

In Re:	Davenport, Iowa Budget Appeal  FY 2000-2001	) ) ) ) )	Order    June 21, 2000
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**BEFORE THE DIRECTOR OF THE IOWA DEPARTMENT OF MANAGEMENT, CYNTHIA P. EISENHAUER; STATE TREASURER, MICHAEL L. FITZGERALD; AND STATE AUDITOR, RICHARD D. JOHNSON**

The above captioned matter was heard on May 10, 2000, before a panel consisting of Ronald J. Amosson, Executive Secretary to the State Appeal Board and presiding officer; Stephen E. Larson, Executive Officer III, Office of the State Treasurer; and Katherine Rupp, Senior Auditor II, Office of the State Auditor.

The hearing was held pursuant to Iowa Code Chapters 24 and 384. City Attorney John Martin and others represented the city, and the spokesperson for the petitioners was Todd Allen Pirck.

Upon consideration of the specific objections raised by the petitioners, the testimony presented to the hearing panel at the public hearing, the additional information submitted subsequent to the hearing and after a public meeting to consider the matter, the State Appeal Board has voted to sustain the budget as filed.

**PROCEDURAL HISTORY**

The FY2001 proposed budget summary for the City of Davenport, Iowa was published on February 16, 2000 in the Quad Cities Times. The required public hearing was held on February 28, 2000, and the budget was approved by the City Council on March 1, 2000 and filed with the Scott County Auditor's office on March 2, 2000.

A petition protesting the certified FY2001 Davenport, Iowa budget was filed with the Scott County Auditor on March 24, 2000, and was received by the State Appeal Board on March 26, 2000. Sixty-six citizens signed the petition. The petition stated in part "We...protest the action of the officials of the city of Davenport in certification of their municipal budget, expenditures, or tax levy, or one, or more item(s) thereof for fiscal year 2001 as allowed under chapter 384 of the Iowa Code, on the grounds that it does not reasonably reflect the wishes, priorities, or best interest of our community."

**DISCUSSION**

**Petitioners**

Prior to the hearing on the appeal, Mr. Pirck sent a letter dated March 24, 2000, to the State Appeal Board requesting that all presentations, correspondence, and materials submitted with respect to this appeal come from the City Council of Davenport and not from city staff members, including department heads. He also asked that the hearing be held in Davenport and not over the Iowa Communications Network (ICN). The request to only allow city council members to present testimony was denied. However, the request to hold the hearing in Davenport was granted.

In another letter, also dated March 24, Mr. Pirck provided a "...preliminary list of reasons for the appeal". A list of the reasons (numbered here for reference purposes) and some of his comments regarding the reasons are as follows:

1. Davenport Museum of Art Investment
  - a. Negative impact on tax base – loss of revenue due to acquiring and demolishing of downtown buildings
  - b. Impact on trust and agency fund – additional staff hiring are planned, not priority
  - c. Impact on payroll expense
  - d. Burden added to parking problem – additional parking ramp project investment included at more expense
  - e. Loss of available commercial space at 2<sup>nd</sup> and Harrison St.'s museum site location
  - f. Lack of legal binding private sector (funds) – could add future burden on the taxpayers
  - g. Negative impact on the community – negative impact on potential available private donations to other projects...loss of neighborhood location...cost of finding new use for old museum
  - h. Project is against the wishes of the majority of people – considered non essential investment by most, falls real low on overall needs list
  - i. Overall capital improvements list does not address priorities – Centennial park curbing investment is too expensive, not needed
  - j. River Center and River Center Place investment will interfere with private development market – shouldn't compete for retail floor space rental
  - k. Historic preservation concerns – museum location will result in demolition of historic downtown buildings
2. Golf course user fees should go to reducing user fees
3. John O'Donnell Stadium usage and field usage maintenance expense
4. Library Investment – private funding has not been legally committed or specifically identified.
5. Streets – "city councils are not acceptable"

6. Sewers – sanitary and storm water investment is not acceptable
7. Garfield Pool replacement costs too high and not needed – fix the pool and use the funds to search for location in unserved area of town
8. Salaries – recreation and leisure services director makes more than the fire chief and the police chief...recommend deleting the position and create similar hiring from within
9. Contribution to QC (Quad Cities) convention and visitors organizations – unwarranted increase
10. Downtown development plans – interfering in private business community, helping selected few control growth
11. Central fire station replacement plans – unwarranted...stop investing money in process, there are other directions that the fire department needs to be moving, EMS plan and organization should be considered first

The primary reasons for the appeal, according to Mr. Pirck, are concerns for the elderly, property taxes, and to hear the intentions and actions of the city council regarding the changes in the Davenport Museum of Art (DMA), against what he characterized as the well-known wishes of the citizens of Davenport. He wanted the City Council to come to this public hearing and tell why these issues were in the best interest of the public.

