

March 5, 2001

Honorable Mayor and
Members of the City Council
City of Urbandale, Iowa

Re: 2002-2003 Operating Budget

I am pleased to present to the City Council the FY2002-03 operating budget for the City of Urbandale. This budget represents the City's operating plan for the fiscal year beginning July 1, 2002 and ending June 30, 2003. It was prepared in conformance with the Code of Iowa and the City's fiscal performance goals. At its meeting of March 5, 2002, the City Council will conduct a public hearing to review and approve the FY2002-03 operating budget.

The recommended FY2002-03 budget has been shaped by several significant factors. These key elements include the following:

1. Personnel – In order to address staffing concerns in three departments, a limited number of new positions will be created in FY2002-03. In the Fire Department, three new Paramedic/Firefighter positions will be added. In the Parks and Recreation Department, two full-time Laborers will be added to the parks maintenance staff. In Finance and Records, a part-time Finance Assistant position will be converted to full-time status. The revised FY2001-02 budget would also provide for the creation of a new Building/Property Maintenance Inspector position. This position had originally been budgeted as an Assistant Community Development Director. The recommended budget will also emphasize staff training, employee safety and staff wellness. In Fire and EMS, medical evaluations, TB tests, flu shots and respirator protection screening will be provided. In General Support, the safety program will be continued and the wellness program will be expanded.
2. Infrastructure – The improvement of the City's infrastructure, including public buildings, will be emphasized in FY2002-03. In Police, heat pumps will be replaced at the Police Station. In Fire, a carbon monoxide ventilation system will be installed at Station No. 1. In Library, a comprehensive maintenance program will be continued for the buildings' mechanical plant. In Parks, a multi-year bike path improvement program will be initiated and additional land will be acquired for the Walnut Creek Regional Park. In Swimming Pool, the building's fascia will be repaired, the exterior doors will be replaced and the pool's plaster will be repaired. In Sanitary Sewers, significant repair and rehabilitation work will be conducted on the sanitary sewer system. Additionally, several lines will be

televised to identify potential repair needs. In Storm Sewers, the multi-year drainageway improvement program will be continued. In Roadway Maintenance, several overlay, repair and seal coating projects will be performed. In Engineering and Public Works Administration, a roof preventative maintenance program will be initiated for all of the City's buildings and the Public Works Facility will be upgraded. In Transit, the City will pay its proportionate share of the cost for the acquisition of twenty-one new buses.

3. Technology – The use of technology to enhance service delivery will continue to be emphasized in the upcoming fiscal year. Based on the recommendations of the Technology Strategic Plan, a desktop modernization program will be initiated. This program will provide for new desktop computers and support hardware and software for the City Manager's Office, the Department of Engineering and Public Works, the Parks and Recreation Department, the Fire Department, the Police Department and the Community Development Department. Additionally, the information technology network will be upgraded. The budget will also provide for the purchase of software licenses, the redesign of the City's web site, the installation of a virus protection system and the updating of GIS data for property located in Dallas County.

4. Equipment – In order to improve field and staff operations, several equipment purchases will be made during the fiscal year. In Police, a replacement polygraph will be acquired. In EMS, a cardiac monitor/defibrillator will be upgraded. In Emergency Preparedness, a new warning siren will be installed. In Roadway Maintenance, a replacement sander and mower will be acquired. Additionally, several equipment purchases will be financed from the Equipment Replacement Fund. Finally, the Capital Improvements Program will provide for the acquisition of 800MHZ radios for the Fire, EMS, Police Reserve and Animal Control operations.

The recommended FY2002-03 budget anticipates an increase of \$2,856,632 (15.5%) in expenditures over the FY2001-02 adopted budget. However, this increase is misleading due to a change in the method of accounting for TIF revenues and expenditures. If the TIF transactions are removed from the budget, the recommended budget contains an increase of \$1,678,632 (9.1%). Of this total, operating expenses will be increased by \$1,300,921 (8.5%) and debt service expenses will be increased by \$377,711 (11.8%). The recommended expenditures for FY2002-03 will require a \$0.01 increase in the City's property tax levy rate. Under the recommended FY2002-03 budget, the general tax levy rate will remain at \$6.92 and the debt service levy rate will increase from \$2.04 to \$2.05. The ag land levy rate will remain at \$2.02. The City's combined tax levy rate will be \$8.97/\$1,000 of valuation.

The recommended operating budget contains financial projections for the 2002-03 and 2003-04 fiscal years. The two year budget format was approved by the City Council in 1981 and continues to be a useful tool in the City's financial planning efforts. It should

be noted that expenditures in the 2003-04 fiscal year are estimated to increase by \$1,713,629 (8%). In order to maintain an adequate general fund balance, either these expenditure levels or the tax levy rate will need to be adjusted to balance the operating budget in FY2003-04.

The FY2002-03 operating budget continues to provide performance information for the City's various activities. However, this information has been reformatted to reflect a move towards an enhanced performance measurement system. In most activities, the Goals and Performance Objectives section includes workload, efficiency and outcome measures. Where appropriate, measures from the ICMA Comparative Performance Measurement Program have been utilized. This data should allow the City Council to analyze service trends and compare service levels with other communities. Additionally, the information should allow the City Council to better understand the impact of its budget decisions.

The remainder of this letter will provide additional information regarding the City's estimated revenues and expenditures for the 2002-03 fiscal year. It is hoped that this information will provide the City Council with a more complete picture of the City's financial position resulting from the operating budget.

