

CITY OF AMES, IOWA

2015/16 PROGRAM BUDGET

**ADOPTED BY THE CITY COUNCIL
MARCH 3, 2015**

**MAYOR
ANN CAMPBELL**

**COUNCIL MEMBERS
GLORIA BETCHER
AMBER CORRIERI
TIMOTHY GARTIN
MATTHEW GOODMAN
CHRIS NELSON
PETER ORAZEM**

**CITY MANAGER
STEVEN L. SCHAIKER**



Mission Statement

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

We Value...

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

We Are...

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

Caring People, Quality Programs, Exceptional Service



July, 2015

Mayor and Ames City Council:

In last year's budget message I indicated there was reason to be optimistic that our local economy was showing signs of emerging from the financial downturn that had gripped the country for many years. I am happy to report that this year there are specific indicators that verify this economic resurgence. Demand for additional industrial, commercial, and residential development continues to increase as we experience further growth in Iowa State University enrollment as well as in the number of new jobs created in our community. Due to this growth in development we are projecting that the number of building permits issued in FY 2014/15 will increase by 18% over the previous year's total. Because of this upturn in the local economy, \$91,602,424 of additional taxable property valuation was added. Another indicator of the improved financial health of our community is evidenced by the increase in our Local Option Sales Tax receipts, which are projected to increase by \$362,250 in FY 2015/16, or 5%, over the prior year's adopted level.

The attached Adopted Budget for Fiscal Year 2015/16 reflects this excellent financial environment. Expenditures totaling \$258,026,896 are included for the various programs and services that we plan to provide to our customers during this fiscal year.

This letter provides a summary of some of the major highlights included in this program budget.

PROPERTY TAXES - 2.5% Tax Rate Decrease - From \$10.86 to \$10.63

The budget reflects an overall property tax rate decrease of 2.1% from \$10.86 per \$1,000 of taxable valuation to \$10.63 per \$1,000 of taxable valuation. The property tax rate decrease reflected in this budget is intended to mitigate the impact of the increase in the state-mandated rollback percentage from 54.40% to 55.73% for residential properties and the 3.9% increase (\$55,964,000) in property valuations due to reassessments on existing properties as the result of an improving housing market. Due to the excellent work of the department heads and their staff members, expenditures to finance the operations supported by the General Fund are budgeted to increase by 3.6% in FY 2015/16. As a result of their efforts, this relatively small increase in expenses will require only an additional \$392,291 in property tax revenue to balance this budget and maintain a 23.3% available balance in the General Fund.

You will note that in FY 2015/16 the budget reflects funding of \$1,038,180 from the State government to meet its obligation to replace lost property tax revenue as the result of the new state legislation that now applies a 90% rollback on the assessed values for commercial and industrial properties.

INCREASED CAPACITY TO RESPOND TO ECONOMIC DEVELOPMENT REQUESTS

One of the top goals of the City Council is to promote economic development in our community. As I mentioned at the outset of my letter, we are fortunately experiencing extraordinary growth in our economy. In order to accommodate this growth and respond to the increasing number of development requests in a timely manner, a new Planner position has been approved beginning in FY 2014/15. The investment of approximately \$100,000 for this new position in FY 2015/16 will allow us to stay on schedule with the ambitious work program of the Planning Division that includes updating our Land Use Policy Plan, finalizing a Lincoln Way Corridor Study, and completing numerous analyses related to updates to the Municipal Code and zoning map to accomplish the City Council's goal of promoting economic development.

ELECTRIC UTILITY - No Rate Increase

The utility's major focus will be on the conversion of our power plant from coal fired boilers to natural gas. The City Council's decision to pursue this estimated \$26,000,000 project was in response to the need to select the most economically viable alternative that would have the highest probability of meeting federal air quality requirements within the mandated timelines and would meet the City Council's goal to expand our sustainability efforts.

Converting our power plant to natural gas is estimated to reduce carbon emissions by 40%, or approximately 312,000 tons of CO₂ per year. This conversion, coupled with our current commitment of 14.2% of renewable energy (2.8% from the burning of the community's refuse in our power plant boilers and 11.4% from the purchase of 30 megawatts of wind energy), will place us well on the way to accomplishing the sustainability goal of the City Council.

While no electric rate increase has been included in this budget, the full impact of the gas conversion project should be felt first in FY 2016/17 when the Energy Cost Adjustment portion of our customers' bills will be increased by an estimated 5% to reflect the higher costs of burning natural gas in our power plant. In addition, in FY 2017/18 we are projecting the need for a 4% rate increase to complete the financing of the conversion project.

In the meantime, a strong effort was exerted to hold down the expenditures in the operations of this utility to help delay the need for an immediate rate increase. As a result, the estimated expenditures for operations, less purchased power, are less than 1% higher in FY 2015/16 than the previous year's adopted level.

WATER UTILITY - 4% Rate Increase

Here again, one project will dominate the attention of the staff in this utility – the new \$74,000,000 water treatment plant. In keeping with the City Council's sustainability goal, we have received a \$6,224,000 forgivable loan for this project because of our commitment to construct this new facility to a LEED certified standard.

In anticipation of the opening of the new plant in a few years, an effort has been made to forestall as much maintenance costs on the old plant as possible. Therefore, the FY 2015/16 operations budget calls for an actual decrease in expenditures of .3% as compared to the prior fiscal year. **The 4% water rate increase that is incorporated into the budget represents the last in the series of increases needed to finance the new treatment plant.**

Innovation is a value that drives our thoughts and actions in the city organization. An excellent example of this value is evidenced in the creation of the Student Intern Operator positions at the water plant. These positions allowed us to eliminate a full-time position as well as to reduce the number of weekend work days required of the remaining Operators.

In order to preserve the capacity of the 22 existing wells, a new program for routine well rehabilitation has been introduced into this budget. Four wells are scheduled for rehab in FY 2015/16.

SANITARY SEWER UTILITY - 5% Rate Increase

In 2014, the Water Pollution Control facility received the Platinum Peak Performance Award for the 24th consecutive year. This award represents the third longest record in the nation for operating compliance.

The budget includes funding to upgrade the communication components of the Flood Early Warning System. The City will pay for 40% of the system, while the remaining 60% is split among Story County, the Iowa Department of Transportation, and Iowa State University.

If this new system is removed from the calculation, the operating budget for this utility will increase by only 1.5% over the prior year's adopted level. **Therefore, the need for the 5% sewer rate increase is predominantly due to the Sanitary Sewer Rehabilitation capital improvement project that will allocate more than \$18,000,000 over the next five years to the repair or replacement of deficient sewer lines and deteriorated manholes.** These upgrades will decrease the amount of clean water entering the sanitary sewer system and eliminate the need for treatment at the Water Pollution Control Plant. This project was judged to be the most cost-effective strategy for maintaining adequate capacity for the Plant.

STORM SEWER UTILITY - No Monthly Fee Increase

As you know, the current monthly Storm Water Utility fee of \$3.45 per equivalent residential unit (ERU) is not adequate to cover the operational maintenance and capital improvement costs related to handling the ever-increasing amount of storm water that is transported through our community due to the increase in development and its associated impervious surfaces. Therefore, in FY 2015/16, \$777,189 from storm water utility fee revenues is being budgeted for various storm water capital improvement projects and maintenance work by City crews. An additional \$644,000 of G.O. Bond funding is needed to complete the planned capital improvement projects. Should the Council continue to rely partially on the issuance of debt to fund some of the needed capital improvement projects, it is estimated that the monthly ERU rate will need to be increased by \$0.25 in FY 2016/17 and another \$0.25 in FY 2018/19.