At the public hearing Mr. Pirck elaborated on the petitioners' concerns.

#### 1. Davenport Museum of Art

According to Mr. Pirck, the tax base would be affected by the new DMA because a number of properties would be torn down or relocated. Mr. Pirck said that the City believed that increased sales taxes would offset the loss of property taxes on razed properties but Mr. Pirck did not feel that would be the case. A number of the properties being demolished are historic properties and Mr. Pirck questioned why the Historical Preservation Commission and Society was not concerned about the buildings being razed. He said the City is erasing the City's heritage by tearing down old buildings and building a new museum, which he believes the City cannot afford.

Another concern expressed by Mr. Pirck regarding the new Davenport Museum of Art is that the City has not received a firm commitment for the private portion of the investment in the new museum. He felt that the grants would harm other private donations. Further, he said that the \$1.5 million appropriation for the new museum has not been spent yet and he suggested that this money could go to the old museum.

Mr. Pirck said the City told the citizens the City would find another use for the old museum but he didn't believe that because the City owns the building but not the land upon which it sets. Mr. Pirck said there would be a disruption of the neighborhood if the old museum were torn down.

There is a private museum (the Putman Museum) adjacent to the City's old museum and the Putman Museum is in the process of building an IMAX theater in the same general area of the two museums. The Putman Museum has purchased and demolished eleven houses in the area to make room for the new theater. Mr. Pirck said that if the City really wanted to spark development, put the new IMAX downtown. He said that locating the IMAX in a residential area is not in the best interest of the City.

Mr. Pirck briefly mentioned the RiverCenter and RiverCenter Place Investment. RiverCenter Place was a downtown redevelopment initiative led by the City but involved a number of other community organizations and funding sources. The physical activities were undertaken during the years 1992-1996 and appeared in the City's budget for those years. Mr. Pirck said this endeavor was being mismanaged and more businesses were being brought in to make it look like more money was being made.

## 2. Golf Course Fees

According to Mr. Pirck, people cannot afford the existing golf course fees. He stated that some courses charge higher fees but the City's fees should be reduced to increase the number of people that can afford to play golf. He suggested that the fees should be reduced instead of using some of the fees to make the golf courses look pretty.

## 3. John O'Donnell Stadium

No additional opening comments made at the hearing.

## 4. Library Investment

No additional opening comments made at the hearing.

## 5 & 6. Streets and Sewers

Mr. Pirck said that the infrastructure of the City is 100 years old. He stated the Public Works Director said it would take 98 years to correct the deficiencies. Mr. Pirck observed that there is no storm water system to prevent flooding. He believes that there is an insufficient amount of money being directed to update the infrastructure. He asked, what is more important an art museum or worrying about the essential wants and needs?

## 7. Garfield Pool

Mr. Pirck said that a public hearing was held when it was decided to close the Garfield Pool. Mr. Pirck said that if it was decided to build a new pool in another

location then do it but repair the current (Garfield) pool so the City has four pools instead of three. According to Mr. Pirck none of the pools can facilitate swim meets because the pools are too shallow.

#### 8. Salaries, Park and Leisure Services

According to Mr. Pirck, park and leisure services are not being managed in the best interest of the City. He said that the director is "double dipping" as far as his salary is concerned. Also, the parks are empty because the shelters have been torn down, and there are no programs for kids. Trees are purchased from private vendors when park personnel could easily germinate them. The trees are being planted in the wrong locations.

#### 9. Quad Cities Convention and Visitors Bureau

According to Mr. Pirck the City contributes to this organization each year. The City's share is larger than the other Cities' share. Mr. Pirck's concern is that the Bureau asks for larger contributions every year and the City keeps giving it.

#### 10. Downtown Development Plans

Mr. Pirck said this plan is designed to facilitate the improvement and beautification of downtown business area, which is an exclusive area. He was concerned that other business areas in the City were not getting proper attention.

#### 11. Central Fire Station Replacement Plans

Mr. Pirck expressed concerns about the central fire station and the EMS program. He said that when there is an EMS call the City responds with a big fire truck, which he considers unwarranted. According to Mr. Pirck the City receives an average of 24 EMS calls a day and approximately 16 of those calls are responded with a fire truck. He said there is no reason for that, it costs a lot of money. In addition, Mr. Pirck said that a number of the fire trucks do not fit into the central station, they are too big. His solution is to build a big pole building or in the alternative, renovate one of the vacant historical buildings downtown to accommodate the fire trucks. He said this solution could also provide administrative offices. Further, he said that the fire department needs to reorganize to put ambulances in the fire stations around town.