Revenue

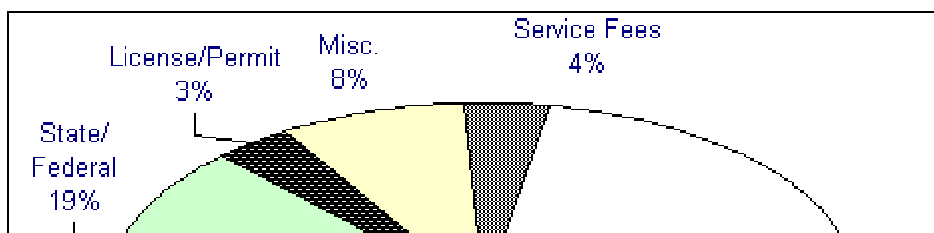
The recommended 2002-03 fiscal year budget anticipates a total revenue increase of \$2,372,270 (12.8%) over the 2001-02 adopted budget. Again, if the TIF transactions are factored from the operating budget, the total revenue increase is \$1,194,270 (6.4%). The total adjusted revenue for the 2002-03 fiscal year will be \$19,737,384. This revenue level represents an increase of \$1,113,541 (6%) from the FY2001-02 revised budget estimate. The following table summarizes the City's FY2001-02 and FY2002-03 revenue by funding source:

Revenue by Source

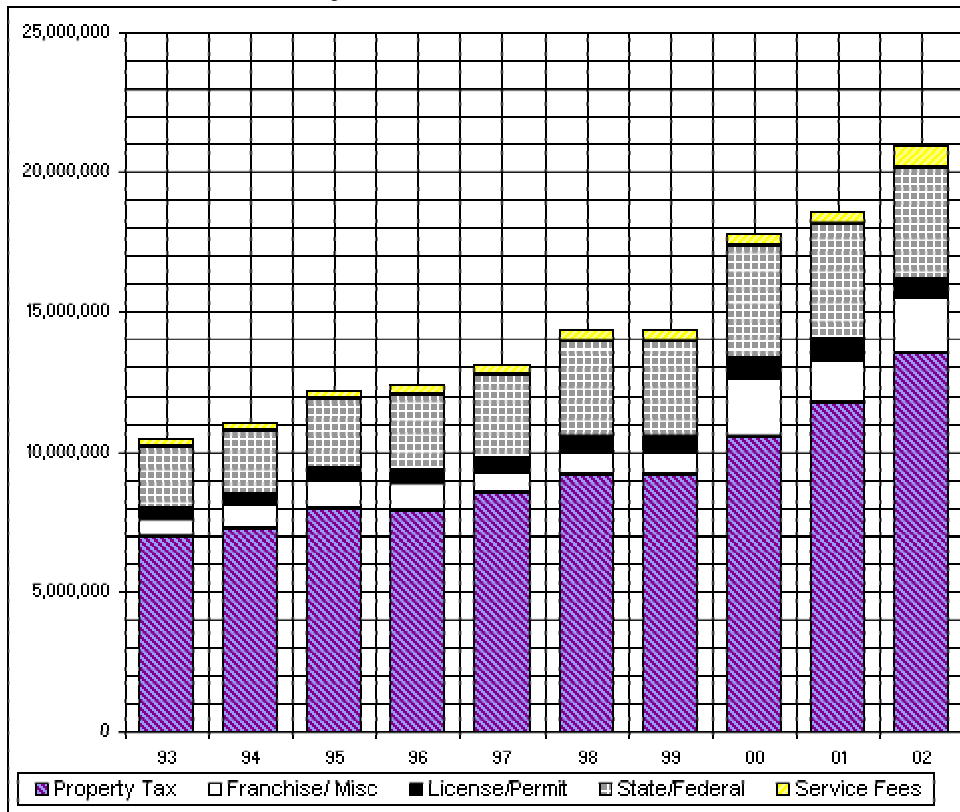
Source of Revenue	2001-02 Adopted		2001-02 Revised		2002-03 Recommended	
	Total	Percent	Total	Percent	Total	Percent
Property Tax	\$11,791,667	63.6	\$11,752,667	63.1	\$13,511,477	64.6
Franchise Fees	220,000	1.2	247,000	1.3	257,000	1.2
Licenses/Permits	585,375	3.2	785,200	4.2	660,925	3.2
State & Federal	4,343,138	23.4	4,075,830	21.9	4,030,021	19.3
Service Fees	463,280	2.5	487,736	2.6	726,450	3.5
Miscellaneous	1,139,654	6.1	1,275,410	6.8	1,729,511	8.3
Total	\$18,543,114	100%	\$18,623,843	100%	\$20,915,384	100%

The following charts graphically depict the sources of revenue for FY2002-03 and the revenue trends for the last ten years.

REVENUES FY 2002-03



**REVENUES
By Source Last 10 Years**



As noted above, total City revenues have increased from \$10,476,739 in FY1993-94 to \$20,915,384 in FY2002-03. During this period, total revenues averaged an annual increase of 10%. Most of this growth occurred in the property tax, state/federal and

franchise revenue categories. During this ten year period, revenue from property taxes increased by an average of 9.3%, from state and federal sources by an average of 8.2% and from franchise fee sources by an average of 22.4%.

Several factors will have an impact on the City's property tax receipts during the upcoming fiscal year. A significant growth in residential and commercial construction is responsible for a 5.6% increase in the City's property tax base. This growth rate would have been larger had a portion of the base not been captured in the City's three tax increment districts. If FY2002-03, \$45,091,060 in taxable valuation will be used to support improvements in the Northwest Market Center, Fawn Creek and Downtown Urbandale Neighborhood tax increment districts. To ensure an appropriate revenue stream for the City's general fund operations, the City Council has limited the amount of property tax valuation that can be captured in the Northwest Market Center TIF district. Beginning in FY02-03, no more than 50% of the district's incremental value may be captured for public improvement and debt service expenditures. It should be noted that the City's growth in taxable valuation has averaged 6.8% for the past three years.

The City's property tax receipts will also be impacted by the State's limitation on property tax growth. The State imposed rollback on residential and commercial property values will drop for the upcoming year. The residential rollback will decrease from 56.27% to 51.67%. Under the new residential rollback provision, 51.67% of a residential property's value will be subject to taxation. Additionally, the commercial rollback will drop from 100% to 97.77%. These unfavorable changes to the rollback will cost the City approximately \$78,710,000 in valuation during FY2002-03. Over the past nine years, it is estimated that the City has lost over \$224,700,000 in valuation due to the State's rollback provisions. Since most of this tax break has benefited residential property owners, there has been a shift in the property tax burden to commercial and industrial properties during this period. Obviously, such a shift in the property tax burden is counter productive to the City's economic development efforts.

