

STATEMENT TO THE CITY OF ANKENY

Since 1921, the Polk-Des Moines Taxpayers Association, a non-partisan, non-profit, private organization has worked diligently throughout the Des Moines metro area in support of good government. Our broad-based membership has encouraged sound fiscal policy by analyzing municipal budgets, following local governmental policies and practices, and performing independent research. The Association holds as its purpose the promotion of effective and efficient government that is conducted in full public view

The Association wishes to thank the Mayor, Council members, and staff for inviting us to be present at your budget retreat and for meeting with members of the Association on March 5th to discuss the proposed budget for Fiscal year 2008/2009. However, for many reasons that I will elaborate upon, the Association can **NOT SUPPORT** the proposed budget.

Our committee's decision to not support this budget is a direct result of the issues described below. Many of our members are more concerned with this budget than any other in memory. Our members are convinced that the combined levies by all taxing authorities for 2009/2010 will put our community in a competitive disadvantage to attract future business investment and homeowners alike. While all homeowners have been buffeted by the effects of the residential rollback, virtually no commercial business or real estate owners enjoy this benefit. The pass thru of this and the expected increases next year will likely place most of the hardship on small businesses that are the primary producers of jobs in our economy.

These are our specific points of contention:

- There is a difference between running a city **effectively** versus **efficiently**. Providing core services and limiting those additional services that can reasonably be afforded is the only way to be efficient with our community's tax revenues. Some statistics shown to you and us may show we compare favorably to other area communities. While this is admirable, our community's performance benchmarks should be better given the growth in population and tax base we have enjoyed. Establishment of **performance benchmarks** in all departments to measure our results against the desired results is truly managing our community's resources correctly.
- The council and mayor **MUST DIRECT** city staff to seek other means of paying for the needed growth in public safety. The savings to pay for the core services exist in a number of ways without raising the levy rate, including, growth in tax revenues, matching the timing of hiring of additional public safety personnel more precisely to the opening of station #2, and possible reduction in staffing in the code enforcement department, waste water treatment facility or other city departments or through elimination or cost savings in other city programs or purchases. With new permit activity falling to 2000 levels, staffing levels should reviewed to adjust similarly which could result in a 6 FTE reduction saving over \$200,000. With the decision to join the WRA, we have an obligation to re-allocate or eliminate FTE's. The 3 FTE identified for sewer cleaning and filming should be reviewed to determine if the **tax pavers** are being adequately rewarded for the investment in capital to perform this new enterprise. We believe there are other FTE savings opportunities as a result duplication of work performed by the private sector in economic and business development and more

efficient use of third party public relations groups instead of a public relations department.

- The City does a good job with its Capital Improvements Planning process. However, as it has become abundantly clear that our economy is slowing and may persist longer than we expected. Decisions to eliminate or delay equipment purchases should be implemented immediately. No purchases of equipment that would represent new activities for the city to conduct should be made without first performing a thorough and objective enterprise analysis, preferably by a third party, and without seeking RFP's for outside services to perform the same tasks. We recommend **setting benchmarks** for achieving financial improvements in costs to the city if any new activities are to be considered and that such consideration is conducted in full view of the council and our citizens. Outsourcing of work allows the city greater flexibility on timing of work and the timing of the expense. In most cases, the private sector is more efficient because of its need to produce a profit. In some cases, the private sector may even provide services at a loss to cover variable costs while work markets improve. In addition, the city eliminates the expense of training, liability and insurance, and replacement and repair of the equipment considerations.
- Citizen surveys and successful bond referendums help clarify priorities of citizens but **are not** mandates to raise levies to support those functions unless disclosed and made part of the referendum process or in the surveys. The need for a levy increase to staff the facilities approved should have been seen so close after a vote to approve. Our association will be wary of all future referendums as a result of this experience.
- The market pay plan should be reviewed in the coming fiscal year. The COLA in combination with steps increases creates little flexibility to manage salary expense. When coupled with the highly attractive health insurance coverage and competitive starting wages, the **total S&B package** is now above the levels needed to attract and retain quality employees.

We do recognize and congratulate the City for:

- Its efforts in DART discussions and defending our communities desire for equitable treatment and not just an equal expense. Governments should be able to find efficiencies as they work together.
- Accepting the Association's recommendation of increasing permit fees to fund staff additions in the code enforcement area in 2006. We further recommend a bi-annual comparison of competing communities fees should be conducted. You should not be afraid to lead the market place in permit expense based upon our quality of service, turn around times, quality of staff and quality of life the community takes pride in.

In summary, the association is convinced the city could provide the expanded core services workforce we all agree are priorities while not increasing the total levy. **First**, we must prioritize spending to first pay for those essential core services and then those quality of life services that can be provided only WITHOUT raising levy rates. **Secondly**, we must begin to rethink how a budget is formulated and challenge the staff to value engineer the coming fiscal years budget by re-thinking what each department currently does and how the work may be performed differently. The council should require a draft 2010 budget be created by June 30, 2008 that is

based upon more moderate growth in taxable values, provides for the core services agreed upon, and allows for the regular reduction in combined levy rates for the next 2 fiscal years.

