proposal.

**Fire Department**

The Clive Fire Department (FD) is the fire suppression, rescue and emergency medical transport entity within the City of Clive. Clive FD provides the following services to the community:

- Emergency Fire & Rescue
- Emergency Ambulance
- Fire and Life Safety
- Public Education and Emergency Training

As shown in the figure below, the FD consists of 20 full-time positions and approximately 30 part-time staff. The part-time staff compliment the full-time firefighter/paramedic staff to provide 24/7 in-station staffing at the Dymond Public Safety Center on Harbach Blvd in Clive. Over the past five years the significant staffing change in the FD consisted of the conversion of three part-time Firefighter/Paramedic positions to full-time positions in the previous year budget (FY 2019-20). The FD is not proposing any additional staffing changes at this time.

Position/ Job Title	FT/PT	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	Requested FY 2022	Recommended FY 2022 Budget	Projected FY 2023 Proj
<b>Fire</b>									
Fire Chief	FT	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Fire Marshal	FT	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Assistant Chief - Operations	FT	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Assistant Chief - Training	FT	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Administrative Assistant	FT	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Lieutenant	FT	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Firefighter/Paramedic	FT	9.00	9.00	9.00	12.00	12.00	12.00	12.00	12.00
<b>Fire Department Total</b>		<b>17.00</b>	<b>17.00</b>	<b>17.00</b>	<b>20.00</b>	<b>20.00</b>	<b>20.00</b>	<b>20.00</b>	<b>20.00</b>

Note: The Fire Department utilizes 30-35 part-time positions to compliment the full-time staff, they are not listed on the above staffing table.

The major equipment replacement scheduled for FY 2021-22 is the remount of an ambulance. This is where the truck chassis is replaced and the ambulance “box” is remounted on the new chassis. A full replacement of this ambulance (chassis and box) will occur eight years following the remount.

Fire Summary for FY 2021-22 Proposed Budget (Total cost of \$145,000)

- 1) Ambulance remount at \$145,000

Fire Chief Roe has provided a long-term and short-term view of the FD in his budget memo included as Appendix #5. The substantial budget requests to note are the following:

- ✓ Service Delivery – providing continued support to interlocal station agreements with Urbandale and West Des Moines, and the opening of the new Clive Fire Station #32 in December 2021.
- ✓ Paramedic training and equipment updating.

The City Manager concurs with the Fire Chief’s FD budget requests and has included these requests in the overall FY 2021-22 budget proposal.

### **Leisure Services Department**

The Clive Leisure Services Department (LS) is responsible for providing the quality of life services to the Clive Community. LS consists of three divisions, parks, recreation and library. LS provides the following services to the community:

#### Park Services

- Community Parks and Greenways/Linear Parks
- Management & Oversight of High Profile Parks/Public Facilities
- Mini-Neighborhood and Neighborhood Parks
- Community Beautification
- Plan & Implement Comprehensive Parks, Recreation & Open Space Plan
- Public Building Maintenance
- Cul-De-Sac & Sidewalk Snow Removal
- Greenbelt Trail Maintenance
- Medians & Roundabout Maintenance

#### Recreation Services

- Recreational Programming: Youth, Adult, Older Active Adult, Instructional Programs
- Special Events & Community Festivals Support
- Aquatics Facility Maintenance and Operations
- Swimming Instruction Programs
- Community Volunteer Program Management

#### Library Services

- Youth and Adult Programming and Collection
- Current Topics and Titles Collection
- Lifelong Learning Programs
- Technical Services and Technology Programs
- Circulation Desk/Patron Support and Outreach

As shown in the figure below, LS currently consists of 22 full-time positions and 4.5 part-time positions. In addition, the Department is aided by over 100 seasonal staff annually in the parks and recreation divisions for park maintenance, recreation programming, and aquatic center operations. Within the past

five years the City added 0.5 FTE when a Part-time Recreation Coordinator (Athletics) was upgraded to a full-time position, two full-time Parks Operation Specialists were added and an existing Custodial position was upgraded to an Operations Specialist.

There were no staffing changes in the current budget year and there are no staffing requests proposed in the FY 2021-22 budget proposal.

Position/ Job Title	F/T/PT	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	Requested FY 2022	Recommended FY 2022 Budget	Projected FY 2023 Proj
<b>Leisure Services Administration</b>									
Parks and Recreation Director	FT	-	-	-	-	-	-	-	-
Leisure Services Director	FT	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Administrative Assistant	FT	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Administrative Assistant	PT	-	-	-	-	-	-	-	-
<b>Park Maintenance</b>									
Parks Supervisor	FT	-	-	-	-	-	-	-	-
Park Manager	FT	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Custodians	FT	1.00	1.00	-	-	-	-	-	-
Operations Specialists	FT	6.00	6.00	9.00	9.00	9.00	9.00	9.00	9.00
Crew Leader	FT	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
<b>Recreation Program</b>									
Recreation Supervisor	FT	-	-	-	-	-	-	-	-
Recreation Manager	FT	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Recreation Coordinator	FT	1.00	1.00	2.00	2.00	2.00	2.00	2.00	2.00
Recreation Coordinator	PT	0.50	0.50	-	-	-	-	-	-
<b>Library</b>									
Library Director	FT	-	-	-	-	-	-	-	-
Library Manager	FT	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Assistant Library Director	FT	-	-	-	-	-	-	-	-
Administrative Assistant	FT	-	-	-	-	-	-	-	-
Youth Services Librarian	FT	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Adult Services Librarian	FT	-	-	1.00	1.00	1.00	1.00	1.00	1.00
Public Services Librarian	FT	-	-	1.00	1.00	1.00	1.00	1.00	1.00
Senior Library Assistant	FT	1.00	1.00	-	-	-	-	-	-
Library Assistant	FT	1.00	1.00	-	-	-	-	-	-
Library Assistant	PT	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Shelvers	PT	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
<b>Leisure Services Total</b>		<b>24.00</b>	<b>24.00</b>	<b>26.50</b>	<b>26.50</b>	<b>26.50</b>	<b>26.50</b>	<b>26.50</b>	<b>26.50</b>