In 1998, the State's method for the valuation of electric utilities was significantly modified by the Iowa Legislature. FY2002-03 represents the third year under the new valuation formula. The new methodology significantly reduced the value of utility property in Urbandale. Under the formula, utility properties are valued differently than other commercial properties. The formula bases the utility's value on energy consumption within the community, not on its value in relation to other commercial properties. This new approach was adopted in anticipation of the deregulation of energy utilities. However, deregulation legislation was not adopted by the Iowa Legislature. Using the new methodology, the City's utility valuation will drop by approximately \$64,900,000 from its FY 1999-2000 level. However, since the Legislature also approved a "hold harmless" provision for the first three years of the

new methodology, the City will not see a revenue drop. Instead, the utilities will be responsible for paying an excise tax to offset the loss in property tax receipts. The Iowa Legislature is currently reviewing the impact of the new valuation formula and will determine the appropriateness of its continuation past FY2002-03.

The recommended FY2002-03 operating budget also anticipates the prudent use of the general fund balance to supplement property tax revenues. The City Council's financial

goals dictate that the general fund balance should represent approximately 25% of the City's annual general fund expenditures. At the end of FY2001-02, it is estimated that the general fund balance will be \$3,799,905, representing 29.7% of general fund expenditures. In order to address several one-time capital expenditure needs, approximately \$270,423 of fund balance will be used to finance the FY2002-03 operating budget. The one-time expenditures to be financed from the fund balance include the acquisition of property for the Walnut Creek Regional Park, building repairs at the Swimming Pool, the acquisition of a cardiac monitor/defibrillator unit for the Fire Department and the construction of several storm sewer improvement projects. At the end of FY2002-03, it is estimated that the general fund balance will represent 23% of annual operating expenses. In the preparation of the FY 2003-04 budget, efforts will be made to at least stabilize the fund balance at this level.

In order to fund the expenditures contained in the recommended FY2002-03 budget, the general property tax levy rate will remain at \$6.92/\$1,000 of valuation. The debt service tax levy rate will increase from \$2.04/\$1,000 valuation to \$2.05. The proposed tax levy rate will generate an additional \$741,310 (6.6%) in property tax revenues when compared to FY 2001-02.

For comparison purposes, the following table depicts the City's property tax levy rates since FY1998-99:

Property Tax Levies Per One Thousand Dollars of Valuation

	<u>FY98-99</u>	<u>FY99-00</u>	<u>FY2000-01</u>	<u>FY2001-02</u>	<u>FY2002-03</u>
General	\$ 6.82	\$ 6.92	\$ 6.92	\$ 6.92	\$ 6.92
Debt Service	<u>1.67</u>	<u>1.92</u>	<u>2.05</u>	<u>2.04</u>	<u>2.05</u>
Total	<u>\$ 8.49</u>	<u>\$ 8.84</u>	<u>\$ 8.97</u>	<u>\$ 8.96</u>	<u>\$ 8.97</u>
Ag Land	<u>\$ 2.02</u>	<u>\$ 2.02</u>	<u>\$ 2.02</u>	<u>\$ 2.02</u>	<u>\$ 2.02</u>

An Urbandale house valued at \$100,000 will pay approximately \$420 in property taxes to the City as a result of the recommended FY2002-03 budget. This property tax bill represents a decrease of approximately \$41 (8.9%) from FY2001-02. A similarly valued home in FY2001-02 would have paid approximately \$461 in City property taxes. As a point of reference, the property tax bill for this home will be less in FY2002-03 than it was in FY1997-98. During that five year period, this home's property tax bill will have dropped from \$460 to \$420.

The Iowa Legislature continues to consider additional property tax limits for local governments. This year, two proposals have been introduced to change the property tax system. The first bill would primarily apply to counties, with limitations placed on

interfund transfers, fund balances and the use of local option sales tax revenues. The second piece of legislation would alter the calculation method for taxable valuation, limit annual valuation growth and tie property tax revenue increases to an inflation factor. Due to the complexity of this proposed legislation, City staff is working with the Iowa League of Cities to determine the cost impact on the City of Urbandale. As was the case with previous property tax limitation proposals, it appears that Iowa's growth cities would be especially hurt by the new proposals. It is recommended that the Mayor and City Council continue to work with Urbandale's legislative delegation to oppose the new proposals.

Utility franchise fee revenues are expected to grow in FY2002-03. The cable television franchise is the primary revenue source in this category. As a result of service rate increases and continued market expansion, revenue from this franchise fee is projected to increase by 25%. The other revenue source in this category, the bank franchise fee, is expected to significantly drop in FY 2002-03. During the past ten years, the revenue received from this fee has greatly fluctuated. Due to the unpredictability of this revenue, it is estimated that the City will receive \$7,000 from bank franchise fees in FY 2002-03. In total, franchise fees are expected to increase by \$37,000 (16.8%) during the upcoming fiscal year.

Due to favorable market conditions and the availability of buildable lots, it is anticipated that residential construction will remain at a high level during FY 2002-03. However, a large inventory of available commercial space in the metropolitan area will slow new commercial development during the year. In total, it is anticipated that new construction will increase license and permit revenue by \$75,550 (12.9%) when compared to the FY 2001-02 adopted budget.

Intergovernmental revenues will drop significantly in FY2002-03. Most of this decrease can be attributed to a drop in the City's receipts from the Road Use Tax. A sharp rise in gasoline prices during FY 2001-02 has created a projected shortfall of \$312,700. It appears that this reduced funding level will continue in FY2002-03. In total, intergovernmental revenues will decrease by 7.2% during the upcoming fiscal year.

The introduction of an ambulance fee is primarily responsible for the \$263,170 rise in service fee revenues during FY2002-03. The new ambulance fee will utilize a base rate of \$300 per call and a mileage rate of \$7.00. The new fee will be initiated in order to fund additional full time firefighter/paramedic positions in the Fire Department.

The recommended FY2002-03 budget estimates that miscellaneous revenues will grow substantially from FY 2001-02. Most of this revenue growth can be tied to intergovernmental fund transfers. It is anticipated that \$377,500 in TIF revenues will be transferred to the Debt Service Fund. This funding category will also be increased by a

growth in court fines and additional capital contributions from the Urbandale Sanitary Sewer District.

