



# Taxpayers Association of Central Iowa

## ANNUAL REPORT

FEBRUARY 2020

TAXPAYERS ASSOCIATION OF CENTRAL IOWA

1312 LOCUST ST, STE 301

DES MOINES, IA 50309

[www.taxpayersci.org](http://www.taxpayersci.org)





The Association has evolved since its founding nearly 100 years ago, in 1921, as the Polk Des Moines Taxpayers Association. For example, in 2011, the focus was broadened from just Polk County and Des Moines to include public entities in Warren and Dallas counties.

Another transition took place this year, as Gretchen Tegeler, the Association's president for the past eight years, resigned to join the Iowa Healthcare Collaborative. Gretchen's extensive experience in both state and local levels of government was essential in building our organization. It included eight-plus years as Director of the Iowa Department of Management, serving as Governor Branstad's chief of staff, serving two terms on the West Des Moines Community Board of Education, as well as her work on the West Des Moines Water Works Board of Trustees, a position she continues to hold.



In May, the Board was pleased to announce that Art Wittmack would succeed Gretchen on an interim basis. Art was asked, with his background on the board (serving as its Chair from 2013 to 2016), and his business and community experiences, to work with the board and membership in identifying the future aspirations of the Association, building upon the platform Gretchen provided.

While this has been proceeding, it is a pleasure to report that the Association's work has continued without interruption, while gaining additional visibility and effectiveness through increased outreach to breakfast and service clubs, community organizations and committees, media and public officials.

A report on our activities follows. Your review and comments would be appreciated.

Thank you for your interest, support, and investment!

Matt

PS. For those reading this report who are not members, and support the efforts described in these pages, please join us.

The Taxpayers Association of Central Iowa is an independent, nonpartisan organization, encouraging efficient, effective local government because smart government contributes to a higher quality of life, when provided at appropriate/sustainable cost.

# EMPHASIS: PROPERTY TAX TRANSPARENCY



With the support of other organizations, the Association was instrumental during 2019 in passing SF 634 that addresses property tax transparency. Presently, it applies only to cities and counties.

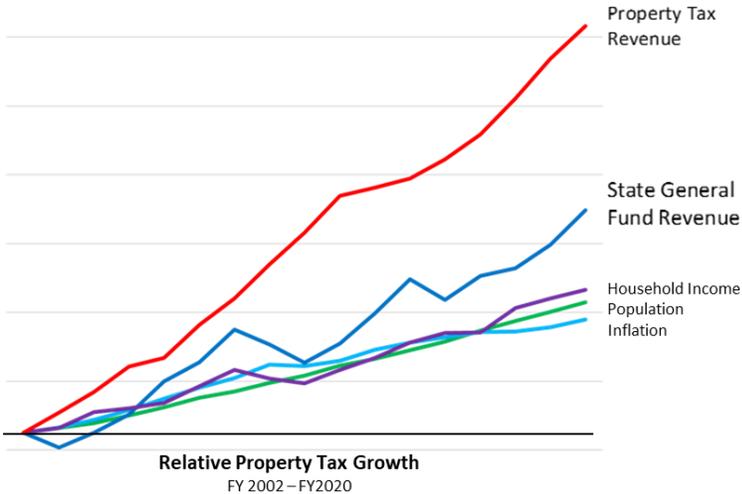
Rather than starting with the current property tax rate (or levy) to develop a budget, the law instead starts from the previous year's property tax revenue.

The new law does not limit what a city or county can levy. One should expect some increase in property taxes. However, if the city/county intends to collect **even \$1 more** in property taxes than collected last year, it will need to do the following:

- **Provide notice** of a public hearing in the newspaper and on social media.
- **Hold a public hearing** to:
  - disclose the current rate and tax collected,
  - the new base rate that would yield the same taxes collected the previous year, and the proposed rate and tax to be collected
- Provide an explanation of **why the increase is needed**.

If a budget requires a property tax increase **more than two percent of the prior year**, it must be approved with at least a **two-thirds vote of the governing body**.