Since 2007, there has been one FTE (Storm Water Specialist) devoted to administering the Municipal Separate Storm Sewer System (MS4) permit issued by the EPA. This employee is aided by a part-time consultant. Their responsibilities include: plan review, field inspections, education/outreach, coordination with other environmental groups, monitoring chemical applications on public properties, and monitoring/meeting MS4 permit activities. **Because of the increase in development throughout the community and in the demands of the MS4 permit, additional staff time is needed to comply with the MS4 permit. Therefore, the FY 2015/16 budget includes a new 3/4 FTE for a Storm Water Specialist.** The incremental cost of this position is \$23,400, since the consultant expenses will be eliminated from the budget.

Staff time associated with administering the MS4 permit has not been covered by the permit fees, as originally hoped. **The FY 2015/16 budget includes minimal permit fee increases to better cover these costs. In addition, two new permits, the subdivision stormwater plan review (\$450) and the grading plan review (\$250), are being introduced.** The grading permit will enable developers to advance construction activities, while complying with the MS4 permit. Even with these fee increases, the projected expenses for administering the MS4 permit will exceed revenues by \$74,800. This difference is covered from the Storm Water Utility.

RESOURCE RECOVERY UTILITY - No increase in Per Capita or Tipping Fees

The staff in this utility remains some of the most innovative employees we have in the City organization. They are constantly exploring ways to improve the efficiency of the Resource Recovery Plant. In 2013, a slow speed, high torque shredder replaced an older model which reduced the electric consumption at the Plant. In addition, the staff was able to design and fabricate the replacement for a major conveyor at the Plant. **Because of their dedication, the budget reflects only a 1.7% increase in operational expenses for FY 2015/16.**

The financial status of this utility remains strong, which allows us to maintain the Per Capita charge to our member cities and Story County to support this operation at \$9.10. In addition, this budget shows no increase in the \$52.75 per ton tipping fee to the garbage haulers.

Since the Per Capita fee remains the same for FY 2015/16, the City's property tax support for this utility will again be \$452,862.

ADMINISTRATIVE SERVICES - New Activity

Historically, each department is assigned specific administrative support staff to answer customer questions, direct customers to the appropriate staff members, and provide customers with materials that will assist them in their interaction with the City. Because the offices of community development related services are located in close proximity to each other on the second floor of City Hall, we have a unique opportunity to streamline the interactions with customers who many times need to interact with staff members in all of three of these offices.

Seizing upon this opportunity, the budget reflects the creation of a new Administrative Services function. This new arrangement combines the clerical staff from the Planning

and Housing Department, Public Works Department, and Inspections Division of the Fire Department into one central location. The goal of this new activity is to share services, increase collaboration, and provide a "one-stop-shop" related to our community development services.

GENERAL FUND PROJECT ADDITIONS

In some years we are fortunate to have available funds from the prior year that have accumulated either because expenditures came in less than budgeted or revenues received surpassed the appropriated totals. When this happens, I have explained that the City Council could take advantage of these additional funds by applying them to reduce property taxes. However, because this excess should be considered "one-time funding", I believe the wiser approach is to apply them to specific one-time projects where continued funding will not be required.

Available funding for the Adjusted FY 2014/15 budget totals approximately \$1,700,000. This abnormally high total is attributed to 1) \$598,467 in higher than anticipated building permit fees in FY 2013/14, 2) \$623,436 in expenditure savings in FY 2013/14 due to staff vacancies, reduced overtime, and lower than expected fleet maintenance costs, and 3) an additional \$524,753 to be received in Local Option Sales Tax revenue in FY 2014/15 that will be transferred to the General Fund for property tax relief.

The timing of these additional funds comes at a very fortuitous time since we were able to earmark them for the following projects in FY 2014/15, thereby eliminating the need to raise property taxes to accomplish them.

Planning Services	\$100,000*	For additional funding to update LUPP *(Total amount accumulated = \$228,000 for consultant \$80,000 for Lincoln Way Corridor Study \$40,000 for temporary Planner)
Planning Services	\$50,000	For development of concept plan related to East Industrial Area
Facilities	\$700,000	For City Hall roof replacement
Facilities	\$500,000	For City Hall parking lot repair
Facilities	\$30,000	For renovation of Planning/Public Works offices
City Council	\$20,000	For workshops expenses associated with Council goals (Evidence-Based Youth Programming) (Improving Environment for Entrepreneurialism)
Law Enforcement	\$45,000	For depreciation of mobile data terminals
Information Technology	\$45,000	For furniture needed for relocation to City Hall
Public Relations	\$200,000	For City brand implementation

URBAN FOREST DIVERSIFICATION & REFORESTATION PROGRAM

The City Council recently approved a twenty year plan to respond to the pending infestation of the Emerald Ash Borer on trees in the City's rights-of-way. During the first five years of the plan implementation, we will focus our efforts on removing both trees with a diameter of 6 inches or less and defective trees. To mitigate the visual impact of tree removal in our neighborhoods, only every fourth tree on a block will be removed annually. The remaining trees will receive chemical treatment until they are removed. Finally, the impacted areas will be replanted with new trees with an emphasis on diversity of species.

The FY 2014/15 adjusted budget includes \$291,655 to initiate this plan (\$200,062 in Right-of-Way Maintenance and \$91,593 in Parks Maintenance). In FY 2015/16, the budgeted amount for this program decreases to \$229,627 (\$211,098 in Right-of-Way Maintenance and \$18,529 in Parks Maintenance).

LIBRARY SERVICES

The much anticipated opening of our newly renovated Library was accomplished in FY 2014/15. The expansion of the building to 78,992 square feet posed significant challenges to providing staff coverage in this larger facility. As a result, the overall departmental structure was reorganized. You will note the net increase in FTEs is 3.75 from the reorganization. While 4.75 new part-time positions were added by transitioning existing temporary employees to permanent part-time positions, the overall budget was not impacted. To offset the cost of these new positions, savings were generated through the elimination of the Assistant Director position, along with a reduction in the amount budgeted for temporary salaries.

TRANSIT

Because of the ever-increasing enrollment at Iowa State University, ridership on CyRide is anticipated to grow to 6.8 million rides in FY 2014/15. This total represents a staggering 59% increase in ridership since FY 2006/07.

The Transit Board recently reaffirmed its support for maintaining the current high level of service to our riders. However, the magnitude of the growth in ridership, along with cutbacks in federal funding for vehicles, has caused a number of operational and infrastructure challenges that need to be addressed in the near future. A critical issue being discussed by the Transit Board is the appropriate level of financial support that should be provided by each of the funders. As ISU enrollment has increased, so too has the student's overall percentage of the ridership. While ISU students represent over 90% of the ridership on CyRide, the contribution from students' fees equals 67% of the total provided by the three funding parties. Ultimately, no significant change in the funding percentages was agreed to. Therefore, to meet the ever-increasing ridership, the FY 2015/16 budget includes the following additional services: 1) five additional hours of weekday service per day and 2) an additional bus on the Gray route each weekday from 7 a.m. to 10 p.m. The City's contribution to CyRide will increase by 5.03% in FY 2015/16 or an additional \$79,401 over the previous year.

PARKING

A review of the Parking Fund reveals that expenditures for our parking operations are expected to exceed revenues generated from parking space rentals, overtime violations, illegal parking violations, and parking meter collections by \$53,045 in FY 2015/16. Some of this deficit in financing can be attributed to the loss of revenue that has been historically waived in support of events in Downtown and Campustown. For example, in 2014 these waivers totaled approximately \$18,000. Fortunately, there is a sufficient balance in the Parking Fund so that an immediate increase in our fees is not required.

