



Taxpayers Association of Central Iowa

ANNUAL REPORT

2018

TAXPAYERS ASSOCIATION OF CENTRAL IOWA

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DES MOINES, IA 50309

www.taxpayersci.org



INTRODUCTION

The Taxpayers Association of Central Iowa is a nonpartisan, member-based organization dedicated to the promotion of efficient and effective local government, thereby contributing to a high quality of life at reasonable cost. For 97 years, it has been an independent voice of reason in central Iowa, and can be counted on to ask the tough questions and provide the facts on key community issues.

The association operates primarily as a 501c (4) non-profit organization, although 501c (3) contributions may also be accepted on a case-by-case basis. The association was reconstituted from the Polk Des Moines Taxpayers Association in 2011 through the adoption of a new charter and bylaws in March, 2011, and the name change was filed with the Secretary of State in August 2011.

The goals of the Taxpayers Association of Central Iowa are to be:

- A trusted and visible source of information about local tax and budget issues and local government performance;
- A strong source of support for local officials in identifying opportunities and making decisions that promote government efficiency; and
- A leader in moving intergovernmental cooperative efforts that result in better service for less cost.

The Taxpayers Association of Central Iowa (TACI) Board of Directors annually determines the organization's priorities. Its assessment is based on potential community impact -- which could be improved services and/or taxpayer savings, with a secondary screening that considers: (1) feasibility; (2) measurability; and (3) member engagement potential. The association's role is also defined in one of three ways as leader, catalyst, or participant.

The association works primarily with local governments and issues in Polk, Dallas and Warren Counties. There are over 127 independently elected taxing entities and more than \$4 billion dollars spent each year just in these three counties.

This annual report outlines only key initiatives. The association's website (www.taxpayersci.org) contains its research, analysis and views on key community issues, as well as highlights from key events.

2018 HIGHLIGHTS

Shared Services

The Taxpayers Association of Central Iowa (TACI) provides incentives and resources to local governments to promote shared services and/or facilities. Such arrangements are one of the principal ways to improve efficiency in local government.

TACI President Gretchen Tegeler serves as a co-chair along with Urbandale Mayor Bob Andeweg and Pleasant Hill Mayor Sara Kurovski on the Greater Des Moines Partnership's Capital Crossroads Governance Committee. The committee created and sponsors the Local Government Collaboration Project, which each year brings together representatives from every city and several counties to solve common problems or to develop new ways of accomplishing common objectives. In February of 2018, mayors of a dozen central Iowa cities joined together in identifying a regional approach to storm water management as the top priority for 2018-2019, to be followed by workforce housing. During 2018 the cities engaged in a series of workshops to learn more about why current methods of drainage control are no longer working, and what approaches might work better. They concluded a performance outcome approach is desirable (release of x cubic feet per second), but with flexibility in the individual methods used to achieve that outcome on a given site or development. Now cities are asking their elected officials to endorse their working with the development community to determine how to implement such an approach at the city and regional level. The summer floods in 2018 reinforced the need for better storm water management.

Several years ago, TACI hosted the mayors, city managers, and fire chiefs from several western suburbs to discuss what might be the next step in their already strong shared services model. It was agreed a "closest unit response" should be the minimum next step, wherein the closest EMS unit responds, regardless of whether it is located in the caller's city. Such an approach was implemented in 2017 in the cities of Urbandale and Clive, and in 2018 the two cities announced they will jointly operate a new fire station serving the northwest parts of these two cities. Urbandale and Clive will receive the TACI 2019 In the Public Interest Award for their efforts.

In 2018 the association completed a major update of the inventory of sharing arrangements in central Iowa, and made it available to local governments in the area. Being able to see who has what arrangements with whom, can help an individual local government identify its next service or facility sharing opportunity. Also, it becomes easier to know who to contact with questions, thus making implementation easier.

Local Policy Agenda

In 2018 the association developed and circulated its Local Government Best Practices, a short checklist of what it believes are best practices in local government efficiency in central Iowa (and nationwide). All cities received the checklist in 2018, with intent to widen the circulation in 2019. Several members of the association met with local leadership in the cities of Des Moines and West Des Moines to learn how the practices are being implemented in those cities, and to hear about other innovations. Follow-up discussions will be held in the spring of 2019.