The concern addressed by the legislature and governor is best demonstrated by the following graph:



**Property taxes have been growing at a rate 2 ½ times household income, population, and rate of inflation.**

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**How long is it sustainable?**

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Cities and counties are currently developing their budgets and the projected increases in property tax revenue. The early indications are not encouraging:

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<b>Social Security COLA increase:</b>	<b>1.62%</b>	so far:	
<b>Consumer Price Index:</b>	<b>1.72%</b>	<b>Polk County:</b>	<b>8.10%</b>
<b>Median Household Income:</b>	<b>0.90%</b>	<b>City of Des Moines:</b>	<b>6.82%</b>
<b>Legislative Threshold:</b>	<b>2.00%</b>		

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**Citizen involvement** in the budgeting process is **often lax**, until the **budgets are certified (this year March 31)** and the impact on property taxes is known with certainty. **And then it is too late!**

In addition to counties and cities, the Association continues to review the property tax support of **Broadlawns Medical Center** and **DART**. The concerns are expressed later in this report.

**Individuals and companies have choices and vote with their feet.** Look at the exodus from Illinois. Review the choices individuals are making when choosing to live in Sioux City, Iowa, or across the river Dakota Dunes, South Dakota. And, there is no need to leave central Iowa to observe similar migrations of both individuals and companies. **Property taxes matter.** Why limit SF634 to cities and counties? If voluntary efforts are unsuccessful, should a hard ceiling, also considered by the Legislature, be instituted?

## HOW MANY ARE NEEDED?

### By the numbers ...

**3 counties, 44 cities, 20 school districts,  
75 smaller authorities, DART, Broadlawns,  
DMACC ...**

**... 145 Taxing authorities in Polk, Dallas &  
Warren Counties**

Central Iowa citizens are proud of their individual communities and school districts. Voters have consistently resisted large-scale regionalization efforts, although some have succeeded.

The Des Moines Water Reclamation Authority (WRA) is an example of one successful effort.

The Authority, created in 2004, is made up of 17 metro area municipalities, counties and sewer districts. They work together to protect public health and to enhance the environment by recycling wastewater and being the preferred treatment facilities for hauled liquid wastes.

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**Are services, administrative costs, etc. being unnecessarily duplicated.  
Where does regionalization make sense?**

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*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, 20-year Mayor of Urbandale

## “JUST THE FACTS”

Determining the facts, sharing them, developing a consensus, and acting has been the hallmark of the Association since 1921.

The sections that follow highlight current activities.

## “T.A.C.I. in the TAVERN”

“T.A.C.I. in the Tavern,” is an informal, educational event where current public sector issues are presented in a relaxed atmosphere. These gatherings are held on the second Wednesday of the month at the Principal Park’s Cub Club from 4:30 to 6:00 PM.

In September the discussion was themed: “Environmental Challenges & Opportunities facing Central Iowa.” It included the **Waste Management Authority** (dealing responsibly with solid waste: landfill & recycling), the **Water Reclamation Authority** (addressing wastewater through regional cooperation), the **City of Des Moines (Electric Vehicles - A “Win-Win” for the City and the environment)**, **Stormwater Management** (a collaborative effort to mitigate water on your property and in your basement), and the **Central Iowa Water Trails** (enhancing the enjoyment of our environment).



The program then turned to a continuing series discussing the 18-month property tax process. In October, **Randy Ripperger** and **Gretchen Tegeler** lead us through the assessment, rollback, equalization, and backfill processes. **Sen. Charles Schneider** addressed SF634 dealing with property tax transparency.

At the November meeting, city managers **Scott Sanders**, **David Johnson** and **Marketa Oliver** presented the sources and uses of funds for their city budgets, and the process used to develop them. The differences between the Des Moines, Ankeny and Bondurant budgets were illuminating.

School funding was the focus in December. Superintendents **Dr. Tom Ahart**, **Dr. Brad Buck** and **Dr. Dirk Halupnik** spoke regarding the sources and uses of funds in the Des Moines, the Waukee and Southeast Polk school districts. They also highlighted the challenges of school funding and the “silos” created by Dillon’s Rule.

In January, Polk County Supervisors **Bob Brownell** and **Matt McCoy**, **Megan Andrew** (Warren County staff) and Dallas County Supervisor **Mark Hanson**



presented the budgets and issues facing county governments. (Mark observed that with just three supervisors, if two of them are ever together it could be deemed an open meeting!)

There will be no February event, as “Focus on K-12 Education: Funding and Outcomes” will be held February 19, 7:30 to 9:00 AM at the Botanical Gardens.