An important policy issue that the Council should consider in the near future is whether or not to finance the reconstruction of the City parking lots with revenues from the Parking Fund, or from the General or Local Option Sales Tax Funds. If a preference is to rely on parking operations revenue to finance the lot improvements, the Council should give serious consideration to increasing these fees in the near future to begin to accumulate the necessary funds to pay for these repairs.

Many of you are aware of our Excellence Through People (ETP) initiative. One of the goals of ETP is to provide exceptional service to our customers, at the best price. The program budget that was prepared by our department heads for the City Council's approval assures that this goal is being met!

In addition, I need to recognize Duane Pitcher, Finance Director; Nancy Masteller, Budget Officer; Emily Burton, Finance Department Secretary; Bob Kindred, Assistant City Manager; and Melissa Mundt, Assistant City Manager for their assistance in providing the leadership to complete this important management tool.

Respectfully submitted,



Steven L. Schainker
City Manager

City Council Goals

Established January, 2014

Revised January, 2015

To Be Accomplished by December 31, 2015

PROMOTE A SENSE OF ONE COMMUNITY

- Review “One Community” report to identify action steps to improve community involvement and integration
- Develop a process for neighborhood engagement to proactively address community issues
- Work with the school districts within Ames to identify mutual goals

STRENGTHEN DOWNTOWN AND CAMPUSTOWN

- Develop a façade grant program for Campustown
- Consult with Main Street Iowa (IEDA) regarding downtown betterment and funding opportunities

EXPAND SUSTAINABILITY EFFORTS

- Research what other cities are doing to consider environmental impact when implementing policies
- Build energy efficiency strategy into transportation planning
- Explore options for parking standards that improve storm water management
- Develop a greenbelt trail plan

ADDRESS HOUSING NEEDS

- Explore ways to encourage availability of all types of housing
- Investigate ways to increase availability of affordable housing
- Reevaluate building and zoning codes to determine if changes should be made to improve the existing housing stock at a lower cost
- Explore creation of tenant and landlord services, including education, complaint and conflict resolution with GSB, ISU, Ames Rental Association, etc.

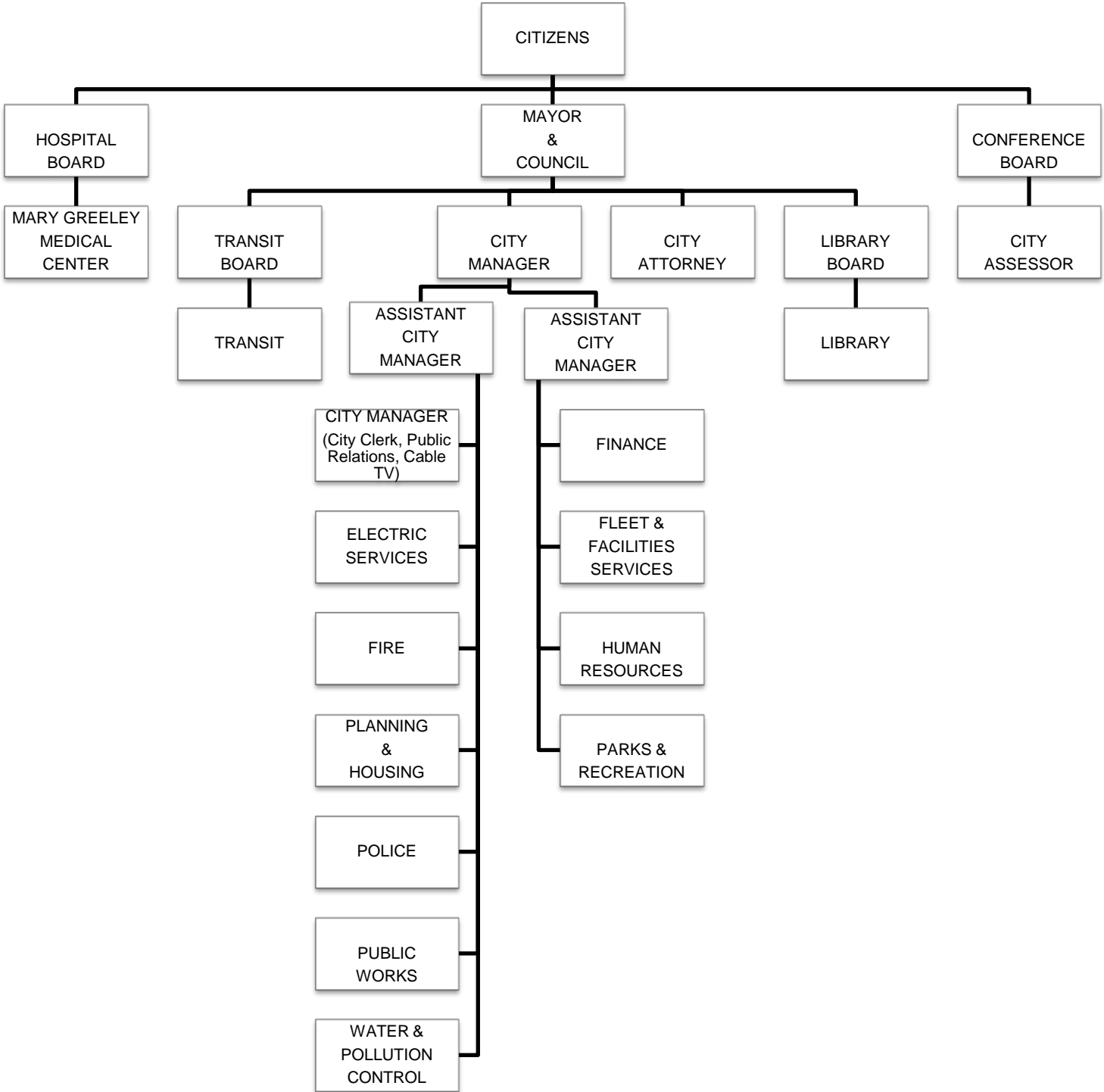
STRENGTHEN HUMAN SERVICES

- Increase the accountability of funded services
- Proactively engage with the ASSET funders in understanding the needs in the community (including mental health and youth needs)

PROMOTE ECONOMIC DEVELOPMENT

- Review and update the economic development policy
- Pursue the industrial park opportunity
- Examine the LUPP for relevancy and effectiveness
- Develop a brand communication plan
- Identify characteristics of the type of community that supports ISU’s technology transfer efforts

CITY OF AMES, IOWA ORGANIZATIONAL CHART



AMES CITY COUNCIL APPOINTEES

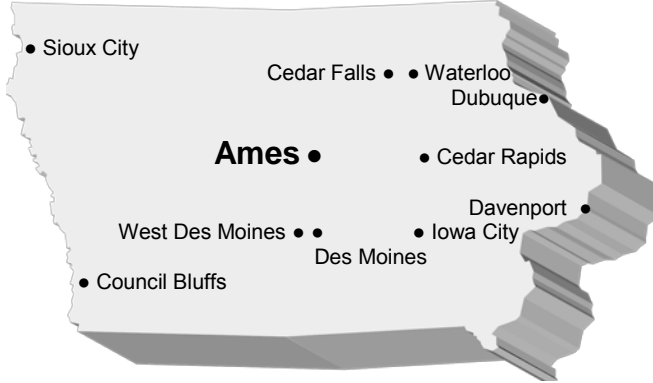
Name	Title	Phone Number
Steve Schainker	City Manager	515-239-5101
Judy Parks	City Attorney	515-239-5146

CITY OF AMES, IOWA, DEPARTMENT HEADS

Name	Department	Phone Number
Donald Kom	Electric	515-239-5171
Duane Pitcher	Finance	515-239-5114
Shawn Bayouth	Fire	515-239-5414
Corey Mellies	Fleet Services/Facilities	515-239-5520
Vacant	Human Resources	515-239-5199
Lynne Carey	Library	515-239-5630
Keith Abraham	Parks & Recreation	515-239-5350
Kelly Diekmann	Planning & Housing	515-239-5400
Chuck Cychosz	Police	515-239-5130
John Joiner	Public Works	515-239-5162
Sheri Kyras	Transportation – CyRide	515-239-5563
John Dunn	Water & Pollution Control	515-239-5150

THE AMES COMMUNITY – MISCELLANEOUS STATISTICS

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



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

Date of Incorporation: 1864

Form of Government: Council – Manager

Fiscal Year: July 1 through June 30

Area: 24.5 square miles

POPULATION	
1980	45,775
1990	47,198
1995	48,691
2000	50,731
2010	58,965
Ames is the home of Iowa State University with a student population of about 34,732.	