The Leisure Services Department has three scheduled equipment replacements with two of those being transfer from Public Works for new models that are being replaced (backhoe/breaker and air compressor). The Parks Division is requesting an early replacement of the skid steer to allow for the acquisition of a forestry mulcher attached to complement our work in the Greenbelt on vegetation management. In addition, staff is requesting a new turf and prairie seeder that will also complement this program as we restore and replant native areas that have had invasive species and/or the conversion of certain turf grass areas to prairie and natural grasses.

The new facility project requests are in the Parks, Recreation and Aquatics Divisions. The first is to replace basketball hoops at Lundberg and Huntington Ridge Parks. As was recently approved by the City Council, the annual funding for park reinvestment will be focused on the short term Linnan Park improvements, including a new mini-pitch court system to be installed on the existing tennis courts. The budget also includes funding for year three of four for the park signage update program. Finally, annual updates/upgrades to the Aquatic Center continue was this budget with funding for the replacement of the spray feature along the lazy river that is starting to deteriorate.

Leisure Services Summary for FY 2021-22 Proposed Budget (Total cost \$303,000)

- 1) Replacement of skid steer with forestry mulcher, at \$112,000
- 2) Replacement of rubber tire backhoe and breaker, from public works, no cost
- 3) Replacement of air compressor, from public works, no cost
- 4) Appropriation for Linnan Park improvements at \$125,000
- 5) Purchase of turf and prairie seeder, at \$16,500
- 6) Replacement of basketball hoops at Lundberg and Huntington Ridge Parks, at \$4,800
- 7) Annual Aquatic Center Replacement focused on Lazy River spray feature, at \$21,000
- 8) Neighborhood Park Sign Replacement, at \$24,000 (year 3 of 4)

Leisure Services Director Brown has provided a long-term and short-term view of LS in his budget memo included as Appendix #6. The substantial operating budget requests to note are the following:

- ✓ Operationalizing the goat program with replacing the skid steer and adding a forestry mulcher.

The City Manager concurs with Director Brown's LS budget request in the overall FY 2021-22 budget proposal.

**Community Development Department**

The Clive Community Development Department (CD) is responsible for all development activities within the City of Clive. Clive CD provides the following services to the community:

- Private Development Design Review
- Capital Project Planning
- Development/Zoning Code Administration & Maintenance
- Long-Range Planning
- Code Enforcement Investigation/Abatement
- Construction Plan Review/Inspection/Permitting
- Sidewalk Safety and Snow Removal Program
- Building Code Development
- Stormwater Inspection Program

As shown in the figure below, the CD consists of 8 full-time positions and one part-time position. Over the past five years the significant staffing changes in CD have consisted of the addition of the Planner/GIS Analyst position and the reduction of the full-time Office Assistant to part-time. During the current year, a building inspector position was added to keep up with development activities and provide additional capacity to expand current building programs in the community.

The FY 2021-22 budget includes a request to promote our current Planner/GIS Analyst position to a Senior Planner position. The person in this position has shown a significant amount of growth and capacity to

handle high-level development and planning projects in the City. The Department Director would like to recognize this growth with a promotion and the transfer of additional responsibilities to this position.

Position/ Job Title	FT/PT	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	Requested FY 2022	Recommended FY 2022 Budget	Projected FY 2023 Proj
<b>Code Enforcement</b>									
Code Enforcement Officer	FT	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
<b>Planning</b>									
Community Development Director	FT	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Planner	FT	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Senior Planner	FT	-	-	-	-	-	1.00	1.00	1.00
Planner/GIS Analyst	FT	-	-	1.00	1.00	1.00	-	-	-
Administrative Assistant	FT	1.00	1.00	1.50	1.50	1.50	1.50	1.50	1.50
Office Assistant	FT	1.00	1.00	-	-	-	-	-	-
<b>Construction</b>									
Construction Services Administrator	FT	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Building Inspector	FT	1.00	1.00	1.00	1.00	2.00	2.00	2.00	2.00
Senior Building Inspector	FT	-	-	-	-	-	-	-	-
<b>Community Development Total</b>		<b>7.00</b>	<b>7.00</b>	<b>7.50</b>	<b>7.50</b>	<b>8.50</b>	<b>8.50</b>	<b>8.50</b>	<b>8.50</b>

**Community Development Summary for FY 2021-22 Proposed Budget (Total cost \$83,850)**

- 1) Replacement of two building inspection pickups at \$27,950 each
- 2) Replacement of one code enforcement pickup at \$27,950

Community Development Director Ollendike has provided an overview of CD activities in his budget memo included as Appendix #7, with one substantial budget requests to note:

- o Upgrade of Planner/GIS Analyst to Senior Planner position

The City Manager concurs with the Director’s CD budget requests and has included these requests in the overall FY 2021-22 budget proposal.

