

**CITY OF AMES, IOWA**

**2013 / 2014**

**BUDGET ISSUES**

**for the  
AMES CITY COUNCIL**

**November 27, 2012**

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# **FISCAL YEAR 2013/2014 CITY COUNCIL BUDGET ISSUES**

## ***OVERALL ECONOMIC CONDITION OF THE CITY***

Though the City's overall financial situation remains strong, increases in pension contributions, health care, and energy related costs combined with continued slow revenue growth in areas such as interest earnings reflect a generally slow economy and are expected to pose challenges for the FY 13/14 budget. Fuel costs have moderated recently, but we expect the impact of high fuel prices excluding CyRide could result in over \$150,000 in additional expenses across all funds.

Overall, we expect assessed property valuations to increase slightly, and an increase in the rollback rate will increase taxable valuation for residential property. Though the local economy continues relatively strong with employment rates and property valuation doing better than much of the country, we have not seen corresponding strength in retail sales. Local option sales tax revenue is expected to fall short of budget for the current year and we are currently predicting no increase in the budgeted revenue for FY 13/14. Road use tax from fuel sales is expected to equal the budgeted revenues for the current year and the IDOT is forecasting a modest increase for FY 2013/14.

Interest revenues for the City will very likely be low for FY 13/14 as interest rates remain at, or near, historically low levels. On the positive side, we have been able to issue G.O. Bonds with at interest rates under two percent.

Fuel costs have moderated recently, but we expect the impact of high fuel prices excluding CyRide could result in over \$150,000 in additional expenses across all funds for FY 13/14.

## ***GENERAL FUND***

There is good news in the General Fund balance; we ended FY 11/12 better than budgeted with the General Fund balance at 25.5% of expenditures, up from 23.7% in the adopted budget. A little under half of the \$500,000 of excess balance will be offset by the expected reduction in local option sales tax revenue but there will be some funds available for use in the current or future year. The Council could decide to use some amount of the balance to subsidize operating costs and thereby reduce property tax levels in FY 13/14. However, this strategy would only lead to a larger increase in the next year, as these one-time monies must be replaced with a more permanent revenue source.

In similar past situations, the Council has wisely used these one-time available balances to fund one-time expenditures in the current year, including the possible purchase of capital items in the current year that would otherwise be approved in FY 13/14. Some options we may ask Council to consider include new software to improve service levels in building inspections, rental, and code enforcement, and funding to complete City Hall renovations.

To continue with current service levels, modest fee increases will likely be needed for building inspections and rental registration. The level of increase for inspections and rental fees could be impacted by costs related to improved service provided by new software implementation; this increase will be driven by customer demand. As in the past years, we also expect modest increases in fees related to recreation activities.

## ***AIRPORT***

The current CIP reflects a new airport terminal building in FY 13/14 with \$650,000 coming from city funding. Public input sessions are currently underway to determine the specific desires of airport users regarding the size and nature of a new facility. Iowa State University President Leath recently made a good suggestion for the City to take time to visit other airports in college towns of similar size and learn how they successfully accomplished airport improvement projects. He also offered the assistance of his staff to seek out federal funding. Given the amount of work that remains in designing this project, it might be advisable to reflect the construction in FY 14/15.

## ***LIBRARY EXPANSION***

As you know, the library remodeling and expansion is well underway. The FY 12/13 budget includes debt service for \$4.5 million of the \$18 million of general obligation bonds approved by a referendum for the library project. Based on current year valuations and interest rates, the issuance of the remaining \$13.5 million in bonds will increase the City property tax rate by approximately **\$0.41** per thousand in taxable valuation. This would bring the total incremental property tax rate to fund the library project to around \$0.55 per thousand in taxable valuation, or slightly under our forecast of \$0.61. Depending on the construction schedule, the issuance of the remaining bonds may be spread over two years though we expect a large portion in FY 13/14.

## ***FIRE AND POLICE RETIREMENT AND IPERS***

### ***-MFPRSI***

The City has received notification that the Municipal Fire and Police Retirement System of Iowa (MFPRSI) pension board approved an employer contribution rate 30.12% of covered salary for FY 13/14. The estimated impact of the rate increase is **\$325,000** in additional property taxes. The City contribution rate to this retirement plan has varied dramatically over the past few years, from 17% in 2003 to 30.12% in the upcoming current year. Benefit enhancements, reduced market performance of pension investments, and reduction in state contributions to the pension system have all contributed to the increases. We can expect continued increases in City contribution rates in future years as recent market losses are averaged into the rate contribution calculation. Unlike IPERS, the employee contribution rate to this retirement plan is fixed, so the employer pays 100% of additional costs of funding the pension plan. We are now in a situation where the State of Iowa determines the benefits of the pension system but does not contribute; the beneficiaries contribute a fixed amount and property taxpayers pick up the remainder of pension costs. The table below provides a summary of the contribution rates:

### MFPRSI Contribution Rates

Effective Date	July 1, 2012	July 1, 2013	July 1, 2014 Est.
Employee Rate	9.40%	9.40%	9.40%
Employer Rate	26.12%	30.12%	32.26%
Combined Rate	35.52%	39.52%	41.66%
<b>% Of Contribution</b>			
Employee	26.46%	23.79%	22.56%
Employer	73.54%	76.21%	77.44%

### **-IPERS**

The State passed legislation allowing the Iowa Public Employees' Retirement System (IPERS) to increase the combined contribution rate by up to 1% per year to improve the funded status of the pension system. The plan maintains a contribution split at 60% employer and 40% employee, sharing the increased costs between the City and employees. We have been notified that the increase for FY 13/14 will be less than the full 1% allowed, with the total contribution rate increasing to 14.88%. The 60/40 split will be maintained, with employees contributing 5.95% and the employer contributing 8.93%. The estimated additional cost of this increase will be **\$50,000**, though the property tax impact will be a much smaller amount since many employees are funded by other sources. The IPERS contributions have been mitigated by benefit adjustments that have improved the funded status including increasing the number of years required for employees to become vested, transitioning from an average of the highest three years of earnings for retirement benefit calculation to an average of the highest five, and a greater reduction in benefits for early retirement. The table below provides a summary of the contribution rates

