

CITY OF AMES, IOWA

2015 / 2016

BUDGET ISSUES

**for the
AMES CITY COUNCIL**

November 25, 2014

FISCAL YEAR 2015/2016 CITY COUNCIL BUDGET ISSUES

Near the beginning of each year's budget preparation cycle, the City Manager and Finance staff present City Council with a budget overview. This presentation has four main purposes:

1. Present the "big picture" of the coming year's budget, including factors that may impact Council's later decisions on the budget.
2. Share budget-related input and requests that have been received from local citizens and organizations.
3. Seek Council direction on select components of the budget (e.g., overall funding levels for human services and arts).
4. Receive any general funding or service level direction Council wishes to give for incorporation into the budget.

OVERALL ECONOMIC CONDITION OF THE CITY

The City's overall financial situation continues to remain relatively strong. For FY 15/16, we expect improvement in retail sales and overall property valuation to have a positive financial impact on the City budget. We anticipate that some of this positive impact will be offset by higher than average increases in health care, property and liability insurance costs, and the impact of the property tax reform.

Overall, we expect modest increases in assessed property valuations. An increase in the rollback rate will increase taxable valuation for residential property, while the second step of commercial and industrial property tax reform will reduce taxable value. Though the local economy continues relatively strong with employment rates and property valuation doing better than much of the country, recovery retail sales have lagged but appear to have finally recovered. Road use tax revenue from fuel sales is expected to equal the budgeted revenues for the current year, and the IDOT is forecasting a modest increase for FY 2015/16.

Interest revenues for the City have improved slightly but will very likely remain low for FY 15/16 as the Federal Reserve maintains a monetary policy that results in low interest rates. On the positive side, we expect to continue to issue G.O. Bonds at low interest rates.

GENERAL FUND

The General Fund balance ended FY 13/14 better than budgeted with the General Fund balance at 35% of expenditures, up from 23.3% in the adopted budget. Around \$1,600,000 of the approximately \$2,755,000 in excess balance is due to uncompleted projects which will be carried forward into the FY 13/14 adjusted budget. Major projects carried over include the second phase of City Hall improvements and the update to the Land Use Policy Plan. Two categories of revenue improvements – building permit revenue at \$538,445 and Hotel/Motel Tax revenue at \$182,470 – accounted for about two thirds of the net \$1,155,000 increase in the General Fund balance. The remaining third was distributed across various areas of revenue and expenditure in the fund.

The Council could decide to use some amount of the additional balance to subsidize operating costs and thereby reduce property tax levels in FY 15/16. However, as staff has warned in the past, this strategy would only lead to a larger increase the following year, since one-time monies would need to be replaced with a more permanent revenue source.

In similar past situations, the Council has wisely used these one-time increases in the available balance to fund one-time expenditures in the current year. This could include the possible purchase of capital items in FY 14/15 that would otherwise be budgeted in FY 15/16. This unexpected balance could also be used to address needed capital improvements at city hall, such as replacement of the roof (\$700,000) or replacement of the west parking lot (\$350,000 to 500,000).

To continue with current service levels, modest fee increases will likely be needed for some fee-based services and will be a part of the budget process. As in the past years, we also expect modest increases in fees related to recreation activities.

PENSION SYSTEM COSTS

FIRE AND POLICE RETIREMENT SYSTEM

Improved investment returns and changes in funding plans for the Municipal Fire and Police Retirement System of Iowa (MFPRSI) have resulted in a decrease in the City's pension contribution rate from 30.41% of covered wages in FY 14/15 to 27.77% in FY 15/16. The rate remains well above the City's minimum contribution rate of 17% and is expected to remain so in the foreseeable future. As expected, FY 14/15 was the peak contribution year for the City and we expect the City contribution rate to slowly fall in the future. The table below provides a summary of the contribution rates:

MFPRSI Contribution Rates

Effective Date	July 1, 2014	July 1, 2015
Employee Rate	9.40%	9.40%
Employer Rate	30.41%	27.77%
Combined Rate	39.81%	37.17%
% Of Contribution		
Employee	23.61%	25.29%
Employer	76.39%	74.71%

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. The IPERS retirement plan has also experienced improved investment returns and, with benefit adjustments, has been able to maintain the City contribution rate. The table below provides a summary of the contribution rates:

IPERS Contribution Rates

Effective Date	July 1, 2014	July 1, 2015
Employee Rate	5.95%	5.95%
Employer Rate	8.93%	8.93%
Combined Rate	14.88%	14.88%
% Of Contribution		
Employee	40.00%	40.00%
Employer	60.00%	60.00%

HEALTH INSURANCE

For several years, the City of Ames experienced health insurance increases of around 5% per year due to favorable claims experience and implementation of health insurance program changes recommended by the City's Health Insurance Team. More recently, less favorable claims experience and additional costs related to the Patient Protection and Affordable Care Act (PPACA) necessitated an 8% increase in health rates for the FY 13/14 budget and a 6% increase for the current year. Based on recent claims experience, we are building in a 9% increase in health insurance rates for the FY 2015/16 recommended budget. Even with the 9% rate increase and projected expenses, we expect a small draw down in the fund balance. However, the balance will still be above the requirements to maintain a self-insured plan and will provide adequate reserves to fund possible claims fluctuations. We will review the status of the plan again after the end of December and evaluate the need for a different increase.