Mr. Pirck wants the City to evaluate the parks and services supervisor and hire someone local. He wants the City to invest in the fire department to make it in the best interest of the citizens. And, he wants a safe town with plenty of police officers. Further, he asks the City to not raise property taxes. He said that it was probably unrealistic to ask for property taxes to be reduced.

### **City**

Prior to the hearing the City provided various explanations and exhibits in its written opening comments. These responses, abbreviated here, follow the concerns outlined above.

## 1. Davenport Art Museum

- a. The loss of property tax payments on the properties being acquired for the Davenport Art Museum (DMA) will be at least partially, if not completely offset by increased sales tax revenues generated by the 100,000+ projected visitors to the new art museum.
- b. and c. The City's annual appropriation to the DMA has been capped for the past five years and there are no plans to change that. The current level of funding for the DMA equals about 75% of the annual payroll and any increased expenses or additions to the museum staff will be covered by private fund-raising.
- d. DMA's peak parking needs will occur after 5 p.m. weekdays and on weekends when parking spaces leased to office tenants and reserved for patrons of traditional downtown businesses will be vacant.
- e. Only one business has been relocated to city-owned retail space; two others will likely relocate to the private business market in downtown Davenport.
- f. The Museum Foundation was established to expressly be the legal entity that holds the risk of developing the project until the building is completed and paid for. The City and taxpayers bear no risk if the project experienced problems. The City would not accept ownership of the new museum until any problems have been resolved.
- g. The major private donations secured for the museum come from sources that would not be available to other community projects including significant contributions from national and regional sources.
- h. In taxpayer surveys conducted for the City of Davenport in the fall of 1999 as part of its new Citizen-Based Budgeting process, the services provided by the art museum received the third highest ranking behind the public library and the fire department.
- i. Construction of curbing was completed in 1999.
- j. The petitioners' reference seems to reflect the fact that one of the tenants in a building acquired for the Museum of Art project has chosen to relocate to a vacant commercial space within the parking ramp. The commercial space in the parking ramp had been vacated in January 2000. The tenant to be relocated expressed interest in the space, and a lease was approved by the City Council in February 2000. No related capital expenditures are included in the FY01 budget.

2. Golf Fees from three City-owned golf courses are utilized to perpetuate the enterprise fund specifically set up for golf operations and related capital improvements. The operating budget and six-year Capital Improvement Program related to the golf courses are designed to be solely reliant on the fees generated at the courses.

3. The John O'Donnell Project (baseball stadium) was one of the City Council's key Targeted Actions for FY2000-2001, just as it was in FY1999-2000. The first "master plan" for the stadium was completed in the late 1980's. Since the formation of the PBA Standards in 1992/93, the stadium has not complied with Major League Baseball requirements. The City has completed numerous studies to identify the needs and the most efficient way to proceed. The total project will cost \$8,575,000 which will be paid by 1/3 private donations, 1/3 the team owner, and 1/3 City of Davenport.
4. Library Investment relates to the replacement branch of the present Annie Wittenmyer Branch. This replacement branch is a homework and reading center. The Friends of the Davenport Public Library have committed to providing half of the funding.
5. and 6. The City indicated that there was a desire to increase the level of maintenance of the City streets and infrastructure. This was a desire identified by the 1999 community survey. The Council's targeted one-year goal is to upgrade the street plan. The objectives are to increase the capital maintenance program within the current tax rate and to implement a pavement management system that assesses the condition of all pavement and identifies the strategies and estimates the cost to repair.
7. The Garfield Pool, built in the mid 1950's, is in poor condition, the mechanical systems are under constant repair, and a pool study done in 1993 stated that the pool was at the end of its usable life. The Garfield Pool Replacement Project is identified within the City's Capital Improvement Program and is designed to be implemented in two phases. The first phase (FY2001) identifies \$250,000 for the design costs. Included in this fund is money that will be needed to hire a pool consultant to evaluate the location, design the pool, and write the technical bid specifications for the project. The second phase (FY2002) identified \$3,000,000 for the construction of the pool project.
8. The City previously reorganized and combined the Department of Parks and Recreation and the RiverCenter Department into one department named Leisure Facilities and Services. There was no indication that the director was "double dipping" as alleged by the petitioners nor is the director the highest paid department director as alleged. The City said the salary is \$83,597 and not \$125,000 as thought by the petitioners. The salary is the same as FY00 except for a 3% cost-of-living increase given to all non-bargaining unit employees.
9. The City's increased contribution to the Quad Cities Convention and Visitors Bureau (CVB) is justified for a variety of reasons. One reason is that no other organization in the Quad Cities exclusively promotes Davenport's economic development through tourism. A second reason is that more visitors are

coming to the Quad Cities resulting in an ever increasing demand for visitor services which the Quad Cities CVB provides as a service to the City.