### IPERS Contribution Rates

Effective Date	July 1, 2012	July 1, 2013	July 1, 2014 Est.
Employee Rate	5.78%	5.95%	6.35%
Employer Rate	8.67%	8.93%	9.53%
Combined Rate	14.45%	14.88%	15.88%
<b>% Of Contribution</b>			
Employee	40.00%	40.00%	40.00%
Employer	60.00%	60.00%	60.00%

### **HEALTH INSURANCE**

The City of Ames has had several years of health insurance increases around 5% per year due to favorable claims experience and implementation of health insurance program changes recommended by the City Health Insurance Team. Less favorable recent claims experience and some additional costs related to the Patient Protection and Affordable Care Act (PPACA) will result in the FY 13/14 health insurance rates budgeted to increase by 8% or about **\$455,000** across all funds. We will review the status of the plan again after the end of December and may need to consider a larger increase. Our Health Insurance Fund maintains a strong balance and the City will be able to absorb some fluctuation in health care claims experience and possibly spread the impact of additional costs over

multiple years. We will continue to review the health plan and the impact the PPACA implementation on our plan. One of the impacts is that as a self-insured plan we will be subject to many of the new fees and requirements for insurance companies including fees to fund the Individual Market Reinsurance Fund and the Patient-Centered Outcomes Research Trust Fund. These items alone could account for 1.4% of the 8% expected increase.

**ROLLBACK AND VALUATION**

To set the taxable value for property, the State issues a rollback order each year that is applied to the assessed value of residential and commercial property. For FY 13/14, residential property will be taxed at 52.8166 percent of assessed value, up from 50.7518 percent in FY 12/13. Commercial and industrial property will be taxed at 100 percent of assessed valuation, the same as in FY 12/13. The change in the residential rollback rate will result in a 2.3% increase in taxable valuation, or \$520,000 in additional tax revenue at the FY 12/13 property tax rate.

**Rollback Percentage Rates**

<b>Property Class</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>
Residential	46.9094	48.5299	50.7518	52.8166
Com. & Ind.	100.0000	100.0000	100.0000	100.0000

This change reflects the continued trend of increased rollback rates resulting in a shift of property taxes back to residential and providing some relief to commercial and industrial property taxes. The table below provides the percentage of the property tax levy excluding TIF, utilities, and military exemptions. Though commercial and industrial have continued to be taxed at 100% of valuation, the increase in rollback for residential property has reduced their percentage of the total tax levy by class.

**Percentage of Tax Levy**

<b>Property Class</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>
Residential	54.23	55.85	57.30	58.27
Commercial	39.49	38.13	36.74	35.91
Industrial	6.28	6.02	5.96	5.82

Though we do not yet have the new property valuations for FY 13/14 we expect no more than a small increase in taxable valuation.

**LOCAL OPTION SALES TAX**

***Estimated Revenue***

For the current year, local option sales tax receipts are expected to be \$6,655,355, down \$349,151 or 5% from the adopted budget. Last year’s increase indicated some recovery in local option sales tax, but our reconciliation payment indicated that it was not as much as expected and this reduction will be reflected in the FY 12/13 adjusted budget. We need to do some additional analysis on these recently available numbers, but at this point are

predicting that the local option sales tax revenue for FY 13/14 will be flat at \$7,004,506, an expected increase from FY 12/13 actual but no increase in the budgeted amount. This means that there will be no increase in the amount local of option sales tax available for property tax relief or community betterment in FY 13/14.

**ASSET Human Services Funding**

The City’s ASSET Priorities for 2012/13 were (from higher to lower priority):

- Emphasis on assistance to low and moderate income families
- Meeting basic needs
- Crisis intervention
- Prevention
- Transportation

Any service receiving City funding must be provided within the City of Ames.

The City’s volunteers have reviewed the priorities and have recommended no changes.

Staff has prepared some additional background information which summarizes ASSET requested increases and recommended increases dating back to 2009/10. Below are the summaries from 2009/10 moving forward, showing the recommended ASSET allocations for all funders at budget time.

FY	Story County	United Way of Story County	Gov’t of the Student Body	City of Ames	City % Increase	Total
2009/10	\$989,208	\$758,474	\$138,364	\$986,889	5.4%	\$2,872,935
2010/11	\$983,591	\$803,707	\$139,781	\$1,079,065	9.3%	\$3,006,144
2011/12	\$995,618	\$814,333	\$149,960	\$1,111,437*	3.0%*	\$3,071,348
2012/13	\$1,029,339	\$819,607	\$136,755	\$1,150,278*	3.5%*	\$3,135,979

\* Excludes supplemental funding in 2011/12 for Heartland Senior Services (\$5,990) and in 2012/13 for Eyerly Ball (\$23,560), which were both awarded after budget approval. If included, the percentage increases for 2011/12 and 2012/13 would be 3.6% and 5%, respectively.

As the above information shows, accumulated funder increases as recommended by ASSET are as follows for the period from 2009/10 recommendations through 2011/12.

Funder	Amount	Percent Change
Story County	\$40,131	+4.1%
United Way	61,133	+8.1%
GSB	(1,609)	-1.2%
City of Ames	<u>163,389</u>	<u>+16.6%</u>
	\$263,044	+9.2%

Growth in total ASSET recommendations has gone from \$2,872,935 in 2009/10, to \$3,135,979. This is an increase of \$263,044. The City’s additional ASSET funds have

accounted for 62.1% of the total additional funds recommended through the process from 2009/10 through 2012/13.

**For 2013/14, total City ASSET funds requested by agencies are \$1,221,060, up \$70,782 over the current 2012/13 allocation. This is a requested increase of 6.2%.** The largest dollar increases are being requested by The Salvation Army, Youth and Shelter Services, and Eyerly Ball.

Three programs (transportation, mental health services, and mentoring) are being shifted to new agencies this year, which accounts for some of the increases and decreases between agencies. (Big Brothers/Big Sisters to YSS, The Richmond Center to Eyerly Ball, and Heartland Senior Services to HIRTA). Council should note that HIRTA, Eyerly Ball, and the Salvation Army are new ASSET agencies for 2013/14. HIRTA and Eyerly Ball received some City funds for 2012/13.