ROLLBACK AND VALUATION (update from Iowa League of Cities special report)

“Assessment Limitation Order – Rollback and Major Changes to Iowa’s Property Tax System”, from information provided in the League of Iowa Cities Budget Special Report

The January 1, 2014 property valuation serves as the basis for calculating property taxes for FY 2015/16. Since 1978, residential and agricultural property has been subject to an assessment limitation order, or “rollback”, that limits annual growth of property values (all other classes of property were eventually added). Prior to the 2013 overhaul of the property tax system, property value growth was limited to 4 percent per year for agricultural, commercial, industrial and residential properties. If property values grew by

more than 4 percent, the taxable value was rolled back to comply with the assessment limitation system.

In addition, the rollback included a formula that tied the growth of residential property to that of agricultural property. This connection is commonly referred to as “coupling” and limited the valuation of either property class to the smaller of the two. Since the law’s inception, residential property has always been subject to significant rollbacks while the other property classes did not grow as much and were usually taxed at or near their full assessed value.

While the property tax rollback system remains in place, several major changes were made during the 2013 legislative session. For each assessment year beginning in 2013, residential and agricultural property value growth will now be capped at 3 percent, or whichever is lowest between the two classes (the coupling provision remains).

Commercial, industrial and railroad property will now have their own rollback, which will be 95 percent for valuations established during the 2013 assessment year (affecting FY 2015/16) and 90 percent for the 2014 assessment year and thereafter. The rollback percentage for these properties will remain fixed at 90 percent regardless of how fast or slow valuations grow.

The legislature created a standing appropriation, beginning in FY 2014/15, to reimburse local governments for the property tax reductions resulting from the new rollback for commercial and industrial property (railroad not included). The “backfill” was funded at 100 percent by the legislature for FY 2014/15, and cities receive the funds in a similar manner as property tax revenue. Future backfill appropriations will be capped at the FY 2016/17 level.

A new property class was established for multi-residential property, which takes effect in FY 2016/17 and will likely have long-term impacts for many cities around the state. The definition of multi-residential property is broad and includes:

- Mobile home parks
- Manufactured home communities
- Land-leased communities
- Assisted living facilities
- Property primarily used or intended for human habitation containing three or more separate living quarters

Under a recent interpretation by the Iowa Department of Revenue, for a mixed use building not otherwise classified as residential property, that portion of the building that is not used or intended for human habitation may now be classified as a multi-residential property, even if human habitation is not the primary use of the building.

The following rollback percentages will be phased in over eight years, beginning in budget year FY 16/17. **There is no backfill provision for this class, and estimated valuation**

in Ames is \$124 million. This will lead to a reduction of property tax dollars of approximately \$185,000.

Multi-Residential Property Rollback Schedule	
January 1, 2015	86.25%
January 1, 2016	82.5%
January 1, 2017	78.75%
January 1, 2018	75%
January 1, 2019	71.25%
January 1, 2020	67.5%
January 1, 2021	63.75%
January 1, 2022 and thereafter	same as residential

Other changes include a new business property tax credit funded by the State that can be claimed by commercial, industrial and railroad property owners and an extension of the Property Assessment Appeal Board to 2018. With the sweeping changes to the property tax system, it will be challenging for the City to accurately forecast how the budget will be affected.

Rollback Percentage Rates

Property Class	FY 2013	FY 2014	FY 2015	FY 2016
Residential	50.7518	52.8166	54.4002	55.7335
Com. & Ind.	100.0000	100.0000	95.0000	90.0000

AIRPORT IMPROVEMENTS

The Capital Improvements Plan included the construction of a new large hangar to temporarily house aircraft visiting Ames, as well as a new 6,500 square foot terminal building. The Plan calls for these improvements to be built in FY 2015/16. A critical component of this \$3,300,000 project is the expectation that the City, ISU, and the private sector will share equally in the financing of these improvements, after taking into account the anticipated support from federal and state revenue sources (\$600,000). This obligation amounts to approximately \$867,000 from each of the funding partners. This cost sharing arrangement established by the City Council was influenced by user input regarding who would be using the new facilities the most.

City staff has been working closely with representatives from the ISU administration and the private sector to determine if these funding expectations are achievable. It appears it may be difficult for the private sector and the University to contribute \$866,000 each to the City in cash. **However, staff is alerting the City Council that other funding strategies are being explored to facilitate the completion of these improvements. Staff’s goal in developing these alternative strategies is to not increase the tax subsidy for this project.**

To accomplish this, the three parties are working to develop alternative ways to finance the airport improvements. For example, the University may be able to make its existing hangar available to the Fixed Base Operator at the Airport for maintenance operations. That facility, coupled with the new terminal and hangar, would likely result in additional net user revenue to the Airport to help pay debt service costs for these improvements. In addition, the University could agree to increase its land lease payments at the Airport or to free up vacant leased land for other airport users to lease, which could also result in additional net revenue to finance a portion of these improvements. Another option being seriously explored is for the private sector to fully fund and construct the hangar itself, after which the hangar would be gifted to the City. **The staff intends to present a new financing strategy to the Council before final budget decisions are made in February 2015.**

EAST LINCOLN WAY INDUSTRIAL DEVELOPMENT

A major goal of the City Council is to *Promote Economic Development*. Towards this end, staff has an objective to pursue development of the industrial park opportunity east of Interstate 35 along Lincoln Way.

In FY 2012/13, the previous City Council approved a 0.7% water rate increase and a 4.2% sanitary sewer rate increase to finance the extension of these City utilities east to 590th Street. However, actual construction was deferred, since the City Council had no specific economic development project against which to evaluate the benefits and costs of those investments. Those costs were \$800,000 for the water main extension (which is now estimated at \$900,000) and \$3,500,000 for the sanitary sewer extension (now estimated at \$3,800,000).

