

YOUR CITY OF AMES 07/08 PROGRAM BUDGET

COUNCIL PERSON

Ann Campbell, Mayor

Ryan Doll

Matthew Goodman

Jami Larson

Riad Mahayni

Jim Popken

Dan Rice

WARD

At Large

3rd Ward

At Large

2nd Ward

4th Ward

At Large

1st Ward

TERM EXPIRES

12/31/09

12/31/09

12/31/07

12/31/07

12/31/07

12/31/09

12/31/09

CITY STAFF

Steve Schinker, City Manager

Bob Kindred, Assistant City Manager

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March, 2007

Mayor and Ames City Council:

Attached is the adopted budget for fiscal year 2007-08 which reflects expenditures totaling \$149,582,390. Since we operate a wide variety of services, utilities, and enterprise funds, the budget is too complex to draw any conclusions from this total. However, our program budget format does allow you to focus on the individual services that are of interest and evaluate the magnitude of expenses, the sources of revenues, and the quality of service in this financial/management plan for the City of Ames.

This will be an exciting and challenging year as you can see by the number of new initiatives and highlights summarized below:

PROPERTY TAX SUPPORT - \$.18 Rate Increase

The FY 2007-08 budget requires a 1.79% increase in the City tax rate from \$10.25 per \$1,000 of taxable valuation to \$10.43 per \$1,000 of taxable valuation, or an additional 3.77% of new property tax revenues over the FY 2006-07 budget (page 43).

As we began the preparation of the budget, it appeared that our goal to maintain the same level of quality services for our citizens was in jeopardy due to the fact that our growth in the taxable valuation was only 1.9%. This relatively small increase is due to a slowdown in the new and existing housing market, the continuation of the conversion of existing apartments taxed at commercial rates to condos/co-ops taxed at the lower residential rates, court ordered reductions in assessments on major commercial and industrial properties, and the continuing erosion of our tax base with a further decrease in the state mandated rollback percentage.

Fortunately, this discouraging news was offset by the fact that our required contribution to the state mandated Police and Fire Retirement System will remain the same in FY 07-08 as will our projection for health insurance costs. Historically, we have experienced significant increases in these two categories which, because of their magnitude, have impacted our General Fund and property taxes.

ENHANCING OUR NEIGHBORHOODS – Proactive Enforcement of Existing Codes

For years, we have touted the fact that our city is free from any deteriorated neighborhoods. While this fact remains true today, I believe we have reached a point where more serious attention must be given to our established neighborhoods to ensure that they do not degrade in the future. Towards this end, **the Building Safety program (page 100) reflects \$86,000 from property tax proceeds**

to finance a new Property Maintenance Inspector position and 15% of our Building Official's time. These changes will allow us to alter our philosophy from a reactive to a proactive approach to enforcing the existing codes that impact the quality of our neighborhoods. These codes involve zoning, noise, parking, junk cars, trash, sign, and weed issues. This new approach to code enforcement will require the City Council's full support given the increase in violations that will result and the subsequent public outcry that will no doubt follow. Next year, it is hoped that the City Council will give serious consideration to the adoption of a new property maintenance code after the appropriate amount of public dialogue has identified the positive and negative impacts of this type of comprehensive code.

In order to accomplish this proactive enforcement strategy, a reorganization of the Inspections Division is needed. A new Building Code Inspection Supervisor position has been added to allow the Building Official the necessary time to be more involved in this time-consuming proactive enforcement. In addition, the Rental Housing Inspector position will be replaced by a Housing Inspection Supervisor position that will devote approximately 75% of time towards rental inspections and the remaining 25% towards supervising part-time inspectors and support staff devoted to the rental inspections program. Both of these positions will be funded by user fees.

In addition to improved code enforcement, neighborhood association representatives have expressed the desire to improve communication among their membership and with the City. In response to these needs, this budget supports 1) the creation of a quarterly Neighborhood Newsletter published and circulated by the City's Public Information Officer with funding from the Neighborhood Improvement Grant program, and 2) instructional sessions by our Information Services staff to assist neighborhood representatives in establishing their own private blogs.

STORM SEWER UTILITY – \$.35 Rate Increase – Improved Storm Water Protection

In previous years, I have forecasted that the EPA's National Pollutant Discharge Elimination System would necessitate an increase in our monthly Storm Sewer Utility fee to cover the costs associated with meeting these new federal requirements. These requirements include public education/outreach, construction plan review, post-construction management, and illicit discharge investigations/detection.

Initially, we attempted to accomplish this additional workload with existing staff, but we have found that the responsibility is too large to handle in this way. We believe the protection of our waterways is so important that a new Storm Water Technician has been introduced in this budget to bolster our effectiveness in this critical area. This position will be supported by the Storm Sewer Utility fees, developer reimbursements, and new permit fees (pages 320-321).

I am also excited to announce that the budget includes funds for the City to construct a number of rain gardens and a buffer strip to serve as examples of how these low-impact development techniques actually work. In addition, we will provide grants for property owners to construct their own rain gardens (page 321).

In reviewing the traditional operating costs, the new initiatives, and projected capital improvement projects for the next five years, it was evident that a \$.35 increase in our Storm Sewer Utility fee would be needed beginning in FY 2007-08, bringing the total monthly fee to \$2.60 per customer.

ONE COMMUNITY – Connecting ISU Students With Our City Government

One of the top goals of the City Council is to connect our citizens with city government. One objective established by the Council under this goal is to employ more ISU students who represent a major segment of our population. **Towards this end, this budget reflects significant expenditures for interns and temporary employment positions that are filled primarily by ISU students.** These employment opportunities provide students with flexible hours to earn money to help defer educational expenses and practical experiences to bolster their resumes. The City benefits as well from this investment gaining lower cost, very enthusiastic and highly skilled employees. In FY 2006-07, we earmarked \$60,000 for interns and in FY 2007-08 we have increased this commitment by \$79,129 for positions in the City Manager, Public Works, Electric, Water and Pollution Control, Fire, Planning and Housing, and Legal departments.

PARKING FUND – Providing Adequate Revenue

During our budget guideline session this fall with the City Council, we pointed out that the expenses associated with enforcing the parking laws, prosecuting violators, and maintaining the parking lots were outstripping the projected revenue for these services. In addition, in response to requests from the Main Street Cultural District, the City Council has been waiving parking meter fees during various special events totaling \$25,000 annually, thereby causing a further loss in revenue.

In order to assess this situation, an employee team was created. Based on the team's research, **this budget includes the following (page 199):**

- An increase in overtime parking fines from \$3.00 to \$5.00.
- Illegal fines will remain at \$10.00, but will increase to \$15.00 after 7 days rather than after 30 days.
- Allowing the collection agency to report the status of an individual's unpaid parking fines to credit companies.

These changes are estimated to yield an additional \$68,000 per year.

In addition, a review of the time spent by our Community Service Officers (CSOs) from the Police Department indicates that approximately 20% of their time is devoted to non-parking services that free up our police officers' time on patrol. **Therefore, approximately \$27,000 of the CSOs' funding will be shifted from the Parking Fund to the General Fund beginning in FY 2007-08.**

ELECTRIC UTILITY – No Rate Increase – Reorganization Begins

Our goal in Electric Services is to establish rates that generate sufficient revenue to cover our operating and capital improvement expenditures and still maintain a \$10.5 million balance. Because of the first rate increase (3.5% in FY 2006-07) in over twenty-five years, we are able to reach this objective in FY 2007-08. Therefore, **no rate increase is contemplated with this budget.** As we plan for a major facility expansion to meet our customer needs for the next twenty years, we intend to initiate a similar rate increase in FY 2008-09 and one more larger increase shortly thereafter to finance our ultimate facility proposal.

When new department heads join the city, I request that they review their existing organizational structure and offer suggestions for improving their services. This type of review has yielded a suggestion that two new positions be added to the staff of Electric Services. The first position, **an Energy Trader (page 160-161), will allow one person to focus attention on searching the power grid each day to consummate deals to purchase energy at a rate less than we can produce it. In addition, this person will also market our excess energy when it is available.** This purchase/sales activity is currently included in the responsibilities of the power plant operations

personnel who, because of higher priority tasks, have difficulty accomplishing these transactions. It is anticipated that the increased revenue and decreased expenditures generated by this new position will cover its cost.

In addition, the power plant industry has become so complex that it is no longer reasonable to assume that one supervisor can oversee both the maintenance and operating personnel. Therefore, **this budget includes a new Power Plant Operations Supervisor position to provide focused leadership to this critical segment of the plant** (pages 158-159). I suspect that the reorganization in Electric Services is not complete. In future budgets, we are likely to see some positions that have been in place for some time replaced with different positions as opportunities present themselves.

A third new position, a **Procurement Specialist**, has been introduced into the Purchasing Services program (pages 346-347). This new position **is now needed to meet the additional procurement demands that resulted from a recent change in state legislation requiring an increasing number of ongoing projects to adhere to the more time consuming bidding process**. Based on workload, this new position will be paid for out of Electric Services funds.

WATER UTILITY – No Rate Increase

While **no water rate increase is planned for FY 2007-08**, we anticipate that a series of rate increases will be needed beginning in FY 2009-10 with a 10% adjustment in order to finance the renovation of our aging water plant.

We learned last summer when we were experiencing an 18% growth in our peak usage that voluntary conservation could significantly reduce water consumption. Therefore, **this budget introduces a new conservation initiative utilizing an ISU marketing class and an extensive customer education program to help reduce water consumption** (pages 126-127).

In addition, the increased number of capital improvement and ongoing maintenance projects have justified the need to increase two $\frac{3}{4}$ time Environmental Engineer positions to full time. This increase is allocated equally between the Water Utility and the Sanitary Sewer Utility (pages 126-127 and 144-145).

SANITARY SEWER UTILITY – No Rate Increase

Here again, **no sanitary sewer rate increase is being requested in FY 2007-08**, but we are projecting the need to initiate a series of rate increases starting with a 10% adjustment in FY 2010-11, depending on the magnitude and timing of the facility expansion project that is ultimately required by the state and federal governments.