The chart below indicates some City allocations possible based on percentage increases from last year's City allocation of \$1,150,278. Last year's increase was 3.5% over the previous year.

	2%	3.5% (Last Increase)	6.2% (Request Amount)
Dollar Increase	\$11,503	\$40,260	\$71,317
Total City Allocation	\$1,161,781	\$1,190,538	\$1,221,595

***COTA Performing Arts Funding***

The COTA allocation for FY 12/13 is \$138,117, which was 5% higher than FY 11/12 of \$131,540. COTA organizations have requested funding in the amount of \$172,230 for FY 13/14 (including special Spring and Fall Grants) or a 25% (\$34,113) increase over the FY 12/13 Budget. For FY 12/13 the organizations requests totaled \$155,150 to provide a comparison. There are two new groups that have applied for COTA funds for FY 13/14, the India Cultural Association for \$3,000 and Stars Over VEISHEA for \$7,500. Again, there are many options available, including full funding of the request or some other amount. Below are several options for Council to consider:



<b>AGENCY</b>	<b>2012/2013 Budget</b>	<b>+2%</b>	<b>+5%</b>	<b>2013/2014 Requested</b>	<b>Diff. to Current Budget</b>	<b>% Increase to Current Budget</b>
Ames Community Arts Council	\$ 8,111	\$ 8,273	\$ 8,517	\$ 10,000	\$ 1,889	23%
ACTORS	13,464	13,733	14,137	20,000	6,536	49%
Ames Chamber Artists	2,390	2,438	2,510	2,500	110	5%
Ames Children's' Choirs	9,718	9,912	10,204	12,000	2,282	23%
Ames Choral Society	2,690	2,744	2,825	3,200	510	19%
Ames International Orchestral Festival Assoc.	8,080	8,242	8,484	10,000	1,920	24%
Ames Town and Gown Chamber Music Association	16,007	16,327	16,807	18,200	2,193	14%
Central Iowa Symphony	10,424	10,632	10,945	12,000	1,576	15%
Co-Motion Dance Theater	5,593	5,705	5,873	7,000	1,407	25%
<b>India Cultural Association</b>	-	-	-	<b>3,000</b>	3,000	100%
Kids' Co-Motion	3,167	3,230	3,325	4,460	1,293	41%
Friends of Ames Strings	1,200	1,224	1,260	1,300	100	8%
Octagon Center for the Arts	44,802	45,698	47,042	48,000	3,198	7%
Story Theatre Company	8,982	9,162	9,431	9,570	588	7%
<b>VEISHEA - SOV</b>	-	-	-	<b>7,500</b>	7,500	100%
Mini Grants	3,489	3,559	3,663	3,500	11	0%
<b>TOTAL</b>	<b>\$ 138,117</b>	<b>\$140,879</b>	<b>\$145,023</b>	<b>\$ 172,230</b>	<b>\$ 34,113</b>	<b>25%</b>

## **UTILITY RATES**

Developing a five-year plan will be particularly challenging this year since we are in the process of completing four critical studies related to Electric Power Generation, Sanitary Sewer (Distribution & Treatment), Resource Recovery Processing, and Flood Mitigation options. It is highly probable that final decisions regarding the recommendations from these studies will not be made by the City Council before the recommended CIP goes to print in early January. Therefore, the CIP might have to be modified once final decisions are made by the City Council regarding these studies. Implementation of the recommendations of these studies is likely to require utility rate increases greater than previously projected. City staff will evaluate and provide more information with the CIP. The following represents a summary of the issues related to each utility.

### **Electric**

We are in the process of conducting a resource option analysis to help the City Council determine how our electric utility will best meet the new federal pollution regulations. In the absence of a final decision, the proposed CIP will assume that the status quo is being maintained and will reflect most of the projects reflected in the previous plan.

### ***Storm Sewer/Flood Mitigation***

The Council's goal to mitigate flooding related to damage caused by river flooding as well as from damage from overland flow from storm water. A study is currently under way to identify cost-effective strategies to accomplish this goal. Since we are awaiting specific recommendation regarding river flooding, the proposed CIP will not include any of these projects. When identified, financing for these projects will most likely come predominately from G.O. Bond debt funding. In terms of storm water projects, the largest project will impact the Teagarden watershed. This one project, along with numerous other improvements will total \$4,100,000 over the next five years. It is probable that a significant increase in the Storm Sewer Utility Fund or property tax supported debt service will be needed to meet these needs, and even more if the study identifies other storm sewer related problems.

### ***Water***

The future customer rates for the Water Utility will be driven primarily by the costs related to the construction and operations for the new water treatment facility. We are just getting underway on this project and more will be known as we move to the construction phase of the project. Further review of extension of the water utility east of Interstate 35 has resulted in the elimination of the addition of an elevated tank in a future year CIP and the removal of the corresponding planned impact on future water rates.

### ***Sanitary Sewer***

The Water Pollution Control Plant is now twenty-two years old and a study was conducted to determine the improvements needed to maintain this facility for the next twenty years. Preliminary results indicated an investment of an additional \$14 million is needed. A second study regarding the sanitary sewer distribution system has identified an immediate need for \$9 million of improvements to mains. We will need to compare results from both studies to determine the most cost-effective approach to dealing with clean water infiltrating our system during peak wet weather events. Staff will have to look closely at the timing for these projects in order to mitigate the rate impact on our customers.

### ***Resource Recovery***

From the inception of this innovative approach to handling the disposal of refuse, our garbage was processed into RDF (Resourced Derived Fuel) and burned as an alternative fuel source in our boilers to produce electricity. The time has come to consider the next phase in this innovation. As a result, we are currently exploring transforming our garbage from a solid to a gas. It is hoped that this new form will reduce operating costs and provide flexibility in incorporating it into our fuel source for our electric boilers. However, until this study and the electric resource option analysis are completed we will not know what improvements will be needed in this utility. Therefore, the CIP will assume the status quo. We have some concerns about revenue for Resource Recovery, as the utility ended FY 2011/12 approximately 10 percent under budgeted revenue. There were some offsetting expenditure reductions, but with a similar level of revenue budgeted for the current year it

is likely that signification adjustments to budgeted revenue will need to be made. Fortunately, we have built a strong fund balance and will have time to make adjustments as needed.