SCHOOL ENROLLMENT	
1980	5,031
1990	4,802
2000	4,754
2010	4,280
2011	4,224
2012	4,229
2013	4,244
2014	4,312

UTILITIES CUSTOMERS	
Electric	25,683
Water	17,550
Wastewater	17,444
Storm Sewer	26,055
Yard Meter/Irrigation	1,671

MISCELLANEOUS CENSUS INFORMATION		CLIMATE	
Median Age of Population	23.8 years	Average Winter Temperature	24.0 degrees
Median Household Income	\$ 40,321	Average Summer Temperature	74.0 degrees
		Average Annual Rainfall	35.83 inches
		Average Annual Snowfall	31.0 inches
Police Protection – One Station		Fire Protection – Three Stations	
52 Sworn Officers		54 Full-time Firefighters	
		Library – One Main	
		Bookmobile	

RANKED NATIONALLY AS A GREAT PLACE TO LIVE	
<i>"Second Best College Town In The Nation" – American Institute for Economic Research – 2014 and 2013 (college towns with fewer than 250,000 residents); based on culture, entertainment, earning potential, student diversity, and cost of living</i>	
<i>"One Of The 25 Best Places To Retire" – Forbes Magazine (February 2013) – based on cost of living, taxes, crime, availability of doctors, opportunity to stay active with outdoor exercise, and volunteer work</i>	
<i>"America's 20 Geekiest Cities" – Forbes.com (August 2011)</i>	
<i>"Top 10: 2010 MSN Real Estate Most Livable Bargain Markets" – MSN.com (2010)</i>	
<i>"Ninth Best Place To Live" – CNNMoney.com (2010)</i>	
<i>"Top 25 Best Places to Retire" – CNNMoney.com (2010)</i>	
<i>"#1 Ozone Ranking America's Greenest Cities" – Forbes.com (2010)</i>	
<i>"Fifth Best Place To Live The Simple Life" – AARP (2009)</i>	

THE AMES COMMUNITY

PRINCIPAL EMPLOYERS

<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>
Iowa State University	15,654	30.93%
Mary Greeley Medical Center	1,289	2.55%
City of Ames	1,281	2.53%
Iowa Department of Transportation	925	1.83%
McFarland Clinic, P.C.	920	1.82%
Hy-Vee Food Stores	809	1.60%
Ames Community School District	675	1.33%
Danfoss ¹	650	1.28%
Wal-Mart	440	0.87%
Ames Laboratories	432	0.85%

¹ Formerly Sauer-Danfoss.

Major private sector employers in Ames include: McFarland Medical Clinic; Hy-Vee Food Stores; Danfoss Corporation, a hydro-transmissions manufacturer; Wal-Mart; Hach Chemical, a manufacturer of water analysis equipment; and Workiva, a developer of cloud-based SEC reporting software.

Major public sector employers located in Ames include: Iowa State University, Mary Greeley Medical Center, the City of Ames, the Iowa Department of Transportation, the Ames Community Schools, and the National Animal Disease Center/National Veterinary Service Laboratories. The presence of these public employers has served to insulate the local economy as evidenced by the City's unemployment rate of 2.7%, compared to the statewide rate of 4.1%.

PRINCIPAL PROPERTY TAXPAYERS

<u>Taxpayer</u>	<u>Taxable Assessed Value</u>	<u>Percentage of Total Assessed Value</u>
Barilla America, Inc.	\$ 34,389,050	1.48%
Iowa State University Research	32,370,170	1.39%
Campus Investors IS, LLC	30,767,449	1.32%
North Grand Mall Partners, LLC	23,308,630	1.00%
Clinic Building Co., Inc.	20,475,255	0.88%
Wal-Mart Stores, Inc.	18,050,000	0.78%
Dayton Park, LLC	17,060,819	0.73%
Cycloneball, LLC	16,413,150	0.71%
West Towne Condos, OOC	14,179,458	0.61%
University West Property Owner, LLC	13,522,162	0.58%

SERVICES PROVIDED TO AMES CITIZENS:

The City of Ames provides police and fire service, library services, recreation programs, building inspections, and planning and economic development services. The City maintains the city's street system, parking lots, parks, and municipal cemeteries, as well as operates the Ames Animal Shelter, the Furman Aquatic Center, the Ames/ISU Ice Arena, Homewood Golf Course, and the Ames Municipal Airport.

Electrical service, water, sanitary sewer service, and storm water control are all provided by City utilities. The City also operates the Resource Recovery Plant, which collects garbage and converts it to refuse which can be burned for fuel at the City's Power Plant.

The City's transit system, CyRide, is operated by a board consisting of the City of Ames, Iowa State University administration, and the Government of the Student Body (GSB) at Iowa State. The City Manager serves as the City's representative on the Transit Board.

Medical service is provided by Mary Greeley Medical Center, a non-profit municipal hospital which, by City ordinance, is governed by a Board of Trustees. The hospital's financial and budget information is not included in the City's budget document, but is included in the City's annual audited financial statements.

BUDGET CALENDAR

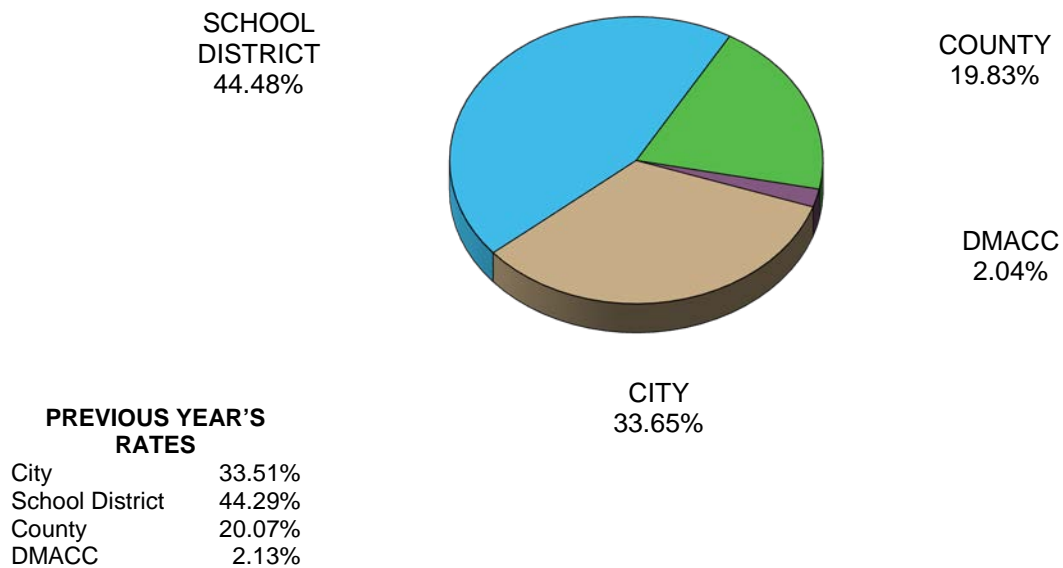
State statute requires a municipality to certify its budget by March 15. This general schedule is followed each fiscal year in order to ensure that the March 15 deadline is met. A goal during the entire process is to encourage citizen involvement in the annual budget decision making process through public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