It should be noted that the FY2003-04 revenues are anticipated to be \$1,616,161 (7.7%) greater than those received in the 2002-03 fiscal year. Most of the revenue growth will be experienced in the property tax and miscellaneous revenue categories. Property tax receipts are anticipated to increase by approximately 5% to maintain existing service levels. However, this level of property tax support for the operating budget will be carefully evaluated to ensure that the general fund balance is protected, while the City's expenditure needs are adequately addressed.

Expenditures

The recommended FY2002-03 budget projects expenditures of \$21,337,311, representing a \$2,856,632 (15.5%) increase from the current adopted budget. The proposed expenditures represent an increase of \$3,215,040 (17.7%) from the revised 2001-02 budget. Several factors are responsible for the recommended funding levels contained in the 2002-03 operating budget.

The recommended budget will fund wage increases for the City's union and non-union employees. A collective bargaining agreement has been negotiated with the Police unit for FY2002-03. This agreement provides for a 4% increase in wages on July 1, 2002. Although salary and wage rates have not yet been established for the Laborer's unit and the City's non-union employees, it is anticipated that they will be reflective of current economic conditions.

With the continuing rise in health care costs, it will be necessary to increase the departmental contributions to the health insurance internal service fund by 15% during FY2002-03. During the past eight years, the City's health insurance costs have greatly fluctuated. For a period of time, the program's fixed costs remained fairly constant. These costs are associated with the claims processing, pre-certification reviews and re-insurance premiums. However, during the past three years, re-insurance costs have significantly increased. Additionally, the City's costs for claims have increased since 1998. In that year, claims rose by approximately 45%. In the following two years, claims continued to rise, although at a less significant rate. All of these factors contributed to a 13.9% rise in the City's health insurance costs for FY2001-02. This trend is projected to continue into FY2002-03, with a projected premium increase of 15%.

In 2002-03, the City will continue its participation in the Iowa Communities Assurance Pool (ICAP). ICAP provides the City with property and casualty insurance coverage through a combination of traditional insurance and a risk pooling arrangement with other cities and counties in Iowa. The City's comprehensive general liability, automobile, police, public officials liability and property coverages are provided by the Pool. The workers compensation coverage is provided by the Iowa Municipalities Workers Compensation Association (IMWCA), another public sector insurance pool.

Participation in ICAP and IMWCA has stabilized the City's insurance premiums for property and casualty coverage. When the City joined ICAP, an internal service fund was created to finance property and casualty insurance expenditures. This fund was originally established at a level of \$75,000 and had reached a level of approximately \$800,000 by the end of FY2000-01. The fund will be used to finance any future premium increases, special assessments levied by ICAP or losses experienced through an increase in deductibles. This fund can also be used to purchase a "tail" policy for the City's liability, automobile, police, property and public officials liability coverages, if pool membership should be discontinued. A "tail" policy would provide the City with coverage for outstanding claims from the date of withdrawal.

It appears that the ICAP arrangement will continue to stabilize the City's property and casualty insurance premiums over the next several years. Due to this premium stability, the departmental contributions to the internal service fund will be decreased by 5% during FY2002-03. Any increases in the City's premiums or claim expenses will be financed through the internal service fund.

For the third consecutive year, significant price fluctuations were seen for gasoline and diesel fuel during FY 2001-02. The recommended operating budget anticipates that this trend will continue, resulting in a 10% expenditure increase during the fiscal year. Should prices fluctuate more than anticipated, adjustments will be made in other areas of the operating budget.

Rising natural gas prices are primarily responsible for the 15% increase in utility expenses during FY2002-03. A rate discount agreement with Mid American Energy should moderate the increase in electrical rates during the fiscal year.

As previously mentioned, the accounting for tax increment revenues will be modified in FY2002-03. Previously, these revenues were directly received into the Capital Improvement Fund and Debt Service Fund, to finance public improvements in the TIF districts. However, the City's independent auditor has recommended that this revenue be received into the Special Revenue Fund and be transferred to the Debt Service and Capital Improvement funds. The FY2002-03 operating budget includes the receipt and transfer of \$1,178,000 in tax increment revenues. This transfer is shown in the General Support activity.

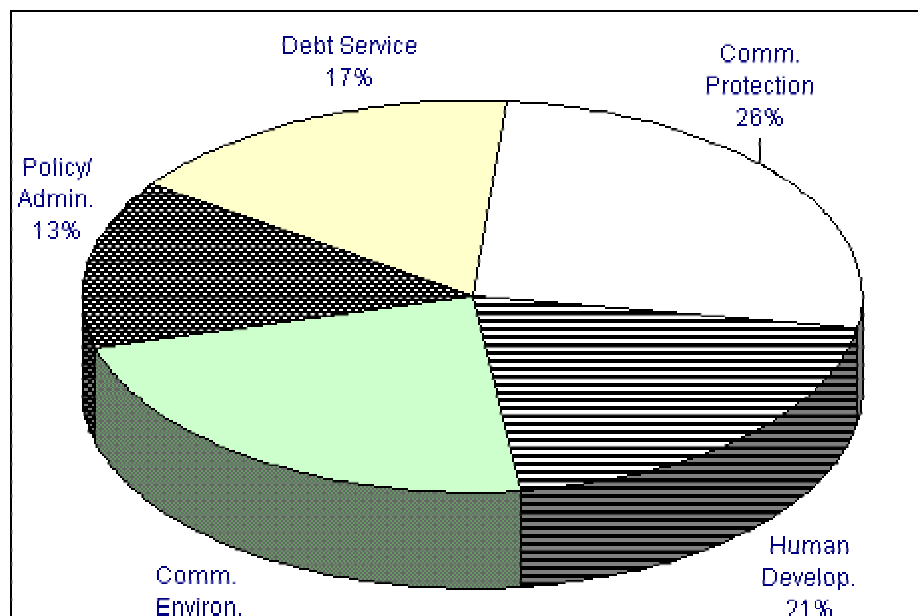
Many of the above mentioned factors helped shape the recommended operating budget for FY 2002-03. The following table summarizes expenditures, by program, for the 2001-02 and 2002-03 fiscal years:

Expenditures by Program

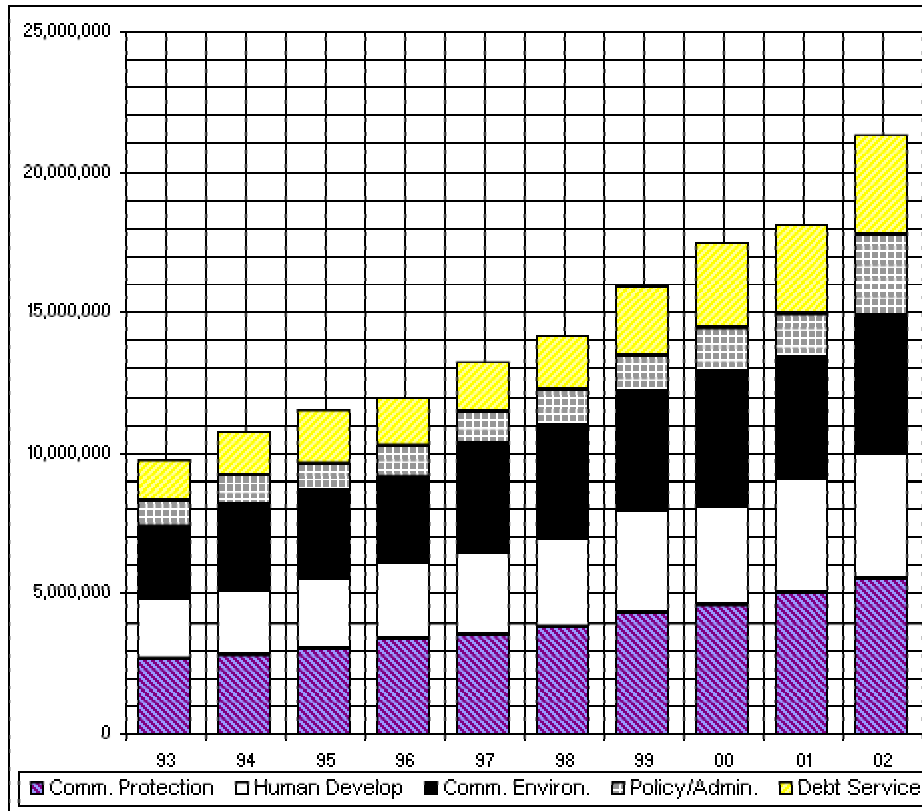
<u>Program</u>	<u>2001-02 Adopted</u>	<u>2001-02 Revised</u>	<u>2002-03 Recommended</u>
Community Protection	\$ 5,111,919	\$ 5,007,082	\$ 5,547,344
Human Development	4,007,443	4,064,820	4,437,803
Home & Community Environment	4,535,415	4,327,371	4,859,762
Policy & Administration	1,623,548	1,532,949	2,912,337
Subtotal	<u>\$ 15,278,325</u>	<u>\$ 14,932,222</u>	<u>\$ 17,757,246</u>
Debt Service	3,202,354	3,190,049	3,580,065
Total	<u>\$ 18,480,679</u>	<u>\$ 18,122,271</u>	<u>\$ 21,337,311</u>

The following charts graphically depict the FY2002-03 recommended expenditures by major programs and the expenditure trends for the last ten years:

**EXPENDITURES
FY 2002-03**



**EXPENDITURES
By Program Last 10 Years**



As noted above, total expenditures have increased from \$9,794,258 in FY1993-94 to \$21,337,311 in FY2002-03. During this time, expenditure levels have increased by approximately 11.8% annually.

The remainder of this section will be devoted to an expenditure summary by activity. The summary will highlight the major expenditures and savings in each of the program areas.

Police – FY2002-03 will mark the third year of operations for Westcom, the west suburban public safety dispatch center. This cooperative venture has allowed the cities of Clive, Urbandale and West Des Moines to share in the staff and equipment costs for an advanced dispatch and radio system. Urbandale’s contribution to Westcom will be \$367,855 in FY2002-03, representing a 32.9% increase from the estimated FY2001-02 contribution. Much of this cost increase can be attributed to the creation of a full time manager position for the center and the addition of dispatch personnel to handle the

increased call volume at the center. The Police Department's technology expenditures will also significantly increase during the year. In order to complete the department's local area network, six desktop computers and a file server will be acquired. Additionally, the installation of mobile data terminals in the department's patrol vehicles will be completed. These initiatives, coupled with wage and benefit increases for existing staff members, are responsible for the \$300,965 (8.4%) increase in Police expenditures.

Traffic Safety – This activity provides for the maintenance of the City's traffic signal and street sign systems. FY2002-03 expenditures will drop by \$26,479 (17.1%) due to the completion of a recessed traffic marking project at 86th Street and Douglas Avenue in FY2001-02. This special project was initiated to provide visible lane delineation for several years at this heavily traveled intersection

Fire – With the growing number of fire and rescue calls, the Fire Department recently evaluated its staffing levels and response times, especially during the daytime shift. This evaluation concluded that additional full time coverage was needed resulting in the preparation of a five-year staffing plan for the department. As recommended, the plan would ultimately provide for the full-time staffing of an ambulance and pumper truck in each of the stations during the daytime hours. In FY2002-03, the first phase of this plan will be implemented, with the addition of three full-time positions. One of the Firefighter/Paramedic positions will be funded in the Fire activity and the other two positions will be funded in the EMS activity. The budget also includes \$23,000 for the installation of a carbon monoxide ventilation system in Fire Station No. 1. Due to a reduction in equipment purchases, these new initiatives will only increase Fire expenditures by \$6,605 (1.5%) in FY2002-03.

EMS - As mentioned above, two new Firefighter/Paramedic positions will be added to this activity in FY2002-03. Additionally, compensation levels for the EMS staff will increase due to the rising call volume and an increase in the compensation levels for volunteers. The cost for the new positions will be offset by the initiation of an ambulance fee, beginning July 1, 2002. The EMS budget will also provide for the replacement of a cardiac monitor/defibrillator unit. Although not included in the operating budget, the Fire Department's field radios will be upgraded to 800MHZ during the fiscal year. The new radios will allow the Fire Department to more effectively communicate with the Police Department and personnel from neighboring fire departments. In total, EMS expenditures will increase by \$134,269 (27.6%).

