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TO: Mayor & City Council

From: Jeffrey A. Fiegenschuh, City Administrator

Re: FY 14 Budget and Tax Levy

Date: March 4, 2013

Submitted for your review and consideration is the FY 2013-2014 proposed Windsor Heights budget. The budget provides the financial plan for all City funds and activities for the fiscal year beginning July 1, 2013 and ending June 30, 2014. The tax levy rate is a proposed rate of \$13.89892, which is \$.5839 per thousand dollars of taxable valuation higher than the previous fiscal year. This equates to approximately \$2.55 more per month for a home valued at \$155,000. Based on FY 2013 tax levy numbers from surrounding communities, the City's overall tax rate remains unchanged as compared to all metro community rates.

#### **Year-End Estimates**

You will notice that in numerous categories the year end estimates are lower than the previous fiscal year. This is based on several projects that although have alternate revenue sources, those revenue sources don't cover the entire project costs. An example of this is the Hickman and 73<sup>rd</sup> Intersection project. A grant is covering 80% of the costs and the City will cover the other 20% out of its general fund. Year end estimates could end higher than estimated based on any sale of property at the Hickman Road development, traffic enforcement revenues (which currently are not budgeted) or other projects coming in under budgeted figures. This City does, however, have adequate reserve revenues to cover its share of the Hickman intersection project.

#### **Grants, Donations, In-Kind Contributions**

Included in the proposed budget is a grant through the Iowa Department of Transportation in the amount of \$385,000 for the intersection work at the Hickman and 73<sup>rd</sup> intersection. Staff will be working on additional grants through the State Revolving Loan Fund for storm water projects in the community. The grants total approximately \$367,000 and if approved, the City will amend the budget to account for the new revenues and expenditures. As in the past, our team will continue working with the Parks and Special Events Coordinator to secure additional outside funding for parks and special events functions.

## **Personnel**

Over 70 percent of the costs associated with the City are related back to personnel costs. The City currently employs 28, regular full-time employees, one part-time regular employee who handles cleaning services and one regular part-time employee who is the crossing guard at Clive Elementary School. The FY 14 budget does not include funds for additional staffing, but does account for the hiring of a new full-time administrative assistant to replace the Community Service Director position, the replacement of unfilled 13<sup>th</sup> full-time sworn police officer and the reduction of the CFO to a part-time position. The budget also includes salary increases that were approved in December 2012 based on recommendations from the interim City Administrator. Overall, the changes and consolidations in staffing levels will save the City over \$55,000 annually.

Of the current 28 full-time employees, 15 are in the Police Department (2 provide support through the City and one provides IT support throughout the City), 7 in Public Works (one is the Special Events Coordinator), 1 City Inspector, 3 in Fire/EMS and 2 in Administration, Finance and Community Development. Approximately 20 to 25 paid on call employees comprise the rest of the employees in the Fire/EMS department. The City is extremely fortunate to have these professional paid on call Fire/EMS employees. The current staffing plan within the Fire/EMS department provides a significant cost savings to the City and allows us to provide top notch services to the community. A copy of the City's organizational chart is attached to the memo.

## **Project Updates**

With the recent turnover in staffing the proposed budget does not include a large number of projects, however if future projects seem feasible the FY budget can be amended. Some of the projects included in the new budget include:

- 73<sup>rd</sup> and Hickman Intersection Project-To begin in June and be completed in Oct
- The purchase of a new EMS transport vehicle and two new dump trucks for the public works department-The EMS vehicle is a demo vehicle, which will provide over \$20,000 in savings.
- City sponsored sustainability series, possible implementation of a sustainability ordinance
- Finalizing the new Comprehensive Plan
- Funds for updates to the City's Zoning codes
- Revamp and updates to the City's website
- City Council Strategic Planning Session
- New audio and video equipment to allow the City to stream City Council meetings on the website
- Updates to the City's server system and other technology upgrades
- Continued sewer lining and televising (working with the sanitary sewer district)

As City staffing needs are finalized and after the City Council strategic planning session, staff will have a better idea of future projects that are important to the City Council.