SPRING	Resident Satisfaction Survey administered to 1,350 residents asking funding priorities, effectiveness of services, and preferred changes in emphasis/service levels. All results are reviewed with the City Council prior to the start of the budget process.
AUGUST SEPTEMBER	Departments prepare Capital Improvement Project (CIP) information for the 5-year plan and begin preparation of amended 2014/15 and proposed 2015/16 operational budgets. Resident Satisfaction Survey results are presented to the City Council.
OCTOBER	October 7 – Public town budget meeting to receive input from residents for budget service levels and projects. The meeting is televised and the public can call in and e-mail questions.
NOVEMBER DECEMBER	November 25 – City Council budget meeting to review issues, priorities, and preferences in service levels for the 2015/16 budget. Staff drafts 5-year CIP. PROBE meetings (Productive Review of Budget Entries) are conducted with Assistant City Managers, Finance Director, Budget Officer, and City departments. All revenues, operational program costs, and current year CIP adjustments are reviewed.
JANUARY	City Manager holds budget review meetings with departments. The City Manager’s recommended draft budget document is prepared. January 20 – CIP workshop with City Council. January 27 – Public hearing for resident input on CIP.
FEBRUARY	January 30, February 3, 4, 5, 10 – City Council reviews entire program budget with department heads in five (5) public meetings held on one afternoon and four evenings.
MARCH	March 3 – Final budget hearing and adoption of amended 2014/15 budget and 2015/16 budget. State statute requires the budget be certified with the County Auditor by March 15.
MAY	Departments review their budgeted revenues and expenses in May in order to make adjustments which will more accurately reflect the City’s anticipated revenues and expenses for the fiscal year ending June 30. After City Council review and approval, the amendments are submitted to the County Auditor by the end of May as required by State statute.

PROPERTY TAXES

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

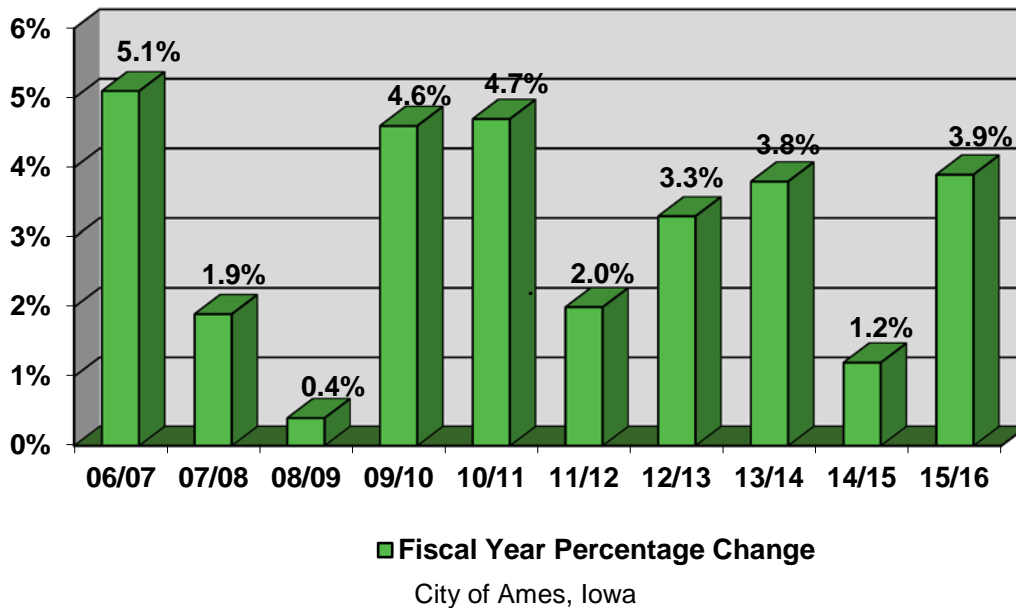
BREAKDOWN OF PROPERTY TAXES PAID 2014/15 RATES



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

VALUATION GROWTH

VALUATION PERCENTAGE INCREASE 10 YEARS OF DATA



The 2015/16 budget is based on a \$91,602,424, or 3.9%, increase in the City's taxable valuation. The average annual valuation increase over the last ten years is 3.1%. The total taxable valuation of \$2,444,958,642 is made up of the following components:

	Taxable Valuation	Percentage of Valuation	Change From Prior Year
Residential property	1,549,839,267	63.4%	9.3%
Commercial property	757,802,880	31.0%	-4.2%
Industrial property	120,629,790	4.9%	-4.2%
Utilities	11,120,683	0.5%	-5.9%
Utilities subject to excise	5,566,022	0.2%	-13.5%
	<u>2,444,958,642</u>	<u>100.0%</u>	<u>3.9%</u>

FACTORS IMPACTING VALUATION GROWTH

The taxable valuation for the FY 2015/16 budget is based on property valuation as of January 1, 2014. The three primary factors impacting taxable valuation are additions or removals of taxable property, changes in valuation of existing property, and changes in the state mandated rollback rate. The total growth in taxable valuation of \$91.6 million, or a 3.9% increase over the prior year, is reflective of positive growth in both the addition of new property and the increased valuation on existing property. The new additional taxable value and the change in the taxable value of existing property each contributed about \$60 million in increased taxable value, reflecting the overall strength of the Ames market. This increase was partially offset by reductions on taxable value due to temporary tax exemptions on some commercial property, changes in the state rollback adjustment, and some shifting of property from a commercial to a residential classification, which is taxed at a lower rate. The combination of these factors reduced the growth in taxable value by approximately 25%. The largest reduction on taxable value was caused by the implementation of the second

and final year of property tax reform by the State of Iowa. Commercial and industrial property previously taxed at 100% of market value was reduced to 95% in FY 2014/15 and to 90% for FY 2015/16. The rate will remain at 90% for future years, with the State making up the lost revenue as State Replacement Tax.

GENERAL FUND ENDING BALANCE

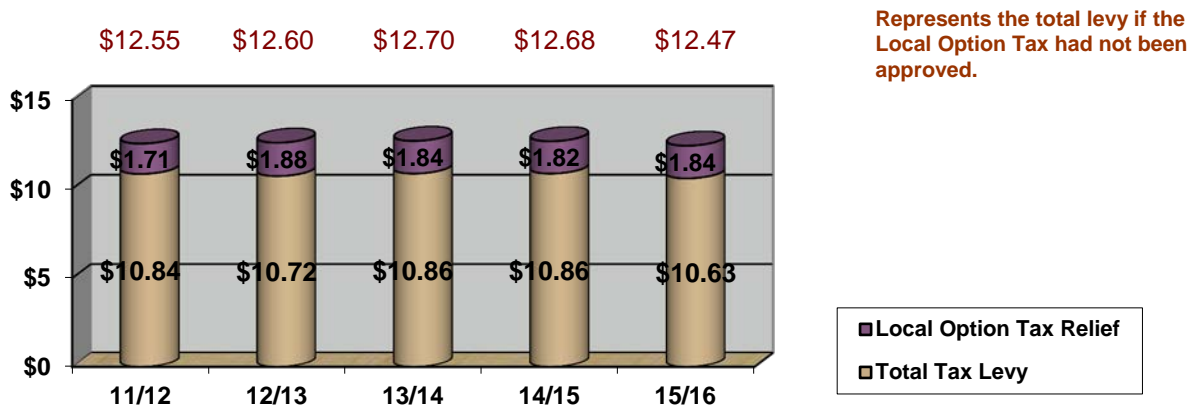
The General Fund’s budgeted ending balance for June 30, 2016 is \$6,940,667, or 23.3% of budgeted expenditures. The City’s General Fund balance policy calls for an ending balance of at least 20% of expenditures. The City Council maintains this fund balance to help cover unexpected changes in expenses and revenues and to mitigate property tax rate increases in future years.