Our emphasis this year will be working with the Iowa Department of Natural Resources to obtain a discharge permit that is supported by proper analysis and consistent with the Iowa Water Quality Standards. In addition, we will be examining the relative costs of several disinfection alternatives in preparation for accomplishing this task to protect our waterways.

RESOURCE RECOVERY PLANT – No Increase in Per Capita Charge or Tipping Fee We continue to have good news for our partners in the Resource Recovery operation. **The per capita charge to participating municipalities will remain at \$10.50 in FY 2007-08 and the tipping fee will not increase from the current cost of \$52.75 per ton** (page 121). Since the City's annual obligation represents approximately 59% of the total subsidy, or \$423,475, our taxpayers will also benefit from the excellent financial condition of this facility.

AFFORDABLE HOUSING – Continuing the Commitment

An ongoing goal of the City Council is to provide affordable housing opportunities for individuals who wish to live in our community. In an effort to accomplish this goal, we have maintained four programs: our Section 8 program to provide subsidized rental housing, our Community Development Block Grant and Ames/Story County Partnership programs to offer homebuyer and minor repair assistance, and our own affordable housing program to purchase older homes to ensure their status as owner-occupied units.

Traditionally, we administered these four programs with available balances and administrative monies from federal grant programs. As federal assistance for these programs decreased and state funding forced us to cut back programs throughout our budget, we were forced to make two decisions to reduce our administrative costs by: 1) contracting out our Section 8 program to the Fort Dodge Housing Authority; and 2) eliminating full-time positions and attempting to work with part-time employees. For a number of reasons, the relationship with Fort Dodge was terminated and we no longer believe that part-time employees are adequate to handle the complexities of these programs.

The FY 2007-08 budget includes a reinstatement of 1.5 FTE to assist with these important programs (pages 278-283). Of this total, 1.0 FTE will be added to the 1.15 FTE already assigned to the Leased Housing program and will require \$16,319 from the Housing Assistance fund balance to cover the total expenses, .12 FTE will be added to the .20 FTE already assigned to Ames/Story County Partnership program and will require approximately \$27,000 from the Partnership fund balance, and .38 FTE will be added to the .90 FTE already assigned to the CDBG program although sufficient administrative monies will be available within this fund to cover the costs of this federal program.

In regards to the Leased Housing program, the City Council must eventually choose to continue to deplete available fund balances to finance the administrative costs of the program, discontinue the program, allow another agency to administer the program, or include the administrative costs in the ASSET process.

RECREATION FACILITIES – Restoring Adequate Available Balances

Because the Ames/ISU Ice Arena and Homewood Golf Course are basically seasonal operations, we attempt to maintain certain available balances in these enterprise funds to handle cash flow needs during those months when little or no revenue is received.

Even with the 5% increase in ice rental fees in FY 2006-07 and an additional 5% boost in FY 2007-08 at the Ames/ISU Ice Arena, we were projecting to end the fiscal year with only an \$11,752 fund balance, well short of our stated goal of \$68,000. It is staff's belief that any further increase in fees would only serve to reduce the number of rental hours. **As a short-term strategy to restore the available balance, this budget assumes that the annual \$40,000 contribution from the City and ISU to fund a capital reserve fund for the Ice Arena will be diverted to the operation balance in FY 2007-08 to increase the projected ending balance to \$51,752** (pages 406-407). It is obvious that more needs to be done to ensure that this operation remains financially viable. During the next year, the City staff will be working closely with ISU officials to generate more ice rental revenue during the non-peak summer months.

Our Homewood Golf Course is experiencing the same decrease in play of 3% to 8% that we are seeing on the national level. Unfortunately, this trend will result in operating expenses exceeding the projected revenue by \$11,926 in FY 2007-08. This loss will leave a fund balance of only \$25,069 (page 408) which is substantially less than the desired goal of \$44,000. **During the year, the staff will introduce a number of innovative strategies to increase golf play with rental golf carts, the reduction of green fees during non-peak weekday hours, a “Bring A Buddy” promotion, and prize drawings for season ticket holders in the hope of improving the fund balance by the end of the year.**

Through good and bad financial times, we have been able to count on an excellent group of department heads and employees to identify innovative ways to meet the service expectations of our citizens as our uncontrollable costs continue to grow and our city physically expands. Since this year was no exception, we once again need to recognize the exceptional work of our City of Ames employees. They deserve your thanks!

And, we must not forget the hard work of our PROBE team members who were instrumental in the preparation of this budget: Duane Pitcher, Carol Collings, Sharon Hjortshoj, Sheila Lundt, and Bob Kindred.

Sincerely,

Steven L. Schainker
City Manager

CITY COUNCIL GOALS & OBJECTIVES

- FACILITATE ONE COMMUNITY THROUGH BOTH PHYSICAL AND RELATIONSHIP CONNECTIONS

- **Continue successful techniques initiated in 2005-06**

- Citizens Academy
- Periodic City Council/Neighborhood Association round table discussions
- Regular meetings scheduled separately each year with Ames Community School District, Gilbert School District, Government of the Student Body, Mary Greeley Medical Center, and Story County to discuss and coordinate future plans
- Independence Day breakfast
- Welcome Back Student event
- Creative Police Department student marketing plan

Status: The City Council continued its support for a number of effective techniques to connect with the community including: the Welcome Back Student Event, Independence Day Pancake Breakfast, various round-table discussions with interested citizens, Citizens Academy, Citizens Police Academy, as well as the creation of the Student Affairs Committee.

Meetings were accomplished with the GSB and Board members from the Ames Community School and Gilbert School Districts. However, future meetings with the Story County Supervisors and MGMC Board of Directors still need to be scheduled.

- **Hold a community-wide Visioning Conversation with major stakeholders in the community to provide an opportunity for each group to share their goals, vision, and focus for the coming year**

The stakeholders will include: the City, the school districts within Ames, Iowa State University, the Ames Economic Development Commission, the Smart Growth Alliance, MGMC, Story County, Boone County, the City of Gilbert, and the City of Nevada.

Status: This is a new task that was folded into this goal when the Council eliminated the previous goal of creating a community vision. The steering committee that was created will be notified of this change and a recommendation will be made for an appropriate time and place for the vision conversation.

- **Experiment with a new technique of obtaining citizen feedback by randomly selecting citizens from a specific geographic area to meet with and solicit feedback regarding major pending issues**

Status: The City Council will have to make these decisions: 1) determine which topics to apply this new technique and 2) decide what geographic areas to apply this technique.

- **Complete a city-wide Wi-Fi feasibility study soliciting input from interested citizens with assistance from an outside consultant where appropriate**

Status: The Finance Director has been meeting with representatives of the citizens group that approached the City Council about creating a wi-fi system in Ames. After much discussion it was decided that the staff would pursue two courses of action: 1) meet with current internet providers to determine what they would be willing to provide to our citizens in the way of free wireless service and 2) engage the services a consulting firm who can determine the costs of the City installing a wireless internet system in selected hot spots.

Before developing a Request For Proposal (RFP) for both tasks, the staff met with a number of private companies soliciting their thoughts about how to approach these assignments. Based on this feedback, an RFP for Task 2 was developed and sent out with a return date scheduled for June 12th and selection by July 10th. It is expected that final recommendations for this task will be available by October 2007, in time for the next budget deliberations.

The RFP for Task 1 should be ready for distribution by June 2007 with proposals back by August 2007.

Staff also has been exploring the cost of providing video streaming of our live City Council meetings - or other meetings broadcast on Channel 12 - over the internet as an alternative to viewing over cable television. A staff recommendation should be to the Council by the end of June 2007.

- **Explore the use of blogs, listservs, etc., as a means to improve communication among neighborhood association members and with City government**

Status: The City of Ames now provides copies of the Council meeting agenda, staff reports, and accompanying graphs/maps/correspondence on the web site prior to a meeting. The Public Relations Official has been in touch with other cities that utilize listservs to inform their citizens of issues of interest for upcoming Council meetings. We are finding the software that is available requires limited topics and is labor intensive to categorize each topic on the agenda. However, the City Clerk's Office does have the capability to e-mail out agendas and minutes to individual citizens. Approximately 75 residents are now taking advantage of this service.

As a result of discussions with other cities, the staff is suggesting that the City not sponsor blogs. Apparently, other cities have been concerned with the time it takes for ongoing scrutinizing of tasteless comments and the appropriateness of censorship. An alternative can be that we train the neighborhood associations to establish their own blogs, which can be housed free on existing commercial sites.

- **EXPAND ENTERTAINMENT AND SHOPPING OPPORTUNITIES IN THE COMMUNITY**

- **Meet with the Downtown Cultural District in a round table discussion to review their recommendation for a downtown catalyst project**

Status: On June 20th, the Council met with representatives of the Main Street Cultural District to discuss their recommendation for a Downtown Catalyst Project. At the meeting Angela Moore advised the Council of her group's preference to pursue a redevelopment project at the site of the Towne Centre building (formerly the J.C. Penney Building) on Main Street. At the conclusion of the meeting the Council directed the City Manager "to work with the Main Street Cultural District on a catalyst project involving the Town Centre building."

Over the past several months, meetings have been held with local bank representatives, local developers, four of the tenants of the building, an Iowa Department of Economic Development Department (Main Street Program) official, and four out-of-town developers. All parties have been made aware of the potential of the site and the desire to have this become a catalyst project. To date, no developer has come forward expressing any interest in redeveloping this building. The City Council has asked that the Main Street Cultural District provide an update to their efforts regarding a catalyst project to determine if we should return to the original recommendation adjacent to City Hall.

- **Continue to provide financial support for the Downtown Cultural District**

Status: In response to a budget request, the City Council appropriated in the 2007-08 budget \$75,000 (up from the original support of \$60,000) to support the administrative costs of the Main Street Cultural District for the next three years plus an additional \$4,000 for plants, flower pots, and banners. In addition, the City Council approved the transition of the Downtown Façade Program from a no-interest loan to a grant program from the 2005-06 available funds as requested by the Main Street Cultural District.