Street Lighting – An expansion of the City's street lighting system is responsible for the \$19,650 (5%) increase in street lighting expenses. During the year, it is anticipated that the City's street lighting system will reach 3,229 fixtures. The recommended budget contains \$20,000 for the construction of new streetlights throughout the City. These fixtures will improve lighting levels on streets that currently do not meet the City's street lighting standards. It should be noted that \$212,650 of the FY2002-03 street lighting expenses will be financed from the Road Use Tax Fund.

Emergency Preparedness – The FY 2002-03 Emergency Preparedness budget anticipates the installation of a new warning siren at 128th Street and Douglas Parkway. The location of this siren was recommended in a 2000 study of the siren system. It is

anticipated that a replacement siren will be purchased in FY2003-04 to maintain the reliability of the existing siren system.

Animal Control – The recommended FY2002-03 budget does not anticipate any significant changes in the Animal Control operation. Currently, the Animal Control Officer operates the City's animal shelter and collects any animals involved in bite cases. The cost for these contractual services will rise by 3.5% during FY2002-03.

Library – The popularity of the new Library as a community gathering place and resource facility has been truly amazing. During its first year of operation, visits to the Library nearly doubled and the circulation of materials increased by over 35%. Additionally, over 18,500 individuals attended over 950 meetings in the facility. Meeting the demands of these patrons has been challenging for the Library staff. In order to assist the staff in its efforts, the FY2002-03 budget allocates \$75,109 for technology support. This support will include the acquisition of two replacement and four new desktop computers, the upgrading of the catalogue database, the acquisition of a new printer and the purchase of application software. To better meet patron demand, additional periodicals, reference materials, books and audiovisual materials will be acquired. These initiatives, coupled with wage and benefit increases for existing staff members, are primarily responsible for the \$121,988 (9%) increase in Library expenditures for FY2002-03.

Cultural and Convention – In 2001, the City Council pledged \$640,000 to assist Polk County with the construction of the Iowa Events Center. The FY2002-03 budget allocates \$64,000 in Hotel/Motel Tax funds to satisfy the first year of this 10-year commitment. FY 2002-03 also represents the first year of funding for the Little J-Hawk Sports Association and Urbandale Soccer Club. Both agencies will receive \$1,000 from the Hotel/Motel Tax. The Convention and Visitor's Bureau will continue to receive 2/7ths of the City's Hotel/Motel Tax receipts, as required by an intergovernmental agreement. Additionally, the allocation to the Greater Des Moines Ice Sports Association will remain at \$30,000, reflecting a multi-year funding commitment for the construction of a new indoor ice facility in Urbandale. The City will continue its commitment to the Greater Des Moines Cultural Alliance through the allocation of \$124,200 during the fiscal year. The Alliance consists of 15 cultural agencies in the metropolitan area. Finally, the City will continue to contribute towards the debt service for the Sec Taylor Stadium improvements, at an estimated cost of \$17,500.

Parks – In response to the settlement of a labor dispute, two Laborer positions will be added to the Parks activity in FY2002-03. Under the settlement agreement, a new wage and benefit plan will be implemented for seasonal employees. After reviewing the workload needs of the department and the new compensation system, it was determined that the full time positions could be cost justified. To partially offset the cost of these positions, the number of seasonal positions will be reduced. During the year, the third phase of the Walker Johnston Park Regional Playground will be designed. This phase will provide for the construction of a skate park. The budget also allocates \$190,000 for Walnut Creek Regional Park land acquisition and \$45,000 for repairs to the existing bike path system. The bike path improvements were recommended by the Capital Improvements Committee to correct deficiencies in sections of the original bike path system. These initiatives are primarily responsible for the \$188,361 (13.9%) increase in FY2002-03 Parks expenditures.

Recreation – The combined Recreation/Community Education program continues to grow in popularity. This coordinated approach to programming has resulted in the offering of over 320 classes and activities during the past year. It is estimated that 4,600 participants will take advantage of program offerings during the upcoming fiscal year. The Recreation/Community Education program will also promote wellness activities for all ages. In addition to numerous fitness classes, the budget continues to support the Wellness Center, located at the Urbandale High School. During FY2001-02, the Recreation/Community Education program upgraded its marketing efforts to attract a larger number of participants. The new program guide format will be utilized during the upcoming year. In total, Recreation expenses will increase by \$23,717 (12.4%).

Grounds Maintenance – This activity provides a turf maintenance program for all City-owned facilities. The \$2,824 (4%) rise in FY2002-03 expenditures reflects an increase in the wages and benefits for the turf specialist assigned to this activity. The Grounds Maintenance budget continues to provide funds for the care of street trees planted along Douglas Avenue, 100th Street and 109th Street.

Swimming Pool – Building improvements will continue to be emphasized in the Swimming Pool activity during FY2002-03. The budget allocates \$61,000 for the repair of the building's fascia. This extensive repair work is needed to prevent moisture from penetrating the building's structure. An additional \$7,500 is allocated for the replacement of exterior doors. The budget also allocates \$10,000 for repairs to the swimming pool plaster.

Mosquito Control – No significant changes are anticipated for the Mosquito Control activity during the 2002-03 fiscal year. This activity provides for the periodic aerial spraying of mosquito breeding areas throughout the City. Additionally, a ground based spraying program will be conducted by Park and Recreation Department staff. Both of these programs are to be provided on an as-needed basis.

Senior Citizens – With the 2001 opening of the new Senior Center, programming opportunities have significantly increased. It is estimated that 2,700 individuals will participate in programs offered by the Center during FY2002-03, more than double the number of program participants in FY2000-01. Additionally, it is anticipated that over 5,000 meals will be served during the year. In an effort to make the Center more accessible to transit dependent residents, subscription bus service will be explored. With the completion of the Senior Center remodeling in FY2001-02, total expenditures for FY2002-03 will drop by \$5,518 (3.7%).