EMERGENCY RESERVE

In addition to the General fund balance, the City annually budgets an additional amount as an emergency reserve. These are discretionary funds over and above the general fund balance for use as designated by City Council. This money is typically used for projects or requests which occur after the budget has been adopted. In recent years, \$50,000 had been included in the adopted budget, and another \$50,000 added as part of the amendment process. For FY 2014/15, however, the adopted amount of \$50,000 was determined to be sufficient. A total of \$50,000 has also been budgeted as an emergency reserve for FY 2015/16.

LOCAL OPTION SALES TAX

Effect of Local Option Sales Tax – Property Tax Levy/\$1,000 Valuation



On November 4, 1986, the citizens of Ames approved a Local Option Tax of 1% to be used for property tax relief (60%) and community betterment (40%). The property tax relief portion of this tax will generate \$4,490,763 in FY 2015/16, which will lower the total necessary tax levy by \$1.84. The chart above illustrates what the total levy would need to be if the Local Option Sales Tax had not been approved. Adjusted local option tax revenues for FY 2014/15 will be \$7,996,943, or \$874,588 higher than the adopted budget. The increase is due to a higher than anticipated settlement amount received for FY 2013/14. Local option tax revenues for FY 2015/16 are projected to be \$7,484,605, a 5.1% increase over the amount adopted for FY 2014/15.

CITY OF AMES, IOWA FY 2015/16 PROPERTY TAX LEVY

Taxable Valuation \$ 2,444,958,642

% Change From FY 14/15 3.9%

LEVY REQUIRED	LEVY PER \$1,000 VALUATION	DOLLAR AMOUNT	RATE CHANGE	%	DOLLAR CHANGE	%
Total Requirement	7.84202	19,173,408	0.07345	0.95	891,191	4.87
Less:						
State Replacement Tax	0.23053	563,644				
Local Option Property Tax	1.83674	4,490,763	(0.02086)	(1.15)	(217,350)	(5.09)
Net General Levy	5.77474	14,119,001	(0.05825)	(1.00)	391,889	2.85
Trust and Agency Levy (Partial Police/Fire Benefits)	.71216	1,741,202	(0.07115)	(9.08)	(102,213)	(5.54)
Transit Levy	.65200	1,594,113	(0.00519)	(0.79)	47,507	3.07
Total Before Debt Service	7.13890	17,454,316	(0.13459)	(1.85)	337,183	1.97
Debt Service Levy	3.49047	8,540,433	(0.09142)	(2.55)	105,068	1.25
Grand Total Tax Levy	10.62937	25,994,749	(0.22601)	(2.08)	442,251	1.73

Ag Levy – Valuation: \$1,879,319 x 3.00375 = \$5,645

TIF valuation available for Debt Service - \$1,827,450

**FY 2014/15
PROPERTY TAX LEVY COMPARISONS**

CITY	POPULATION	GENERAL LEVY PER \$1,000	TOTAL LEVY PER \$1,000	TOTAL LEVY PER CAPITA
Waterloo *	68,406	\$8.10	\$17.95	\$587.39
Council Bluffs *	62,230	8.10	17.75	687.02
Des Moines	203,433	8.10	16.92	543.20
Davenport *	99,685	8.10	16.78	673.43
Iowa City	67,862	8.10	16.71	766.79
Sioux City *	82,684	8.10	16.36	449.59
Cedar Rapids	126,326	8.10	15.22	706.97
West Des Moines	56,609	8.10	12.05	854.24
Ankeny	45,582	7.03	11.90	584.14
Cedar Falls *	39,260	8.10	11.81	450.53
Dubuque *	57,637	8.10	11.03	430.60
Ames *	58,965	5.83	10.86	433.43
Urbandale	39,463	7.12	9.72	588.62
Average		7.77	14.24	

* Cities that collect local option sales tax

Iowa law limits a city's tax levy for the general fund to no more than \$8.10 per \$1,000 valuation in any tax year, except for specific levies authorized outside the limit. The City of Ames general fund levy for 2014/15 was \$5.83.

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

	\$100,000 Home*		
	2013/14	2014/15	2015/16
Streets/Traffic	138	139	145
Police Protection	131	136	135
Fire Protection	89	89	88
Library	71	77	76
Parks and Recreation	52	56	52
Transit	34	36	36
General Support Services	23	23	24
Planning Services	10	10	11
Storm Sewer System	7	6	5
Resource Recovery	6	6	6
Animal Control	5	5	5
Facilities/Cemetery/Airport	4	5	6
Building Safety	3	3	3
	<hr/> 573	<hr/> 591	<hr/> 592
*Assessed Value	100,000	100,000	100,000
Rollback	52.8166	54.4002	55.7335
Taxable Value	52,817	54,400	55,734
Tax Rate per \$1,000	10.8578	10.8554	10.6294
Calculated Tax	573	591	592

All categories reflect their applicable amounts for debt service

DEBT SERVICE COST ALLOCATION FOR 2015/2016 BUDGET
Valuation \$2,446,786,092

Use of Bond Proceeds	Allocated Debt Service	Debt Service Abatements	Property Tax Support	Rate Per \$1,000 Valuation
Fire Department Apparatus	59,847	14,962	44,885	0.01834
Library	1,208,900	-	1,208,900	0.49408
Ada Hayden Heritage Park	264,675	-	264,675	0.10817
City Hall Improvements	14,309	-	14,309	0.00585
Aquatic Center	944,487	-	944,487	0.38601
Water Projects	394,057	394,057	-	
Sewer Projects	64,791	64,791	-	
Resource Recovery	163,987	163,987	-	
Urban Renewal - TIF	117,960	117,960	-	
Storm Sewer	243,175	-	243,175	0.09939
Streets	5,356,602	-	5,356,602	2.18924
Special Assessments	442,728	442,728	-	
2015/2016 CIP G. O.	1,395,720	590,920	804,800	0.32892
TOTAL G. O. DEBT	10,671,238	1,789,405	8,881,833	3.63000
Less: State Replacement Tax			340,714	0.13925
Use of Fund Balance		-	-	0.00000
TOTAL DEBT SERVICE COST	\$ 10,671,238	\$ 1,789,405	\$ 8,541,119	3.49075
FY 2015/2016 Debt Service Levy			\$ 8,541,119	3.49075
2015/2016 CIP G.O. ISSUE				
Flood Mitigation	\$ 144,000			
West Lincoln Way Improvements	450,000			
Asphalt Street Improvements	1,300,000			
Grand Avenue Extension	280,000			
Concrete Pavement Improvements	1,100,000			
Arterial Street Pavement Improvements	400,000			
Downtown Street Improvements	800,000			
Seal Coat Pavement Improvements	350,000			
Bridge Rehabilitation Program	2,320,000			
Airport Terminal Building	867,000			
<i>Subtotal Tax Supported Bonds</i>	\$ 8,011,000			
East Lincoln Way Sewer Extension	2,000,000	Abated by Sewer Revenue		
ISU Research Park Improvements	2,938,990	Abated by TIF Revenue		
Airport Terminal	943,000	Abated by Airport Revenue		
<i>Subtotal Abated Bonds</i>	\$ 5,881,990			
Total G.O. Bonds	\$ 13,892,990			