The Council then took action to be in a position to respond more rapidly should a specific economic development project be identified along East Lincoln Way in the near future. In the FY 2014/15 revised budget, Council approved funds to extend the City's existing sanitary sewer line to just east of the Interstate 35. However, this investment of approximately \$2,400,000 was not to take place until a service territory buy-out agreement was reached with the Central Iowa Water Association (CIWA). **To accomplish that task, a proposed agreement is being finalized for transmittal to the CIWA by as early as next week. There is no way to predict how long it will take to reach a mutually acceptable buy-out agreement.**

At the October 7, 2014 Town Budget Meeting, the Director of the Ames Economic Development Commission requested that the City Council consider moving ahead with the design of the water and sanitary sewer extensions to 590th Street to avoid delays when a specific proposal brought forward.

LOCAL OPTION SALES TAX – Estimated Revenue

For the current year, local option sales tax receipts are expected to be \$7,996,943, up \$874,588 or 12.3% from the adopted budget. Last year's early numbers indicated a recovery in local option sales tax collections that has now materialized. All of the increased local option revenue for the current year is due to the adjustment payment received earlier this month. The adjustment payment reflects an underestimate of local option sales tax

revenue by the Iowa Department of Revenue and Finance for FY 2013/14. Had that amount been distributed in FY 2013/14, we would have ended the year slightly above the adopted budget instead of well below. At this point, staff forecasts that local option sales tax revenue for FY 2015/16 will up five percent from the FY 2014/15 adopted budget, or \$7,484,605.

A summary of the Local Option Sales Tax Fund with an illustrative option for the FY 2015/16 budget is included as Attachment 1. That summary is by no means a recommendation for the upcoming budget. Though we do not need budget decisions for specific entities at this time, staff is requesting Council direction on total funding levels for COTA, as well as total funding direction for other outside organizations.

ASSET – Human Services Funding

City staff typically requests ASSET funding as part of the November budget overview. The request is for an overall percentage increase for the City's contribution to the ASSET process.

This information is not needed for the volunteers until later in December. By waiting until December, the City staff will have time to get direction from the other funders, including Story County and United Way, regarding their funding considerations. Neither Story County nor the United Way will have information until after December 15. In fact, the United Way Board will not meet on its ASSET funding until December 18, which is after the last City Council meeting in 2014. The City Council will need to proceed ahead of Story County and United Way, but would have some basic guidance in early December from both United Way and Story County to help the Council set its percentage increase for 2015/16.

Additionally, this year ASSET has two agencies that are making budget revisions for 2015/16 at the request of ASSET. Those requested changes are not due into ASSET until Friday, November 28. **At this time, staff has determined it is best to wait to bring the City Council detailed information by funding priorities until the December 9 meeting. Therefore, the Council is not being asked to make any decisions on ASSET funding at the November 25 meeting.**

COTA – Performing Arts Funding

The Commission on the Arts (COTA) allocation for FY 14/15 is **\$144,401**, which was 2.5% higher than the \$140,879 allocated in FY 13/14. For FY 15/16 COTA organizations have requested funding in the amount of **\$173,476** (excluding special Spring and Fall Grants). This is a 24% (\$33,246) increase over the FY 14/15 appropriation.

For FY 15/16, a range of options is possible. For example, Council could consider a 2% increase that would total **\$147,289**, or a 5% increase that would total **\$151,621**.

No new groups have applied for COTA funds for FY 15/16. Again, there are many options available, including full funding of the request or funding some other amount.

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 slightly higher than the budgeted amount for FY 14/15 and to increase by 1.0% for FY 15/16. These forecasts do not assume any changes in the fuel tax rate.

CYRIDE

As Iowa State University student enrollment grows, CyRide ridership is expected to continue to increase to around 7 million rides this year, with a sustained ridership level at or above this level for the next several years. Current information indicates that 90% to 91% of the riders are ISU students. The Transit Board of Trustees discussed the three-party funding agreement this past fall and reconfirmed current shares, with the City providing 24% of the local dollars needed to fund CyRide. The Board meets on December 4, 2014, to engage in further discussion on the budget, with final adoption of its budget in January 2015.

FUNDING REQUESTS FROM OUTSIDE ORGANIZATIONS

City staff accepts applications from outside organizations wishing to receive Local Option Sales Tax funds for their organizations' operations. This process is known as the Ames Fall Grant Program. The City Council has exempted the Ames Economic Development Commission's business development partnership and the Ames/ISU sustainability coordinator from this process, since those activities are conducted in an official capacity on behalf of the City government.

The total amount allocated for 2014/15 was \$147,000. However, those requests included \$11,500 in one-time funding for the Ames 150 Steering Committee and \$7,000 in one-time funding for MSCD's sesquicentennial activities. Additionally, the \$8,000 allocated to VEISHEA was not spent due to the cancellation of VEISHEA. The total 2015/16 request is \$154,100, which is a 4.8% increase over the 2014/15 total. It is a 27.9% increase over the 2014/15 amount when one-time activities and VEISHEA are excluded.