Code Enforcement – The FY2002-03 Code Enforcement budget will be impacted by two events occurring in FY2001-02. First, a new Property Maintenance/Building Inspector position was created and funded by the Code Enforcement and Community Development activities. This inspector will split time between property maintenance and building code enforcement activities, in response to growing workloads in each area. The position had originally been budgeted as an Assistant Community Development Director. Second, plans for the upgrading of the City's housing information system were placed on hold in order to evaluate the various options for this project. During FY2002-03, Code Enforcement, Community Development and Technology representatives will

prepare a business plan for the implementation of a new housing information system. It is hoped that the system will allow builders and contractors to electronically submit documents and obtains permits for construction projects, while assisting staff with the recording of inspection reports. In total, FY2002-03 Code Enforcement expenditures will increase by \$21,769 (6.5%).

Sanitary Sewer and Wastewater – For the past few years, the Urbandale Sanitary Sewer District and the City have jointly funded an aggressive maintenance program for the sanitary sewer system. This program has significantly reduced the number of backups experienced by Urbandale residents. This effort will be continued in FY 2002-03. The budget allocates \$14,000 for the surveying of existing sanitary sewer lines. Results from this survey will be utilized to plan future sewer maintenance projects. Additionally, \$140,000 is allocated for sewer line spot repairs, slip line repairs and inflow/infiltration control activities. These projects will improve the operation of deficient sewer lines, thereby reducing the chance for backups. The Sanitary Sewer and Wastewater activity will increase by \$12,515 (4.1%) in FY 2002-03.

Storm Sewers – The FY2002-03 Storm Sewer budget provides for the continued implementation of the Storm Sewer and Drainage Management Plan adopted by the City Council in 2000. The plan is based on a report prepared by the Department of Engineering and Public Works. This report reviewed the City's storm water drainage policies and analyzed the erosion occurring along the City's drainageways. Over 38 miles of drainageways were inventoried by City staff. The condition of each drainage-way was recorded and improvement recommendations were prepared for all problem areas. The FY 2002-03 budget allocates \$50,000 for six of the high priority projects. Storm sewer protection projects are planned for Golfview Creek, Industrial Creek, North Walnut Creek, Millside Creek, Timberview Creek and the Meredith Drive box culvert. It is anticipated that future budgets will allocate \$50,000 annually for similar projects. In total, the Storm Sewer budget will rise by \$12,055 (17.8%) in FY 2002-03.

Solid Waste Collection – The FY 2002-03 Solid Waste Collection budget will be impacted by the program changes initiated during the past few years. In FY2000-01, a fully automated, curbside collection system was implemented. In order to extend this service to new residents in FY2002-03, \$18,000 is allocated for the purchase of additional containers. The budget also provides funding for the annual spring cleanup and the weekly Curb It! recycling program. The bi-weekly bulk item collection will also be continued. The fee for this service will be increased in order to cover the additional costs for appliance disposal. In total, Solid Waste Collection expenditures will increase by \$72,560 (8%) in FY2002-03.

Street Cleaning – In response to residents' concerns about service levels, the Street Cleaning staff was be expanded in FY 2001-02. This expanded service will continue in FY2002-03. It is anticipated that 1,370 miles will be swept during the year, at an approximately cost of \$260 per lane mile. Street Cleaning expenditures will rise by \$4,624 (6.2%) in FY 2002-03.

Cemetery Maintenance – In 1998, the City assumed responsibility for the McDivitt Cemetery, located at 70th Street and Meredith Drive. At that time, an improvement plan was prepared for the facility. The first phase of this plan was completed in FY 2001-02. A sidewalk and retaining wall were constructed adjacent to

the cemetery, along Meredith Drive. In future years, new fencing will be installed and the cemetery's entrance will be improved. With the completion of the improvements in FY 2001-02, total expenditures for FY2002-03 will drop by \$32,600.

Roadway Maintenance – A significant reduction in Road Use Tax revenues during FY 2001-02 forced the City to scale back several street maintenance projects. Although the FY2002-03 Roadway Maintenance budget will also be impacted by this funding reduction, several projects will be completed during the year. These projects include asphalt overlays on Meredith Drive and Douglas Avenue, at an estimated cost of \$107,000, concrete pavement repairs throughout the City, at an estimated cost of \$160,000, and seal coating at several locations, at an estimated cost of \$50,000. The budget also anticipates the completion of the Public Works Facility Renovation Project. The budget allocates \$250,600 for the upgrading of this building. FY2001-02 represented the last year of a RISE loan repayment for the construction of 100th Street, between Hickman Road and Douglas Avenue. In FY2002-03, a repayment of \$24,762 will be made for a RISE loan associated with the construction of 114th Street, north of Douglas Avenue. This payment will represent the 9th year of a 10 year repayment obligation. All of these factors contribute to the \$97,545 (5.2%) increase in Roadway Maintenance expenditures for FY2002-03.

Engineering Services – The City's infrastructure design and inspection services are coordinated through the Engineering Services activity. In addition to these activities, the Engineering Services staff conducts field surveys and maintains the City's infrastructure records. In FY 2002-03, the staff will develop a plan for complying with the federal government's phase II storm water regulations. Funds are allocated for consultant services and the preparation of public information materials. The staff will also identify opportunities for a joint compliance effort with neighboring communities. This effort, coupled with wage and benefit increases for existing staff, is responsible for the \$40,615 (10.8%) increase in FY2002-03 Engineering Services expenditures.

Engineering and Public Works Administration – Several initiatives are responsible for the \$75,974 (18.7%) rise in Engineering and Public Works Administration expenditures for FY2002-03. First, \$25,000 is allocated for the purchase of furniture for the remodeled Public Works Facility. Second, a new file server will be purchased to support the City's expanded GIS program. During the past year, several layers of new infrastructure information have been added to the GIS data base. Finally, a roof inspection will be conducted for all of the City owned buildings during the fiscal year, at an estimated cost of \$5,000. The data from these inspections will be used to design a repair and preventative maintenance program

Transit – In March 2002, a new transit service for Urbandale will begin. This redesigned system will involve the creation of two park and ride stations and a feeder service to provide Urbandale residents with more comprehensive and more reliable transit service. The service will also accommodate the needs of reverse commuters during both the morning and evening hours. These improvements have been implemented in anticipation of the Interstate 235 reconstruction project. In FY 2002-03, MTA will also be substantially upgrading its bus fleet, with the leasing of 21 new

vehicles. These initiatives are responsible for the \$19,290 (14%) rise in Transit expenditures in FY 2002-03.