SUMMARY OF TOTAL REVENUES AND EXPENDITURES ALL FUNDS – REVENUE SUMMARY

	2013/14 Actual	2014/15 Adopted	2014/15 Adjusted	2015/16 Adopted	% Change From Adopted
Property Taxes	25,209,338	25,543,129	25,543,129	26,000,576	1.8%
State Replacement Tax	-	524,239	524,239	1,038,180	98.0%
Utility Excise Tax	64,592	69,896	69,896	59,156	-15.4%
Local Option Sales Tax	6,648,615	7,122,355	7,996,943	7,484,605	5.1%
Hotel/Motel Taxes	1,832,470	1,650,000	1,750,000	1,775,000	7.6%
Other Taxes	8,545,677	9,366,490	10,341,078	10,356,941	10.6%
Licenses & Permits	1,921,654	1,381,200	1,626,449	1,486,425	7.6%
Federal Grants	3,391,856	2,467,995	3,635,949	3,413,760	38.3%
State Road Use Tax	5,859,929	5,805,989	5,805,989	5,925,077	2.1%
Monies & Credits	17,819	17,818	17,818	17,818	0.0%
State Grants	11,873,573	36,151,229	36,492,760	39,982,854	10.6%
County Contributions	118,916	119,000	128,530	118,000	-0.8%
Government Participation	4,938,209	5,391,034	5,829,252	6,071,493	12.6%
Intergovernmental Revenue	26,200,302	49,953,065	51,910,298	55,529,002	11.2%
Utility Charges	77,335,491	75,553,309	76,469,004	78,471,942	3.9%
Other Charges for Services	8,546,808	8,927,185	8,821,138	9,021,179	1.1%
Charges for Services	85,882,299	84,480,494	85,290,142	87,493,121	3.6%
Fines, Forfeit, & Penalty	800,552	798,000	814,840	797,000	-0.1%
Interest Revenue	1,245,830	709,882	805,200	735,200	3.6%
Other Uses of Money	995,050	958,898	967,654	948,961	-1.0%
Use of Money & Property	2,240,880	1,668,780	1,772,854	1,684,161	0.9%
Proceeds from Bonds	-	32,840,000	9,840,000	32,767,990	-0.2%
Other Miscellaneous Revenues	1,882,390	1,418,505	1,966,938	2,506,424	76.7%
Miscellaneous Revenues	1,882,390	34,258,505	11,806,938	35,274,414	3.0%
Internal Services	15,763,937	15,245,084	15,638,145	16,526,424	8.4%
Total Before Transfers	168,447,029	222,694,747	204,743,873	235,148,064	5.6%
Transfers	14,576,019	14,962,382	15,705,465	16,745,333	11.9%
Grand Total Revenues	183,023,048	237,657,129	220,449,338	251,893,397	6.0%

ALL FUNDS - EXPENDITURES

	2013/14 Actual	2014/15 Adopted	2014/15 Adjusted	2015/16 Adopted	% Change From Adopted
Operations:					
Public Safety:					
Law Enforcement	8,221,769	8,614,405	8,752,273	8,820,192	2.4%
Fire Safety	6,030,496	6,412,166	6,325,726	6,607,573	3.1%
Building Safety	1,197,591	1,385,906	1,345,482	1,459,409	5.3%
Traffic Control	914,846	928,044	977,442	989,151	6.6%
Animal Control	380,665	386,464	406,331	366,233	-5.2%
Other Public Safety	739,827	734,500	746,500	794,500	8.2%
Total Public Safety	17,485,194	18,461,485	18,553,754	19,037,058	3.1%
Utilities:					
Resource Recovery	3,556,391	3,730,439	3,724,588	3,793,759	1.7%
Water Operations	2,808,308	2,971,583	2,916,730	2,962,531	-0.3%
Storm Sewer Maintenance	230,684	207,579	251,155	252,189	21.5%
Water Pollution Control	2,517,843	2,840,560	2,836,003	2,919,830	2.8%
Electric Services	48,023,791	49,880,481	49,827,393	51,383,447	3.0%
Utility Support Services	4,261,018	4,268,403	4,431,998	4,569,869	7.1%
Total Utilities	61,398,035	63,899,045	63,987,867	65,881,625	3.1%
Transportation:					
Street System	3,448,508	3,646,002	3,814,596	3,941,210	8.1%
Public Parking	790,560	838,985	848,129	851,900	1.5%
Transit System	8,869,683	9,440,489	9,770,653	10,230,327	8.4%
Airport	145,399	123,068	132,710	138,136	12.2%
Total Transportation	13,254,150	14,048,544	14,566,088	15,161,573	7.9%
Community Enrichment:					
Parks and Recreation	3,771,085	3,991,646	4,094,529	4,120,761	3.2%
Library Services	3,493,706	3,891,464	3,952,621	4,039,191	3.8%
Human Services	1,060,788	1,155,850	1,159,563	1,233,357	6.7%
Art Services	161,104	181,401	206,948	189,733	4.6%
Cemetery	126,703	148,693	161,317	168,195	13.1%
City-Wide Housing	32,477	42,898	46,827	48,754	13.7%
Comm Dev Block Grant	653,164	523,489	1,191,895	487,470	-6.9%
Economic Development	235,619	231,291	221,573	223,314	-3.5%
FEMA Disaster Activity	10,364	-	-	-	
Cable TV	124,595	124,991	142,250	139,415	11.5%
Total Comm Enrichment	9,669,605	10,291,723	11,177,523	10,650,190	3.5%