BEST PRACTICES
Explicit Consideration of Taxpayers' Interests
<ul style="list-style-type: none"> • Set budget goals in relation to actual property tax revenue rather than property tax rate • Monitor how growth in property tax collections compares with growth in inflation and population • Adopt and adhere to a reasonable reserve policy
Regular Evaluation of Faster/Cheaper/Better Practices
<ul style="list-style-type: none"> • Actively explore and adopt collaborative opportunities • Explore and act on new personnel opportunities available under the 2017 collective bargain law changes • Make service goals and outcome measures part of the budget development process
Mindful of Mission
<ul style="list-style-type: none"> • Explicitly consider if all services provided are appropriate municipal responsibilities
Understanding of Future Tax Implications
<ul style="list-style-type: none"> • Develop a three to five-year budget projection with key assumptions identified • Develop a three- to five-year capital improvement plan to guide capital investment decisions • Review TIF district revenue annually and monitor progress against original plan.

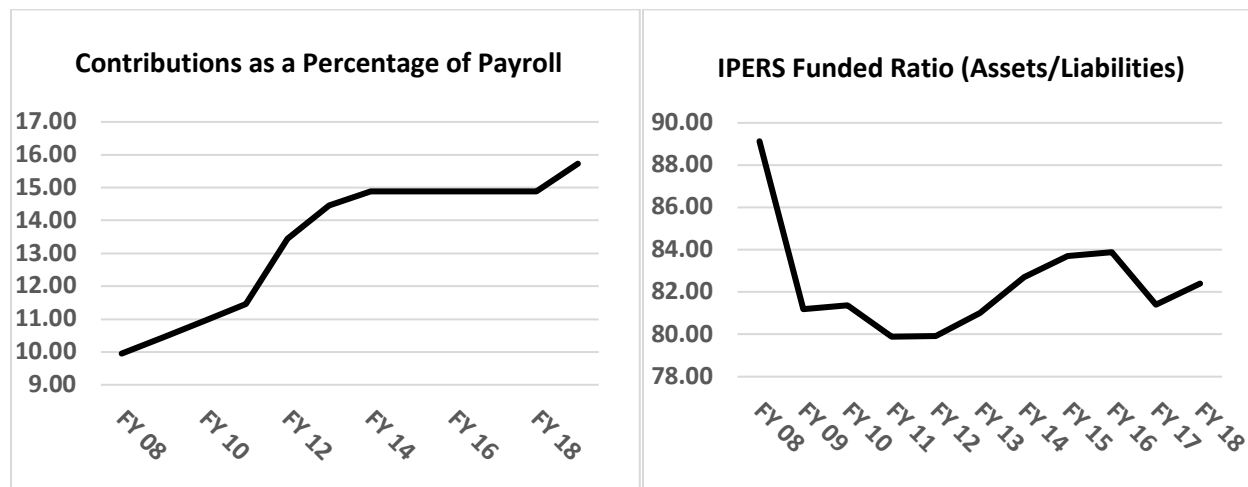
The first item in the checklist concerns differentiation between property tax revenue and property tax rate. Because property taxes are the product of rate times (taxable) assessed value, taxes can go up even when the rate is held constant. Holding the line on rate is not necessarily a good thing if assessments are rising. This distinction is always important, but will become crucial over the next year as assessments are expected to rise 10 – 28 percent in 2019. Absent concerted action, taxpayers could face steep increases in 2020.

Public Pension Comprehensive Review

TACI has long been involved in highlighting the shortcomings of Iowa's public pension systems (for members of the systems as well as for taxpayers), and has urged a comprehensive review to determine what improvements might be acceptable to all stakeholders. Unfortunately, in 2018, public pension reform became a political hot button issue, the suggestion being made that members should fear losing their benefits. TACI has never advocated for any change in structure for existing members—simply a review and consideration of alternatives for new employees that could actually be better for most employees while containing the financial exposure to taxpayers. However, the political impact has been to frighten policy makers away from the issue. The association is considering a grassroots information effort, led by someone with credibility among educators, to begin to turn around these perceptions.

The need for change has not diminished. In July of 2018, IPERS regular member contribution rates increased again from 14.88 percent to 15.73 percent of payroll. Despite a nearly 70 percent increase in contribution rates since the market collapse in 2008, IPERS' funded status (the ratio of assets to liabilities, a standard measure of financial health) has barely improved. Total unfunded liability – otherwise known as pension debt, because the benefits have already been pledged in connection with prior service, but no funds are in place to eventually cover it -- will continue to grow. IPERS remains the state's top financial risk.