- **Meet with ISU administration to review the ISU Planning class recommendations regarding their proposed organizational model for Campustown revitalization**

Status: During the regular meeting between the Mayor/City Manager and ISU President/V.P. for Business Administration, the importance of revitalizing the Campustown area was acknowledged. A discussion focusing on the specific model suggested by the ISU planning class will be a subject of the next meeting.

In keeping with the spirit of this report, ISU Administration has recently expressed support for relocating the site of the proposed Multi-Model Transportation Facility from north of the campus to the west Campustown area in an effort to stimulate further development in this important business district.

- **Review the Safe Venues Committee recommendation**

Status: This is an ideal candidate for a round-table discussion. Given our current workload, it would appear advisable to schedule this topic in September 2007 when the students return.

- **MEET COMMUNITY'S RECREATION FACILITY NEEDS THROUGH PARTNERING WITH THE AMES COMMUNITY SCHOOL DISTRICT AND IOWA STATE UNIVERSITY**

- **Meet separately with ISU and Ames Community School District facilities staff to review their long-range plans and determine where joint recreation facilities are feasible**

Status: Before pursuing improved recreational facilities on our own, it was important to determine the potential for partnering with other governmental entities to possibly reduce the costs to our citizens. While the City has determined our facilities needs and the Ames Community School District has announced their long-term needs with the draft 2016 Facilities Plan, we were awaiting receipt of the University's intentions with the completion of their needs assessment.

With the completion of the University long-range facilities plan, it now appears: 1) only the City of Ames has a desire to construct an outdoor aquatics facility; 2) both the Ames Community School District and ISU have shown an interest in a competitive indoor pool, but not for the near future; 3) the City and Ames School District see a need for more gym space that could be available for younger aged kids; and 4) both the City and School District have an interest in a new indoor recreation aquatic venue, but are committed to renovating the existing Municipal Pool complex in the near term.

Given this information, the Parks and Recreation Commission was asked by the City Council to study the issue of an outdoor aquatics center. Based on an extensive public input process, the Commission is recommending the City Council place before the voters in July 2007 a bond issue totaling \$8,488,000 to construct a 20,000 square foot aquatic center with a lazy river at the 13th Street site owned by ISU.

- **ENCOURAGE INNOVATIVE AND ATTRACTIVE COMMUNITY DEVELOPMENT**

- **Explore how other cities are accomplishing quality design (innovative and attractive development)**

- **Hold a workshop to review what other cities are doing to accomplish quality design**

- **Conduct a round table discussion with development community members to identify barriers to, and suggestions for, reaching quality design**
- **Define what quality design will mean in our community and will initiate steps to alter codes to achieve attractive and innovative development in our community**

Status: The completion of the four objectives listed above will be very time intensive and have been prioritized with the many other projects that the Council will, no doubt, be assigning the Planning staff. According to our most recent project schedule, the staff will be working on these four tasks during the Fall of 2007.

- SUPPORT FOR THE IOWA BIO-ECONOMY INITIATIVE THROUGH ECONOMIC DEVELOPMENT EFFORTS

- **Review the East Ames Industrial Study**

Status: On May 15, 2007 the City Council will review this study and recommendations that were first presented in 2002.

- **Assist the efforts of Iowa State University to commercialize bio-economy related research through promotion of activities at the Research Park and other sites**

Status: We continue to work with the ISU Research Park President and the EDC Board of Directors to provide local financial incentives and secure state incentives for companies who choose to locate at the Research Park or move out of the Park to begin their production phase.

- **Explore annexing land to the east of the Regional Commercial area along E.13th Street across Interstate Highway 35 in order to provide the opportunity for large industrial lots, which are needed by companies who are involved in the bio-economy sector**

Status: Guidance for this annexation has been presented in the East Ames Industrial Study. After reviewing this study in May, Council members will be in a better position to determine if they desire to move in this direction.

- **Explore the feasibility of creating a Bio-Economy Industrial Park east of Highway 35 in order to assure site-ready large lots utilizing such tools as TIF, federal/state grants, or tax abatements**

Status: Given the amount of land that is needed to create a viable Bio-Economy Industrial Park with large lots, it seems the area east and south of the Regional Commercial area along E. 13th would be the obvious site. However, the City Council will first have to support the recommendations of the East Ames Industrial Study.

- **COMMIT TO MAKING AMES A MORE ENVIRONMENTALLY SUSTAINABLE COMMUNITY**

- **Take the Cool City Pledge by authorizing the Mayor to sign the U.S. Mayor's Climate Protection Agreement**
- **Conduct a Global Warming Emissions Inventory of the existing City operations by utilizing the software offered by the International Council of Local Environmental Initiatives (ICLEI)**
- **Create a Strategy Plan outlining goals and action steps for the City of Ames government to reduce emissions**

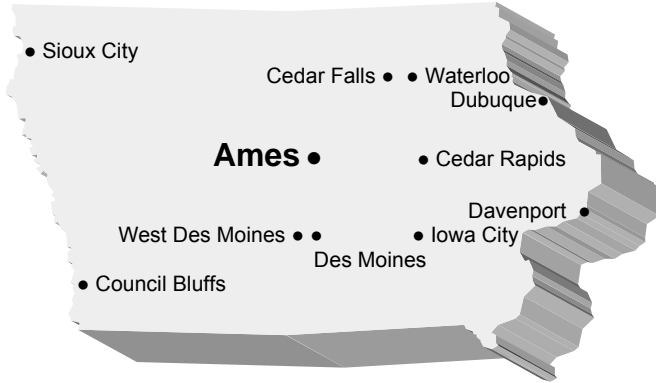
Status: The Climate Protection Agreement will be brought before the City Council this summer for approval. The City staff has already obtained the ICLEI software and is working on calculating our baseline emissions totals. This analysis should be completed by the fall. Future emissions goals could be established by the Council's next goal-setting session in December.

- **Improve storm water quality and protection of waterways**

Status: A new Storm Water Technician position was added to the FY 07/08 Budget. This position will improve staff capacity to implement and monitor storm water protection activities. The Capital Improvements Plan includes funding for constructing rain gardens, buffer strips, and other low impact development techniques to improve stormwater quality.

THE AMES COMMUNITY – MISCELLANEOUS STATISTICS

How the town was named....Ames was laid out, owned and named by the Blair Land Company. The company’s chief engineer, John I. Blair, met Oakes Ames, a State Representative from Massachusetts, in 1863 when Mr. Ames’ interest in the expansion of the railroad brought him to the Midwest. A year later, the flat lowlands between the Skunk River and Squaw Creek were named “Ames”.



Conveniently located....Near the crossroads of the nation, where I-35 and I-80 intersect, Ames is centrally located to all points. Interstate road systems place Ames just a few hours drive from Minneapolis, Kansas City, Omaha, Chicago and St. Louis. Des Moines, the state capital, is only 30 minutes away.

Date of Incorporation: 1869

Form of Government: Council – Manager

Fiscal Year: July 1 through June 30

Area: 24.22 square miles

POPULATION

1970	39,505
1980	45,775
1990	47,198
1995	48,691
2000	50,731
Ames is the home of Iowa State University with a student population of about 25,000.	

SCHOOL ENROLLMENT

1970	6,032
1980	5,031
1990	4,802
2000	4,754
2005	4,334
2006	4,432

UTILITIES CUSTOMERS

Electric	23,689
Water	16,253
Wastewater	16,057
Storm Sewer	24,166
Yard Meter	1,726

MISCELLANEOUS CENSUS INFORMATION

Median Age of Population	23.6 years
Median Household Income	\$ 36,042

CLIMATE

Average Winter Temperature	20.8 degrees
Average Summer Temperature	71.8 degrees
Average Annual Rainfall	33.4 inches
Average Annual Snowfall	30.8 inches

Police Protection – One Station

35 Full-time Officers

Fire Protection – Three Stations

36 Full-time Firefighters

Library – One Main

Bookmobile

RANKED NATIONALLY AS A GREAT PLACE TO LIVE

The City of Ames achieved the second highest grades for quality in ten areas in a new book, *The New Rating Guide to Life in America’s Small Cities* (2006). Ames ranked second out of 189 cities that qualify in the following areas: climate/environment, diversions, economics, education, community assets, health care, public safety, transportation, and urban proximity.

Rated third nationally in *Expansion Management* magazine for having a highly-educated work force that knowledge-based businesses require (2005)

Rated a “5 Star Quality of Life Metro” in *Expansion Management* magazine (2005)

One of the 20 best places in America to live and work by *BestJobsUSA.com* (2002) and *Employment Review Magazine* (2006)

The 20th best place to live in America by *Men’s Journal* magazine (2002)

The second most livable small city in the nation by the *New Rating Guide to Life in America’s Small Cities*

The 6th (of 496 nationally) best small city to do business by *bizjournals.com* (2002)

BUDGET CALENDAR

State statute requires a municipality to certify its budget by March 15. This general schedule is followed each fiscal year in order to ensure that the March 15 deadline is met. A goal during the entire process is to encourage citizen involvement in the annual budget decision making process through public hearings and informational meetings.

SPRING

Resident Satisfaction Survey administered to 1,300 residents asking funding priorities, effectiveness of services, and preferred changes in emphasis/service levels. All results are reviewed with the City Council prior to the start of the budget process.

AUGUST SEPTEMBER

Departments prepare Capital Improvement (CIP) project information for the 5-year plan and begin preparation of amended 06/07 and proposed 07/08 operational budgets. Resident Satisfaction Survey results are presented to the City Council.

OCTOBER

October 3 – Public town budget meeting to receive input from residents for budget service levels and projects. The meeting is televised and the public can call in and e-mail questions.

NOVEMBER DECEMBER

November 21 – City Council budget meeting to review issues, priorities, and preferences in service levels for the 07/08 budget. Staff drafts 5-year CIP. PROBE meetings (Productive Review of Budget Entries) are conducted with Assistant City Managers, Finance Director, Budget Officer, and City departments. All revenues, operational program costs, and current year CIP adjustments are reviewed.