We are debt free in this utility. Our agreements with the other communities in Story County are set to expire within two years. We will have to renew these contracts as we borrow a significant amount of funds to accomplish this transformation should this new approach be pursued.

### ***ROAD CONDITIONS/ROAD USE TAX FUND***

In our annual Resident Satisfaction Survey's ranking of capital improvement priorities, the reconstruction of existing streets continues to be the top priority of our citizens. This represents a challenge, since the lane-miles of streets continue to expand, existing streets continue to age, and recent winters have been particularly hard on our roadways. We expect Road Use Tax (RUT) revenue to be at the budgeted amount for FY 12/13 and to increase by 2.7% for FY 13/14 with some potential for additional revenue through TIME-21 funding and vehicle registration fees. These forecasts do not assume any changes in fuel tax rate.

### ***CYRIDE***

The new federal Transportation Law virtually eliminated capital grants; therefore, beginning with the 2013-2014 budget, CyRide will need to transfer more dollars from its operating budget into its capital budget to accumulate funds to purchase buses, equipment, and repair CyRide's facility. CyRide will complete construction of its expansion/flood protection/facility repairs project during the 2013-2014 budget year. Ridership is expected to continue to increase, exceeding 6 million rides. A planning study will be completed during the year that will provide operating and capital recommendations on ways to improve its major route circulating through Iowa State's campus (#23 Orange Route). The CyRide board is currently projecting a 5% increase in funding for the upcoming year with no change in service levels.

### **Intermodal Facility**

The City was fortunate to receive \$8 million in federal funding for the new Intermodal Facility in Campustown. Not only will this new facility promote various modes of transportation throughout our community, it will facilitate economic development in one of our primary retail centers by providing much needed customer parking in Campustown.

With the completion of the construction phase, the responsibility shifted to the community to operate this intermodal building. An agreement was reached with Iowa State University to manage this new facility because of their experience with the Memorial Union parking ramp. Furthermore, the parties agreed to share in the cost of any deficit from the operations. Going into the first year of its operation, we hoped that revenue would cover the costs to operate the building. Unfortunately, ISU officials are currently projecting

expenditures to exceed revenues by approximately \$34,000. Most of this difference is due to the fact that there has been far less long-term leasing of the more expensive covered parking spaces than anticipated. If these estimates hold true to the end of June 2013, the City will need to subsidize this operation by approximately \$17,000. The Council will have to determine where the funds should come from to cover this deficit.

**FUNDING REQUESTS FROM OUTSIDE ORGANIZATIONS**

Council adopted a new process starting 2012/13 to handle non-ASSET and non-COTA funding requests, which staff now refers to as the “Ames Fall Grant Program.” In this program, requests made by student-related activities are considered by the Student Affairs Commission first. Other requests go before a committee of citizens and staff members for recommendations to the City Council. The Council has exempted the Ames Economic Development Commission’s business development partnership and the Ames/ISU sustainability coordinator from this process.

Funding is provided from the Local Option Sales Tax Fund.

The total amount of funding allocated for 2012/13 was \$111,000. Total requests for 2013/14 are \$117,200, which is a 5.6% increase.

Entity	12/13 Funding	13/14 Request
Ames Historical Society	\$ 16,000	\$ 17,000
Ames Partner City Association	5,000	5,000
Campustown Action Association	25,000	25,000
Economic Development Commission	--	2,200
Hunziker Youth Sports Complex	25,000	26,000
ISU Homecoming	1,000	1,000
Main Street Cultural District	31,000	33,000
VEISHEA	8,000	8,000
<b>TOTAL</b>	<b>\$ 111,000</b>	<b>\$ 117,200</b>

We have not assumed that the City Council will approve these requests and do not want to raise expectations by including funding for any of the requests in the recommended budget without direction from Council, therefore we are asking direction from council on any funding of any request that they may want included in the recommended budget.

**City Council's Input**

*(Given the information provided, Council's input is requested.)*

Service Level Increases

Service Level Decreases

Other Issues

### ASSET Increase vs. Total Agency Increase

<b>Organization</b>	<b>2013/14 Increase in City Request</b>		<b>2013/14 Increase in ASSET Request</b>		<b>Total Agency Increase</b>
	<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>	
ACCESS	\$2,315	4.5%	\$7,456	5.4%	(6.6%)
ACPC	\$3,021	4.0%	\$4,925	4.0%	2.9%
American Red Cross	\$3,020	21.6%	\$10,420	23.4%	3.7%
Big Brothers/Big Sisters*	(\$12,500)	--	(\$25,409)	--	--
Boys & Girls Club	\$1,825	2.0%	\$3,420	2.0%	1.7%
Campfire	\$264	4.5%	\$1,516	4.5%	4.4%
Center for Creative Justice	\$1,533	3.0%	\$2,817	3.0%	3.2%
Childserve	\$0	0.0%	\$0	0.0	(0.3%)
Community & Family Resources	\$8,875	8.4%	\$15,829	12.0%	3.1%
Emergency Residence Project	\$3,419	5.7%	\$7,579	5.6%	7.2%
Eyerly Ball (new)	\$15,000	--	(\$25,032)	--	3.9%
Good Neighbor	\$470	3.0%	\$1,779	7.1%	2.6%
Heartland Senior Services	(\$28,025)	(15.8%)	(\$118,365)	(29.5%)	(45.9%)
HIRTA (new)	\$43	0.1%	\$11,251	7.7%	7.3%
Homeward	\$6,160	20.2%	\$50,830	14.6%	4.2%
Legal Aid	\$6,070	8.0%	\$15,132	8.8%	(1.4%)
Lutheran Services	\$565	20%	\$12,935	35.2%	0.0%
Mid-Iowa Community Action	\$0	0.0%	\$0	0.0%	0.4%
Mid-Iowa Foster Grandparents	\$161	5.0%	\$570	5.0%	2.6%
Nat'l Alliance on Mental Illness	\$4,000	275.9%	\$17,331	55.8%	(1.2%)
Orchard Place	\$500	8.8%	\$1,000	10.8%	3.0%
RSVP	\$1,205	4.7%	\$3,305	5.0%	3.8%
The ARC of Story Co.	\$600	9.0%	\$43,120	142.9%	26.1%
The Salvation Army (new)	\$33,755	--	\$73,485	--	131.2%
The Richmond Center*	(\$52,051)	--	(\$309,603)	--	--
University Community Childcare	\$2,322	5.6%	\$11,633	5.7%	3.8%
Volunteer Center	\$1,810	34.9%	\$7,258	10.8%	8.0%
Youth & Shelter Services	\$28,468	15.1%	\$65,740	19.3%	3.6%

