

■ POLK ■ DES MOINES ■
TAXPAYERS
■ ASSOCIATION ■

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STATEMENT TO THE CITY OF WEST DES MOINES

Budgets are not just numbers. They express political choices. What should government do and who should pay? Many taxpayers complain, but overall don't seem bothered. That's why elected officials devote little time addressing government spending. Generally, every new spending plan is simply piled on top of previous spending programs. What we get is government by accretion. Government acquires more and more functions because very few dare strip away any of the existing functions. Programs, even those that are outmoded or ineffective are hard to end. There is an unstated presumption that gradual growth of government is unthreatening. As the population increases, taxes for additional FTE's will rise. The increases could be substantial. The fact is that we need to debate all possible consequences, and not be complicit in the outcomes.

The Polk-Des Moines Taxpayers Association voted to SUPPORT the City of West Des Moines budget IF the Council cuts the current tax levy rate by .10/\$1000, with the difference in Revenue to be deducted from the Ending Balance.

- The taxpayers in West Des Moines saw their tax rate increase when DART started their own levy.
- The City's investment in TIF will pay off big in FY2009/2010 and again in FY2014/2015. The taxpayers deserve a little return on their investment in the growth of the community.
- The General Fund Balance is budgeted to be at 26%, above the 25% recommended by the International City/County Management Association. City staff has assured us that the City's AAA S & P Bond rating – reaffirmed this year - will not be affected by this small decrease in the Ending Balance.

Why not take this opportunity to lower the rate?

The CIP budget has us concerned. For the next three years the CIP budget is already committed, and the major focus is on new development. We'll repeat what we stated last year - all quarters of the city need equal attention, particularly parks, streets management, and city property management. The estimated replacement value in today's dollars, for the entire city public street network is \$523 million. 34.5% of that is estimated to be in average or below average condition. It is critical to keep this issue a priority while doing long-range planning, and not be constantly focused on development and other short-term objectives.

The Polk-Des Moines Taxpayers highly recommends that your CIP planning process become a long-term focus, similar to Urbandale, who plans out the next ten years. The Parks Board, for example, has produced a list of needs totaling \$16 million. Also, we strongly recommend that you look at what Ankeny's accomplished at Prairie Ridge with their public/private partnership. Large needs such as these can be accomplished using private contributions as well as tax dollars.

An issue from last year is the need to communicate with businesses. The City survey is an excellent tool in hearing from homeowners. It is also important to hear from business owners, since the Rollback shifts the property tax burden to them. We are encouraged to find out that Mayor Gaer and City Manager Pomeranz have been talking to major business in response to our past comments. Please continue with your efforts to listen to the source of 60% of the City's Taxable Valuation

The Association appreciates the steps the City takes in its numerous collaborative endeavors. The City Manager's *Executive Overview* lists the many successful ventures in which West Des Moines takes part and, in many cases, leads the effort.

Mayor Gaer told us that Iowa's cities need alternative sources of revenue. The Association couldn't agree more. We have been a long-time advocate of this policy and will support West Des Moines' efforts in this direction, while always keeping in mind the overall tax burden on the citizens.

Besides growing in area and valuation, West Des Moines is also growing in population. This puts new requirements on the services provided to the citizens. To protect the citizens, Public Safety comes under scrutiny. There has been a shift from paid-on-call volunteers to a fulltime Fire/EMS force. The numbers of Police FTE's have also increased in response to this growth. Since people are the largest part of expenditures, care must be taken to control the growth of FTE's wherever and whenever possible. In addition, we encourage the City's efforts to align its wellness programs with the business model. Savings here mean savings for the taxpayers.

Finally, the Association wants to recognize the overall excellent job the Administration does in managing the city. The budget binder is outstanding. The additional material supplied to the Association's members is always very informative. Requests for information are handled in the most professional manner possible. From top to bottom, City staff is exceptional to work with, and the Association appreciates the relationship.

STATEMENT TO BROADLAWNS MEDICAL CENTER

The Polk-Des Moines Taxpayers Association voted to **SUPPORT** the proposed budget for FY2008/2009. We believe that the Board of Trustees and staff do an excellent job under difficult circumstances. The Association wants to thank everyone from top to bottom for their efforts, which is reflected in Broadlawns' JCAHO certification.

When we review municipal budgets, the Association demands performance measures. These help insure two key points. The first is that taxpayers know that the organization is operating in an effective and efficient manner. The second is that decisions are made based on data. With the patient surveys, the employee survey, and the Vital Signs report card, BMC fulfills this requirement. In addition, sharing the information with everyone should help in getting buy-in at all levels for continuous improvement in performance.

The move to the Lutheran Hospital did not come to pass. Now Broadlawns needs to move forward. The planned facility improvements to the existing site seem to us a measured, responsible step to improving both the facility and the ability to provide better service. The Association offers our support in your endeavor to upgrade the building.

The Association appreciates the conversation we had with Mr. Jenner and Mr. White concerning funds expended to market Broadlawns. The Trustees and staff must monitor the results so that dollars spent for that function do add to the bottom line. If there is not a positive correlation between spending and results, then that spending must be suspended.