Given the known increase in the debt levy next year coupled with similar concerns and known debt levy increases with the school district, our community is faced with a certain combined levy increase over the next 2 years of over \$4.00 per thousand. The association members ask to be included in your mid-year goal setting retreat since this is a critical function that the staff uses to develop the financial budget. We further expect to have regular updates from council and staff on your progress to review all departments staffing levels, the establishment of performance benchmarks for the departments and ways to reduce government spending especially in light of the economic times we are in and expect to continue to be in for some time to come.

**CITY OF ANKENY
BUDGET SUMMARY**

	ACTUAL FY04/05	ACTUAL FY05/06	% OF CHANGE	ACTUAL FY06/07	% OF CHANGE	RE-EST FY07/08	% OF CHANGE	PROPOSED FY08/09	AMOUNT CHANGE	% OF CHANGE
TOTAL VALUATION	\$1,880,751,106	\$2,067,956,465	10.0%	\$2,448,438,412	18.4%	\$2,761,087,066	12.8%	\$3,086,136,048	\$325,048,982	11.8%
REGULAR TAXABLE VALUATION	1,130,870,671	1,220,106,765	7.9%	1,392,188,577	14.1%	1,547,601,937	11.2%	1,687,233,461	139,631,524	9.0%
TIF VALUATION	110,200,000	122,335,000	11.0%	137,270,000	12.2%	139,675,000	1.8%	156,191,910	16,516,910	11.8%
LEVY RATE	10.38956	10.38956	0.0%	10.33956	-0.5%	10.28956	-0.5%	10.52560	23.60%	2.3%
PROPERTY TAX LEVY:	11,706,029	12,703,898	8.5%	14,506,396	14.2%	16,056,133	10.7%	17,913,121	1,856,988	11.6%
% OF OPERATING REVENUE	33.4%	20.7%	-38.2%	34.3%	66.0%	26.3%	-23.2%	28.1%	1.8%	6.8%
TOTAL REVENUE	\$62,737,835	82,817,883	32.0%	90,706,332	9.5%	115,329,414	27.1%	122,623,029	7,293,615	6.3%
TOTAL EXPENDITURE	60,697,444	88,098,723	45.1%	69,602,123	-21.0%	119,832,674	72.2%	119,456,608	(376,066)	-0.3%
TOTAL FUND BALANCE	48,311,716	45,979,774	-4.8%	67,083,983	45.9%	62,580,723	-6.7%	65,747,144	3,166,421	5.1%
FUND BALANCE RESERVE	79.6%	52.2%	-34.4%	96.4%	84.7%	52.2%	-45.8%	55.0%	2.8%	5.4%
BEGINNING GENERAL FUND BALANCE	\$3,346,224	\$3,843,928	14.9%	\$4,519,904	17.6%	\$5,153,574	14.0%	\$4,744,531	(409,043)	-7.9%
REVENUE	12,488,201	14,130,427	13.2%	16,042,566	13.5%	16,672,667	3.9%	17,685,692	1,013,025	6.1%
EXPENDITURE	11,990,497	13,093,325	9.2%	15,408,896	17.7%	16,648,510	8.0%	17,951,314	1,302,804	7.8%
TRANSFERS IN/OUT	-	(361,126)	0.0%	-	-100.0%	(433,200)	0.0%	(128,600)	304,600	-70.3%
ENDING GENERAL FUND BALANCE	3,843,928	4,519,904	17.6%	5,153,574	14.0%	4,744,531	-7.9%	4,350,309	(394,222)	-8.3%
GENERAL FUND BALANCE RESERVE	32.1%	34.5%	7.7%	33.4%	-3.1%	28.5%	-14.8%	24.2%	-4.3%	-15.0%
OPERATING REVENUE	\$35,004,875	\$61,489,099	75.7%	\$42,295,877	-31.2%	\$60,987,970	44.2%	\$63,701,686	\$2,713,716	4.4%
OPERATING EXPENDITURE	24,484,003	49,477,175	102.1%	29,119,397	-41.1%	35,479,321	21.8%	36,106,778	627,457	1.8%
POPULATION:	32,457	35,237	8.6%	36,116	2.5%	36,681	1.6%	41,000	4,319.00	11.8%
TAX REVENUE (per capita)	\$361	\$361	0.0%	\$402	11.4%	\$438	9.0%	\$437	(\$1)	-0.2%
SALARIES & BENEFITS:	\$9,594,585	\$10,172,669	6.0%	\$12,369,442	21.6%	\$13,748,179	11.1%	\$15,103,423	\$1,355,244	9.9%
% OF OPERATING EXPENDITURES	39.2%	20.6%	-47.5%	42.5%	106.6%	38.7%	-8.8%	41.8%	3.1%	7.9%
EMPLOYEES (FTE)	153.55	166.05	8.1%	182.75	10.1%	196.50	7.5%	206.50	10.0	5.1%
AVERAGE PER FTE	\$62,485	\$61,263	-2.0%	\$67,685	10.5%	\$69,965	3.4%	\$73,140	\$3,175	4.5%
LONG-TERM BONDED DEBT:										
LEGAL LIMIT	\$94,037,555	\$103,397,823	10.0%	\$122,421,921	18.4%	\$138,054,353	12.8%	\$154,306,802	\$16,252,449	11.8%
DEBT OUTSTANDING	43,785,000	69,250,000	58.2%	95,010,000	37.2%	129,370,000	36.2%	149,240,000	19,870,000	15.4%
% OF LEGAL LIMIT	46.6%	67.0%	43.8%	77.6%	15.9%	93.7%	20.7%	96.7%	3.0%	3.2%