\* Indicates organization is not receiving ASSET funds for 2013/14

**TOWN BUDGET MEETING  
OCTOBER 2, 2012**

**Present:**

Sawyer Baker, *ex-officio* City Council Member  
Jan Beran, 304-24th Street  
David Carlson, representing the Greater Iowa Credit Union, 801 Lincoln Way  
George Covert, 3000 Northridge Parkway  
Mike Coveyor, 3320 Emerald Drive  
Kim Hanna, representing the Campustown Action Association, 114 Welch Avenue, Ste. 201  
Dinah Kerksieck, 621 Garden Road  
Nancy Marks, 1625 - 24<sup>th</sup> Street  
Susie Petra, 2011 Duff, Ames  
Kathy Svec, 603 Grand Avenue, representing the Ames Historical Society  
Sharon Wirth, 803 Burnett, representing Ames Historic Preservation Commission

City Manager Steve Schainker stated that the City is starting its budget process for FY 2013-14. He explained ways that public input on the budget can be provided to the City Council. Mr. Schainker said the purpose of this meeting was to get citizen input at the beginning of the budget process.

Finance Director Duane Pitcher presented the budget calendar starting in late summer when the Resident Satisfaction Survey is sent randomly to residents. The City's operation budget and Capital Improvements Plan begin on July 1, 2013, and run through June 30, 2014. Budget issues will be presented to the City Council on November 27, 2012. The final budget hearing and adoption will take place on March 5, 2013.

An overview of the current City budget by given by Mr. Pitcher. The City budget makes up approximately one-third of a citizen's total tax bill if he or she lives in the Ames School District (33.13%). Story County, the School District (44.72%), and Des Moines Area Community College (1.81%) receive the other two-thirds. Mr. Pitcher showed prior years' data on property tax levies and Local Option Taxes. He gave a summary of revenues; total revenues for 2012/13 equate to \$196,252,245 Expenditures total \$204,777,920, which primarily reflects large projects in the Electric Services and Water Departments.

Mr. Pitcher advised that Ames has one of the lowest tax levies in the state: for 2012/13, it is \$10.72/\$1,000 valuation. There is only one city who has a lower tax levy; that is Dubuque, which has casino/gambling revenues. The General Fund levy is \$5.83418/\$1,000, which is well below the \$8.10 limit. The state-imposed residential roll-back was explained. The calculated property tax in Ames is \$544/\$100,000 valuation. The cost of services per residence was itemized.

**Public Input:**

Dinah Kerksieck, 621 Garden Road, Ames, gave a brief history of the South Duff Bicycle Trail project. She advised that a group of citizens and staff applied for a grant to build a multi-use trail from Airport Road, up South Duff to South 5<sup>th</sup> Street. That grant was received in the amount of \$673,817. A section of the trail was completed in 2004 to just north of Squaw Creek; the trail is eight-feet-wide and was completed to the north property line of Howe Metal. Ms. Kerksieck was dismayed when the Texas Roadhouse restaurant was constructed and installed a four-foot-wide

sidewalk, instead of it being eight feet wide. She felt that this was a poor completion of a project that received federal and City monies. In Ms. Kerksieck's opinion, the inconsistency between the four-foot-wide and eight-foot-wide presents a problem with aesthetics as well as safety. She pointed out that there is a large amount of pedestrian traffic in that area due to the number of apartments and commercial properties. Ms. Kerksieck requested that the bike trail be completed to honor the intent of the grant funding – the trail should run to South 5<sup>th</sup> Street and eventually to the Boys and Girls Club, which was the original purpose. She suggested that the trail be finished as a two-part project (Howe's Welding to South 5<sup>th</sup> and then from South 5<sup>th</sup> to the Boys and Girls Club). In Ms. Kerksieck's opinion, funding could be provided wholly by the City or 50% by the City and 50% from corroboration with the property owners. Mr. Schainker explained the process of the Council's prioritizing the shared-use path projects.

Kim Hannah, Director of the Campustown Action Association (CAA), 114 Welch Avenue, Ste. 201, Ames, requested the continuation of the allocation of \$25,000 for the CAA in 2013/14.

Kathy Svec, 603 Grand Avenue, Ames, representing the Ames Historical Society(AHS), asked that the City Council allocate \$17,000 for 2012/13; the AHS will be going through the new grant process established by the City. Ms. Svec also noted that the Ames sesquicentennial will occur in December 2014. She requested that the Mayor appoint an ad-hoc commission to support the planning of the festivities to celebrate the Sesquicentennial. She would like that commission to be in place by January 2013. Ms. Svec also requested start-up monies for that commission.

Sharon Wirth, 803 Burnett Avenue, Ames, spoke as the Chairperson of the Ames Historic Preservation Commission (HPC). She requested: (1) \$2,000 for operational funds (use for mandated training and educational activities); \$2,000 - \$5,000 for community-wide education (might be used for grant match, workshops, publication costs); and \$7,000 to fund a half-time staff person for the Ames Historical Society, which would be matched by funds from the Ames Historical Society. This would allow assistance to implement the AHC Comprehensive Historic Preservation Plan for the entire City, which is very labor-intensive.

Mike Coveyor, 3320 Emerald Drive, Ames, asked to see a revival of plans to extend Grand Avenue to South 16<sup>th</sup> Street. He also would like to see an overpass or underpass built on Duff Avenue so as not to cut off emergency vehicles' access to South Ames.