JANUARY

City Manager holds budget review meetings with departments. The City Manager's recommended draft budget document is prepared. **January 16 – CIP workshop** with City Council. **January 23 – Public hearing** for resident input on CIP.

FEBRUARY

February 2, 6, 7, 8, 13 – City Council reviews entire program budget with department heads in five (5) **public meetings** held on one afternoon and four evenings.

MARCH

March 6 – Final budget hearing and adoption of amended 06/07 budget and 07/08 budget. State statute requires the budget be certified with the County Auditor by March 15.

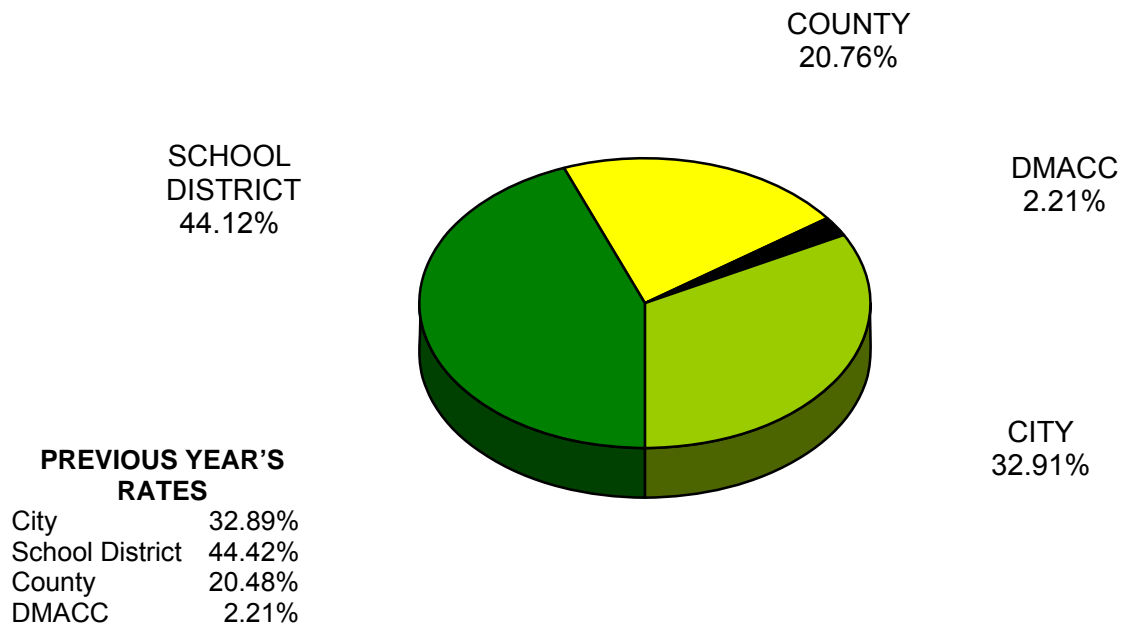
MAY

Departments review their budgeted revenues and expenses in May in order to make adjustments which will more accurately reflect the City's anticipated revenues and expenses for the fiscal year ending June 30. **After City Council review and approval, the amendments are submitted to the County Auditor by the end of May as required by State statute.**

PROPERTY TAXES

Property taxes are certified July 1 with the first half due on or before September 30 and the second half due on or before March 31. The first half taxes become delinquent on October 1 and the second half taxes become delinquent on April 1. There is a 1% per month penalty for delinquency. Taxes are collected by the County and distributed to the City in proportion of its levy to all levies.

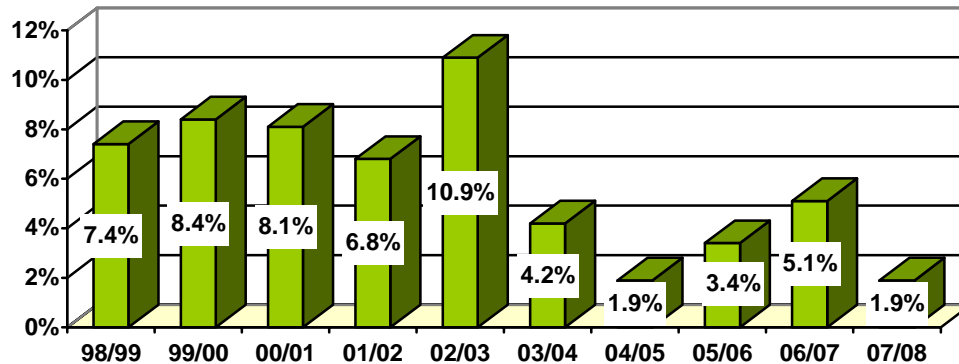
**BREAKDOWN OF PROPERTY TAXES PAID
2006/07 RATES**



City property taxes are about one-third of a resident's total property tax bill. The other taxing bodies are the School District, Story County, and the Des Moines Area Community College.

VALUATION GROWTH

VALUATION PERCENTAGE INCREASE 10 YEARS OF DATA



CITY OF AMES, IOWA

The 2007/08 budget is based on a 1.9% increase, or \$36,721,512 in additional taxable valuation for the City. The average valuation increase over the last ten years is 5.8%. The total valuation of \$1,933,311,422 is made up of the following components:

	Taxable Valuation	Percentage of Valuation	Change From Prior Year
Residential property	985,914,354	51.0%	5.9%
Commercial property	832,616,846	43.1%	(1.1%)
Industrial property	99,794,440	5.1%	(8.1%)
Utilities	8,940,997	.5%	(5.4%)
Utilities subject to excise	6,044,785	.3%	(5.3%)
	1,933,311,422	100.0%	1.9%

FACTORS IMPACTING VALUATION GROWTH

Though total assessed valuation and new construction in the City of Ames have continued to be strong, there were factors that reduced taxable valuation. The biggest impact was the continued conversion of multi-family apartment buildings from a commercial classification taxed at 100% of assessed value to residential classified condominiums or cooperatives taxed at less than 50% of assessed value. Some large value properties were also successful in court appeals to reduce assessed valuation. Additionally, the State mandated “rollback” of residential classified properties has continued to erode taxable valuation as residential properties are taxed at 45.6% of assessed value down from about 46% in the prior year.

GENERAL FUND ENDING BALANCE

The adopted ending General Fund budgeted balance for June 30, 2008 is \$5,620,014, or 24.9% of budgeted expenditures. The City's General Fund balance policy calls for a balance of at least 20% of expenditures.

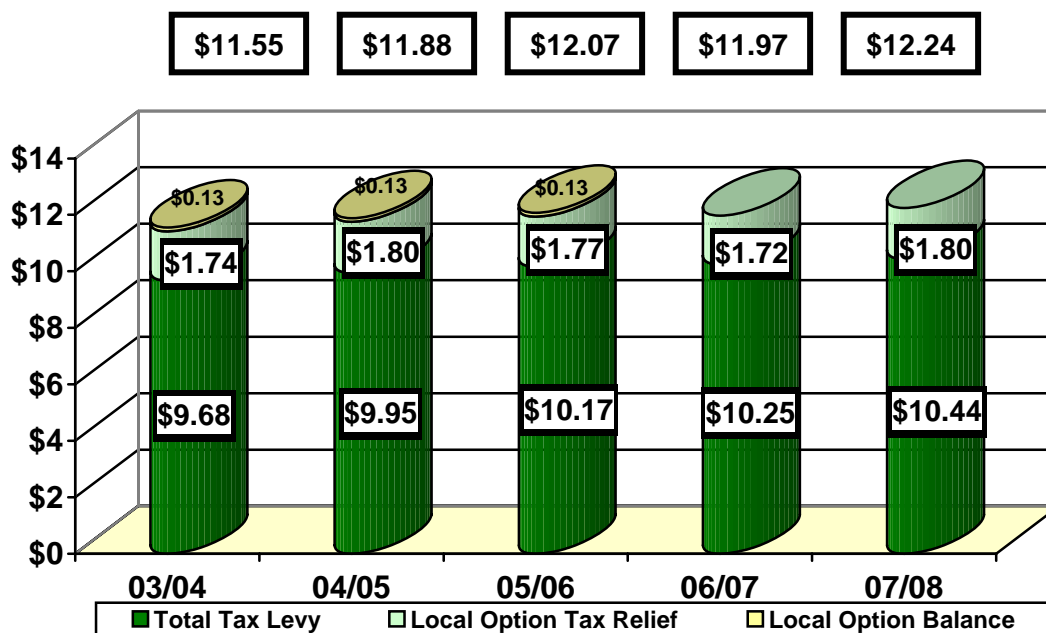
The City Council maintains this fund balance to help cover unexpected changes in expenses in revenues and to mitigate property tax rate increases in future years for capital improvements that have been identified in several pending long-range plans, including transportation, park and recreation facilities, annexation, and fire station location plans. These plans will also identify operational cost increases in addition to normal City growth from the physical expansion of Ames.

EMERGENCY RESERVE

In addition to fund balances, the City Council has for several years had a policy to annually budget a \$100,000 emergency reserve. These are discretionary funds over and above the general fund balance for use as designated by the City Council. This money is used for major projects which occur after the budget has been adopted. Due to budget restraints, only \$50,000 was approved for 2007/08. This is the sixth year Council has budgeted at the lower level.

LOCAL OPTION TAXES LOWER PROPERTY TAXES

EFFECT OF LOCAL OPTION TAX



LEVY/\$1,000 – CITY OF AMES, IOWA

On November 4, 1986, the citizens of Ames approved a Local Option Tax of 1% to be used 60% for property tax relief and 40% for community betterment. 60% of this tax will generate \$3,480,679 in 2007/08 which lowers the total tax levy by \$1.80. The chart illustrates the level the total levy would have to be if the Local Option Tax had not been approved. Local option tax revenues are projected to be 6.4% higher than the 06/07 Adopted.