IPERS' Payroll Contributions Have Risen Nearly 70 Percent Over the Past Ten YearsBut its Funded Ratio has Barely Improved



Source: IPERS Annual Reports

The association also continues to explore avenues for communicating factual information about our pension systems. In 2018 TACI created a new micro-website called [The Facts About IPERS](#).

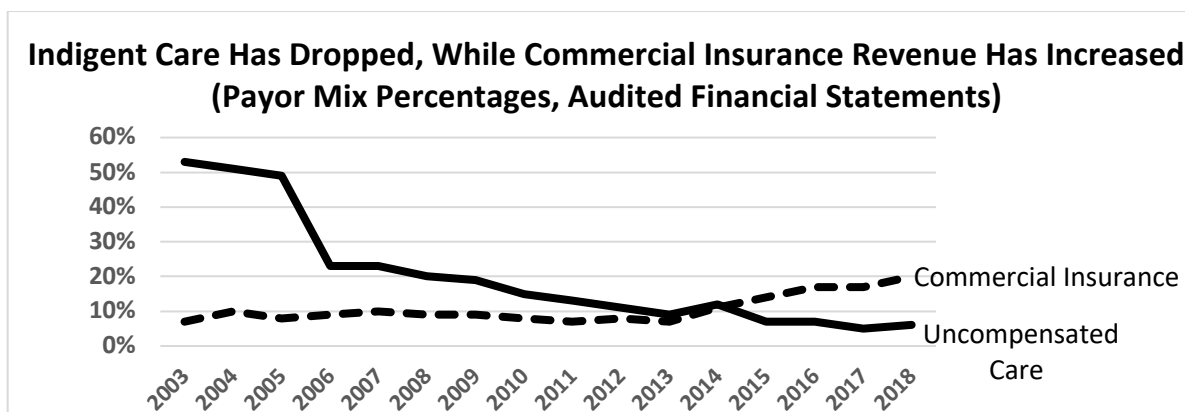
Broadlawns Property Tax Funding

Broadlawns Medical Center is the safety net health care provider for the indigent uninsured and underinsured in Polk County. It has an independently elected seven-member board of Trustees, and has the authority to levy property taxes to cover the cost of providing care to the indigent uninsured or underinsured. During most of its 100 year history, the hospital has needed every penny of its property taxing authority to cover the cost of the indigent care it has provided.

However, beginning in 2005 with the Iowa Care Program, and especially since 2014 with the substantial expansion of the state-funded Medicaid health insurance program, patients who were previously uninsured became insured under these programs. This means the medical center is now paid for the care of patients for whom there was previously no reimbursement. Not surprisingly, the hospital's charity care has plummeted, both in absolute terms and in terms of the percentage of patient charges. Yet, despite a modest rate reduction in 2016, Broadlawns continues to collect property taxes far in excess of its safety net needs. By the end of 2018, after allowing for more than \$100 million in capital spending, Broadlawns has accumulated nearly \$100 million in unrestricted, undesignated cash, and it is still growing.

In 2016 the association worked with Broadlawns to reduce the tax rate. In 2018 it is urging Broadlawns to consider several strategic questions and to involve the broader health care community in a discussion about its future. The association has also been working to enlist interest among other key players in having such a discussion. The strategic questions are:

1. If being the safety net is no longer Broadlawns' mission, what is it? Should it be mental health? If so, what specifically is needed, and should Broadlawns or Polk County (which has responsibility for funding mental health services) have the taxing authority?
2. Should Broadlawns continue to use property tax dollars to compete with other health care systems in Polk County? Broadlawns' share of commercial pay revenue has grown from 7 percent in 2004 to 20 percent in 2018, most of which would have been drawn from other health systems in central Iowa. Should Broadlawns give up equivalent property tax revenue for each new dollar of commercial pay revenue? If not, are property tax dollars being used to unfairly and uneconomically subsidize competition?