Susie Petra, 2011 Duff, Ames, stated that the League of Women Voters did an extensive survey in 2010/11 and found that residents age 55 and over will increase in Story County a great deal in the next ten years. Ms. Petra suggested that a dialogue be started within the community on recreational opportunities in an effort to keep those residents in Story County, e.g., warm-water pool, safe indoor walking areas. This may entice more people 55-and-older to move to Ames. Mayor Campbell noted that tomorrow there will be a Mayor's Healthy Walk, which kicks off a series of Healthiest Iowa Community events. Ms. Petra also requested that the City Council postpone deciding on the disposition of the Geitel Winakor Bequest until the community had dialogue over where those monies could go. She felt the ideas she had mentioned would fit the criteria for the use of the Bequest.

George Covert, 3000 Northridge Parkway, Ames, thanked the City for the work that had been done regarding flood mitigation. The flood mitigation workshops that are currently occurring were highlighted by City Manager Schainker and Public Relations Officer Susan Gwiasda.



Jan Beran, 204-24th Street, Ames, advised that they had hosted a young man during the Sister City Cheque Republic Delegation's visit about a year ago. The young man used a wheelchair and was very interested in learning more about what Ames offered for persons with adaptive needs. Ms. Beran checked at that time, and there were no programs offered in the City or the University. She requested that the City look into providing recreational programs for those with adaptive needs.

Ms. Kerksieck reiterated her request that the City Council place a high priority on completion of the South Duff Bike Trail and perhaps replace another project with this one since it would receive such extensive use, instead of increasing funding.

Ms. Beran requested that the neighborhood party trailer be available for neighborhoods to use on the weekdays, not just weekends.

The meeting concluded at 8:12 p.m.

Scribe: Diane Voss, City Clerk



October 2, 2012

Members of Ames City Council  
Ames City Hall  
515 Clark  
Ames, Iowa 50010

To Ames City Council:

The Ames Historical Society gratefully thanks you for your support of local history with the 2011-12 grant of \$16,000. This grant provides critical support for facility-related expenses that provide service to residents and house the Ames historic collections.

In addition, the \$2,000 allocated in 2011-12 to support the Mayors exhibit has allowed us to complete this project. Installation should occur yet this month.

We are asking for continued grant support in 2012-13 and are requesting \$17,000.

The increase is specifically for:

- Expenses associated with documenting and housing City of Ames collections. This month, additional City materials housed at the Public Library have been transferred to AHS for storage during the Public Library's construction project. These are added to eleven other sets of City materials currently housed by AHS.

We intend to go through the annual grant process established. Thank you for your consideration!

Sincerely,

A handwritten signature in black ink, appearing to read "Kathy Svec", with a long horizontal line extending to the right.

Kathy Svec, Co-President

Hi Steve -

Through this email, may I have this noted as an official request to add back the lights to the Brookside Park tennis & basketball courts - removed in July and not budgeted to replace - so that tennis and basketball can be played during evening hours? Can they be added to the next budget 'wish list' for parks & rec improvements?

ALSO - If there is any extra money in the budget from record swimmers, projects not done, etc., is it possible to do that (put the lights back in) this year?

For many of us who work during daylight hours the evenings are the one chance we get to play basketball and tennis in our neighborhood with our children; not putting the removed lights back in was, in hindsight, a poor decision. There are many, including our family, in the central residential part of Ames who were not in town during the meeting with Nancy and heard about the lights being removed from the budget after the fact and it remains a priority to get them back in and on!

Thanks Steve!!

**Darryl Bennett** *Vice President, Championship Productions, Inc.*

Tel: 800-873-2730 | Mobile: 515.450.4460

[www.ChampionshipProductions.com](http://www.ChampionshipProductions.com)

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Good morning Mr. Schainker,

I am writing to request that the City consider resurfacing the portion of 2<sup>nd</sup> Street that runs east of N. Elm Ave.

Greater Iowa Credit Union has spent a significant sum of money upgrading our facilities and relies heavily on 2<sup>nd</sup> street to provide access by our member's to our facility.

I am also requesting that this portion of 2<sup>nd</sup> street also be changed from allowing parking on both the north and south sides to only allowing parking on the north side of the street. Currently the portion of 2<sup>nd</sup> street one block to the west is parking on the north side only. This portion of 2<sup>nd</sup> street gets very narrow when parking occurs on both sides. Winter snows makes this condition even worse.

I thank you and the City Council for considering our request.

David

David E Carlson  
Certified Public Accountant (CPA "Inactive")  
Chartered Global Management Accountant (CGMA)  
EVP/CFO

Greater Iowa Credit Union  
801 Lincoln Way  
Ames, IA 50010

Phone: 515.956.3020  
Fax: 515.956.6995  
Toll Free: 800.296.9064

Dear Mr. Schainker:

Good afternoon, on behalf of Greater Iowa Credit Union of 801 Lincoln Way in Ames I am requesting that the City include in its new budget funds for the resurfacing of the portion of 2<sup>nd</sup> Street that abuts the Credit Union property and runs from N. Elm Avenue to Grand Avenue, as shown on the attached plan. Our firm, La Macchia Group, has recently completed the architecture and construction of Greater Iowa's new drive-up canopy, parking lot and other site improvements. As such, the Credit Union has asked that we approach the City on its behalf to make this request.

The portion of 2<sup>nd</sup> Street that abuts the Credit Union property to the north is in dire need of repair. Member traffic and general use of the road has been increased since an alley connector running from N. Elm to the Credit Union parking lot has now been closed due to safety concerns for the membership. The Credit Union hopes that the City Council sees this as mutually beneficial given 2<sup>nd</sup> Street's severe deferred maintenance, recent resurfacing of 2<sup>nd</sup> Street adjacent the Iowa DOT building and the Credit Union's recent investment in its own site improvements and beautification. Greater Iowa would also like learn how parking could be restricted on 2<sup>nd</sup> Street's south side so as to improve traffic safety. Any information on this would be appreciated.

Thank you for taking my phone call today to discuss the procedure for making this request. We genuinely hope that the City Council sees the value in apportioning the necessary funds in its new budget to see this project to completion.