Organization/Program	14/15 Funding		15/16 Request	% Change over 14/15 excl. one-time requests
	Excluding One-Time Requests	With One-Time Requests		
Ames 150 Steering Committee	\$ --	\$ 11,500	\$ --	--
Ames Historical Society	24,000	24,000	35,000	45.8%
Ames Partner City Association	5,000	5,000	5,000	0%
Campustown Action Association	25,000	25,000	30,000	20.0%
AEDC (Buxton Market Study)	7,500	7,500	7,500	0%

Organization/Program	14/15 Funding		15/16 Request	% Change over 14/15 excl. one-time requests
	Excluding One-Time Requests	With One-Time Requests		
Hunziker Youth Sports Complex	26,000	26,000	26,600	2.3%
ISU Homecoming	1,000	1,000	1,000	0%
*Main Street Cultural District	32,000	32,000	49,000	53.1%
MSCD – Sesquicentennial Activities	--	7,000	--	--
VEISHEA	--	8,000	--	--
TOTAL	\$ 120,500	\$ 147,000	\$ 154,100	27.9%

**As of the writing of this report, MSCD had not yet submitted its official application. City staff offered MSCD additional time to complete the application due to the timing of the City Council's discussion regarding the funding process required for MSCD. However, MSCD indicated in its letter to the City Council that it would request \$49,000 for the 2015/16 fiscal year.*

We have not assumed that the City Council will approve these requests. The past practice has been to include the requests and amount approved for the prior fiscal year in the recommended budget. However, the 2014/15 fiscal year was the first year with one-time requests (sesquicentennial activities), and VEISHEA is no longer anticipated to occur. **Therefore, unless Council gives other direction, the 2014/15 funded total excluding the one-time activities and VEISHEA will appear in the 2015/16 recommended budget (\$120,500).**

Town Budget Meeting

On October 7, 2014, the annual Town Budget Meeting was held. Minutes from the meeting, and related letters, are included as an attachment 2 to this document.

City Council Input

Service Level Increases

Service Level Decreases

Other Directions & Requests

ATTACHMENTS

Attachment 1 – Local Option Tax Summary

Attachment 2 – Town Budget Meeting Minutes

Attachment 3 – Comparison of City Property Tax Valuations and Total Levies

Attachment 1

LOCAL OPTION SALES TAX FUND SUMMARY

	FY 14/15 Adopted	FY 14/15 Adjusted	5% Increase COTA/ASSET FY 15/16 Estimated	
Revenues				
Local Option Sales Tax	\$ 7,122,355	\$ 7,996,943	\$ 7,484,605	
Transfer from Hotel/Motel	94,286	100,100	101,230	
Grants	-	-	-	
Other Revenue	-	-	-	
Total Revenues	<u>7,216,641</u>	<u>8,097,043</u>	<u>7,585,835</u>	
Transfers				
Ice Arena	20,000	20,000	20,000	
60% Property Tax Relief	4,273,413	4,798,166	4,490,763	
Total Transfers	<u>4,293,413</u>	<u>4,818,166</u>	<u>4,510,763</u>	
Expenses				
Human Service Agencies	1,139,227	1,139,227	1,196,188	(1)
Commission on the Arts	144,401	144,401	151,621	(2)
City Council Spec. Alloc.	144,500	144,500	133,000	(3)
Human Services Admin	16,769	16,769	17,272	
Public Art	37,000	33,500	33,500	(4)
Municipal Band	29,441	29,441	30,324	
	-	-	-	
Total Expenses	<u>1,511,338</u>	<u>1,507,838</u>	<u>1,561,905</u>	
Net Increase/(Decrease)	1,411,890	1,771,039	1,513,167	
Beginning Balance	<u>2,592,233</u>	<u>5,810,904</u>	<u>3,310,824</u>	
Available for CIP	4,004,123	7,581,943	4,823,991	
CIP Projects	<u>1,426,675</u>	<u>4,271,119</u>	<u>1,958,175</u>	(5)
Ending Balance	2,577,448	3,310,824	2,865,816	
Reserve For Park Dev.	582,073	582,073	666,329	(6)
Avail Un-Resv Fund Bal.	<u>\$ 1,995,375</u>	<u>\$ 2,728,751</u>	<u>\$ 2,199,487</u>	(7)

- (1) FY 14/15 Adopted Plus 5% As Example
- (2) FY 14/15 Adopted Plus 5% As Example
- (3) FY 14/15 Funding Level Less Ames 150 as Example
- (4) City Council will receive request for Public Art funding in January 2014
- (5) Estimated CIP From Prior Plan, Still Reviewing Projects
- (6) Park Development Fund Rolled Into LOT beginning FY 10/11
- (7) Does not include any reserve of Fund Balance for fluctuations in revenue

**TOWN BUDGET MEETING
OCTOBER 7, 2014**

Present:

Dan Culhane, representing the Ames Economic Development Commission, 304 Main Street

Tim Gartin, 2948 Eisenhower Circle

Sharon Guber, 2931 Northwestern Avenue

Kim Hanna, representing the Campustown Action Association, 200 Stanton, Suite 102

Dinah Kerksieck, 621 Garden Road

Nancy Marks, representing the League of Women Voters, 1625-24th Street

Joanne Pfeiffer, 3318 Morningside Street

Catherine Scott, 1610 Roosevelt

City Manager Steve Schainker welcomed the audience and explained the process for developing the FY 2015-16 City Budget. He explained that residents will be asked tonight to explain where they would like to see more expenditure or less expenditure. Viewers on television were encouraged to call in using the telephone number 239-5214. In addition, residents can contact members of the City Council with their requests.

Mr. Schainker introduced Mayor Ann Campbell, Council Member Tim Gartin, and City staff members Duane Pitcher, Finance Director; Nancy Masteller, Budget Officer; Melissa Mundt, Assistant City Manager; Brian Phillips, Management Analyst; Susan Gwiasda, Public Relations Officer; and Diane Voss, City Clerk.