**City Manager’s Office and Technology Services**

The City Manager’s Office (CMO) provides general oversight and management of the City of Clive’s operations. Included within the CMO is the Technology Services Division. The Human Resources Division was previously included within the CMO but was transitioned to the Administrative Services Department as associated with their reorganization plan. The CMO provides the following services to the community:

**City Manager’s Office**

- Intergovernmental Relations
- Economic Development and Community Marketing Initiatives
- Westcom Dispatch Administration and Oversight
- Legal Services Management and Oversight
- Mayor & City Council Support
- General City Administration and Oversight
- Research and Special Projects
- Organizational and Financial Strategic Direction and Management

- Community Engagement and Outreach

Technology Services

- Network Infrastructure and Systems Administration
- Application Administration and End-User Support
- Internet and Web Presence
- Geographic Information Systems (GIS)
- IT Project Management and Implementation

As shown in the figure below, the CMO currently consists of 5 full-time positions. Over the past five years the only significant staffing change in the CMO has been the transition of the Human Resources Manager position to the Administrative Services Department for oversight. The City Manager does not anticipate any additional staffing requests for the CMO at this time.

Position/ Job Title	FT/PT	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	Requested FY 2022	Recommended FY 2022 Budget	Projected FY 2023 Proj
<b>City Manager's Office</b>									
City Manager	FT	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Assistant City Manager	FT	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Human Resources Manager	FT	1.00	1.00	1.00	-	-	-	-	-
<b>Technology Services</b>									
Information Technology Manager	FT	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Network Technician	FT	-	-	-	-	-	-	-	-
Network Administrator	FT	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Code Enforcement Officer	FT	-	-	-	-	-	-	-	-
GIS Technician	FT	-	-	-	-	-	-	-	-
GIS Coordinator	FT	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
<b>City Manager's Office Total</b>		<b>6.00</b>	<b>6.00</b>	<b>6.00</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>

The Technology Services Division is the only division within the CMO that has capital equipment requests for the upcoming budget. As shown below these requests are for standard replacements of network infrastructure, office productivity software and departmental computer replacements.

Technology Services Division Summary for FY 2021-22 Proposed Budget (\$119,000 total)

- 1) Allocation for copier and printer/plotter replacements, at \$10,000
- 2) Annual computer/workstation replacement program, at \$51,000
- 3) Network infrastructure replacements, at \$58,000

Technology Services Manager, Dennis Harken, has provided a long-term and short-term view of the Technology Services Division in his budget memo included as Appendix #8. The City's focus on cybersecurity and disaster recovery has been heightened in recent years and will continue to be a focus. In the coming year, the installation of a new data center in the new Public Safety Center will be the priority.

The City Manager has no substantial budget requests for the CMO and has included this budget in the overall FY 2021-22 budget proposal.

### 3. Revenues

As shown in Appendix #2, property taxes represent the City's largest revenue source in the General Fund at 56%. Property taxes are based on the amount of taxable property valuation available in the City. Many factors go into taxable valuation due to the complexity of the State of Iowa's property tax system for local governments. The \$7.07 General Fund levy is calculated per \$1,000 of taxable valuation for a property. Taxable valuation is a percentage of a property's total assessed valuation, with the State of Iowa determining the percentage. The taxable valuation history of the different property classes in Iowa are noted in Appendix #9. The key rollback figures for the FY 2021-22 proposed budget is 56.4% for residential property, 67.5% for multi-family residential and 90% for commercial and industrial properties. The residential rollback saw a slight increase from the previous year and multi-family saw a drop with the commercial rollback remaining stable. Multi-family residential experienced a drop of 3.75% from the previous year as associated with the property tax reform legislation of 2013. The residential rollback increases of almost 1.4% from the previous year results many times during the off-year from assessment re-evaluations where the state law 3% cap on assessed value does not have as much of an impact. The residential rollback adjusts to ensure taxable valuation on residential property does not increase too quickly in any given year.

Based on the comparison of taxable valuations from the current fiscal year and the proposed fiscal year, the City experienced a 3.84% increase in taxable value. To provide context, the 3.84% annual increase (down from 7.9% last year) for this projected budget in terms of dollars, equates to approximately \$430,000 of new funds available to the City in the General Fund. The staff feels there are two main drivers behind this FY 2021-22 taxable valuation increase:

- 1) The City continues to experience significant growth through new residential construction in the Shadow Creek area in addition to new commercial development.
- 2) The 1.4% increase in the residential rollback, making more of the City's residential property valuation available for taxation. With over 65% of the City's tax base being residential, this can have an impact annually as the rollback adjusts up or down.