2018 BOARD MEMBERS AND TERMS

Dan Aksamit <i>EMC Insurance Companies</i>	2020	Bob O’Hollearn <i>Allied/Nationwide</i>	2019
David Caris <i>Individual Member</i>	2020	Rich Pullen <i>Principal Financial Group</i>	2021
Joseph Corfits <i>UnityPoint Health, Des Moines</i>	2019	Brad Rhines <i>Prairie Meadows</i>	2020
E.J. Giovannetti <i>Hopkins, Huebner, P.C.</i>	2019	Brian Rickert <i>BrownWinick P.L.C.</i>	2019
Paul Hayes <i>JSC Properties</i>	2021	Rick Tollakson <i>Hubbell Realty</i>	2021
Brett Hyland <i>Knapp Properties</i>	2020	Matt Wagner <i>Bank Iowa</i>	2021
Kathryn Kunert <i>MidAmerican Energy</i>	2020	J. Marc Ward <i>Fredrikson & Byron, P.A.</i>	2021
Ted Lodden <i>Brooks Lodden, P.C.</i>	2019	Art Wittmack <i>Individual Member</i>	2019

Taxpayers Association of Central Iowa President

Gretchen Tegeler is a public policy professional who leads the Taxpayers Association of Central Iowa.

She has been active in state and local levels of government, in both administrative and elective capacities. Gretchen’s background in property taxes was acquired during the eight-plus years served as Director of the Iowa Department of Management, the Governor’s planning, policy and budgeting office. She was actively involved in analyzing property tax limitations, proposing local government transparency initiatives, and hearing appeals of local budgets. Ms. Tegeler’s expertise in budgeting is reflected in her work in establishing the “Principles of Accountable Government,” which are applied annually by the Iowa Taxpayers Association to assess the state budget. She served as Governor Branstad’s chief of staff following her tenure at the Dept. of Management.

Gretchen was also twice elected and served six years on the West Des Moines Community Board of Education.

A Des Moines native, Gretchen graduated from the University of Iowa with a degree in political science and Master’s Degree in Urban and Regional Planning.

Ms. Tegeler currently serves on the West Des Moines Water Works Board of Trustees. She is the recipient of several awards including the “Building Common Ground Award” and the Iowa Taxpayers Association Linda Weindruch award.

ENDORSEMENTS

The Taxpayers Association of Central Iowa can be relied on by government, business and individuals to give a clear analysis of complex matters. An approach that digs into the details and ignores the headlines makes TACI a community resource for encouraging innovative government and effective use of tax dollars.

Paul Hayes
JSC Properties

Sometimes that neutral third party is the only way to get everyone re-focused on what's best for the region as a whole. The Taxpayers Association of Central Iowa plays a unique role in fostering shared services and intergovernmental collaboration.

E.J. Giovannetti
Hopkins-Huebner Law, former Polk county Supervisor and 20-year Mayor of Urbandale

We appreciate the approach used by the Taxpayers Association of Central Iowa with our local governments, as it is based on mutual respect. Though unafraid to ask tough questions (and sometimes being the only ones asking such questions), the association respects the ultimate decision-making role of elected officials and works with them to find appropriate solutions.

Gerard Neugent
CEO, Knapp Properties

If not for the Taxpayers of Central Iowa, who is going to provide a voice or reason on key community issues? Central Iowa businesses rely on the organization for fair, impartial analysis.

Bruce Kelley
CEO, EMC Insurance Companies

2018 Treasurer's Report

Income

	2017Actual	2018 Budget	2018 Actual
Membership Dues	\$138,400	\$150,000	\$146,650
Local Government Collaboration Project	0*	25,000	25,000
Marketing Contributions	9,600	0	0
Meeting Income, Other	1,418	2,500	335
TOTAL	\$149,418	\$177,500	\$171,985

Expenses

Payroll/Payroll Taxes	\$108,969	\$132,204	\$125,243
Rent	7,700	8,400	8,400
Office Supplies/Equipment/Printing	1,923	2,000	823
Telephone/Internet/Fax	1,526	1,700	1,484
TACI Meeting Expense	3,783	2,500	1,074
Dues and Subscriptions	2,641	2,800	3,139
Professional Development/Meetings	250	250	200
Professional Services	707	500	2,301
Health Insurance	0	10,770	11,667
Business Insurance	838	1,000	816
Marketing/Development	8,377	850	1,576
Other Admin	1,025	1,500	2,603
Local Government Collaboration Project	0*	28,000	28,000
TOTAL	\$137,739	\$192,474	\$187,326

Net Income	\$ 11,679	\$ (14,974)	\$ (15,341)
Bank Balance Dec. 31	\$ 29,279	\$ 14,305	\$ 18,649
Uncleared 2018 Transactions			(4,710)
			\$ 13,939

* Project deferred from July 2017 to January 2018