The numbers associated with "Uncollectibles" and "Accounts Receivable" makes us nervous. We urge the staff to stay focused on making improvements and getting results, and for the Trustees to closely monitor this issue. We are confident that your efforts with the in-house billing and the reduction in the number of days in A/R will lead to success.

In closing, the Taxpayers Association feels that it should repeat our comment from last year, that the Association appreciates "Mr. Jenner's commitment to running BMC in an efficient business-like manner" while recognizing the important safety net mission of the hospital.

STATEMENT TO THE CITY OF URBANDALE

One of the tasks of the Association is to review the budgets of local governments. As a result of our review of your proposed budget and our meeting with the mayor and city manager, the Association

voted to SUPPORT the budget for FY 2008/2009. Budgets are not just numbers. They express political choices. The ultimate question remains: What should government do and who should pay?

In previous years, the City of Urbandale invested heavily in technology so that technology could be a “force multiplier”, that is, a smaller number of employees could be more effective if provided with the proper technology. As the rate of growth has slowed, this has turned out to be a creative solution and a wise investment of tax dollars. Strategic planning by the Council and staff in this area has paid off.

The City Council and staff also deserve the Association’s acknowledgement for long-range planning in other areas. The planning and modeling sessions last summer allowed the City to be prepared for this year’s economic downturn. The ten-year Capital Improvements Projects plan is a great tool and is developed with input from the community. A good plan allows the infrastructure to be maintained. We encourage you to not get behind the curve on maintenance. The inclusion of performance measurement tools in the budget book allows the Council to ask the questions and make their decisions based on objective data.

The Association also wants to recognize the City of Urbandale’s efforts to control health insurance costs. Expense control in this and all areas demonstrates that the Council and staff “have both hands on the wheel”, resulting in a well-run organization. As the population increases, the need for additional FTE’s will most likely increase. These increases could be substantial. The fact is that the taxpayers and leadership need to debate all possible consequences. Public safety response times need to continue to be addressed. The swimming pool issue needs to come to a resolution after many years of deliberation and study. These and other matters can be resolved by balancing budgetary concerns and the wishes of the entire community.

Finally, we would like to thank the Council and city staff for listening to and acting on the recommendations put forward by the Association through the years. The budget book continues to be an outstanding model for the entire metro area. The staff is professional and the working relationship between the City of Urbandale and the Taxpayers Association is top-notch.

STATEMENT TO POLK COUNTY

Budgets are not just numbers. They express political choices. What should government do and who should pay? Many taxpayers complain, but overall don’t seem bothered; otherwise we’d have more taxpayers who attend local government Public Hearings. Without Polk County having a very clear statement of its core mission, it is difficult to evaluate new spending that is piled on top of previous spending programs. Programs, even those that are outmoded or ineffective, are hard to end. Government acquires more and more functions because very few dare strip away any of the existing functions. There is an unstated presumption that gradual growth of government is unthreatening. The fact is we need to debate all possible consequences, and not be complicit in the outcomes.

The Polk-Des Moines Taxpayers Association voted to SUPPORT the proposed FY 2008/2009 budget with the expectation that there is a .10/\$1000 reduction in the levy rate OR that a solid plan to move forward on Polk County’s core mission is developed, but that the General Fund Balance not be increased over the recommended 25%.

The Association is very pleased with County Manager Olson’s work. The Supervisors made a wise choice when they hired him. We are delighted to learn of the work on a 5-year financial plan, are looking forward to the development of a business plan, and want to acknowledge the format change in the departmental budget presentations. The separation of the Operating budgets and the CIP is a positive step. The working relationship between Mr. Olson, his staff, and the Association has been very good.

The next twelve months will be interesting. Having no increase in Health Insurance costs for 2008/09 was a nice surprise, but one that will probably not happen again for the following year. What will happen to the local economy will also have an impact on next year. Jail operations cost estimates are still soft, but manageable, thanks to the hard work of Bill Vaughn, the Sheriff, and the Supervisors. Polk County will see changes thanks to the opening of the River Place facility. The members of the Taxpayers

Association are looking forward to the new report on the Convention Complex. In addition there is the upcoming referendum on the courthouse issue.

In light of all of these factors, the Taxpayers Association recommends that the Supervisors and all Elected Officials look for ways to mitigate possible consequences and continue to collaborate and share services or functions. Now is the time to start talks with Dallas, Warren, and the other surrounding counties to find ways to work together. Now is the time to foster the talks between Polk County and the other local governments within its boundaries. Des Moines City Manager Rick Clark has indicated that he is willing to meet with Mr. Olson to seek additional ways to work together, building on the foundation that was started a couple of years ago. Let's make progress every day.

The Association believes that jail should not be the only solution to a number of issues. We commend the fact that Mr. Mauro and Mr. Hockensmith traveled to another facility to view alternatives. We support those and similar efforts by Polk County to learn how to reduce the jail population and encourage all parties to institute programs that are less costly and more effective than incarceration.

Finally, the Association could not comment on the budget without also mentioning that we applaud the AAA bond rating.

STATEMENT TO THE CITY OF ANKENY

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 be 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 payers** 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 probable 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.