The FY 2021-22 budget will include stable revenues from the Dallas County Local Option Sales & Services Tax (LOST). Based on the approved ballot language, 50% of the revenues generated (estimated to be approximately \$641,000 for FY 2021-22) will be dedicated to property tax relief. This revenue is accounted for in the "Transfers In" line item in the General Fund shown in Appendix #2. The focus for these funds is to offset the costs associated with the new Fire/EMS collaboration with the City of Urbandale at Station #43. In the short-term the LOST funds will provide property tax relief for these additional expenses, as it could have necessitated additional property tax revenue to fund these new expenses. As will be discussed in the expenditure section, the costs of the Station #43 collaboration will exceed the property tax relief portion of Dallas County LOST revenue, making this revenue source critical to provide the support for this new collaboration.

Staff is anticipating that recreation and aquatic revenues will recover in FY 2021-22 with normal operations of the aquatic center and recreation leagues, although staff is ready to adjust these plans pending the status of the pandemic. Other revenue increases include the increasing payout from the City of West Des Moines for the buyout of ownership for the Westside Station. The dislocation payment is increasing from \$357,000 in the current year to \$428,000 in the FY 2021-22 budget.

For the FY 2021-22 budget, the only major decrease to note is staff feels that it may take a number of years for Hotel/Motel Tax revenue to fully recover from the pandemic impacts. Therefore, we are showing a revenue amount of \$900,000 for future levels when the City was seeing \$1 million plus in hotel/motel revenues in previous years. The building permit number is projected to be lower in the proposed budget as there are no known large developments at this time and the current and previous fiscal years had the building permits associated with the two Mercy hospital projects. Due to the financial impacts to markets from the COVID-19 pandemic, interest income revenue has declined and staff anticipates in may be a number of years before it recovers to previous levels. In addition, FY 2021-22 is the off-year for the rental inspection program, so the every-other-year revenues from that program will return in FY 2022-23.

Based on the figures provided in Appendix #2, the City is expected to collect over \$244,000 additional revenue in FY 2021-22, with the vast majority coming from additional property tax revenue. Overall, this represents a 1.3% increase from year to year based on the revised FY 2020-21 budget. There is an increase in "Transfers In" of approximately \$150,000 from other City funds to support the operational costs associated with certain functions of the Public Works Department and administrative support (City Clerk, HR, IT, City Manager's Office) from the Road Use Tax Fund and Utility Funds. These transfers offset the increased expenditures included in the General Fund for the salary reallocations.

Based on staff research and taxable value expectations, the City is projecting a slight increase in revenues in the FY 2021-22 projected budget and going forward. The line-item detail associated with the revenues for the proposed FY 2021-22 budget are available in Appendix #11A.

## 4. Expenditures

Based on the summary of the proposed FY 2021-22 budget outlined in Appendix #2, the City of Clive is expected to experience slightly above inflationary increases in General Fund expenditures. The largest drivers behind the growth in expenditures in terms of dollars are the City's public safety collaborative programs (+\$159,000), recovery of expenses for the normal operations of the City's recreation and aquatic programs (+\$118,000) and personnel expenses (salaries/wages/pensions) at +\$78,000.

When combined with other expenditure increases and decreases expected in the General Fund an overall 2.5% expenditure increase is expected in the proposed FY 2021-22 budget. When the overall expenditure increase is combined with the previous four fiscal years, the City has averaged 8% in annual expenditure increases. This average is above the inflationary annual average of 1.4% during that same time period (Midwest CPI-W BLS, 2016-2020).

As shown in Appendix #2, personnel expenses represent the City's largest expenditure in the General Fund at 56%. In addition, the City has collaborative relationships with other cities that include personnel expenses, such as the Westside Fire Station, Westcom Dispatch, and the collaboration with Urbandale on Station #43. When expenditures for those three collaborative efforts are included the City's personnel expenses reach closer to 66% of total expenditures.

At 2.6% of total General Fund expenditures is the City's contractual hotel/motel tax programs. The City collects a 7% tax from Clive hotels/motels with 29% of that revenue being shared as a part of the City's membership to the Greater Des Moines Area Convention and Visitors Bureau and another 29% to the regional arts and culture entity, Bravo of Greater Des Moines. The remaining hotel/motel revenue supports City contributions to various community organizations and the City's parks & recreation programming. The expenditures are expected to recover somewhat in FY 2021-22 as the hospitality industry recovers from the COVID-19 pandemic.

Outside of the increases in recreation & aquatic programming expenses, collaborative efforts and personnel expenses, the City is not anticipating any significant expenditure growth in the other areas of the General Fund budget, nor anticipating any significant expenditure decreases. Transfers out show a drop in the FY 2021-22 Budget as compared to the Revised FY 2020-21 of \$144,000.

### **Salaries and Wages**

As mentioned previously, the salaries and wages of City employees represent the largest expense in the General Fund. Overall, salaries and wages are proposed to increase by 0.6% for FY 2021-22, or \$78,000.

Each year the City Manager estimates an annual increase in salaries/wages for existing City staff. The FY 2021-22 budget includes a 3.75% increase in salaries/wages. This figure is an estimate for budgeting purposes based upon the previously adopted Merit Matrix Table. The 3.75% increase is a balance between what is prescribed in the union contracts and the non-union projected increases as a part of the pay for performance pay matrix. The October 2020 CPI of 1% is the base for the Merit Matrix Table for FY 2021-22.

