

## STATEMENT TO THE CITY OF URBANDALE

Last week Association members met with Mayor Andeweg, the City Manager, and staff to discuss the proposed budget for FY2010/2011. While there are several issues that cause much concern, overall the Association holds the opinion that the Urbandale City Council has provided good leadership and that the administration has done an outstanding job. The Taxpayers Association voted to SUPPORT the proposed FY2010/2011 budget.

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 presentation contained a list of initiatives where this has taken place. The Association commends the City for their efforts. Projects such as the new salt facility, Westcom, Metro Home, and many other examples show Urbandale's commitment to maintaining high "quality of life" standards. Many of those initiatives serve to lower the costs for all taxpayers. The Association believes that poor economic times should not be the driver of collaborative efforts. It also should be pursued in good times so that savings carry over and relieve stress on the budget. Changing an organization's culture is hard, as it was pointed out in our meeting, but it is as necessary for government as it is for businesses to be successful.

The City's Reserves are much higher – budgeted to be 34% - than the 25% that is recommended by governmental finance experts. We commend you for your long-term plan - to spend down the excess reserves to mitigate future tax increases indicated by your 5-year projections. The .10/\$1000 addition to the tax levy for 411 Police/Fire Retirement is a positive step as future costs for retirement benefits continue to climb. Private sector employers have moved to defined contribution plans as opposed to defined benefit plans for valid reasons. It is becoming more difficult to justify to your constituents – the taxpayers – the generous retirement benefits that are offered as a public sector employer. While pension contribution increases are not within the control of the City, the Association urges Urbandale to work hard to convince the decision makers to make incremental changes in the system immediately so that drastic changes do not need to be made later. Urbandale should be a leader in educating legislators, the members of the plans and the general public that these plans are not sustainable without substantial costs increases for Urbandale as well every other city in Iowa. Without changes to the current pension system, the day will come when either much more drastic changes must be made to the pension plan, or Iowa's cities will be forced to be even more diligent to look for ways to reduce salary and benefit expenses.

The Association suggests that doing even more privatization of services may be a very good path for the City to follow. There seem to be opportunities for Urbandale to save tax dollars. The Council and staff must be diligent to do an accurate cost-benefit analysis and then switch to private providers when appropriate, rather than adding FTE's.

We share the City Manager's concern that the City may have inadequate back up staff for your technology needs. The cross training of employees with technology expertise appears to be a wise and cost effective solution.

Over the past decade, the percentage of residential property to the total of taxable valuation has increased. Smart, cost-effective economic development and capital improvement is the key to reverse this trend. The Association has every confidence that the Council will make the necessary decisions to move the share of commercial/industrial valuation back in the other direction.

Long-term contracts for employees make budgeting easier over that term. Staff knows what to expect when it comes to salary and benefit increases for groups of employees. When the economy is growing well the City is well served. During tough economic times such as these, when the taxpaying public is facing lower incomes and even job losses, the taxpayers' employees need to cognizant of the fact that total compensation – salary and benefits – are advancing more rapidly for public employees than in the private sector. There should be a consideration that a reasonable compromise can be reached on current and future contracts so that the entire community benefits.

Thank you for your attention to these comments.