### **Policy Initiatives**

Any new policy initiatives will come directly from the strategic planning session being held in May, 2013. However, there is several policy initiatives adopted previously that I will continue implementing. Other policy initiatives staff will be looking for direction on include expansion of zoning notifications to business owners and residents, expansion of information available to the public via the City's website, possible updates to the City's purchasing policy and instituting a uniform City wide drug testing policy. I will also be seeking Council support for the tracking and advocating for and against legislative bills that affect City operations.

### **Reserve Levels**

The City's General fund reserve levels remain healthy, but will be lower in FY 14 due to projects such as the 73<sup>rd</sup> and Hickman Road intersection project. Currently, the City's general fund reserve is carrying a few of the other funds that have negative balances. This issue will be alleviated with the continued development of the Hickman Road project and the implementation of the new storm water fees adopted by the Council.

The TIF fund remains in a negative balance and will likely remain that way until 2015; however progress continues being made towards putting the fund into a zero balance. This will happen more quickly as property is sold at the Hickman Road development.

### **General Fund**

The General Fund continues to support the bulk of the City's operations. The Police, Fire and Administrative operations are all funded primarily with General Fund and Trust and Agency dollars and revenues from a franchise fee. Other revenues consist of general property taxes, licenses and permit fees, hotel/motel taxes, fines and forfeits, miscellaneous revenues and charges for services. Staff did not budget for any revenue from the automated traffic enforcement cameras. Other funds such as water, sanitary sewer, storm water, TIF and employee benefits, are charged an administrative service fee to offset the support provided by administration staff. This is reflected in the budget through transfers. One area for future revenues, if allowed by the State, is the adoption of a local option sales tax. These revenues, which could be significant, could help to reduce its overall property tax levy, fund vital infrastructure upgrades and fund future economic and community development initiatives.

### **Other Funds**

Public Works operations are funded partially with State Road Use Tax dollars while Parks, Recreation and Special Events operations are funded in part by General Fund dollars. Donations and revenue from special events help fund the Parks department. The coordinator does a fantastic job marketing the community center to bring in weddings, bridal shows and other upscale uses.

Community development and capital projects are predominantly funded by proceeds from bonds, which are repaid using Tax Increment Financing, grants, and the general debt service levy.

**Debt Service**

The City continues to operate with very acceptable debt service levels. The FY 14 budget includes a refund of the Series 1999A bonds, which are funded with TIF revenues. The refund, with a five-year amortization schedule is estimated to save the City approximately \$28,000. Staff will continue working with bond counsel and our financial adviser to look at future refunds as a cost savings measure. The only new debt the City anticipates to approve in FY 14 includes \$480,000 for the purchase of new capital equipment. These funds will be repaid through the general debt service levy and will cost the average home valued at \$155,000 less than \$27 annually. This new debt will be repaid in five years.

**Tax Rate/Residential Rollback**

The projected tax rate is \$13.89 per \$1,000 of taxable valuation. This rate is \$.58 higher than last year and can be attributed to debt service for capital equipment purchases. Combined with the residential rollback rate, the property owners in Windsor Heights will pay a total of \$2,689,759 in City property taxes. As in the past, the stability of the City's property tax rate and the amount of taxes a property owner will actually pay is one of the primary objectives in the budgeting process. It should be noted however, that unless other sources of revenue are utilized and if the state passes a commercial property tax rollback an increase in the levy will be required to sustain current levels of service.

With the City property tax total of \$2,689,759 (this does not include TIF); the average property owner pays approximately \$106 per month for all City services. This includes 24 hour police and fire protection; emergency medical services; all public works services including parks and recreation, road repairs and all other programming offered by the City.

**Final Thoughts**

I would like to thank the entire City staff for all their hard work in putting this budget together. With the numerous staffing changes and condensed budget schedule staff was not able to produce the annual graphs that have been presented. Next year however, this will not be an issue. The City's finances remain stable, however going forward it is extremely important that the Council consider alternate sources of revenues so the City can continue to redevelop, invest in infrastructure, support staffing operations and promote new economic development programs. It has been a pleasure serving as the City of Windsor Heights new City Administrator.

Submitted by,



Jeffrey A. Fiegenschuh  
City Administrator