One item on salaries and wages to note for the next two fiscal years (FY 22-23 and FY 23-24) after the proposed budget year is this will be a time period where the City will experience a "27<sup>th</sup> payroll". Any payroll cycle that pays every two weeks (biweekly) results in an extra pay date in a fiscal year every 11 years. The last time this occurred was in FY 2011-2012 and the next occurrence will be in FY2023, which is apparent in the cashflow projects and is highlighted on Appendix #2.

Due to leap year, in FY 2022-23 there are 27 payrolls versus the typical 26. This occurs once every 11 years. These expenses are accounted for in Appendix #2 and highlighted for years FY 2022-23 and FY 2023-24. The policy for how the City addresses this is outlined in the Personnel Policy Manual.

## Collaborative Public Safety Programs

### Westcom

For many years the City of Clive has been utilizing two major collaborative programs to provide public safety to the Clive community, Westcom Dispatch and the Westside Fire Station. Last year the City added a collaboration with Urbandale for Fire/EMS services from their new Station #43 in western Urbandale and Clive. Westcom Dispatch, with the Cities of West Des Moines, Urbandale, Norwalk and Waukee, has proved to be a very successful collaboration. In addition, this collaboration has provided cost savings to Clive, although in the past few years the expenses associated with Westcom have increased due to the implementation of a new radio system, computer-aided dispatch software, and necessary personnel additions.

As shown in Appendix #2, over the past five years Westcom expenses have increased from \$352,000 in FY 2016-17 to \$471,000 for the FY 2021-22 budget. This represents a \$119,000 increase or an 34% increase over those five years. As mentioned above, Westcom has made extensive replacements to its radio system, as required by Federal mandates. In addition, a new Computer Aided Dispatch (CAD) system was installed four years ago. The addition of Norwalk and Waukee within those five years has resulted in a substantial benefit to Clive, slowing the increases to what is reflected above instead of larger numbers. In the coming years, Westcom is will be implementing a new strategic plan that includes changes to the governance structure, possible addition of new members and facility needs which may result in additional financial commitments and capital requests.

### Westside Fire Station

Since the early 1990's, the Westside Fire Station collaboration with the City of West Des Moines has afforded Clive the ability to provide paramedic level Fire and EMS services to the western half of Clive, in addition to a fire engine and ambulances out of the City-owned Harbach Station. West Des Moines operates the facility and staffing, with Clive paying a percentage of total costs based on the number of Fire and EMS calls the Westside paramedic-level engine responds to in Clive.

As discussed in previous years, both Clive and West Des Moines approved a change in the relationship for the Westside Station. Over the next three years Clive will continue to be reimbursed for its portion of the ownership of the Westside Station allowing West Des Moines to have full ownership of the facility. West Des Moines is having preliminary conversations of potentially relocating the station. The new location would still serve Clive through a contract for service arrangement, but in a better position for West Des Moines' needs. Below is the reimbursement schedule and these reimbursements will be credited against Clive's operational support of the Westside Station. The financial projections for future budget years in Appendix #2 does reflect the ending of these payments in FY 2023-24.

### **Schedule – Westside Station Dislocation Allowance Repayment Due to Clive**

May 1, 2019 – 5% of the Dislocation Allowance Value = \$ 71,476 (PAID)

May 1, 2020 – 10% of the Dislocation Allowance Value	= \$	142,951 (PAID)
May 1, 2021 – 25% of the Dislocation Allowance Value	= \$	357,377
May 1, 2022 – 30% of the Dislocation Allowance Value	= \$	428,852
May 1, 2023 – <u>30% of the Dislocation Allowance Value</u>	= \$	<u>428,852</u>
Total	= \$	1,429,508

Urbandale Fire Station #43

Three years ago the City partnered with Urbandale to secure a contract for services agreement for Urbandale to provide Fire/EMS coverage to Clive residents from their soon to be operational Fire Station #43. Located at NW 152<sup>nd</sup> Street & Meredith Drive the station will provide coverage to the Dallas County portions of both Clive and Urbandale. For this coverage Clive will be reimbursing Urbandale for 40% of staffing costs for a fire engine company and ambulance. The operational costs associated with Station #43 will plateau in the FY 2021-22 budget year as full staffing of six positions in-station 24/7 is achieved. The new station has been operating since March 2020. The impact to the Clive budget over the next few years is projected below.

FY 18-19 (actual)	= \$212,000
FY 19-20 (actual)	= \$484,000
FY 20-21 (revised)	= \$757,000
FY 21-22 (budget)	= \$856,000 (full cost)

Overall, the line item for “Westside/Urbandale Fire Station Operations” as shown in Appendix #2 will grow steadily over the next year or so with the goal of having the new Urbandale costs fully absorbed and stabilized by FY 2023-24 and stability to this line item for the long term. The Cities of Urbandale and Clive did receive a SAFER grant to offset the initial staffing expenses associated with Station #43. To be conservative and provide for cushion in the cost projections, the City Manager has decided to not show this grant revenue as an offset to Clive’s costs to ensure the City can structural support the costs without the grant revenue. In addition, the dislocation reimbursement associated with the Westside Station provides the City a buffer for a short time period to absorb the new Station #43 costs within our operating budget.

