

2010 STATEMENT TO THE CITY OF WEST DES MOINES

Last week Association members met with Councilman Ohmert, City Manager Jeff Pomeranz, and City 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 West Des Moines City Council has provided good leadership and that the administration has done an outstanding job. The City's AAA Bond Rating reflects well on the actions of both. Therefore, the Taxpayers Association voted to SUPPORT the proposed FY2010/2011 budget.

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 11th 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 GFOA for the 16th year, which confirms the City's strong financial management team.

The Association appreciates the steps the City has taken to control their costs, including wage increases and FTE's, and encourages the Council and administration to continue to work hard on this issue.

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. We congratulate you for obtaining PILOT fees from these facilities.

The slowdown in the number of commercial building permits and the increase in the number of empty spaces in existing office buildings is a key issue. Central Iowa cities must not get in a bidding war in an attempt to fill the spaces. Rather, the entire metro area should work together to bring in outside businesses. We would like to encourage the City to be creative on ways to address the increasing vacancies in the commercial office space in West Des Moines. A direct tax relief to businesses that sign long-term leases is one possible solution. There are other alternatives as well. West Des Moines has a long history of being successful in the area of economic development and we have confidence that this will continue.

Another long-term issue is the effect of benefits and pension costs on the City's finances. Private sector employers have moved to defined contribution plans for some 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 out of the control of the City, the Association urges West Des Moines to work hard to convince those decision makers to make incremental changes in the system immediately so that drastic changes do not need to be made later. West Des Moines should be a leader in educating legislatures, the members of the plans and the general public in that these plans are not sustainable without substantial costs increases by West Des Moines as well as 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.

We commend you for the extent and excellence of your long-term planning. The Council's action to create funds from the excess reserves to offset future increases in IPERS and the 411 Police/Fire Retirement is a positive step, but it does not address this foundational concept: governments should not collect taxes above and beyond their needs. A stable tax levy rate is commendable, but it should not be the overriding factor when deciding what the rate should be. When businesses and families all over central Iowa are tightening their budgets and trimming costs, it would be a good time to have some tax relief instead of increasing the city's reserves. It is not admirable for a government to regularly collect more from its citizens than it needs. This city is well run, hence the reserves. However, we believe it may be possible to reduce the levy rate and, with your continued prudent fiscal oversight, you could avoid a reduction in essential services.

The Association is deeply appreciative of the number of steps taken by the City to keep expenditures in check because responsible governments must take all opportunities to generate savings. Your measures include collaboration with other governments, privatization of services where appropriate and cost-effective, and your exemplary efforts to reign in employee health care costs. Our conversation on multi-year contracts for your union employees indicates that great care must be taken during negotiations so that the non-represented employees do not bear an unequal share of the burden of controlling expenses.

In closing, the Association wants to thank the City Manager and his staff for the positive working relationship and your attention to these remarks.

**CITY OF WEST DES MOINES
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	\$4,963,553,808	\$5,269,296,213	6.2%	\$5,693,347,823	8.0%	\$5,885,335,010	3.4%	\$5,993,287,763	\$107,952,753	1.8%
REGULAR TAXABLE VALUATION	2,859,734,861	3,074,739,017	7.5%	3,354,478,329	9.1%	3,552,031,672	5.9%	4,038,064,020	486,032,348	13.7%
TIF VALUATION	480,857,196	517,187,118	7.6%	462,944,940	-10.5%	424,575,692	-8.3%	360,625,798	(63,949,894)	-15.1%
LEVY RATE	11.95000	12.05000	0.8%	12.05000	0.0%	12.05000	0.0%	12.05000	-	0.0%
PROPERTY TAX LEVY:	34,337,982	37,114,931	8.1%	40,697,806	9.7%	43,083,063	5.9%	44,764,530	1,681,467	3.9%
% OF OPERATING REVENUE	38.5%	39.8%	3.1%	39.2%	-1.5%	42.9%	9.5%	45.3%	2.4%	5.5%
TOTAL REVENUE	94,081,783	113,643,396	20.8%	103,997,533	-8.5%	116,496,406	12.0%	106,915,024	(9,581,382)	-8.2%
TOTAL EXPENDITURE	87,683,056	106,531,236	21.5%	109,171,863	2.5%	111,975,499	2.6%	107,243,372	(4,732,127)	-4.2%
TOTAL FUND BALANCE	75,304,251	82,416,411	9.4%	77,242,081	-6.3%	81,762,988	5.9%	81,434,640	(328,348)	-0.4%
FUND BALANCE RESERVE	85.9%	77.4%	-9.9%	70.8%	-8.5%	73.0%	3.2%	75.9%	2.9%	4.0%
BEGINNING GENERAL FUND BALANCE	\$9,081,908	\$10,282,552	13.2%	\$12,290,269	19.5%	15,454,619	25.7%	14,262,988	(1,191,631)	-7.7%
REVENUE	42,803,943	47,479,637	10.9%	53,242,592	12.1%	41,334,228	-22.4%	42,357,805	1,023,577	2.5%
EXPENDITURE	41,603,299	45,471,920	9.3%	50,078,242	10.1%	47,109,464	-5.9%	48,578,639	1,469,175	3.1%
TRANSFERS IN/OUT	-	-	0.0%	3,164,350	0.0%	4,583,605	0.0%	6,261,619	1,678,014	36.6%
ENDING GENERAL FUND BALANCE	10,282,552	12,290,269	19.5%	15,454,619	25.7%	14,262,988	-7.7%	14,303,773	40,785	0.3%
GENERAL FUND BALANCE RESERVE	24.7%	27.0%	9.4%	30.9%	14.2%	30.3%	-1.9%	29.4%	-0.8%	-2.7%
OPERATING REVENUE	\$89,085,530	\$93,356,584	4.8%	\$103,883,575	11.3%	\$100,409,906	-3.3%	\$98,874,524	(\$1,535,382)	-1.5%
OPERATING EXPENDITURE	52,522,254	57,124,171	8.8%	60,838,566	6.5%	64,757,344	6.4%	68,559,897	3,802,553	5.9%
POPULATION:	53,950	54,730	1.4%	55,500	1.4%	56,300	1.4%	57,000	700.00	1.2%
TAX REVENUE (per capita)	\$636	\$678	6.5%	\$733	8.1%	\$765	4.4%	\$785	\$20	2.6%
SALARIES & BENEFITS:	\$28,812,619	\$30,869,696	7.1%	\$32,091,143	4.0%	\$35,288,067	10.0%	\$36,238,880	\$950,813	2.7%
% OF OPERATING EXPENDITURES	54.9%	54.0%	-1.5%	52.7%	-2.4%	54.5%	3.3%	52.9%	-1.6%	-3.0%
EMPLOYEES (FTE)	357.35	362.10	1.3%	365.35	0.9%	363.85	-0.4%	361.85	(2)	-0.5%
AVERAGE PER FTE	\$80,629	\$85,252	5.7%	\$87,837	3.0%	\$96,985	10.4%	\$100,149	3,164	3.3%
LONG-TERM BONDED DEBT:										
LEGAL LIMIT	\$248,177,690	\$263,464,811	6.2%	\$284,667,391	8.0%	\$294,266,751	3.4%	\$299,664,388	5,397,638	1.8%
DEBT OUTSTANDING	141,537,978	134,123,600	-5.2%	111,274,098	-17.0%	106,699,954	-4.1%	98,820,673	(7,879,281)	-7.4%
% OF LEGAL LIMIT	57.0%	50.9%	-10.7%	39.1%	-23.2%	36.3%	-7.2%	33.0%	-3.3%	-9.1%