The series will continue March 11 when **Broadlawns Medical Center, DART, and DMACC**, have been invited to educate those attending regarding their finances and budgeting process.

## “FOCUS K-12 EDUCATION: Funding and Outcomes”

Consider:

- As much as 50% of local property taxpayers’ bill goes to K-12 education.
- The tax rate is driven by state formula more than district action.
- State spending for K-12 education is 45% of the general fund.
- Iowa student performance in key areas: math, science, reading, is stagnant to declining



Are Iowa’s K-12 Schools Adequately Funded?  
What is the Return on the Investment: Outcomes?

February 19, Des Moines Botanical Gardens

Presenters:



**Mr. Mark Jacobs**  
Founder,  
Reaching Higher Iowa,  
Former President/CEO  
Reliant Energy



**Dr. Brad Buck**  
Superintendent  
Waukee Community Schools,  
Former director  
Iowa Department of Education



**Mr. Shawn Snyder**  
Government Relations &  
School Finance  
Iowa Association of  
School Boards



**Ms. Patti Schroeder**  
Finance Director  
Iowa Assoc. of School Boards  
Former Chief Financial Officer  
Des Moines Public Schools

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***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

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## FOSTERING COLLABORATION

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.



Art Wittmack serves as a tri-chair, 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 in identifying a regional approach to storm water management as the top priority for 2018-2019. The summer floods that year reinforced the need for better storm water management.

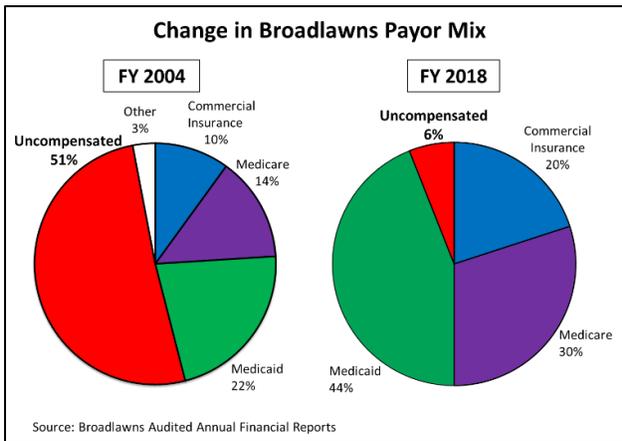


Facilitated by Aaron Chittenden, Business Solutions Consultant at Des Moines Community College, the cities engaged in a series of workshops to learn more about why current methods of drainage control are no longer working, and what approaches might work better. They concluded a performance outcome approach is desirable, 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.

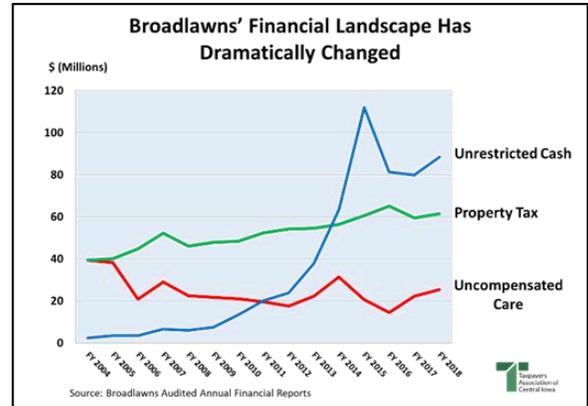
## BROADLAWNS MEDICAL CENTER'S PROPERTY TAX SUPPORT

*At one time, "medical care for the indigent" was the responsibility of local citizens and was paid for through property taxes. Today, with federal and state programs in place, is property tax support still appropriate?*

Broadlawns Medical Center has been a 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, with the Iowa Care Program (2005), the Affordable Care Act (ACA) of 2010, and the substantial expansion of the state-funded Medicaid health insurance program (2014), patients who were previously uninsured became insured.



That being the case, why should property tax support continue?

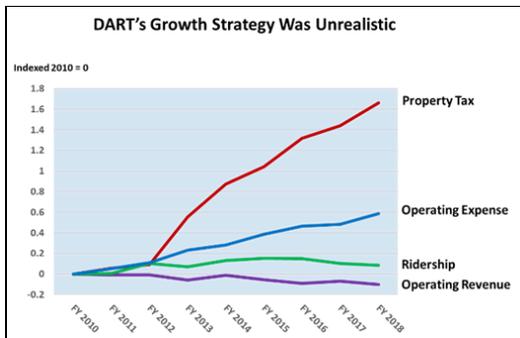
Should property tax dollars be used to compete with other medical centers and to attract patients and physicians away from them? Would the property tax support be better deployed to address regional mental health care issues?