Based on the figures provided in Appendix #2, the City is projected to expend over \$460,000 in additional General Fund expenditures in FY 2021-22. Overall, this represents a 2.5% increase from year to year. Beyond the FY 2021-22 proposed budget, staff is projecting General Fund expenditure increases will be slightly above inflation, which is less than the current fiscal year and consistent with the proposed budget. These projections equate to a 10.7% increase over the next five-year period, or 2.1% annually.

The line-item detail associated with the expenditures for the proposed FY 2021-22 budget are available in Appendix #11B.

## 5. Financial Position/Fund Balance

Based on the proposed budget outlined in Appendix #2, the City is expected to have a surplus of \$182,000 of cash on hand and will end FY 2021-22 with a cash balance of 32.2% of fund expenditures and transfers out. When originally projected during last year's budget development process, this fiscal year was anticipated to have a \$366,000 surplus and result in a General Fund cash balance of 30.8%.

As has been typical in years past, the City never expends 100% of budget allocations each year. As mentioned in previous sections on the current and past fiscal year, the City has been averaging less than 98% in terms of actually spent expenditures to budget. If the City were to project a conservative position of spending 99% of the proposed FY 2021-22 budget expenditures it would result in \$208,000 less in expenditures, resulting in a surplus of approximately \$390,000 in FY 2021-22.

Going forward, the City's General Fund is projected to be in a strong position for years to come, with stable revenue and expenditure projections. Based on the current six-year projections, the City is expected to maintain a high 20's cash reserve for the General Fund until FY 2026-27. This level of cash reserve provides substantial flexibility to the City as it weighs the potential of continued funding of the Flood Prone Property Buyout Program or the effects of outside forces, such as the status of the State Property Tax Backfill discussed in the next section.

## 6. Budget Scenarios – State Property Tax Backfill and 2% Threshold

As a part of the property tax reform legislation approved by the State of Iowa in 2013, the State made changes to the commercial property taxable valuation percentages, rolling them back from 100% of assessed value to 90% of assessed value over a two year time period. As a result of the loss in property tax revenues that local governments would experience, the Iowa Legislature setup an annual appropriation called the State Property Tax Backfill, to satisfy this loss in revenue to Iowa cities.

As shown in Appendix #1 and Appendix #2, the City receives backfill revenues into its property tax-based funds. The Trust & Agency Fund receives \$82,000 annually, the General Fund \$370,000 and the Debt Service Fund (not shown) receives \$77,000 annually. In total, the City is projected to receive \$529,000 in FY 2021-22 from the backfill program. This level is expected to stay level or decrease over time due to the caps the legislature has placed on the backfill program. As commercial property values increase statewide the amount of funding support is reduced.

Unfortunately for Iowa cities, many times in the past the Iowa Legislature has approved legislation to reduce local government revenue, provided a backfill for that lost revenue, and then in the future eliminated those backfill payments due to the State of Iowa's own budget challenges. This revenue loss-backfill-reduction cycle has occurred with revenue programs such as the Machinery & Equipment Property Tax, Personal Property Tax, Bank Franchise Fees and others. As has been discussed during the last few years, if the past is an indicator for the future, at some point the City could expect the eventual loss of

Backfill revenue. The below provides some general thoughts from City staff on the current status of the backfill revenue for the property tax supported funds.

### **Trust & Agency and Debt Service Funds**

As indicated previously, the Trust & Agency Fund collects \$82,000 from the Backfill and the Debt Service Fund receives \$77,000 annually. As was described in November for the Debt Service Fund, and earlier in this memo for the Trust & Agency Fund, both funds are in favorable financial positions. Based on current financial projections for these funds, the City Manager feels these funds could withstand the loss in revenue without an immediate change needed to the revenues and expenditures in these funds. The revenue loss would still have a long-term effect on the Funds, although this could be managed in small increments over a number of fiscal years.

### **General Fund**

The General Fund, as the City's largest property taxing fund, receives the largest portion of the Backfill at \$370,000 annually. The Backfill in the General Fund accounts for 1.8% of the total Fund's revenues. As mentioned in previous years, the below outlines potential options the City Council could consider to offset the loss of this revenue in the General Fund.

- 1) **Status Quo** – This option does not make any adjustments to account for the loss in revenue. If the Backfill was eliminated by the Iowa Legislature starting in FY 2021-22 the cash balance would be projected to drop to 31.9% and continue to decline in the future years. This option would require the City Council to address the deficit in the FY 2025-26 budget, as the cash balance would drop near the 20% floor.
- 2) **Expenditure Reductions** – This option would require reducing expenditures to satisfy the \$370,000 loss in revenue. This option could take the form of a one-time approach, where all \$370,000 is addressed, or a three year phased approach of \$123,000 per year.
- 3) **Revenue Enhancement** – This option would require increasing the City's General Fund tax levy to compensate for the \$370,000 loss. Similar to Option #2, this could be a one-time levy increase, and based on the City's current taxable valuation this would equal a \$0.23 levy increase. Alternatively, that \$0.23 levy increase could be spread across multiple years. For example, \$0.08 per year over three years.
- 4) **Hybrid** – This option would look to find a hybrid approach of expenditure reductions and revenue enhancements to satisfy the \$370,000 loss. Again, a one-time or phased approach could be utilized under this option.

