

2009 STATEMENT TO THE CITY OF WEST DES MOINES

For 88 years, the Polk-Des Moines Taxpayers Association's philosophy has been based on the principle that good government is the business of every citizen. The Association promotes sound fiscal policies that are tied to effective and efficient government. The Association strives to promote taxpayer awareness and foster intergovernmental cooperation.

The purpose of a budget is to provide a statement expressed in financial terms, which serves as Management's primary tool for planning and controlling operations. To achieve this basic purpose, a comprehensive budget must be integrated with the financial accounting system to ensure that objectives of planning, coordinating, evaluation and control are obtained.

The Polk-Des Moines Taxpayers Association voted to **SUPPORT** the City of West Des Moines proposed FY2009/2010 budget. The City currently is in exceptionally strong financial shape, yet the economic situation facing the nation demands that local governments be prudent in their approach to spending in the next year. This proposed budget does just that.

The Association would like to make a number of additional comments.

First, the Association would like to thank the Mayor, the City Manager, and his staff for the time they take to meet with us, their hospitality, and the tour the Association members received of the new Public Safety facility.

The Staff and Association members find the budget binder assembled by the City is of exceptional quality, both in the presentation of the material, but more importantly, in the quality of the information provided. We commend you on your distinguished budget award for the tenth consecutive year. More importantly, taxpayers in general and the Council members have an outstanding resource for understanding the objectives of the City. The financial management of the City has been recognized again by the CFOA for the 15th year, which confirms the City's strong financial management team.

The Association appreciates the steps the City has taken to control their costs, including health care costs, and encourages the Council and administration to continue to work hard on this issue.

The Association has long advocated the use of Citizen Surveys as an aid in planning for the future. The City of West Des Moines' survey results demonstrate that the City has done an exceptional job in reacting to resident's concerns. In past years, the Association has urged the City to also connect with businesses, since commercial property makes up approximately 60% of the tax base. Mayor Gaer informed the Association that they had in fact started an outreach effort to the major businesses. The Association thanks the City for that effort, and encourages even greater effort in that direction.

We commend you for your use of clusters within the City organizational structure. Better relationships, synergies and efficiencies are established through increased interactions of the departments. Departments have become more strategic partners as they embrace long-term issues and strategic planning issues. We would encourage you to introduce this concept to neighboring cities. It may help them deal with duplication of services within multiple departments leading to more efficient government.

The Association recommends that all local governments engage in cooperative measures with their neighboring governments where and when possible. Collaboration usually means providing better service to the taxpayers at a lower cost. The budget binder includes a long list of initiatives where this has taken place. The Association commends the City for their efforts. Projects such as the new salt facility, the joint fire/EMS facility with Clive, providing animal control to Clive, Westcom, your support of the Iowa events center, the new agreement with Iowa Health Systems to provide administration and operation of emergency medical services, and many other examples show West Des Moines' commitment to support a better quality of life for all residents of the metro area. And, many of those initiatives serve to lower the costs for all cities by sharing them with the other cities.

The City Manager informed the Association of his efforts to work with the new medical facilities to discuss the cost of services to their new facilities. The effects of tax-exempt property, including governmental, medical, churches, etc., should be carefully addressed by all cities. The Association also urges the City to further explore expanding User Fees, using that additional income to offset property taxes. The City should encourage the Legislature to allow all cities other possible Revenue streams rather than be so heavily reliant on property tax. The Association also recommends that the City seek ways in which public/private ventures can enhance the quality of life within the City, yet not place the entire burden on the taxpayer.

We believe that West Des Moines has been aggressively pursuing many of these issues and we urge you to continue your efforts.

The economic development and growth that the City of West Des Moines has orchestrated over the past several years has been phenomenal and the growth in property valuation (especially commercial valuation) has put the City in a very favorable financial condition. West Des Moines' taxable valuation per capita is the highest of Iowa's; ten largest cities. And you are coming off of your best performance in history (the total building permit valuation was in excess of \$490,000,000). However, we encourage you to keep an eye on the older neighborhoods and parks. Your commitment to older neighborhoods of \$2.1 million is a step in the right direction. Parks need to be continually updated and expanded. You enjoy being rated as one of the top ten suburbs to live in. The price for that is exceptional parks, cultural and recreational facilities.

It must be recognized that although the property tax levy rate has remained constant at 12.05 since FY07/08, the taxpayers of West Des Moines now pay a Des Moines Area Rapid Transit levy as well, in effect, a property tax increase for the citizens and businesses of West Des Moines. We commend the City for: closely monitoring personnel costs and looking at not filling positions when possible; taking the initiative on reducing cost of living increases for senior management; identifying cost saving options for health insurance; not adjusting solid waste collection rates, etc. And, we understand the thinking of maintaining healthy cash reserves during economic times like these (in excess of 28% or \$13.4 million). We also understand the volatile nature of this recession, the potential for vacant commercial space, and the potential for lower property valuations. However, once the economic situation becomes clearer, the Association strongly urges the Council and administration to assess the growth in Taxable Valuation, re-evaluate Revenues, Expenditures, and Fund Balances, and then provide as much property tax relief as judiciously possible.