Respectfully,  
Benjamin La Macchia



**Benjamin La Macchia**  
Vice President of Planning and Real Estate  
Mobile: 414.690.1095  
Phone Direct: 414.727.4366  
Phone Main: 414.223.4400  
Fax: 414.223.4488  
[ben@lamacchiagroup.com](mailto:ben@lamacchiagroup.com)  
[www.lamacchiagroup.com](http://www.lamacchiagroup.com)

October 1, 2012

To: Mayor and City Council  
 From: Sharon Wirth *SW*  
 Chair, Historic Preservation Commission  
 Date: October 1, 2012  
 RE: Budget Request for FY 2013-14

The HPC gratefully acknowledges the support of Ray Anderson, Jeff Benson, and Steve Osguthorpe and the support of the City Council this past year. This strong support enables the Commission to continue working to enrich the Ames community through preservation of historic resources and to inform the citizens of the cultural, economic and social advantages of historic preservation. We look forward to the Council's support in the upcoming year enabling us to continue this important community work.

The Historic Preservation Commission (HPC) respectfully requests funding for Fiscal Year 2013-2014 in the following amounts;

1. \$2,000 for operational funds (mandated CLG training and educational activities)
2. \$2,000-\$5,000 for community-wide education (as grant match and/or for direct workshop and publication costs)
3. \$7,000 to fund a half-time staff person for the Ames Historical Society to be matched in the same amount by the Ames Historical Society (AHS) per Goal 2 of the Comprehensive Historic Preservation Plan for the City of Ames.

**The total request for FY 13-14 is \$11,000-14,000.**

**Background Information:**

1. \$2,000 for operational funds: For the City of Ames to maintain its status as a Certified Local Government (CLG), HPC members are required to receive annual preservation-related training. In 2012-13, costs of this training were included in the \$2,000 HPC allocation as a part of the Planning and Housing budget. We request this be included in the same manner for FY 2013-14. Part of this amount was allocated to community educational activities which include the Historic Preservation Awards Program.

2. \$2,000-\$5,000 for community-wide workshops and publications/grant match: Citizens need to understand what historic preservation means and how it is implemented in the Ames community. The HPC continues to work toward greater understanding of the value of preservation within neighborhoods and citywide. This component involves getting information out to citizens in an effort to create a supportive climate for preservation within the Ames community. City-wide lectures/workshops on topics such as preservation tax credits, green preservation, energy efficiency, window rehabilitation, and other how-to-preserve specific elements of a property are possible topics. Topics directed to Main Street Cultural District property owners may be timely as the National Register listing of the Main Street area proceeds. The HPC has also discussed the need for brochures explaining changes to Chapter 31 (updating efforts currently underway). Citizens need assistance in understanding code details in a user-friendly way. Print

publications with photographs and graphics would be most helpful in this effort. Grant funds are available to CLG communities for these purposes.

3. \$7,000 for an AHS half-time staff person: This would be used to further implementation of Goal 2 of the Ames Comprehensive Historic Preservation Plan (ACHPP). This plan was approved by the City Council in October of 2009. The HPC is charged with implementing that plan. Goal 2 reads: "promote the historically, architecturally and archeologically significant resources in the community." Objective A further states, "provide financial support for the AHS to assist in achieving goals of the ACHPP." A \$7,000 allocation, matched by AHS, is important for further implementation of the comprehensive plan. AHS activities have been supporting the ACHPP in many ways over the past several years. Supplying information to city staff and property owners for the City of Ames facade grant program is just one of these support activities. Additionally, AHS is the reservoir for numerous past and historic city records, including building plans, assessors records and architectural drawings. These are shared with the public on a weekly, often daily, basis. These records are often the only remaining original records of the properties. AHS resources involved with this service include housing, cataloguing and organizing the records, and staff time needed to access and share them with the public. Neighborhood groups, citizens, and consultants also rely on AHS for historic information when applying for historic designation.

Increased staffing at AHS is currently a critical need. Assisting the public in locating records of historic significance is labor intensive and important in promoting and protecting these community resources as well as assisting the HPC in reaching their goals and objectives. This staff person would support public history and archival work. AHS also impacts implementation of Goal 1 and 4 of the ACHPP. These goals are:

Goal 1: Acknowledge the role of historic preservation in encouraging civic pride, neighborhood identity, economic vitality, and community sustainability.

Goal 4: Educate the public concerning the benefits of historic preservation.

Implementing goals of the ACHPP with assistance from AHS can result in a powerful synergy and effective partnership. Assistance by the City of Ames with partial funding of AHS staffing is a logical and powerful partnership allowing AHS to continue with public access of historical records and in promoting historic preservation to build civic pride, neighborhood identity and vitality, economic development and community sustainability.

cc: Steve Schainker, Steve Osguthorpe, Ray Anderson, Elaine Dunn, Matt Donovan, Bill Malone, Ryan Newstrom, Roberta Dunn, Jason Dietzenbach

Dear Steve,

I had hoped to be able to attend tonight's Town Budget Meeting, but the prospects are looking slim. Consequently, I am sending the following requests and comments by e-mail.

Requests:

1) Please evaluate South Maple Avenue between Lincoln Way and South 4<sup>th</sup> Street for reconstruction. Give special attention to the 200 block (not because I live there, but because it seems to be in the worst condition). The problem: the crown is now so high that the gutters are very deep. When we have intense rainfall, these deep gutters become raging channels of water. Cars parked on the street are engulfed in water up to and over the doorsills. In winter, the gutters become filled with ice after recurrent thawing and freezing. It is nearly impossible to get a car started from street side without someone helping to push or calling a tow truck (We were fortunate that the winter of 2011-12 was so mild; the prior winter was a serious problem). Parking a car on the street when weather is calm has even become problematic, in that the slope is so steep it is difficult to get the car doors open. On street side, you are fighting gravity to push the door up and open. On curbside, the door is buried in the parking strip.