### **2% Threshold – 2019 State Legislation**

During the 2019 session the Iowa Legislature approved local government transparency legislation. As a part of this legislation, cities are obligated to hold an additional public hearing and resolution vote if the city is looking to utilize additional property tax revenues above a 2% growth threshold to support their budget. If the resolution is seeking approval to exceed the 2% threshold, approval of the resolution requires a supermajority vote (4 of 5) of the City Council and the resolution provides explanation for those additional revenue needs. The public hearing and resolution must be approved prior to holding a public hearing on the budget and consideration of the final resolution to approve the budget for the coming fiscal year.

As discussed in the revenue section above, with the proposed FY 2021-22 Budget the City would be exceeding the 2% threshold through regular taxable valuation growth of 3.84%. The taxable valuation growth applies to both the General Fund and Trust & Agency Fund equally. If the City decided to restrict property tax revenue growth to 2% for the FY 2021-22 Budget that would result in a \$527,000 revenue loss across the two Funds (\$430,000 loss to the General Fund and \$97,000 loss to the Trust & Agency Fund).

In addition, if the 2% threshold was observed it would also result in a decrease of the City's overall property tax rate of \$0.32 for an overall rate of \$9.82. The rate reduction would be \$0.26 for the General Fund levy (dropping the proposed \$7.07 rate to \$6.81) and a \$0.06 reduction to the Trust & Agency levy, taking it to \$1.53 from the proposed \$1.59. To make up for this revenue shortfall, based on the proposed FY 2021-22 Budget, the City would have to make General Fund expenditure reductions of \$430,000 and Trust & Agency Fund expenditure reductions of \$97,000.

As has been displayed in this memo, it will be difficult for a growing city like Clive to stay at or below the 2% threshold now and for many years to come due to both anticipated taxable valuation growth from new construction and future planned releases of TIF valuation. In addition, the Iowa Department of Management has shared that over 55% of cities in Iowa will exceed the 2% threshold in this upcoming budget year. As expressed throughout this proposed FY 2021-22 Budget and in the financial projections of both the Trust & Agency and General Funds, the City's future financial stability could be compromised by restricting property tax revenue growth to at or below the 2% state transparency threshold.

As will be discussed in the City Manager's Recommendation section, the City Manager is not recommending any specific plans at this time related to the potential loss of the State Property Tax Backfill, nor is the City Manager recommending the City of Clive restrict its revenues to the 2% threshold.

## **7. City Manager's Recommendation**

The previous sections of the budget memo were developed to provide a chronology of the City of Clive's financial position from the previous fiscal year (FY 2019-20) to the current fiscal year (FY 2020-21) and ultimately to the proposed FY 2021-22 budget. As was noted in the Financial Position/Cash Balance

section of the FY 2021-22 proposed budget, the City is in a healthy financial position currently and projected into the future.

**For the FY 2021-22 Budget the City Manager is recommending the City Council maintain the current General Fund tax levy of \$7.07, the current Debt Service Levy of \$1.48 and the current Trust & Agency levy of \$1.59, ultimately maintaining the City of Clive’s overall tax levy at \$10.14. This would be the sixth straight year with an overall levy rate of \$10.14**

As shown below, if the City Council concurs with the City Manager’s recommendation the City of Clive’s levy ranking within the Greater Des Moines Area would result in Clive having the second lowest levy rate behind the City of Ankeny.

<b>Metro Area City Tax Levies FY2020-2021</b>	
<b>City</b>	<b>Total City Tax Levy</b>
Ankeny	\$ 10.00
<b>Clive</b>	<b>\$ 10.14</b>
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	

The City Manager’s recommendation to maintain the current property tax levy is based on a combination of critical factors. The following outlines the critical factors taken into account to arrive at this recommendation.

#### 1) Goals Outlined in the Clive Strategic Plan

As is mentioned in numerous places throughout the Department Budget Memos in the appendix in relation to the Clive Strategic Plan, the City desires to be a “beautiful, safe City with great residential neighborhoods...” and to provide “exceptional family living and opportunities for personal wellness.” The City of Clive is to accomplish this community vision through the City’s mission of providing “high quality, customer valued municipal services in a financially responsible manner through a dedicated workforce...accomplished through cost effective delivery, forward thinking and continuous improvement.”

The proposed FY 2021-22 Budget looks to meet the mission of the organization. As was described in the Expenditures section, the City has been able to find ways to deliver City services effectively through increases in expenditures while also seeking collaborative opportunities with surrounding jurisdictions. The City continues to be forward thinking through the long-term financial plan utilized to evaluate the City's past, current and future financial position. In addition, the continuous improvement efforts of staff will proceed into the future to allow the City of Clive to offer its residents and businesses the "Best Deal in the Metro Area" with high quality municipal services at a very competitive property tax rate.

