

## STATEMENT TO THE CITY OF DES MOINES

Since 1921, the Polk-Des Moines Taxpayers Association, a non-partisan, non-profit private organization, has been diligently working in the Des Moines metro area in support of good government. Its 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 wants to thank Mayor Cownie for making exceptional efforts to attend the Budget Review meeting on February 19<sup>th</sup>, and to City Manager Rick Clark and his staff for discussing the proposed budget for FY2007/2008 with the Taxpayer membership and for the very good working relationship that exists year-round between the City and the Association.

The Polk-Des Moines Taxpayers Association voted to SUPPORT the proposed budget for FY2008. The Association continues to be **very concerned** with the issues associated with the Franchise Fee and the possible affect an adverse court ruling will have on the City's finances.

The Association's members continue to appreciate the time and effort city council members put into the morning workshops. In addition to these meetings, we want to thank the Council and staff for taking the Association's advice and undergoing a strategic retreat that resulted in setting specific goals and the direction in which Des Moines should evolve. The Citizen Survey is another excellent tool utilized by Des Moines that helps provide direction to both staff and the council. The Association believes that it is necessary to specifically survey businesses as their concerns and issues may be different from those of the general public..

Health Insurance costs for municipal governments is a concern nation-wide. We applaud the City's successful efforts in 2006 to negotiate reductions in Health Insurance costs. But this cannot be just a one-time effort. Staff must continue to be proactive, exploring options, incentives, and best practices to keep this expenditure item under control.

Des Moines must continue to be a leader in exploring ways to cooperate with all of the other local governments in the metro area. Metro-wide licensing for contractors is a good step. The Metro Advisory Council generates many good ideas. There are opportunities to cooperate more with Polk County. As the Association talks with the suburban governments, we find that many are ready to step up. But in return, the Des Moines leadership must treat them as equals by bringing them in at the beginning of any process and providing them with more opportunities for input to make it a fully collaborative process.

The Association was pleased to hear about the City Manager's hiring review process and the tax dollars saved by its implementation. The Association believes that from time to time

entire departments must be re-evaluated and the employees, assigned tasks, and budgeted dollars be justified, not on an incremental basis, but on an assessment of what is actually required to perform the prioritized functions. Benchmarking and meaningful performance measures are great ways to help achieve this goal and should be included with each departmental budget.

Mayor Cownie has led the way to make Des Moines a green community. The Taxpayers Association supports his and the City's efforts in this direction. Measures to enhance conservation and efficiency such as rain gardens & bio-swales, LED lighting, fuel-efficient vehicles, and many other possibilities should result in long-term savings to the taxpayers.

With the Rollback, each year the property tax burden continues to shift to Commercial & Industrial property. We encourage you to consider during your budget workshops not only the effect of rate increases on Residential property, but also the consequences on Commercial property, since business is the driver of economic growth. The Association has long supported alternate sources of revenue for Iowa's cities to lessen the burden and dependency on property tax. Des Moines must continue to be a leader in discussions involving the reform of Iowa's property tax system.

On behalf of the members of the Polk-Des Moines Taxpayers Association, I'd like to thank you for your time and your attention to these remarks.