CITY OF AMES, IOWA 2007/08 BUDGET FACTS

Property Valuation \$ 1,933,311,422
 % Increase From 06/07 1.9%

LEVY REQUIRED	RATE PER \$1,000 VALUATION	AMOUNT	RATE CHANGE	%	AMOUNT CHANGE	%
General Fund Requirement	7.28668	14,087,418	0.22647	3.21	697,102	5.21
Less Local Option Property Tax Reduction	1.80037	3,480,679	(0.07489)	(4.34)	(208,153)	(6.36)
Net General Levy	5.48631	10,606,739	0.15158	2.84	488,949	4.83
Trust and Agency Levy (Partial Police/Fire Benefits)	.67178	1,298,756	(0.01300)	(1.90)	0	0
Transit Levy	.59171	1,143,951	0.02215	3.89	63,733	5.90
Total Before Debt Service	6.74980	13,049,446	0.16073	2.44	552,682	4.42
Debt Service Levy	3.68605	7,126,292	0.02322	0.63	179,403	2.58
Grand Total Tax Levy	10.43585	20,175,738	0.18395	1.79	732,085	3.77

Ag Levy - Valuation: \$1,057,337 x 3.00375 = \$3,176

STATE OF IOWA'S GENERAL TAX LEVY LIMIT

Iowa law limits a city's tax levy for the general fund to no more than \$8.10 per \$1,000 valuation in any tax year, except for specific levies authorized outside the limit. The City of Ames general fund levy for 2006/07 was \$5.33.

OF IOWA'S 11 LARGEST CITIES, AMES' LEVY RANKS 10TH

CITY	CENSUS	GENERAL LEVY PER \$1,000	TOTAL CITY TAX LEVY PER \$1,000	LEVY RANK	TOTAL CITY TAX LEVY PER CAPITA
Des Moines	198,682	\$ 8.10	\$ 16.45	5	\$ 457.34
Cedar Rapids	120,758	8.10	14.39	7	562.91
Davenport	98,359	8.10	15.57	6	527.15
Sioux City	85,013	8.10	18.25	3	419.56
Waterloo	68,747	8.10	18.85	1	501.45
Iowa City	62,220	8.10	17.30	4	634.92
Council Bluffs	58,268	8.10	18.29	2	561.63
Dubuque	57,686	8.10	9.98	11	297.81
Ames	50,731	5.33	10.25	10	383.20
West Des Moines	46,403	7.98	11.95	9	736.46
Cedar Falls	36,145	8.10	13.84	8	378.92
Average excluding Ames		8.09	15.49		507.82

Uses latest available tax rates - 06/07, and 2000 census.

CITY OF AMES, IOWA PROPERTY TAX COST OF SERVICES PER RESIDENCE 3-YEAR COMPARISON

		\$100,000 Home *	
	05/06	06/07	07/08
Streets/Traffic	129	126	128
Police Protection	109	107	109
Fire Protection	78	76	73
Recreation & Parks	47	41	42
Library	39	37	38
Transit	27	26	27
General Support Services	27	24	24
Planning	8	8	9
Resource Recovery	9	9	8
Storm Sewer	8	9	7
Animal Control	4	4	4
Building and Grounds/Airport	3	3	3
Inspections/Sanitation	0	1	3
	488	471	475
* Assessed Value	100,000	100,000	100,000
Rollback	47.9642	45.996	45.5596
Taxable Value	47,964	45,996	45,560
Tax Rate per \$1000	10.16610	10.25190	10.43585
Calculated Tax	488	471	475

All categories reflect their applicable amounts for debt.

CITY OF AMES, IOWA
AUTHORIZED EMPLOYMENT LEVELS (F.T.E.)
 (Full-Time Equivalents)

	2005/06 Actual	2006/07 Adopted	2006/07 Adjusted	2007/08 Adopted
City Manager	9.25	9.25	9.25	9.25
Legal Services	5.75	5.75	5.75	5.75
Human Resources	7.25	7.25	7.25	7.25
Planning & Housing	8.75	9.00	10.50	10.50
Finance	38.75	38.75	38.75	39.75
Fleet Services	8.50	8.50	8.50	8.50
Transit	73.70	73.70	73.70	73.70
Fire/Inspections	63.00	63.00	63.00	65.00
Police/Animal Ctrl/Parking Enforcement	72.40	74.40	74.40	74.40
Library	30.25	30.25	30.50	30.50
Parks/Recreation	22.00	22.00	22.00	22.00
Waste Water Treatment	22.25	22.25	22.25	22.50
Water	18.75	18.75	18.75	19.00
Electric	79.00	79.00	79.00	81.00
Public Works:				
Facilities	1.00	1.00	1.00	1.00
Administration	3.25	3.00	3.00	3.00
Traffic/Engineering	6.00	6.00	6.00	6.00
Streets	19.00	19.00	19.00	19.00
Engineering	11.00	11.00	11.00	12.00
Utility Maintenance	11.00	11.00	11.00	11.00
Resource Recovery	15.00	15.00	15.00	15.00
Grounds	5.00	5.00	5.00	5.00
Parking	1.75	1.75	1.75	1.75
Public Works Total	73.00	72.75	72.75	73.75
TOTAL	532.60	534.60	536.35	542.85

DEBT SERVICE COST ALLOCATION FOR 2007/2008 BUDGET

Valuation \$1,933,311,422

USE OF BOND PROCEEDS	ALLOCATED DEBT SERVICE	DEBT SERVICE ABATEMENTS	PROPERTY TAX SUPPORT	RATE PER \$1,000 VALUATION
Fire Department Apparatus	\$ 141,565	\$ 35,392	\$ 106,173	0.05492
Fire Station 3	131,708		131,708	0.06813
Ice Arena	194,437		194,437	0.10057
Ada Hayden Heritage Park	441,811		441,811	0.22853
Resource Recovery/Landfill	495,850	180,850	315,000	0.16293
City Hall	352,240		352,240	0.18220
Urban Renewal – TIF	68,972	68,972		
Downtown Redevelopment	45,982		45,982	0.02378
Storm Sewer	321,656		321,656	0.16638
Streets	4,994,745		4,994,745	2.58350
Special Assessments	132,021	132,021		0.00000
2007/2008 CIP G.O. Bonds	701,592	54,052	647,540	0.33494
TOTAL G. O. DEBT	\$ 8,022,579	\$ 471,287	\$ 7,551,292	3.90588
Use of Fund Balance		425,000	(425,000)	-0.21983
TOTAL DEBT SERVICE COST	\$ 8,022,579	\$ 896,287	\$ 7,126,292	3.68605
FY 07/08 Debt Service Levy			\$ 7,126,292	3.68605

2007/2008 CIP G.O. ISSUE

NE Area Regional Commercial Imp.	\$ 950,000
SE 16 th Street Paving/Bridge	1,500,000
Grand Avenue Extension	1,000,000
S. Dayton Avenue Realignment	1,050,000
Bloomington Road Widening	250,000
Collector Street Improvements	940,000
Concrete Pavement Reconstruction	300,000
Raw Well Water Loop Line	500,000*
	\$ 6,490,000

* Abated by Water Utility

SUMMARY OF TOTAL REVENUES AND EXPENDITURES

ALL FUNDS - REVENUE SUMMARY

	2005/06 Actuals	2006/07 Adopted	2006/07 Adjusted	2007/08 Adopted	% Change From Adopted
Property Taxes	18,413,699	19,401,759	19,401,759	20,135,841	3.8
Utility Excise Tax	62,073	65,422	65,422	63,073	-3.6
Local Option Sales Tax	5,321,440	5,454,210	6,013,488	5,801,132	6.4
Hotel/Motel Taxes	1,127,307	1,268,000	1,268,000	1,316,000	3.8
Other Taxes	6,510,820	6,787,632	7,346,910	7,180,205	5.8
Licenses & Permits	973,003	992,733	969,359	1,177,297	18.6
Federal Grants	2,618,339	2,654,073	3,504,059	6,906,487	160.2
State Road Use Taxes	4,243,809	4,251,258	4,170,088	4,281,696	0.7
Monies and Credits	14,945	15,000	15,000	15,000	
State Grants	3,286,062	4,759,910	5,830,831	2,748,058	-42.3
County Contributions	168,804	175,142	172,862	178,065	1.7
Government Cont/Partic	3,248,595	3,565,102	3,546,211	3,694,450	3.6
Intergov'tmental Revenue	13,580,554	15,420,485	17,239,051	17,823,756	15.6
Utility Charges	52,808,412	52,013,069	55,111,362	56,257,762	8.2
Other Chgs for Services	8,055,467	8,003,311	7,990,699	8,201,020	2.5
Charges for Services	60,863,879	60,016,380	63,102,061	64,458,782	7.4
Fines, Forfeit & Penalty	731,670	727,550	628,410	729,060	.2
Interest	2,857,693	1,969,900	2,650,394	2,364,800	20.0
Other Uses of Money	820,886	679,791	661,012	641,605	-5.6
Use of Money & Property	3,678,579	2,649,691	3,311,406	3,006,405	13.5
Proceeds from Bonds	5,495,000	5,210,380	5,285,000	6,490,000	24.6
Other Misc. Revenues	1,836,174	2,022,585	2,506,935	3,606,458	78.3
Miscellaneous Revenues	7,331,174	7,232,965	7,791,935	10,096,458	39.6
Internal Services	10,251,002	10,715,349	10,405,857	11,139,311	4.0
Total Before Transfers	122,334,380	123,944,544	130,196,748	135,747,115	9.5
Transfers	9,631,434	9,908,464	10,370,351	10,309,898	4.1
Grand Total Revenues	131,965,814	133,853,008	140,567,099	146,057,013	9.1