2) Please evaluate South 2<sup>nd</sup> Street between South Maple and South Hazel. The seeming lack of slope on this street section results in street flooding during rain showers. A resident has told me that this situation has existed for many years. The residents on that street have taken on personal assignments to be certain that the storm drains are kept free of debris. Even with their efforts, the street has flooded. Perhaps the flooding in part results from the high crown on South Maple, which narrows the flow of water coming off South 2<sup>nd</sup> onto South Maple, causing the water to back up on South 2<sup>nd</sup>.

3) Topics that were brought up at the neighborhood picnic:

a) Urban animal control – neighbors report an increased raccoon and woodchuck population. One neighbor indicated that they had contacted Animal Control and were told that their budget no longer permitted handling wild animal control. Is this a correct interpretation of their budget situation? If the city staff can no longer address urban wildlife issues, is there another agency (DNR? ISU wildlife extension?) to which we can refer problems?

b) Bike network – some general concerns were expressed regarding connectivity of the bike trail network.

I would like to express continued support for the Inspections Division. I believe that their efforts are making a significant difference in the safety and appearance of our community. I believe that the staffing increases in past years have been worth the investment and I hope that this staffing level can be maintained.

I would like to thank the city staff overall for their knowledge and passion regarding their specific areas of expertise, for their time in meeting with community members to listen and answer questions, and for their professional manner. We are very fortunate to be served by so many competent and caring individuals.

Sincerely,

Debbie Lee



**PROPERTY TAX LEVIES FOR 2012/2013**  
**For Taxes Payable July 1, 2012 to June 30, 2013**

	FY 2011/12 \$/\$1,000	FY 2012/13 \$/\$1,000	Change \$/\$1,000	Percent Change	% Of Total Levy
<b>Levy Authorities</b>					
<b>City of Ames</b>					
General City	6.00441	5.83418			
Debt Service	3.53194	3.52343			
Employee Benefits	0.67239	0.70627			
Transit	0.63491	0.65737			
<b>Total City Levy</b>	<b>10.84365</b>	<b>10.72125</b>	<b>(0.12240)</b>	<b>-1.13%</b>	<b>33.13%</b>
<b>Ames School</b>					
General School	11.98327	8.61443			
Management	0.63441	1.89884			
School House Voted	1.34000	1.34000			
Debt Service	0.23004	2.28935			
Physical Site	0.33000	0.33000			
<b>Total School</b>	<b>14.51772</b>	<b>14.47262</b>	<b>(0.04510)</b>	<b>-0.31%</b>	<b>44.72%</b>
<b>Story County</b>					
General Basic	3.50000	3.50000			
County Supplemental	0.61887	0.64179			
MH-DD Services	0.83071	0.86834			
Ag Extension	0.08340	0.08100			
County Hospital	0.27000	0.27000			
County Hospital FICA	0.03244	0.09217			
County Hospital IPERS	0.00000	0.09217			
County Hospital Ambulance	0.11806	0.11806			
Debt Service	0.54116	0.51824			
TB & Bangs	0.00320	0.00330			
City Assessor	0.21939	0.39685			
City Assessor	0.13136	0.00000			
<b>Total Story County</b>	<b>6.34859</b>	<b>6.58192</b>	<b>0.23333</b>	<b>3.68%</b>	<b>20.34%</b>
<b>DMACC</b>	<b>0.59018</b>	<b>0.58466</b>	<b>(0.00552)</b>	<b>-0.94%</b>	<b>1.81%</b>
<b>GRAND TOTAL ALL LEVIES</b>	<b>32.30014</b>	<b>32.36045</b>	<b>0.06031</b>	<b>0.19%</b>	<b>100.00%</b>

## COMPARISON OF CITY PROPERTY TAX VALUATIONS AND TOTAL LEVIES

VALUATION BASED ON JANUARY 1, 2011

CITY TAX LEVIES TO BE COLLECTED FISCAL YEAR 2012/13

CITY	CENSUS	RANK	VALUATION EXCLUDING TIF	GENERAL LEVY PER \$1,000	TOTAL CITY TAX LEVY/\$1,000	LEVY RANK	TAX BURDEN PER CAPITA		% CHANGE VALUATION PRIOR YEAR	% CHANGE TOTAL LEVY PRIOR YEAR
							GENERAL LEVY	TOTAL LEVY		
Waterloo *	68,406	5	\$ 2,290,335,896	\$ 8.10	\$ 18.21	1	\$ 271.20	\$ 609.70	6.41%	-1.73%
Council Bluffs *	62,230	7	2,349,585,815	8.10	17.85	2	305.83	673.95	-0.81%	0.00%
Iowa City *	67,862	6	2,946,951,863	8.10	17.27	3	351.75	749.96	4.46%	-3.20%
Des Moines	203,433	1	6,440,220,679	8.10	16.92	4	256.43	535.65	-2.18%	2.05%
Davenport *	99,685	3	3,947,966,201	8.10	16.78	5	320.80	664.56	2.10%	8.05%
Sioux City *	82,684	4	2,318,091,866	8.10	15.99	6	227.09	448.29	5.24%	-4.02%
Cedar Rapids *	126,326	2	5,687,145,890	8.10	15.22	7	364.66	685.20	2.58%	0.00%
Cedar Falls *	39,260	13	1,401,199,407	8.10	12.20	8	289.09	435.42	10.97%	-5.13%
West Des Moines	56,609	10	3,760,753,897	8.10	12.05	9	538.11	800.53	-0.71%	0.00%
Ankeny	45,582	11	2,077,447,740	7.03	12.03	10	320.40	548.28	2.43%	7.60%
Dubuque *	57,637	9	2,108,760,803	8.10	10.78	11	296.35	394.41	3.65%	3.16%
<b>Ames *</b>	<b>58,965</b>	<b>8</b>	<b>2,239,846,934</b>	<b>5.83</b>	<b>10.72</b>	<b>12</b>	<b>221.46</b>	<b>407.21</b>	<b>3.30%</b>	<b>-1.11%</b>
Urbandale	39,463	12	2,257,642,565	7.17	9.62	13	410.19	550.35	-3.52%	1.05%
Average Excluding Ames			3,132,175,219	7.93	14.58		329.33	591.36	1.60%	0.41%

\* Cities with local option tax