The budget calendar was explained by City Manager Schainker. The first step in the budget process is the Resident Satisfaction Survey, which will be presented to the City Council on October 28. Staff members from each City Department have started gathering information on their capital improvements and operating budgets. Mr. Schainker emphasized that this meeting was to gather input from the community. In November, the Council will provide guidance on its budget priorities. Staff will put together the next fiscal year's budget in November and December. On January 20, 2015, the recommended Capital Improvements Plan will be presented. On January 27, public comments on the Capital Improvement Plan will be accepted. On January 30 and February 3, 4, and 5, the City Budget will be presented. The final wrap-up will be on February 10. The final budget hearing and adoption of the budget will be held on March 3. Budget amendments will be adopted in May for the fiscal year ending June 30, 2014. Finance Director Duane Pitcher noted that this year, another step will be added: On October 28, 2014, staff will present the carry-overs. Nothing new will be added; this is just to address the expenses budgeted for, but not yet expended.

Finance Director Duane Pitcher provided an overview of the budget. He explained that the City of Ames makes up only one-third of a typical resident's property tax bill. Growth in the City helps reduce the property tax rate. Mr. Pitcher explained the rollback provision and how it affects taxes. The City also collects a 1% sales tax, which goes for property tax reduction and community betterment projects. The current tax rate is \$10.86 per \$1,000 of property value. About 45% of the City's budget is for charges for services (primarily utilities). The utility rates

are used solely to fund those programs. Property taxes comprise less than 15% of the City's budget. Bond proceeds vary from year to year. After transfers, total budget revenue is about \$223 million.

Mr. Pitcher explained that the City's property tax is comprised of multiple levies. The general levy is \$5.83. The state limit is \$8.10 and most cities levy that amount. Mr. Pitcher explained that the City had been very good about not using all of the available levy. A Trust and Agency levy covers certain employee fringe benefits, the Transit levy is the City's contribution to CyRide, and there is a Debt Service levy. A resident with a home valued at \$100,000 would pay approximately \$591 in Ames property taxes in the current year. Mr. Pitcher identified where the \$591 goes towards different City services. The largest portion goes to Streets/Traffic and protective services (Police and Fire). He compared the property tax rate to other large cities in Iowa. Almost every other large city in Iowa is at the \$8.10 limit. Ames is 12th out of the group of 13 large cities in the ranking of total tax levy.

Public Input:

Kim Hanna, Director of the Campustown Action Association, 114 Welch Avenue, asked, in the interest of safety, to have street lights uniformly spaced throughout the Campustown District.

Representing the Ames Economic Development Commission, Dan Culhane requested that the City strongly consider annexation of land east of Highway 30 for industrial expansion and for a Master Plan to be created for the East Industrial Area. He acknowledged that there will be some issues, one of which will be the Central Iowa Rural Water District. Mr. Culhane also urged the City to extend Grand Avenue to help alleviate traffic congestion on Duff Avenue. He asked that modernizing the Ames Airport (terminal, hangar, runway) also be made a funding priority.

Dinah Kersieck, 611 Garden Road, Ames, requested that the bike path/sidewalks be installed on the west side of South Duff from the bridge to South 5th Street and around the corner to the Boys and Girls Club.

Sharon Guber, 2931 Northwestern, Ames, expressed concerns about the issues that she had been hearing concerning the Copper Beech apartment complex construction. She questioned whether there are enough inspectors and police officers for all the apartment complexes that are being constructed.

Joanne Pfeiffer, 3318 Morningside Street, Ames, expressed a desire for the City to do a better job at dealing with property maintenance and deteriorating sidewalks. Mr. Schainker explained that the property maintenance issue could be dealt with by encouraging the City Council to adopt certain standards, which then gives staff the authority to enforce those standards. Deteriorating sidewalks should be brought to the attention of City staff.

Kim Hanna also requested the creation of safe pedestrian crossings on Stanton and Lincoln Way.

Catherine Scott, 1610 Roosevelt, Ames, expressed concerns about the City losing many street trees due to the Emerald Ash Borer infestation. Noting that the City has been recognized as a "Tree City," she would like funds to be allocated to replace those trees. City Manager Schainker

stated that the management plan for dealing with the Emerald Ash Borer infestation and replanting of trees will be presented at the City Council's meeting scheduled for October 14. The estimated cost to implement the plan will be \$3 million; this amount will be spread over a number of years.

Ms. Scott also asked that the snow plowing route be mapped in real time on the City's Web site, similar to what is done for hydrant flushing.

Mr. Schainker thanked the attendees. He noted that if residents have additional input, there is plenty of time to attend future meetings or contact the Mayor and City Council.

The meeting concluded at 7:46 p.m.

Council Member Gartin noted that a citizen had texted him during the meeting to request that sufficient funds be allocated for trail maintenance.

Scribe: Diane Voss, City Clerk

From: Debra Lee <deblee58@yahoo.com>
To: Steve Schainker <sschainker@city.ames.ia.us>
Cc: Jeff Benson <jbenson@city.ames.ia.us>
Date: 10/07/2014 11:02 AM
Subject: Contribution to budget planning conversation

Steve,

I had planned to attend tonight's budget session, but other obligations are calling. My requests/observations are:

For Oak-to-Riverside Neighborhood:

- 1) Request for swing sets for O'Neil Park as previously communicated to Keith.
- 2) While unable to articulate specific needs at this point, it seems pretty easy to foresee that the apartment construction on the Riverside Manor nursing home property will create traffic control requests related to the following:
 - Cars entering South 4th Street at a point where vision is obstructed for drivers travelling eastbound on South 4th (coming around the curve just east of the Squaw Creek bridge).
 - Pedestrians crossing South 4th at uncontrolled intersections or jay-walking in order to reach CyRide stops on north side of South 4th. This is already a problem with residents in the existing apartment building at South Maple and South 4th. Again, drivers are just beginning to speed up after the curve right at the point where pedestrians are crossing.
 - Drivers choosing to exit new complex onto South Maple, resulting in issues at the South Maple/South 4th intersection and increased traffic/speeding problems on South Maple between South 4th and Lincoln Way.
 - Increased demand for CyRide capacity on the Blue (#3) route.