Mayor and Council – The City Council’s commitment to citizen communication will continue in FY 2002-03. The budget allocates funds for the continuation of the radio information system and the quarterly newsletter. Additionally, \$2,500 is allocated for a community partnership program. These funds are available for meeting the special and unanticipated needs of non-profit agencies in the community. In total, the Mayor and City Council budget will drop by \$204 in FY 2002-03.

City Manager – During the past two years, the City Manager budget has supported the City’s technology initiatives. These efforts have included the development of a Technology Strategic Plan and the creation of a Technology Director position. With the expansion of the City’s technology efforts, a new Technology activity will be created in FY 2002-03. With the transfer of expenditures to this activity, the City Manager budget will drop by \$49,181 (12.5%) in FY 2002-03.

Finance and Records – During FY 2001-02, the Finance and Records staff developed an implementation plan for the new reporting requirements contained in GASB 34. During the upcoming fiscal year, the Finance Assistant position will move from part-time to full time status to begin the GASB 34 implementation process. Additionally, the City’s independent auditor will assist in the development of a new format for the Comprehensive Annual Financial Report. This effort is responsible for the \$11,957 (4%) increase in FY2002-03 Finance and Records expenditures.

Technology - As noted above, the Technology activity is new for FY 2002-03. This activity provides for the funding of City-wide technology initiatives. In addition to the Director’s salary, the budget includes \$25,000 for the redevelopment of the City’s website, \$15,101 for the installation of an anti-virus system, \$13,160 for software licensing, \$25,000 for a network server and \$22,350 for additional network hardware and software. It is anticipated that the new website will provide a platform for various e-commerce applications, including program registrations, employment applications and building permits.

Legal Services – Legal Services expenditures are anticipated to remain essentially unchanged during the upcoming year. The City Attorney’s annual retainer will increase from \$57,000 to \$59,000. Additionally, the City Attorney’s hourly rate for billable work will remain at \$80. The retainer for the City’s Labor Counsel will remain at \$2,500 annually and the hourly rate for billable work will remain at \$65. During the upcoming year, the Labor Counsel will be involved in collective bargaining negotiations, and the training of employees in various personnel issues.

Community Development – The FY 2002-03 Community Development budget allows for enhanced enforcement of the property maintenance code. As previously mentioned, a Property Maintenance/Building Inspector position was created in FY 2001-02 to address the growing number of property maintenance concerns filed with the City. In addition to this activity, the Community Development staff will continue to be involved with development reviews, zoning enforcement, advance planning and special projects. FY 2002-03 expenditures will drop by \$30,400 (7.4%) due to the acquisition of computer

equipment in FY 2001-02 and the sharing of wage and benefit costs for the new inspector position with Code Enforcement.

General Support – Since the transfer of tax increment revenues is reflected in the General Support budget, it will increase by \$1,174,043 in FY 2002-03. The remainder of this budget will continue to support the City's safety, wellness and performance measurement programs. During the year, the City will renew its contract with Des Moines Water Works for safety officer services. The City's wellness program will also continue to be emphasized during the year, with \$5,000 allocated for participation incentives, health screenings, flu shots and special speakers. The City will also continue its participation in the ICMA Center for Performance Measurement. The General Support budget includes \$5,000 for this initiative. Finally, the third year lease/purchase payment for the new Community Development/Engineering office building is included in this budget.

Debt Service – A \$377,711 increase in this budget reflects the sale of \$5,720,000 in general obligation bonds for various capital improvement projects during 2002. These improvements tentatively include the construction of a skate park in Walker Johnston Park; the replacement of the Douglas Avenue bridge, at I35/80; the improvement of the Meredith Drive railroad crossing; the coordination of traffic signals on Douglas Avenue; the acquisition of public safety radios; the construction of streetscape improvements on Douglas Avenue; the improvement of the Douglas Avenue and 109th Street intersection; the installation of a traffic signal at 111th Street and Douglas Avenue; the acquisition of right-of-way on 156th Street; the construction of a pedestrian bridge on 100th Street; the paving of Douglas Parkway, Meredith Drive and 138th/142nd Street; the installation of utilities at the City Center and the construction of a bike path on Northwest Urbandale Drive.

Conclusion

As previously mentioned, this operating budget is shaped by several factors. Together these factors make up the "three-legged stool" of high quality service. The primary leg consists of a well-trained, highly-motivated staff that is dedicated to the community. The staff additions in this budget reflect a realization that Urbandale is a growing, changing City. The new positions will help to protect the public safety, provide enriching recreational opportunities, ensure that the City's neighborhoods are cared for and well-maintained, and guarantee that the community's tax dollars are spent wisely.

However, a professional staff can not succeed without the proper resources. The second leg of the stool involves the application of new technologies to our service delivery efforts. During FY2002-03, new technology will be implemented in nearly every City department. These new tools will be focused on providing new opportunities for communication between the City and its residents, on protecting the City's information assets from intentional or accidental harm, and on allowing staff to be more efficient and effective. Most importantly, a renewed emphasis will be placed on providing residents

with opportunities to interact with the City at times that are convenient to them. This emphasis on "value-added" services will be implicit in every technology application that is considered by the City.

The final leg involves the City's on-going development of a robust performance measurement program. By developing meaningful measures--measures that consider the outcomes desired by residents--the City continues to tighten its focus on what is important to the community, and on the best way to provide the services the community values. The FY2002-03 operating budget expands the use of these measures in program and policy development.

The preparation of this budget document would not have been possible without the cooperation of the City's entire management team. I would like to thank all of the Department Directors for their input and assistance during the budget preparation process. Additionally, I would like to thank Sandi Tompkins, Budget Assistant; Deb Mains, City Clerk; Su Zanna Prophet, Assistant City Manager; and Don Gloor, Assistant to the City Manager, for their diligent efforts in preparing and reviewing this document. I would also like to extend my thanks to Jeff Harm for his cover design.

//signed//

Robert Layton
City Manager