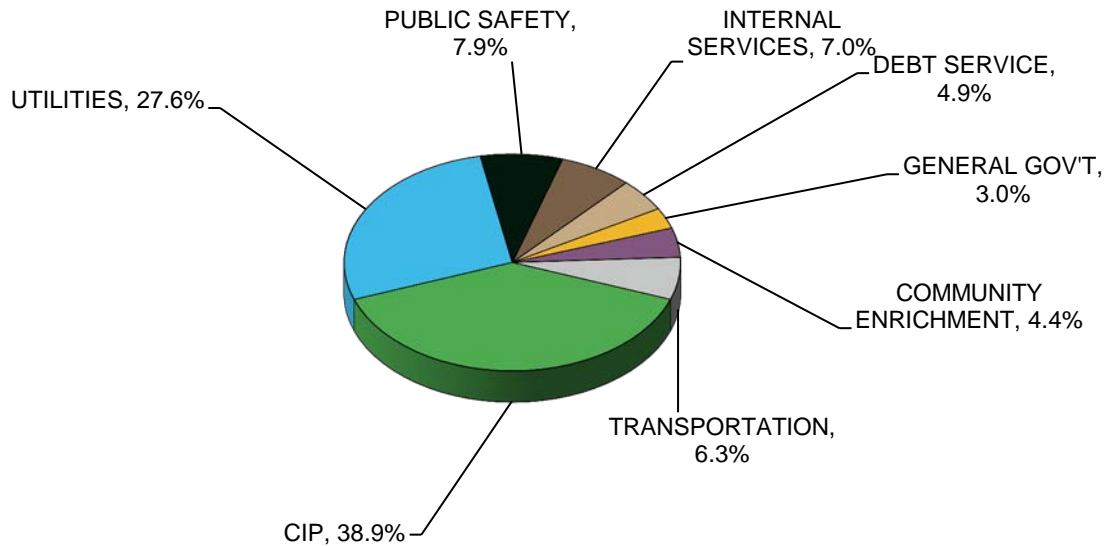
ALL FUNDS – EXPENDITURES, continued

	2013/14 Actual	2014/15 Adopted	2014/15 Adjusted	2015/16 Adopted	% Change From Adopted
General Government:					
City Council	301,209	342,770	371,316	332,912	-2.9%
City Clerk	367,865	341,187	349,173	357,296	4.7%
City Manager	693,022	692,031	711,542	734,993	6.2%
Financial Services	1,647,606	1,719,344	1,748,205	1,774,736	3.2%
Administrative Services	1,833,060	1,992,693	2,635,814	2,173,191	9.1%
Public Works	1,050,030	1,204,946	1,208,085	1,267,150	5.2%
Facilities	511,608	535,809	572,494	541,549	1.1%
Merit Adjustment	-	174,111	-	174,971	0.5%
Total General Government	6,404,400	7,002,891	7,596,629	7,356,798	5.1%
Total Operations	108,211,384	113,703,688	115,881,861	118,087,244	3.9%
CIP:					
Public Safety CIP	1,213,245	717,175	4,050,741	2,243,175	212.8%
Utilities CIP	18,096,770	63,594,850	68,060,521	69,061,900	8.6%
Transportation CIP	12,513,019	15,220,170	26,706,578	20,543,718	35.0%
Community Enrichment CIP	12,055,872	1,276,500	7,200,074	1,239,000	-2.9%
General Government CIP	745,848	50,000	2,658,301	50,000	0.0%
Internal Services CIP	11,667	122,500	134,241	111,000	-9.4%
Total CIP	44,636,421	80,981,195	108,810,456	93,248,793	15.2%
Debt Service:					
General Obligation Bonds	10,082,600	9,800,973	9,743,158	10,671,238	8.9%
SRF Loan Payments	148,300	-	301,716	1,122,492	
Bond Costs	2,000	-	53,000	-	
Total Debt Service	10,232,900	9,800,973	10,097,874	11,793,730	20.3%
Internal Services:					
Fleet Services	3,593,491	4,071,485	4,689,221	4,119,760	1.2%
Information Technology	2,154,660	2,201,223	2,659,489	2,237,158	1.6%
Risk Management	2,116,398	2,349,903	2,301,047	2,361,272	0.5%
Health Insurance	7,380,865	7,613,656	7,652,072	8,165,749	7.3%
Total Internal Services	15,245,414	16,236,267	17,301,829	16,883,939	4.0%
Total Expenditures Before Transfers	178,326,119	220,722,123	252,092,020	240,013,706	8.7%

ALL FUNDS – EXPENDITURES, continued

	2013/14 Actual	2014/15 Adopted	2014/15 Adjusted	2015/16 Adopted	% Change From Adopted
Transfers:					
Transfers	14,576,019	14,962,382	15,705,465	16,745,333	11.9%
Hotel/Motel Pass Through	1,308,384	1,178,571	1,250,000	1,267,857	7.6%
Total Transfers	15,884,403	16,140,953	16,955,465	18,013,190	11.6%
Grand Total Expenditures	194,210,522	236,863,076	269,047,485	258,026,896	8.9%

WHERE THE MONEY IS SPENT... 2015/16 ADOPTED

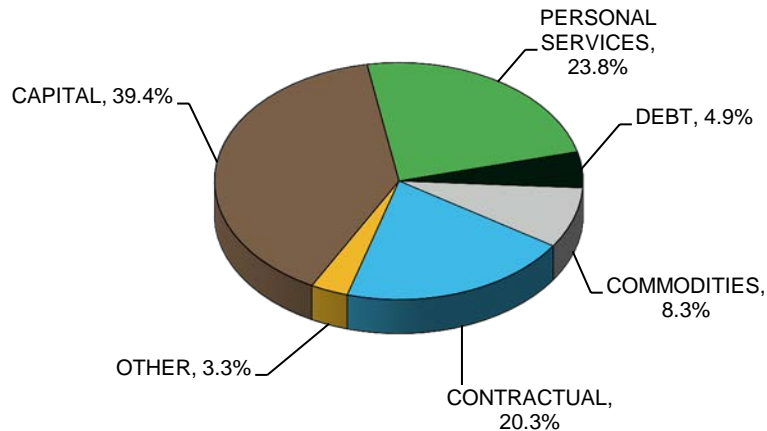


Excluding Transfers

ALL FUNDS – EXPENDITURES BY CATEGORY

	2013/14 Actual	2014/15 Adopted	2014/15 Adjusted	2015/16 Adopted	% Change From Adopted
Personal Services	51,784,508	54,627,441	54,342,129	57,055,783	4.5%
Contractual	49,315,824	42,985,607	45,166,915	48,790,563	13.5%
Commodities	21,526,851	24,393,680	23,603,869	19,820,031	-18.8%
Capital	38,514,059	81,949,246	111,544,992	94,615,859	15.5%
Debt	10,232,900	9,800,973	10,097,874	11,793,730	20.3%
Other (Refunds, Insurance Claims, etc)	6,951,977	6,965,176	7,336,241	7,937,740	14.0%
Total Expenditures Before Transfers	178,326,119	220,722,123	252,092,020	240,013,706	8.7%
Transfers	15,884,403	16,140,953	16,955,465	18,013,190	11.6%
Total Expenditures	194,210,522	236,863,076	269,047,485	258,026,896	8.9%

BREAKDOWN BY MAJOR EXPENSE CATEGORY 2015/16 ADOPTED



Excluding Transfers

City of Ames Honors

Aa1 Bond Rating for 2014, from Moody's Investors Service.

The Healthy Iowa Community Award for 2012 was presented to the City of Ames by the Academy for a Healthy Iowa – a collaboration of the Iowa Department of Public Health, Governor's Council on Physical Fitness and Nutrition, and Wellness Council of Iowa. Award winners were selected based on providing access to wellness, programming, financial commitment, measurability, and sustainability.

Ames Electric Services was one of 176 of the nation's more than 2,000 public power utilities to earn "Gold Level" Reliable Public Power Provider™ (RP³) recognition from the American Public Power Association (APPA) for providing consumers with the highest degree of reliable and safe electric service in 2012. The Reliable Public Power Provider designation is awarded based on proficiency in four key disciplines: reliability, safety, training, and system improvements.

The City received the Wellness Councils of America (WELCOA) Well Workplace Gold designation in September 2012. For 20 consecutive years, the City of Ames has been designated as a Well Workplace, building from bronze level to the first gold designation in 2000. Gold Well Workplaces are companies that have successfully built comprehensive worksite wellness initiatives and are demonstrating and documenting concrete outcomes.

The Water Pollution Control (WPC) Facility received a *Platinum-22 Peak Performance Award* from the National Association of Clean Water Agencies (NACWA) in 2012 and 2013. This award recognized the facility and its staff for 24 consecutive years with 100% compliance with its discharge permit. In the 21+ years since the plant came online, it has met over 24,000 numerical limits without a single violation. According to NACWA's tracking, there are only two facilities in the country with longer compliance records.

Fleet Services was recognized in 2011, 2012, and 2013 as one of the "100 Best Fleets in North America" by Government Fleet Magazine. This award recognized excellence in 12 categories: accountability, use of technology, collaboration, creativity, celebration, evidence of a high trust culture, performance recognition, doing it right the first time, quick efficient turnaround, competitive pricing, staff development, and resources stewardship.

The Arnold O. Chantland Resource Recovery Plant was selected as the "Facility of the Year in Material Recovery" at the 19th Annual North American Waste-to-Energy Conference held in Lancaster, PA. The event was co-sponsored by the Energy Recovery Council, the American Society of Mechanical Engineers, and the Solid Waste Association of North America.

For 37 consecutive years, the City has received a Certificate of Achievement for Excellence in Financial Reporting, Government Finance Officers Association.

The Distinguished Budget Presentation Award has been given to the City by the Government Finance Officers Association every year since 1986/87.

Ames has been designated as a Tree City USA for 30 consecutive years.