Please consider proactive steps, such as:

- Installation of a traffic signal at the intersection of South Maple and South 4th.
- Procedures to slow eastbound traffic as drivers come around the curve near the Squaw Creek bridge.
- A technique to provide for pedestrian protection as pedestrians cross South 4th Street in this area.

South 4th Street has historically been used as an alternative 'neighborhood outlet' to avoid turning into heavy traffic on Lincoln Way. My sense is that traffic flow on South 4th has gradually increased over the years and I am concerned that addition of these new apartment buildings will bring the situation to a tipping point in a negative direction for our neighborhood. I am not trying to be an alarmist. Just commenting on the impact on the livability of this area.

For the community as a whole:

My primary concern is that we continue to develop and maintain infrastructure to maintain quality of life with the significant, rapid population increase we have recently experienced.

When you talk to folks who have moved to Ames from other communities, it seems one of the most frequent favorable comments has been how quickly you can get around town. I am very supportive of whatever road construction and traffic management features we can put in place to keep this statement true.

My knowledge is incomplete regarding other services where capacity is important (electric, sewer, water, etc), but my sense is that you have been ahead of the game in those areas. My primary theme, however, remains to examine all areas of city services and to consider what may need to expand to address recent population increases. I also support devoting resources to the land use planning policy update, which I see as an activity related to my general concern.

Thank you for inviting comments regarding the budget planning and for all the time and energy you put into thinking about and working for the betterment of our community.

Sincerely,
Debbie Lee



October 7, 2014

Mr. Steve Schainker, City Manager
City of Ames
515 Clark Ave.
Ames, IA 50010

RE: Town Budget Meeting

Mr. Schainker,

I submit the following for your consideration as you, Mayor Ann Campbell, and the City Council begin budget preparations for fiscal year 2015/2016. The Ames community has enjoyed significant momentum related to economic development in recent years and I respectfully submit the following items that the Ames Economic Development Commission (AEDC) believes will augment economic development here in the Ames community for many years to come.

Eastern Annexation – The AEDC continues to support the annexation and deployment of infrastructure along the Lincoln Way corridor from Barilla east to 590th Street. While we recognize that a solution will be required with Central Iowa Rural Water Association, we urge the City of Ames to continue to plan, design, and ready itself to deploy the necessary infrastructure into this area where we believe significant capital investment and job creation can occur.

Master Plan – In conjunction with annexation to the east and deployment of infrastructure the AEDC also respectfully asks the City of Ames to consider the development of a master plan for the land east of the corporate limits of Ames. The boundaries of this plan would be Interstate 35 on the west, 590th Street on the east, 13th Street on the north, and U.S. Highway 30 on the south. Having a master plan at our disposal would allow for the most efficient use of this area, which we believe has tremendous potential for further development allowing for new tax base and new job creation.

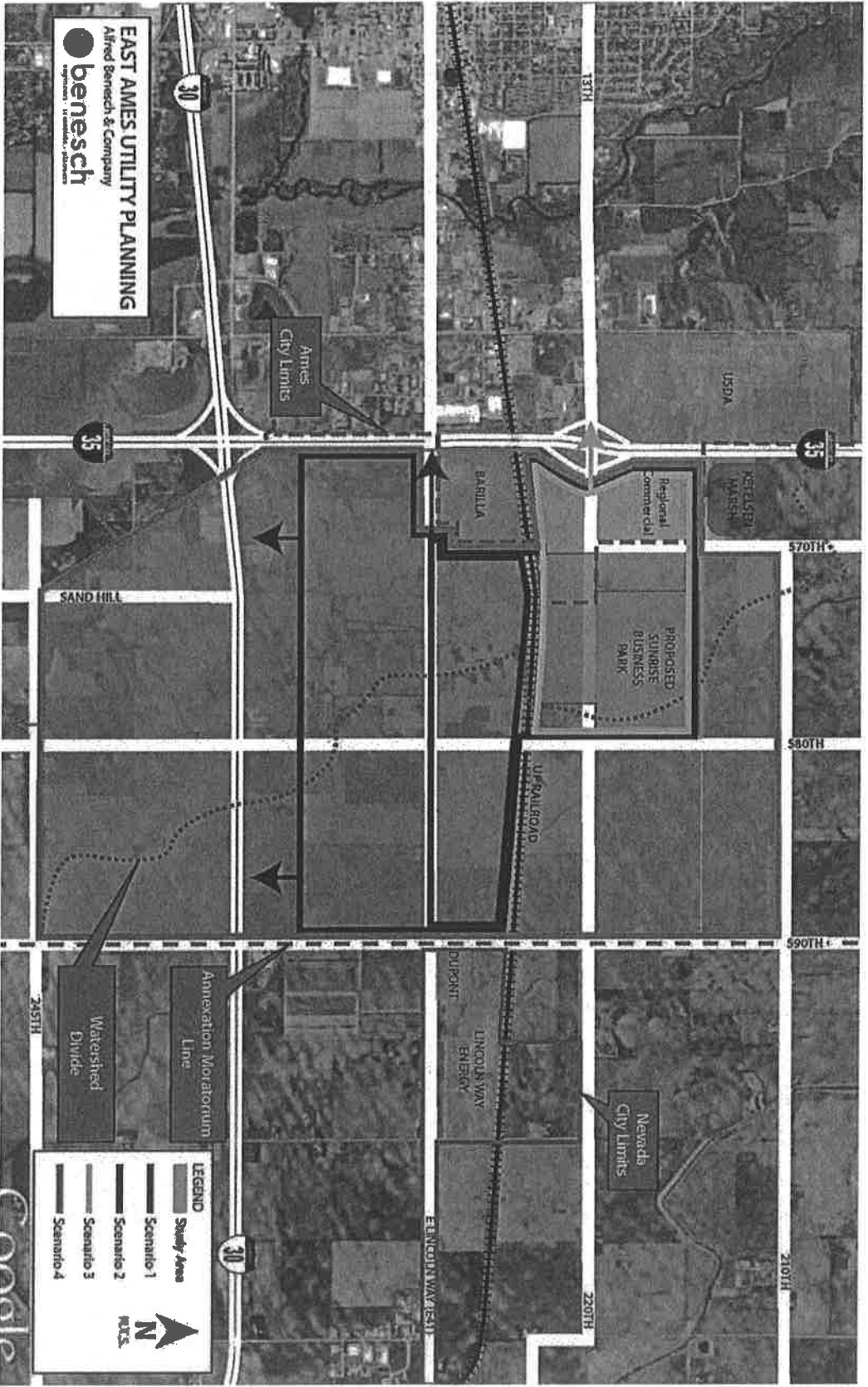
The AEDC appreciates the strong partnership it enjoys with the City of Ames. It is our desire that these two requests receive full consideration as the budget process evolves.