10. The Downtown Development Strategic Plan was developed by Davenport City Partnership, Inc. and was completed in January 1999. The City was one of about thirty businesses and organizations that comprised the membership. The planning process included a broad-based Community Task Force with representatives from various community organizations and business interest. There were two workshops attended by more than 100 people. Within the plan are certain priority actions that are being emphasized in the ongoing implementation. Among the priority actions are the development of the Museum of Art and the continuation of river front development including Centennial Park and renovation of John O'Donnell Stadium.
11. The present Central Fire Station was built in 1905 and originally accommodated horse drawn fire apparatus. Today, the same station houses two engine companies, one command vehicles, and a 105-foot aerial platform in very cramped quarters. The building is also used for a number of administrative and support activities. The present facility is a minimum of 8,215 square feet under current requirements, is not ADA compliant and is very energy inefficient. The appeal appears to address the FY2001 budget and the Central Station project funding begins in FY2005.

The appeal also addresses the delivery of emergency medical services (EMS) in the City. Since May of 1999 the City has operated at the conditional paramedic level, the highest service delivery available to a non-transport service. Fire Chief Tom Ryan believes that the delivery of EMS is very adequately provided in the City of Davenport with the Davenport Hospital Ambulance Corporation and the Davenport Fire Department.

In lieu of reading the City's opening statement at the appeal hearing, Mayor Phillip Yerington commented on how far the City had come since last year's budget appeal. Mr. Yerington said that last year he testified at the budget appeal hearing on behalf of the petitioners because he did not feel that part of the City's budget reflected the wishes of the public. Since then, new council members were elected and a series of meetings were held ("Community Connectors") with the public to determine what the citizens wanted the City to use their money for. This evolved into "Citizen Based Budgeting". According to Mr. Yerington, the FY2000-2001 budget is a product of these events. He said the number one priority was identified as the revitalization of downtown.

Alan Guard, City Budget Manager, addressed the petitioners' allegation that the City budget did not follow the wishes of the Davenport citizens. He said that the budget met all the statutory requirements. He continued by outlining the process the City conducted to determine the citizens' wishes. This included the creation of the Citizen Based Budgeting, which had five distinct steps; evaluation,



education and feedback, budget development, budget implementation, and monitoring and reporting. A scientific survey was conducted to measure citizen satisfaction and identify significant issues. After the survey, the City also held ten forums in the community to explain City finance issues. These forums were in addition to the public budget hearing. Mr. Guard reported that not one person spoke in favor of the budget or against the budget at the budget hearing.

City Finance Director, Kent Kolway, reviewed the exhibits submitted to the hearing panel as part of the City's opening remarks to the hearing panel. See above.

### **INTERVENORS**

A number of organizations intervened on behalf of the City budget. Included were Davenport One, Museum Foundation, and Friends of the Davenport Library.

### **FINDINGS OF FACT**

The City adopted Citizen Based Budgeting, which included conducting a scientific survey, measuring citizen satisfaction, identifying significant issues, and holding forums (ten) in the community to explain City finance issues.

The salary of the recreation and leisure services director is \$83,507.

### **CONCLUSIONS OF LAW**

The State Appeal Board has jurisdiction over this appeal pursuant to Iowa Code sections 24.28 and 384.19.

### **BASIS FOR DECISION**

A majority of the petitioners' concerns involve their disagreement with specific decisions made by the City and not with identifiable budgetary effects of those decisions. The budget appeal process established under state law provides for the State Appeal Board to review and rule upon proposed budgets, expenditures and tax levies. The standard to be followed is whether the protested items are necessary, reasonable, and in the interest of the public welfare. The City demonstrated that it had made a significant effort to identify the wants and needs of the community and to develop a budget based on that information. Accordingly, the City has satisfied the burden of proof in regard to its adopted FY2001 budget.


The petitioners requested that property taxes not increase for FY2001. The City's property taxes are budgeted to increase 4.8% and, according to the City, this growth is the result, in part, of salary increases determined through collective

bargaining and significant increased costs for employee health care. The City is self-insured for this item. The City has justified the property tax increases.

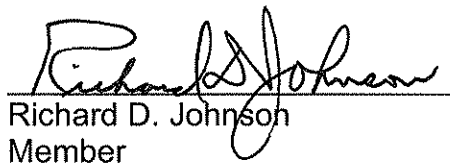
**ORDER**

The Fiscal Year 2001 budget for the City of Davenport, Iowa is sustained.

**STATE APPEAL BOARD**

  
Cynthia P. Eisenhauer  
Chairperson

  
Michael L. Fitzgerald  
Vice Chairperson

  
Richard D. Johnson  
Member

June 21, 2000  
Date