**CITY OF URBANDALE  
BUDGET SUMMARY**

	ACTUAL FY06/07	ACTUAL FY07/08	% OF CHANGE	ACTUAL FY08/09	% OF CHANGE	RE-EST FY09/10	% OF CHANGE	PROPOSED FY10/11	AMOUNT CHANGE	% OF CHANGE
TOTAL VALUATION	\$2,488,560,860	\$2,850,775,595	14.6%	\$3,165,212,510	11.0%	\$3,216,264,754	1.6%	\$3,299,926,713	\$83,661,959	2.6%
REGULAR TAXABLE VALUATION	1,839,837,907	1,991,947,802	8.3%	2,065,137,903	3.7%	2,230,341,483	8.0%	2,296,766,591	66,425,108	3.0%
TIF VALUATION	117,432,360	94,452,760	-19.6%	94,604,803	0.2%	105,691,300	11.7%	126,075,210	20,383,910	19.3%
LEVY RATE	9.07393	9.22000	1.6%	9.22000	0.0%	9.22000	0.0%	9.32000	0	1.1%
PROPERTY TAX LEVY:	16,384,618	18,004,530	9.9%	18,781,234	4.3%	20,212,354	7.6%	21,120,607	908,253	4.5%
% OF OPERATING REVENUE	35.5%	38.7%	8.9%	42.1%	8.8%	41.0%	-2.5%	39.7%	-1.3%	-3.2%
TOTAL REVENUE	\$52,487,297	\$53,884,767	2.7%	\$61,657,306	14.4%	\$55,832,041	-9.4%	\$61,686,283	\$5,854,242	10.5%
TOTAL EXPENDITURE	49,152,739	52,758,301	7.3%	60,841,767	15.3%	59,541,073	-2.1%	59,787,020	245,947	0.4%
TOTAL FUND BALANCE	27,141,805	28,268,271	4.2%	22,714,515	-19.6%	19,005,483	-16.3%	20,904,746	1,899,263	10.0%
FUND BALANCE RESERVE	55.2%	53.6%	-3.0%	37.3%	-30.3%	31.9%	-14.5%	35.0%	3.0%	9.5%
BEGINNING GENERAL FUND BALANCE	6,037,739	6,631,058	9.8%	6,875,942	3.7%	7,387,940	7.4%	7,920,260	\$532,320	7.2%
REVENUE	18,044,722	19,169,019	6.2%	20,126,748	5.0%	21,546,664	7.1%	21,616,688	70,024	0.3%
EXPENDITURE	17,451,403	18,924,135	8.4%	19,614,750	3.6%	21,022,344	7.2%	21,709,434	687,090	3.3%
TRANSFERS IN/OUT	-	-	0.0%	-	0.0%	8,000	0.0%	7,000	(1,000)	-12.5%
ENDING GENERAL FUND BALANCE	6,631,058	6,875,942	3.7%	7,387,940	7.4%	7,920,260	7.2%	7,834,514	(85,746)	-1.1%
GENERAL FUND BALANCE RESERVE	38.0%	36.3%	-4.4%	37.7%	3.7%	37.7%	0.0%	36.1%	-1.6%	-4.2%
OPERATING REVENUE	\$46,121,417	\$46,554,356	0.9%	\$44,650,719	-4.1%	\$49,302,938	10.4%	\$53,234,483	\$3,931,545	8.0%
OPERATING EXPENDITURE	35,981,154	37,095,497	3.1%	34,805,825	-6.2%	37,728,889	8.4%	41,137,766	3,408,877	9.0%
POPULATION:	35,904	36,404	1.4%	38,000	4.4%	39,000	2.6%	39,500	500	1.3%
TAX REVENUE (per capita)	\$456	\$495	8.4%	\$494	-0.1%	\$518	4.9%	\$535	\$16	3.2%
SALARIES & BENEFITS:	\$12,565,241	\$13,531,471	7.7%	\$13,893,185	2.7%	\$14,772,386	6.3%	\$15,650,414	\$878,028	5.9%
% OF OPERATING EXPENDITURES	34.9%	36.5%	4.5%	39.9%	9.4%	39.2%	-1.9%	38.0%	-1.1%	-2.8%
EMPLOYEES (FTE)	179.50	181.50	1.1%	194.50	7.2%	205.25	5.5%	205.25	-	0.0%
AVERAGE PER FTE	\$70,001	\$74,554	6.5%	\$71,430	-4.2%	\$71,973	0.8%	\$76,250	\$4,278	5.9%
LONG-TERM BONDED DEBT:										
LEGAL LIMIT	\$124,428,043	\$142,538,780	14.6%	\$158,260,626	11.0%	\$160,813,238	1.6%	\$164,996,336	4,183,098	2.6%
DEBT OUTSTANDING	35,525,000	37,055,000	4.3%	43,270,000	16.8%	43,375,000	0.2%	45,125,000	1,750,000	4.0%
% OF LEGAL LIMIT	28.6%	26.0%	-8.9%	27.3%	5.2%	27.0%	-1.3%	27.3%	0.4%	1.4%