Sincerely,

A handwritten signature in black ink, appearing to read 'D. Culhane', written over a horizontal line.






Daniel A. Culhane, CCE, CEcD
President & CEO
Ames Economic Development Commission

CC: Lisa Lorenzen, Chair, AEDC





EAST AMES UTILITY PLANNING
 Alfred Bernsch & Company
benesch
 a subsidiary of **STANTEC INC.**


LEGEND

-  Study Area
-  Scenario 1
-  Scenario 2
-  Scenario 3
-  Scenario 4

Annotations:

-  Annexation Moratorium Line
-  Watershed Divide

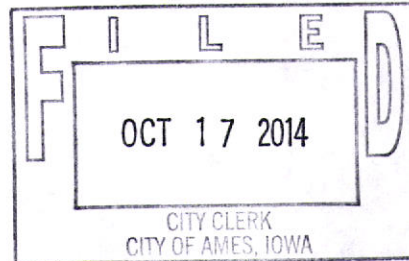
Orientation:

 N
 RTS

PKTS. 10-17-14



10/17/14



Dear Mayor and City Council,

I am submitting a letter to you requesting a change in procedure for the Main Street Cultural District funding process. In the past years, the MSCD has been required to apply for a grant from the city for support funding followed by a contract. It has been recommended to us by the certification staff of the MSI (Main Street Iowa) in August to request a change in this process. Specifically, they suggested removing the need for a grant application. In order to belong to MSI, it is a requirement for the City of Ames to be an active and viable source of revenue for the membership of the MSCD in MSI. It is the MSCD's hope that you will find this a reasonable request making the process more efficient and less cumbersome for both parties involved.

I have enclosed a list that outlines our goals, services and activities along with preliminary 2015 budget numbers. The MSCD promotes a healthy prosperous downtown, which results in real and tangible benefits to the community residents, service providers, financial institutions, retail businesses throughout the community and the city government.

We would like to request from the city their support in the amount of \$49,000.00 for 2015-2016. The basis for this substantial increase is due to the very large event expenses we are incurring to present Oktoberfest, Firefly Country Night and Foodies and Brew. All events have been very successful and we would like to continue bringing these types of events to Main Street. These events have been widely appreciated, successful and brings to downtown community members and people from surrounding areas. Our event expenses in 2014 for those three events alone came in around \$85,000.00. Oktoberfest was a two day event. It will go back to a one day event in 2015 and budget estimates at this point in time will be approximately \$55,000.00 for the three events. Our **total** 2015 event expense budget, which includes the downtown beautification expenses, will be right around \$70,000.00. The estimated total expense budget for both event *and* administration for 2015 is \$129,600.00. It is a *huge* undertaking for our small organization to meet sponsorship goals each year.

The MSCD has taken on these high risk and expensive events for many reasons. Two very important ones are listed below.

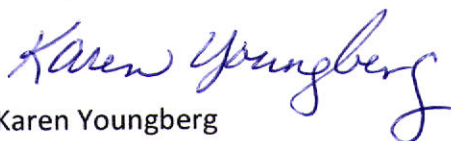
1. It is important to have events such as these if we want to provide entertainment "at home" instead of our community (and the surrounding areas) always looking to Des Moines for quality entertainment. A good thing to have for young professionals coming into the area.
2. It is a long range goal of the MSCD to have events which create enough profit to allow us to come to the city with contributing funds in order to partner for continued improvements and beautification. Examples: Downtown public restrooms, east end of Main Street beautification, better way-finding signage to Main Street, etc.

I would also like to take a moment to review with the City of Ames the amount of Challenge Grant money two downtown businesses have been awarded recently from IEDA. Caleb Mathews was awarded \$100,000 in 2012 for the remodeling/renovations of 232 Main Street and Haila has just been awarded Challenge Grant money in the amount of \$75,000.00 for their remodeling/renovation of 413 Kellogg. Our membership with MSI has been proven to be of great benefit and value for our downtown district. Only Main Street Iowa members are eligible for this grant. MSI suggestions and recommendations help us to be a more organized and effective MSCD. We are required every year to meet MSI certification.