ALL FUNDS - EXPENDITURES

	2005/06 Actuals	2006/07 Adopted	2006/07 Adjusted	2007/08 Adopted	% Change From Adopted
OPERATIONS					
Public Safety					
421 Law Enforcement	6,010,086	6,340,156	6,314,720	6,588,796	3.9
422 Fire Safety/Admin	4,538,995	4,745,580	4,683,775	4,808,342	1.3
423 Inspection/Building Safety	709,581	773,017	796,367	986,196	27.6
424 Traffic Control	682,032	720,043	714,067	715,498	-0.6
428 Other Community Protect	558,145	559,400	569,400	589,400	5.4
Total Public Safety	12,498,839	13,138,196	13,078,329	13,688,232	4.2
Utilities					
481 Resource Recovery	2,940,785	2,911,165	2,916,689	3,046,024	4.6
482 Water Utility	3,522,576	3,714,078	3,806,886	4,042,136	8.8
483 Storm Water Diversion	235,615	270,957	236,753	270,157	-0.3
484 Wastewater Disposal	2,599,849	2,879,287	2,896,235	2,976,480	3.4
485 Electric Operations	33,487,257	35,050,384	35,323,700	38,124,267	8.8
486 Utility Customer Service	1,152,959	1,212,067	1,227,903	1,272,144	5.0
Total Utilities	43,939,041	46,037,938	46,408,166	49,731,208	8.0
Transportation					
431 Street System	2,308,333	2,322,553	2,271,849	2,530,920	9.0
434 Public Parking	613,355	679,690	676,000	691,373	1.7
426 Transit System	5,353,449	5,845,552	5,869,317	6,170,729	5.6
438 Airport	97,611	103,264	110,546	104,019	0.7
Total Transportation	8,372,748	8,951,059	8,927,712	9,497,041	6.1
Community Enrichment					
451 Recreation/Administration	2,074,879	2,183,500	2,185,530	2,258,571	3.4
452 Parks	883,315	903,126	907,216	953,911	5.6
455 Library Services	2,707,259	2,850,146	2,946,468	2,979,530	4.5
456 Library Grants/Donations	141,386	77,500	224,429	142,035	83.3
441 Health & Sanitation	134,073	145,386	139,073	148,430	2.1
442 Animal Sheltering/Control	291,143	311,746	302,477	332,150	6.6
444 Human Services	819,546	854,400	854,538	904,108	5.8
445 Art Services/Agencies	101,478	112,492	139,305	128,316	14.0
461 Cemetery	109,901	111,833	109,503	111,018	-0.7
462 Leased Housing	894,091	960,990	993,303	1,017,891	5.9
463 Affordable Housing	171,119	264,294	285,411	111,651	-57.8
464 Comm. Dev. Block Grant	528,271	502,589	967,524	487,358	-3.0
465 Economic Development	124,680	146,716	164,638	160,632	9.5
467 Cable TV	69,428	87,520	94,306	91,484	4.5
Total Community Enrichment	9,050,569	9,512,238	10,313,721	9,827,085	3.3

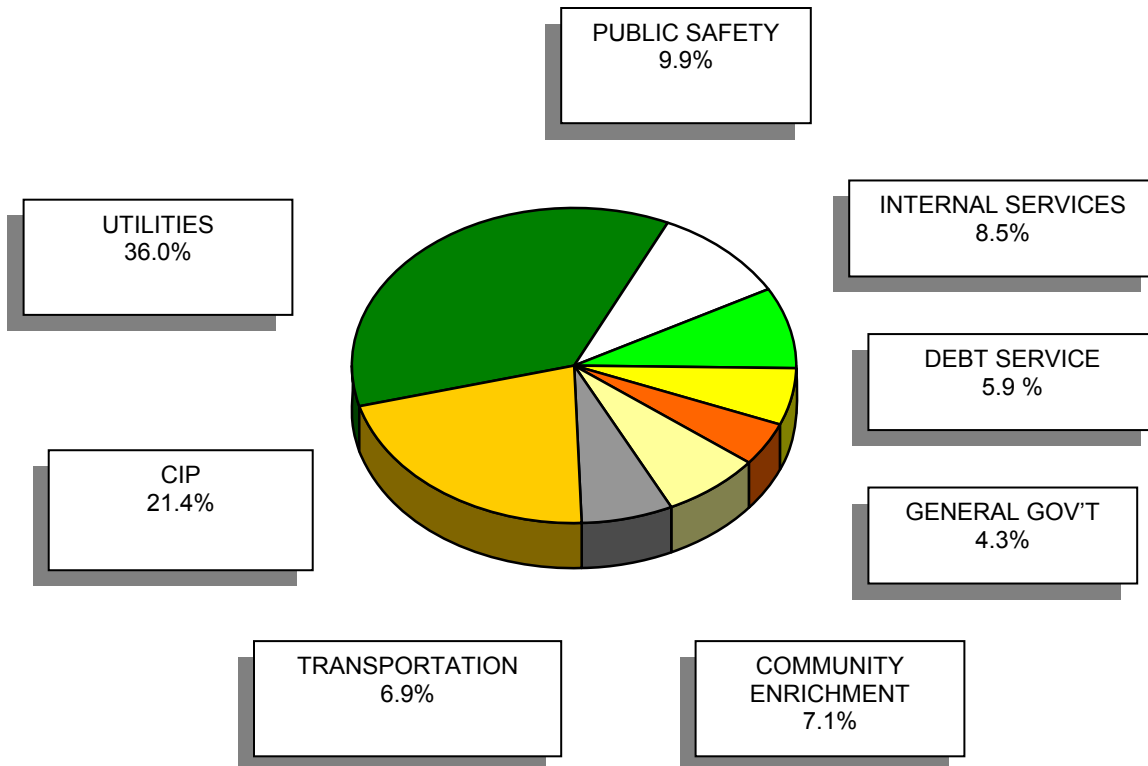
ALL FUNDS – EXPENDITURES, continued

	2005/06 Actuals	2006/07 Adopted	2006/07 Adjusted	2007/08 Adopted	% Change From Adopted
General Government					
410 City Council Spec. Alloc.	62,353	138,750	211,993	117,000	-15.7
411 Legislative	350,568	360,888	358,971	391,262	8.4
412 City Council Contingency	45,271	50,000	50,000	50,000	
413 Executive	527,943	544,819	555,663	570,936	4.8
414 Financial Services	1,050,078	1,105,570	1,106,158	1,164,825	5.4
415 Administrative Services	1,610,163	1,627,746	1,739,718	1,722,028	5.8
416 Public Works Admin/Engr	1,123,967	1,265,438	1,277,445	1,489,047	17.7
417 Merit Adjustment		163,747		207,459	26.7
418 Public Buildings	321,436	318,466	324,588	333,869	4.8
Total General Government	5,091,779	5,575,424	5,624,536	6,046,426	8.4
TOTAL OPERATIONS	78,952,976	83,214,855	84,352,464	88,789,992	6.7
CIP					
419 General Gov't CIP	23,739	50,000	76,261	938,000	1,776.0
429 Public Safety CIP	1,089,589	2,015,500	3,462,753	1,439,402	-28.6
489 Utilities CIP	10,924,375	9,013,200	23,378,685	11,469,172	27.3
439 Transportation CIP	6,803,494	9,630,500	12,101,029	14,687,500	52.5
459 Community Enrich CIP	1,027,182	949,220	1,444,368	1,041,260	9.7
519 Internal Services CIP				48,000	
TOTAL CIP	19,868,379	21,658,420	40,463,096	29,623,334	36.8
DEBT SERVICE					
471 General Obligation Bonds	9,545,405	8,088,772	7,933,303	8,022,578	-0.8
472 Electric Revenue Bonds	1,925,188	1,914,150	1,914,150	103,000	-94.6
478 Bond Costs	47,884		22,407		
Total Debt Service	11,518,477	10,002,922	9,869,860	8,125,578	-18.8
INTERNAL SERVICES					
511 Information Services	1,365,789	1,563,901	1,733,448	1,678,661	7.3
512 Telephone System	220,830	221,760	229,652	220,577	-0.5
513 Purchasing Services	274,316	303,757	309,871	383,813	26.4
521 Risk Administration	1,242,500	1,354,058	1,369,818	1,425,566	5.3
522 Health Ins Management	4,144,719	5,181,542	4,944,987	5,359,819	3.4
525 Fleet Maintenance Svcs	1,504,546	1,539,245	1,649,056	1,662,715	8.0
526 Fleet Acquisition & Disp.	1,092,091	737,907	1,431,967	1,062,437	44.0
Total Internal Services	9,844,791	10,902,170	11,668,799	11,793,588	8.2
Total Expenditures Before Transfers	120,184,623	125,778,367	146,354,219	138,332,492	10.0

ALL FUNDS – EXPENDITURES, continued

	2005/06 Actuals	2006/07 Adopted	2006/07 Adjusted	2007/08 Adopted	% Change From Adopted
TRANSFERS					
598 Transfers	9,631,434	9,908,464	10,370,351	10,309,898	4.0
531 Hotel/Motel Pass Thru	778,081	905,714	905,714	940,000	3.8
Total Transfers	10,409,515	10,814,178	11,276,065	11,249,898	4.0
GRAND TOTAL EXPENDITURES	130,594,138	136,592,545	157,630,284	149,582,390	9.5