Dialog has been initiated with Broadlawns to review finances, verify the numbers and facts, and to seek their rationale for continued property tax support.

## PROPERTY TAX SUPPORT OF REGIONAL TRANSIT

Every vibrant community has multiple efficient, affordable, and accessible transportation options.

The Association has representation on the Greater Des Moines Partnership's Transit Future Work Group. The group is looking at long-term challenges and opportunities, including new technologies, changing regional demographics, and the economic and environmental benefits of transportation choices, whether that is walking, riding the bus, riding a bicycle, driving, ridesharing, or some combination of modes.



For some time, the Association has had a concern that DART's strategy was unrealistic.

Direct discussions have been reinitiated with DART officials to verify statistics including costs, ridership, and the nature and sources of appropriate subsidies.

## OTHER "ENGAGEMENTS" ... just a couple of examples

Mental health services in Iowa have been largely funded by property taxes. As Polk County and Broadlawns are unique in the system, the Association is engaged in current discussions regarding alternative funding. The Metro Waste Authority is developing a recycling facility to replace services provided by a private sector contractor. The Association is monitoring the project to evaluate the benefits and costs to rate payers.

## 2019 BOARD MEMBERS AND TERMS

<b>Bob Brodersen</b> <i>Nationwide</i>	2022	<b>Rich Pullen</b> <i>Principal</i>	2021
<b>Dave Caris</b> <i>Individual Member</i>	2020	<b>Sid Ramsey</b> <i>Unity Point Health Des Moines</i>	2022
<b>Leisa Fox</b> <i>Individual Member</i>	2022	<b>Brad Rhines</b> <i>Prairie Meadows</i>	2020
<b>E.J. Giovannetti</b> <i>Hopkins, Huebner, P.C.</i>	2022	<b>Brian Rickert</b> <i>Individual Member</i>	2022
<b>Paul Hayes</b> <i>JSC Properties</i>	2021	<b>John Ruan IV</b> <i>Ruan Companies</i>	2022
<b>Ron Herman</b> <i>EMC Insurance Companies</i>	2020	<b>Jim Sarcone</b> <i>Hubbell Realty.</i>	2021
<b>Brett Hyland</b> <i>Knapp Properties</i>	2021	<b>Jeanne Vanda</b> <i>Individual Member</i>	2022
<b>Libby Jacobs</b> <i>Individual Member</i>	2022	<b>Matt Wagner</b> <i>Bank Iowa</i>	2021
<b>Kathryn Kunert</b> <i>MidAmerican Energy</i>	2020	<b>J. Marc Ward</b> <i>Fredrikson &amp; Byron, P.A.</i>	2021
<b>Ted Lodden</b> <i>Individual Member</i>	2022	<b>Art Wittmack</b> <i>Interim-President</i>	2020
<b>Bob O'Hollearn</b> <i>Individual Member</i>	2022		

## FINANCES

<u>INCOME</u>	2019	2018	<u>Balance Sheet</u>	
Membership Dues	\$140,359	\$146,650	<b>December 31, 2019</b>	
Local Government Collaboration Project	23,500	25,000	Cash:	\$33,799
Meeting Income, Other	750	335	Payable:	\$3,889
	<b>\$164,590</b>	<b>\$171,985</b>	<b>Total:</b>	<b>\$29,910</b>
<u>EXPENSES</u>				
Payroll/Payroll Taxes	\$95,205	\$125,243		
Rent	7,700	8,400		
Office Supplies/Equipment/Printing	2,739	3,426		
Telephone/Internet/Fax	1,483	1,483		
Meeting Expenses	4,774	1,074		
Dues and Subscriptions	1,866	3,139		
Professional Development/Meetings	39	200		
Professional Services	0	2,301		
Health Insurance	3,095	11,667		
Business Insurance	827	816		
Marketing/Development/Website	2,973	1,576		
Local Government Collaboration Project	28,000	28,000		
	<b>\$148,701</b>	<b>\$187,326</b>		
	<b>\$15,889</b>	<b>(\$15,341)</b>		