As always, the MSCD is very thankful for its relationship and support with the city. We have grown and spruced up quite a bit since 2004 when the city first began its support. The façade program is another huge factor in downtown looking better over the past couple of years.

Ames is a shining star as a Main Street Iowa Community. Thank you for considering our request and your continued support of the Main Street Cultural District. I am available at your request for further questions or discussion.

Sincerely,



Karen Youngberg

Treasurer MSCD

MAIN STREET CULTURAL DISTRICT SERVICES AND ACTIVITIES

July 2015- June 2016

Mission: To advance and promote downtown Ames as the destination district in the heart of our community.

Goals:

- Showcase the vitality of arts and cultural venues, unique businesses and the heritage of downtown Ames, which adds to the quality of life for residents and visitors.
- Organize event and retail promotions that increase customer patronage of the district.
- Enhance partnerships amount the public and private sectors in retail, culture service and hospitality
- Maintain an environment with green spaces, public art, well-designed window displays and convenient access for visitors.
- Promote historic preservation of buildings and infrastructure through second use projects, upper story renovation, façade improvement, residential development and new construction.
- Retain current and recruit new businesses to create a healthy balance and variety of retail, professional and service entities

City supported services and activities to support these goals:

- Plan, organize, promote and carry out Art Walk, Music Walk and Snow Magic
- Partner with community organization, City of Ames or other entity to organize 4th of July parade
- Plan, organize, promote and carry out Firefly County Night concert, Foodies and Brew concert and festival, and Oktoberfest concert and festival
- Assist the City of Ames to invite applications for Façade Improvement Program and in ranking applications as needed.
- Assist property and businesses owners in obtaining information and support for property improvements
- Maintain website and Facebook to provide information on business types and locations, cultural venues, community events, volunteer opportunities, etc.
- Maintain current investors and solicit new investors, including partnerships with event sponsors.
- Encourage and support property and business owners to obtain historical information, expertise and financial incentives to take historic preservation approach on building improvements.
- Assist City of Ames in obtaining input on City initiatives, programs and policies that affect the Main Street Cultural District
- Serve as the point of contact for requests for maintenance in the right of way within the Main Street Cultural District.
- Lead beautification efforts within the District, including flower plantings within rights of way and decorative lights on buildings.

- **Activities to retain current to recruit new businesses and tenants**
- **Organize, promote and carry out periodic meetings of business owners in the District**
- **Maintain artist paintings on benches**
- **Inform Main Street businesses of IEDC Challenge Grant and assist with application process**

MSCD PRELIMINARY 2015 BUDGET

Revenue Sources

Dues \$31,000

City of Ames \$49,000

Sponsorships \$49,600

\$129,600

Event Expense and Beautification \$72,000

(Includes Octoberfest, Foodies and Brew, Firefly Country Concert @ \$55,000)

(Annual Meeting, Art Walk, Music Walk, Snow Magic, Spring Swing, 4th of July Parade @ \$11,750)

(Beautification @ \$5,250)

Administrative Expenses \$55,300

Misc. Expense \$ 2,300

(Dollar Days for January and July, Membership expense, Marketing expense, Business Development)

\$129,600

COMPARISON OF CITY PROPERTY TAX VALUATIONS AND TOTAL LEVIES

VALUATION BASED ON JANUARY 1, 2013

CITY TAX LEVIES TO BE COLLECTED FISCAL YEAR 2014/15

CITY	CENSUS	CENSUS RANK	TAXABLE VALUATION	GENERAL LEVY PER \$1,000	TOTAL CITY TAX LEVY/\$1,000	TAX BURDEN PER CAPITA		% CHANGE VALUATION PRIOR YEAR	% CHANGE TOTAL LEVY PRIOR YEAR
						GENERAL LEVY	TOTAL LEVY		
Waterloo *	68,406	5	\$ 2,238,493,876	\$ 8.10	\$ 17.95	\$ 265.06	\$ 587.39	-4.47%	2.63%
Council Bluffs *	62,230	7	2,408,630,960	8.10	17.75	313.51	687.02	1.10%	0.00%
Iowa City *	67,862	6	3,114,066,554	8.10	16.71	371.69	766.79	3.10%	-0.59%
Des Moines	203,433	1	6,531,043,284	8.10	16.92	260.04	543.20	-0.98%	0.00%
Davenport *	99,685	3	4,000,636,153	8.10	16.78	325.08	673.43	-0.31%	0.00%
Sioux City *	82,684	4	2,272,255,044	8.10	16.36	222.60	449.59	-0.10%	0.68%
Cedar Rapids *	126,326	2	5,867,857,446	8.10	15.22	376.25	706.97	1.99%	0.00%
Cedar Falls *	39,260	13	1,497,708,339	8.10	11.81	309.00	450.53	-8.11%	-1.75%
West Des Moines	56,609	10	4,013,096,804	8.10	12.05	574.22	854.24	2.28%	0.00%
Ankeny	45,582	11	2,237,520,312	7.03	11.90	345.09	584.14	4.59%	-1.08%
Dubuque *	57,637	9	2,250,099,910	8.10	11.03	316.22	430.60	3.64%	0.00%
Ames *	58,965	8	2,353,356,218	5.83	10.86	232.68	433.43	1.18%	0.00%
Urbandale	39,463	12	2,389,785,250	7.12	9.72	431.17	588.62	1.31%	1.57%
Average Excluding Ames			3,235,099,494	7.93	14.52	342.49	610.21	0.56%	0.41%

* Cities with local option tax