WHERE THE MONEY IS SPENT... 2007/08 ADOPTED

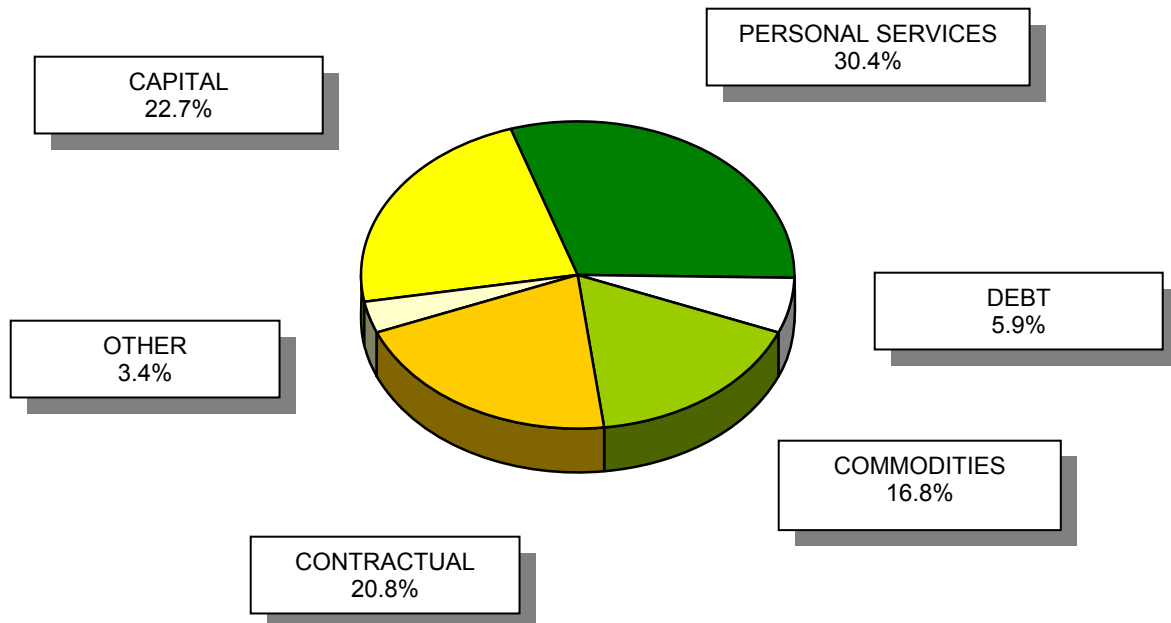


Excluding Transfers

ALL FUNDS - EXPENDITURES BY CATEGORY

	2005/06 Actuals	2006/07 Adopted	2006/07 Adjusted	2007/08 Adopted	% Change From Adopted
Personal Services	37,499,691	39,958,650	39,371,607	42,093,727	5.3
Contractual	31,226,021	26,421,180	27,899,738	28,731,554	8.7
Commodities	18,798,817	21,757,266	21,835,661	23,228,390	6.8
Capital	17,627,590	23,048,198	42,962,833	31,399,080	36.2
Debt	11,518,477	10,002,922	9,869,860	8,125,578	-18.8
Other (Refunds, Insurance Claims, etc.)	3,514,027	4,590,151	4,414,520	4,754,163	3.6
Transfers	10,409,515	10,814,178	11,276,065	11,249,898	4.0
Total Expenditures	130,594,138	136,592,545	157,630,284	149,582,390	9.5

BREAKDOWN BY MAJOR EXPENSE CATEGORY 2007/08 ADOPTED

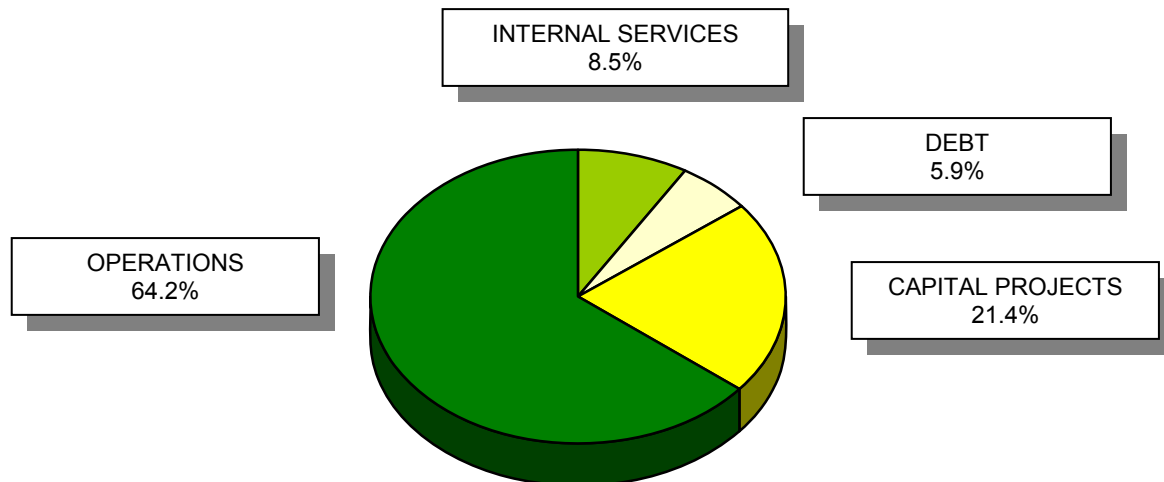


Excluding Transfers

ALL FUNDS - EXPENDITURES BY TYPE

	2005/06 Actuals	2006/07 Adopted	2006/07 Adjusted	2007/08 Adopted	% Change From Adopted
Operations	78,952,976	83,214,855	84,352,464	88,789,992	6.7
CIP	19,868,379	21,658,420	40,463,096	29,623,334	36.8
Debt	11,518,477	10,002,922	9,869,860	8,125,578	-18.8
Internal Services	9,844,791	10,902,170	11,668,799	11,793,588	8.2
Sub-Total Before Transfers	120,184,623	125,778,367	146,354,219	138,332,492	10.0
Transfers	10,409,515	10,814,178	11,276,065	11,249,898	4.0
Total Expenditures	130,594,138	136,592,545	157,630,284	149,582,390	9.5

EXPENDITURES BY TYPE 2007/08 ADOPTED



Excluding Transfers

City of Ames Honors

The Water Pollution Control (WPC) Plant received the *Platinum Peak Performance Award* from the National Association of Clean Water Agencies for five consecutive years with 100% compliance with its discharge permit. In the 16+ years since the plant came online, it has met over 19,000 numerical limits without a single violation. There were fewer than two dozen Platinum Award winners in the entire country in 2005.

The City of Ames' Fire Department received an improvement in its fire department rating from the Insurance Services Office (ISO). ISO is a privately funded agency that sets fire insurance rates for many insurance companies. ISO rates communities on a scale of 1 to 10, with 1 being the best a community could obtain. The City of Ames has been rated a 4 for the past two decades. The new ISO rating for the City of Ames is a 3. There is no city in Iowa with an ISO rating higher than a 3.

The Public Works Department received the following awards:

- The Public Works Engineering Division was given the Leadership Award by the Asphalt Paving Association of Iowa at the organization's 50th Annual Convention on December 1, 2005. The award was given for continuing excellence and innovation in hot mix asphalt paving. It is only the second time in the history of the association that this award has been given.
- American Society Concrete Paving Award, "Iowa's Best" awarded by the Iowa Concrete Paving Association for the Mortensen Parkway Paving Project from Gateway Hills Drive to Elwood Drive. The award is in recognition of outstanding design and construction of a concrete paving project.

The City received the Fully Accredited Agency Award from the Universal Public Purchasing Council for the second time in 2006. This award recognized that all three professional staff in the Purchasing Division who work with procurement are Certified Professional Public Buyers. The City was one of just 27 public agencies recognized for this achievement.

Fleet Services received the "Blue Seal of Excellence" award for FY 06/07 for the third year in a row from the National Institute for Automotive Service Excellence (ASE). This award requires that 75% of an employer's fleet technicians are ASE certified; Ames' Fleet Technicians are 100% Certified Master Automotive and Master Truck Technicians.

The City of Ames has been recognized by the U.S. EPA as a "Clean Water Partner for the 21st Century". The award is part of the celebration of the 30th anniversary of the Clean Water Act and is intended to recognize local governments that have undertaken extraordinary efforts, beyond the requirements of the Clean Water Act, to protect and improve the overall health of the nation's watersheds. The City's application was based on the outcome of the College Creek Watershed cleanup and on the ongoing efforts at Ada Hayden Heritage Park.

The 2006 "Art Around The Corner" brochure received a Silver Award for superb craftsmanship in production from the Graphic Professionals Resource Network.

Aaa Bond Rating for 2006, from Moody's Investors Service.

Certificate of Achievement for Excellence in Financial Reporting, Government Finance Officers Association. Every year since 1978/79.

Distinguished Budget Presentation Award, Government Finance Officers Association. Every year since 1986/87.

Tree City USA for 22 consecutive years.

ELECTRIC RATE COMPARISON
For Rates in Effect December 2005
 By Ames Municipal Electric System

RESIDENTIAL RATE COMPARISON

	250 kWh	% *	500 kWh	% *	750 kWh	% *	1,000 kWh	% *
SUMMER								
Ames Electric Svcs.	\$ 24.45	-44%	\$ 45.00	-36%	\$ 64.95	-32%	\$ 84.90	-30%
Alliant Energy	43.67		76.72		103.52		139.32	
MidAmerican Energy	29.68		50.86		72.03		93.21	
Consumers Energy	54.75		79.00		103.25		127.50	
Midland Power Coop	46.95		73.90		100.85		127.81	
WINTER								
Ames Electric Svcs.	22.20	-47%	39.80	-41%	55.75	-39%	71.70	-37%
Alliant Energy	38.02		65.42		88.55		111.67	
MidAmerican Energy	29.05		49.61		70.16		90.71	
Consumers Energy	54.75		79.00		103.25		127.50	
Midland Power Coop	46.95		73.90		100.85		127.81	

COMMERCIAL/GENERAL SERVICE/INDUSTRIAL RATE COMPARISON

	7,500 kWh	% *	10,000 kWh 40KW	% *	12,500 kWh 50KW	% *	30,000 kWh 100 KW	% *
SUMMER								
Ames Electric Svcs.	\$ 604.00	-20%	\$ 794.00	-35%	\$ 982.50	-35%	\$ 2,129.00	-32%
Alliant Energy	869.86		1,265.20		1,581.50		3,374.60	
MidAmerican Energy	658.03		1,184.09		1,462.07		2,960.37	
Consumers Energy	842.80		1,512.45		1,870.96		3,848.32	
Midland Power Coop	636.54		894.00		1,117.50		2,383.00	
WINTER								
Ames Electric Svcs.	\$474.50	-32%	\$ 680.00	-41%	\$ 840.00	-41%	\$ 1,839.00	-38%
Alliant Energy	684.16		1,071.40		1,339.25		2,915.60	
MidAmerican Energy	614.23		1,108.09		1,367.07		2,770.37	
Consumers Energy	842.80		1,512.45		1,870.96		3,848.32	
Midland Power Coop	636.54		894.00		1,117.50		2,383.00	

* % indicates difference in A.M.E.S. rates compared to average of other four utilities.