**CITY OF DES MOINES  
BUDGET SUMMARY**

	ACTUAL FY03/04	ACTUAL FY04/05	% OF CHANGE	ACTUAL FY05/06	% OF CHANGE	RE-EST FY06/07	% OF CHANGE	PROPOSED FY07/08	AMOUNT CHANGE	% OF CHANGE
TOTAL VALUATION	\$ 8,631,320,053	\$ 8,615,856,637	-0.2%	\$ 8,651,185,248	0.4%	\$ 8,657,621,277	-0.1%	\$ 8,831,750,616	\$ 174,129,339	2.0%
REGULAR TAXABLE VALUATION	4,958,513,819	5,242,262,696	5.7%	5,285,047,624	0.8%	5,523,281,681	4.5%	5,622,177,693	98,896,012.00	1.8%
TIF VALUATION	446,920,620	539,070,245	20.6%	488,199,515	-9.4%	594,194,445	21.7%	584,899,190	(9,295,255.00)	-1.6%
LEVY RATE	17.04806	17.05539	0.0%	16.52000	-3.1%	16.45083	-0.4%	16.59039	0.1396	0.8%
PROPERTY TAX LEVY:	83,820,123	87,521,289	4.4%	85,923,452	-1.8%	90,433,836	5.2%	93,192,843	2,759,007	3.1%
% OF OPERATING REVENUE	22.7%	25.2%	10.8%	23.6%	-6.3%	24.5%	3.8%	24.8%	0.3%	1.2%
TOTAL REVENUE	\$476,258,173	\$472,562,952	-0.8%	411,317,893	-13.0%	447,246,640	8.7%	442,723,262	(4,523,378)	-1.0%
TOTAL EXPENDITURE	427,992,361	498,173,404	16.4%	459,081,498	-7.8%	467,251,345	1.8%	455,402,902	(11,848,443)	-2.5%
TOTAL FUND BALANCE	192,244,381	166,633,927	-13.3%	90,020,511	-46.0%	70,015,806	-22.2%	57,336,166	(12,679,640)	-18.1%
FUND BALANCE RESERVE	44.9%	33.4%	-25.5%	19.6%	-41.4%	15.0%	-23.6%	12.6%	-2.4%	-16.0%
BEGINNING GENERAL FUND BALANCE	\$9,000,440	\$11,030,143	22.6%	\$12,170,305	10.3%	\$12,495,556	2.7%	\$13,577,782	1,082,226	8.7%
REVENUE	92,499,678	92,793,962	0.3%	105,743,403	14.0%	105,041,071	-0.7%	106,658,589	1,617,518	1.5%
EXPENDITURE	130,530,287	117,622,368	-9.9%	126,870,366	7.9%	127,318,979	0.4%	130,023,391	2,704,412	2.1%
TRANSFERS IN/OUT	40,060,312	25,969,403	-35.2%	21,452,214	-17.4%	23,360,134	8.9%	155,994	(23,204,140)	-99.3%
ENDING GENERAL FUND BALANCE	11,030,143	12,170,305	10.3%	12,495,556	2.7%	13,577,782	8.7%	13,733,776	155,994	1.1%
GENERAL FUND BALANCE RESERVE	8.5%	10.3%	22.4%	9.8%	-4.8%	10.7%	8.3%	10.6%	-0.10%	-1.0%
OPERATING REVENUE	369,272,579	\$347,993,527	-5.8%	\$364,507,286	4.7%	\$369,532,882	1.4%	\$376,355,262	\$6,822,380	1.8%
OPERATING EXPENDITURE	253,101,331	224,638,489	-11.2%	255,659,828	13.8%	257,300,964	0.6%	263,316,048	6,015,084	2.3%
POPULATION:	196,496	195,403	-0.6%	194,311	-0.6%	195,916	0.8%	195,540	(376.00)	-0.2%
TAX REVENUE (per capita)	\$427	\$448	5.0%	\$442	-1.3%	\$462	4.4%	\$477	\$15	3.2%
SALARIES & BENEFITS:	\$134,015,583	\$138,156,057	3.1%	\$144,984,942	4.9%	\$144,273,393	-0.5%	\$147,563,069	\$3,289,676	2.3%
% OF OPERATING EXPENDITURES	52.9%	61.5%	16.2%	56.7%	-7.8%	56.1%	-1.1%	56.0%	0.0%	-0.1%
EMPLOYEES (FTE)	1,897	1,827	-3.7%	1,826	-0.1%	1,835	0.5%	1,822	(13)	-0.7%
AVERAGE PER FTE	\$70,646	\$75,619	7.0%	\$79,400	5.0%	\$78,623	-1.0%	\$80,990	\$2,367	3.0%
LONG-TERM BONDED DEBT:										
LEGAL LIMIT	\$431,566,003	\$430,792,832	-0.2%	\$432,559,262	0.4%	\$432,881,064	0.1%	\$441,587,531	\$8,706,467	2.0%
DEBT OUTSTANDING	348,112,808	338,700,000	-2.7%	357,128,186	5.4%	356,088,000	-0.3%	372,842,000	16,754,000	4.7%
% OF LEGAL LIMIT	80.7%	78.6%	-2.5%	82.6%	5.0%	82.3%	-0.4%	84.4%	2.2%	2.6%