Finally, as was discussed during the August 2020 strategic planning workshops, this FY 2021-22 proposed budget reflects the City Financial Strategy discussed during and after those workshops. The budget maintains cash reserves to weather challenges such as the COVID-19 pandemic and other unforeseen events, and maintains the same tax levy rate the City has had for the past five years. The financial flexibility provided in this proposed budget will allow the City to take advantage of future opportunities, whether that be the repurpose of the Dymond Public Safety Center or upcoming economic development projects.

## **2) Meeting the Needs of a Growing Community**

The City of Clive continues to be a growing community, mainly due to new residential construction in the northwest portion of the community. The City of Clive has been adding approximately 80-100 new homes to the community annually. This residential growth is represented with the special census figures from 2015 where Clive's population grew from 15,000 in 2010 to 17,000 in 2015. Census estimates now place Clive's population closer to 19,500 and we hope to have the new 2020 census population certified in the next few months. This represents a 15% population growth estimate since 2015. During that same five-year period, based on the proposed FY 2021-22 Budget, the City's expenditures will have increased at a rate of 30%. In terms of staffing, the City's FTE count has kept pace with population growth, with an 11% increase in FTE's during that same five-year period.

The City's new development continues in the western parts of the community, necessitating the opening last March of a new collaboration with Urbandale at their Station #43 for a Fire/EMS coverage model for that part of the community. This new collaboration also sparked the need for realignment of the financial arrangement for Westside Station (w/ WDM). Although the Urbandale collaboration represents a significant amount of additional investment, and one that continues to grow over the next budget year, it provides a long-term solution for Clive's built-out Fire/EMS coverage needs. With this solution in place, Clive will continue growing towards our built-out condition and the per capita costs of this new Fire/EMS collaboration with Urbandale will decrease.

Therefore, the City Manager's recommendation encourages the City Council to endorse the requests made in this memo and support the contracted expenditures with the City of Urbandale for the final phase in of staffing at Fire Station #43.

### Recommendation Result

Based on the above property tax levy recommendations and the water, sewer and stormwater utility rate increases outlined previously in the Public Works Budget memo, Appendix #10 displays the overall change in the cost to the Clive taxpayer from the current fiscal year (FY 2020-21) to the proposed FY 2021-22 Budget. As shown in Appendix #10, the overall change in annual cost to the average residential property owner is a increase of \$76.57, or \$6.38 monthly. The annual increase to a commercial property valued at \$1 million would be \$208.44, or \$17.37 monthly.

Due to the differences of percentage of taxable valuation between residential and commercial properties, the increase in utility rates for the average residential property is added to the slight increase in property taxes due to the residential property tax rollback increasing by almost 1.4%. All of the increase for commercial property is associated with the utility rate increases.

## F. Next Steps/Policy Direction

This budget memo completes the proposal and the City Manager’s recommendation for all components of the FY 2021-22 Budget. Previously, the proposed budgets for the Road Use Tax Fund, Water Utility Fund, Sewer Fund and Stormwater Utility Fund were shared within the Public Works Department budget memo and presentation. Combined with the proposed Trust & Agency Fund and General Fund budgets described in this memo, the two budget memos complete the FY 2021-22 budget proposal.

Based on the recommendations provided, the City Council is now asked to offer policy direction to the City Manager on the proposed FY 2021-22 Budget. The below summarizes those policy questions:

- 1) Does the City Council concur with the proposed 3% rate increase for the Water Utility?
- 2) Does the City Council concur with the proposed 2% rate increase for the Sewer Utility?
- 3) Does the City Council concur with the proposed 10% rate increase for the Stormwater Utility?
- 4) Does the City Council concur with the City Manager’s recommendation for the proposed FY 2021-22 General Fund Budget and Trust and Agency Budget?

Based on the City Council’s direction to the above policy questions, the next steps for the FY 2021-22 budget approval process are as follows:

- **February 4** – City Council Work Session to further discuss the FY 2021-22 proposed budget
- **February 25** – Regular City Council meeting to hold a public hearing on a resolution to authorize the City of Clive budget to exceed the 2% property tax revenue growth cap (requires a supermajority vote to approve) with an agenda item to set the public hearing for the FY 2021-22 Budget approval and approve the budget publication, which sets the maximum property tax rate the City of Clive can implement for FY 2021-22.
- **March 25** – Regular City Council meeting with a public hearing to be held on the Proposed FY 2021-22 Budget and regular majority vote to consider adoption of the Budget following the public hearing.
- **March 31** – State imposed deadline to have City budget certified to County Auditor.

## **G. Appendix**

Throughout the budget memo, numerous supporting documentation was referenced. This appendix provides all of the supporting documentation. The documents are listed in the order provided below.

- 1. Trust & Agency Fund Summary**
- 2. General Fund Summary**
- 3. Administrative Services Department Budget Memo**
- 4. Police Department Budget Memo**
- 5. Fire Department Budget Memo**
- 6. Leisure Services Department Budget Memo**
- 7. Community Development Department Budget Memo**
- 8. Technology Services Budget Memo**
- 9. Iowa Assessment Limitations Table – Iowa Department of Revenue**
- 10. Annual Cost for City of Clive Services – City Taxpayer Comparison**
- 11. Line-Item Detail – General Fund and Trust & Agency Fund**
  - A – Revenue Detail**
  - B – Expense Detail**