NOTE: Some utilities also offer optional rates for electric heat, time-of-use, etc.

ENERGY COST ADJUSTMENT FOR 2005 RATE COMPARISON

SUMMER RATE PERIOD

	Residential	Commercial	Industrial		
Ames Electric Svcs.	\$0.00680	\$0.00680	\$0.00680	Ames Electric Svcs.	June, July, Aug, Sep
Alliant Energy	0.02290	0.02290	0.02290	Alliant Energy	June 16 - Sep 15
MidAmerican Energy	N/A	N/A	N/A	MidAmerican Energy	June, July, Aug, Sep
Consumers Energy	0.00500	0.00500	0.00500	Consumers Energy	N/A
Midland Power Coop	0.00541	N/A	N/A	Midland Power Coop	N/A

RESIDENTIAL WATER RATE COMPARISON

Iowa Cities of 10,000 and Over Population
Rates as of September 2005

With Softening

	Population Served	Minimum	600 cf	1,000 cf	10,000 cf	50,000 cf	100,000 cf
Ames	50,731	\$ 7.30	\$ 15.64	\$ 21.20	\$ 168.20	\$ 811.80	\$ 1,623.60
Ankeny	34,000	4.60	14.73	23.74	241.79	1,206.64	2,422.19
Boone	12,400	7.37	22.22	34.10	260.15	884.68	1,666.28
Cedar Rapids	122,000	3.65	11.15	16.15	130.48	607.60	1,186.56
Iowa City	62,380	6.75	22.50	35.10	258.24	1,176.85	2,326.61
Marshalltown	26,009	4.85	12.77	18.05	137.95	673.50	1,340.95
Newton	16,000	6.40	11.20	16.00	98.40	452.37	901.57
W. Des Moines	46,403	3.00	16.73	25.88	231.75	1,146.75	2,290.50
Ames Rank Among 21		7	9	13	14	11	11

With Other Treatment

	Population Served	Minimum	600 cf	1,000 cf	10,000 cf	50,000 cf	100,000 cf
Cedar Falls	36,145	\$ 6.27	\$ 9.81	\$ 12.17	\$ 54.59	\$ 233.06	\$ 454.59
Fort Dodge	25,136	7.82	13.68	20.70	144.55	609.80	1,123.55
Marion	26,294	6.11	9.22	13.36	106.02	493.27	962.07
Sioux City	82,000	6.16	13.68	21.20	159.16	625.87	1,208.31
Ames Rank Among 33		10	14	18 (tie)	19	15	15

Range		\$ 0.00	\$ 5.05	\$ 7.69	\$ 54.59	\$ 242.48	\$ 446.48
	to	9.78	23.90	36.50	320.00	1,580.00	3,155.00
Median Rate		\$ 6.27	\$ 14.64	\$ 22.41	\$ 171.36	\$ 777.90	\$ 1,579.03
Ames, % of Median		116.4	106.8	94.6	98.2	104.4	102.8

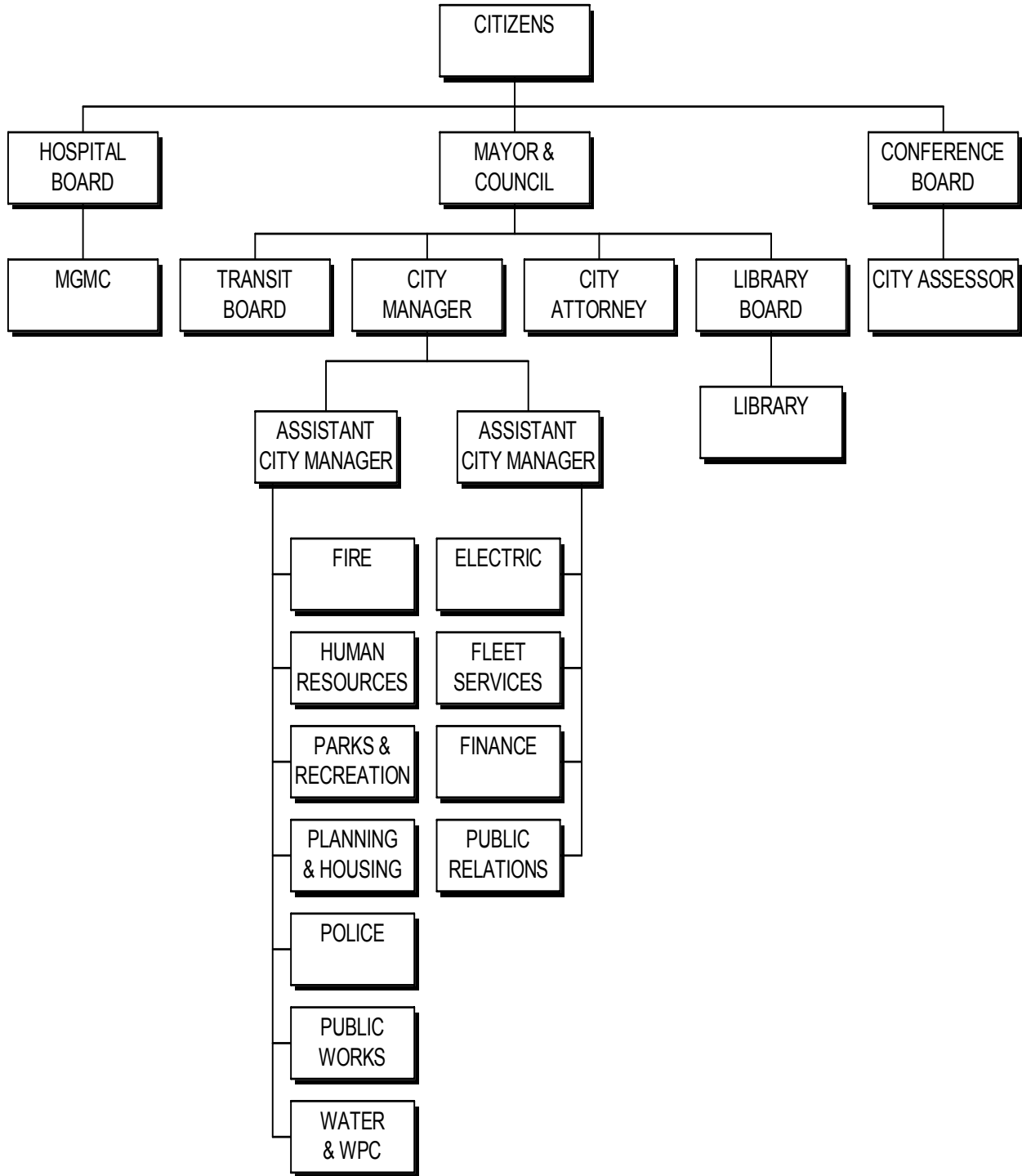
RESIDENTIAL SEWER SERVICE CHARGE COMPARISON

Iowa Cities of 10,000 and Over Population
Rates as of September 2005

	Population Served	Minimum	600 cf	1,000 cf	10,000 cf	50,000 cf	100,000 cf
Ames	50,731	\$ 6.05	\$ 15.35	\$ 21.55	\$ 161.05	\$ 781.05	\$ 1,556.05
Ankeny	34,000	6.96	20.24	29.09	228.21	1,113.21	2,219.46
Boone	12,400	9.89	23.99	33.39	244.89	1,184.89	2,359.89
Cedar Falls	36,145	12.30	18.42	24.54	162.24	774.24	1,539.24
Cedar Rapids	122,000	7.46	12.70	18.10	137.80	669.80	1,334.80
Fort Dodge	25,136	10.27	13.26	19.24	153.57	750.57	1,496.82
Iowa City	62,380	7.18	24.78	38.86	355.66	1,763.66	3,523.66
Marshalltown	26,009	9.51	17.37	22.61	140.51	664.51	1,319.51
Newton	16,000	6.98	15.94	24.90	226.50	1,122.50	2,242.50
Sioux City	82,000	5.53	13.25	20.97	199.57	981.38	1,957.80
W. Des Moines	46,403	0.00	14.68	24.13	236.75	1,181.75	2,363.00
Ames Rank Among 35		20	20	21	23	22	22

Range		\$ 0.00	\$ 8.25	\$ 11.25	\$ 78.75	\$ 378.75	\$ 753.75
	to	12.30	25.75	38.86	355.66	1,763.66	3,523.66
Median Rate		\$ 6.15	\$ 15.77	\$ 23.32	\$ 181.00	\$ 905.00	\$ 1,810.00
Ames, % of Median		98.4	97.3	92.4	90.0	86.3	86.0

CITY OF AMES, IOWA ORGANIZATIONAL CHART



AMES CITY COUNCIL APPOINTEES

Name	Title	Phone Number
Steve Schainker	City Manager	515-239-5101
Doug Marek	City Attorney	515-239-5146

CITY OF AMES, IOWA, DEPARTMENT HEADS

Name	Department	Phone Number
Donald Kom	Electric	515-239-5171
Paul Hinderaker	Fleet Services	515-239-5520
Duane Pitcher	Finance	515-239-5113
Clint Petersen	Fire	515-239-5414
Julie Huisman	Human Resources	515-239-5199
Art Weeks	Library	515-239-5630
Nancy Carroll	Parks and Recreation	515-239-5350
Steve Osguthorpe	Planning & Housing	515-239-5400
Chuck Cychosz	Police	515-239-5130
John Joiner	Public Works	515-239-5162
Sheri Kyras	Transportation – CyRide	515-296-4603
John Dunn	Water & Pollution Control	515-239-5150



Mission Statement

We are caring people, providing quality programs
with exceptional service to a
community of progress.

We Value...

- Continuous improvement in our organization and our services.
- Innovation in problem solving.
- Employee participation in decision making.
- Personal and professional development.
- Each other as we work together to serve the community.

We Are...

- Proud to provide superior services to our community.
- Professional and objective as we address public concerns and needs.
- Fair, flexible, and helpful in our actions.
- Efficient and fiscally responsible.
- Proactive in reviewing and evaluating the type and focus of our services.

Caring People, Quality Programs, Exceptional Service