We will be looking forward to seeing your planning and financial modeling of futures years. And, we anticipate discussions of what the upper limit of cash reserves should be.

**CITY OF WEST DES MOINES
BUDGET SUMMARY**

	ACTUAL FY05/06	ACTUAL FY06/07	% OF CHANGE	ACTUAL FY07/08	% OF CHANGE	RE-EST FY08/09	% OF CHANGE	PROPOSED FY09/10	AMOUNT CHANGE	% OF CHANGE
TOTAL VALUATION	\$4,338,594,882	\$4,963,553,808	14.4%	\$5,269,296,213	6.2%	\$5,693,347,823	8.0%	\$5,885,335,010	\$191,987,187	3.4%
REGULAR TAXABLE VALUATION	2,951,937,488	3,343,564,823	13.3%	3,594,666,835	7.5%	3,820,324,623	6.3%	3,979,630,063	159,305,440	4.2%
TIF VALUATION	328,601,519	480,857,196	46.3%	517,187,118	7.6%	462,944,940	-10.5%	424,575,692	(38,369,248)	-8.3%
LEVY RATE	11.72541	11.95000	1.9%	12.05000	0.8%	12.05000	0.0%	12.05000	-	0.0%
PROPERTY TAX LEVY:	30,634,935	34,337,982	12.1%	37,114,931	8.1%	40,783,461	9.9%	43,083,063	2,299,602	5.6%
% OF OPERATING REVENUE	41.5%	38.5%	-7.1%	39.8%	3.1%	42.1%	5.9%	42.9%	8.0%	1.9%
TOTAL REVENUE	79,956,547	94,081,783	17.7%	113,643,396	20.8%	113,402,339	-0.2%	116,586,406	3,184,067	2.8%
TOTAL EXPENDITURE	83,166,132	87,683,056	5.4%	106,531,236	21.5%	120,649,940	13.3%	110,547,828	(10,102,112)	-8.4%
TOTAL FUND BALANCE	68,905,524	75,304,251	9.3%	82,416,411	9.4%	75,168,810	-8.8%	81,207,388	6,038,578	8.0%
FUND BALANCE RESERVE	82.9%	85.9%	3.7%	77.4%	-9.9%	62.3%	-19.5%	73.5%	11.2%	17.9%
BEGINNING GENERAL FUND BALANCE	\$8,620,778	\$9,081,908	5.3%	\$10,282,552	13.2%	\$12,290,269	19.5%	13,418,810	1,128,541	9.2%
REVENUE	38,785,194	42,803,943	10.4%	47,479,637	10.9%	40,732,306	-14.2%	41,334,228	601,922	1.5%
EXPENDITURE	38,324,064	41,603,299	8.6%	45,471,920	9.3%	46,219,500	1.6%	47,109,464	889,964	1.9%
TRANSFERS IN/OUT	-	-	0.0%	-	0.0%	1,128,541	0.0%	5,783,605	4,655,064	412.5%
ENDING GENERAL FUND BALANCE	9,081,908	10,282,552	13.2%	12,290,269	19.5%	13,418,810	9.2%	13,427,179	8,369	0.1%
GENERAL FUND BALANCE RESERVE	23.7%	24.7%	4.3%	27.0%	9.4%	29.0%	7.4%	28.5%	-0.5%	-1.8%
OPERATING REVENUE	\$73,804,578	\$89,085,530	20.7%	\$93,356,584	4.8%	\$96,912,339	3.8%	\$100,499,906	\$3,587,567	3.7%
OPERATING EXPENDITURE	48,056,024	52,522,254	9.3%	57,124,171	8.8%	61,172,888	7.1%	63,664,909	2,492,021	4.1%
POPULATION:	52,076	53,950	3.6%	54,730	1.4%	55,500	1.4%	56,300	800.00	1.4%
TAX REVENUE (per capita)	\$588	\$636	8.2%	\$678	6.5%	\$735	8.4%	\$765	\$30	4.1%
SALARIES & BENEFITS:	\$26,133,722	\$28,812,619	10.3%	\$30,869,696	7.1%	\$34,557,623	11.9%	\$35,288,067	\$730,444	2.1%
% OF OPERATING EXPENDITURES	54.4%	54.9%	0.9%	54.0%	-1.5%	56.5%	4.5%	55.4%	-1.1%	-1.9%
EMPLOYEES (FTE)	335.60	357.35	6.5%	362.10	1.3%	365.35	0.9%	363.85	(2)	-0.4%
AVERAGE PER FTE	\$77,872	\$80,629	3.5%	\$85,252	5.7%	\$94,588	11.0%	\$96,985	2,397	2.5%
LONG-TERM BONDED DEBT:										
LEGAL LIMIT	\$216,929,744	\$248,177,690	14.4%	\$263,464,811	6.2%	\$284,667,391	8.0%	\$294,266,751	9,599,359	3.4%
DEBT OUTSTANDING	163,548,597	141,537,978	-13.5%	134,123,600	-5.2%	126,246,302	-5.9%	110,858,659	(15,387,643)	-12.2%
% OF LEGAL LIMIT	75.4%	57.0%	-24.4%	50.9%	-10.7%	44.3%	-12.9%	37.7%	-6.7%	-15.1%