



## NOTICE AND CALL OF PUBLIC MEETING-WORK SESSION

This meeting will be open to the public and can also be attended via Zoom.com:

**Meeting ID 848 2799 1031**

Phone number to call to participate via telephone is **1-312-626-6799 US (Chicago)**

Governmental Body: **City Council**

Date of Meeting: **August 28, 2023**

Time of Meeting: **6:00 p.m.**

Place of Meeting: **City Hall Council Chambers**

PUBLIC NOTICE IS HEREBY GIVEN that the above mentioned governmental body will meet at the date, time and place above set out. The tentative agenda for said meeting is as follows:

1. Roll Call
2. Approval of Agenda
3. Pledge of Allegiance
4. **RESOLUTION** supporting the Installation of Art in Public Spaces in Downtown with a Financial Contribution and authorizing the Mayor to sign a Letter of Support for Arts R Alive's Grant Application to the Rural Scale-Up Grant administered by Iowa Economic Development Authority.
5. Financial Analysis by Hinson Consulting, LLC. [MEMO](#) [PRESENTATION](#)

and any other matters that may come before the Council.

6. Adjourn

This notice is given at the direction of the City Council pursuant to Chapter 21 Code of Iowa and the local rules of the City of Webster City, Iowa.

Signature: Karyl K. Bonjour  
Title: City Clerk  
CITY OF WEBSTER CITY

**RESOLUTION NO. 2023 -**

**RESOLUTION SUPPORTING THE INSTALLATION OF ART IN PUBLIC SPACES IN DOWNTOWN WITH A FINANCIAL CONTRIBUTION AND AUTHORIZING THE MAYOR TO SIGN A LETTER OF SUPPORT FOR ARTS R ALIVE'S GRANT APPLICATION TO THE RURAL SCALE-UP GRANT ADMINISTERED BY IOWA ECONOMIC DEVELOPMENT AUTHORITY**

**WHEREAS**, Resolution No. 2023-151 adopted on August 21, 2023 is hereby revoked; and,

**WHEREAS**, the City of Webster City supports local organizations who strive to improve the community; and,

**WHEREAS**, the City of Webster City supports projects that enhance and beautify the downtown; and,

**WHEREAS**, the project Arts R Alive is pursuing aligns with the goals of the Downtown Chapter of the 2021 Comprehensive Plan to establish downtown Webster City as a vibrant economic hub, beautify and activate the downtown and establish downtown Webster City as a destination; and,

**WHEREAS**, Arts R Alive is a local community organization seeking to pursue a grant to install art sculptures in the bump-outs downtown; and,

**WHEREAS**, the City of Webster City supports the proposed project and grant application; and

**NOW THEREFORE BE IT RESOLVED**, by the City Council of the City of Webster City, Iowa as follows:

**SECTION 1:** Authorizes the Mayor to provide a letter of support for the grant application to Arts R Alive.

**SECTION 2:** Commits \$1,500 from the Economic Development Fund towards the project.

Passed and adopted this 28<sup>th</sup> day of August, 2023.

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John Hawkins, Mayor

ATTEST:

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Karyl K. Bonjour, City Clerk



## HINSON CONSULTING, LLC

LOCAL GOVERNMENT HIRING, PLANNING & FINANCE

### **Proposal**

August 24, 2023

To: Mayor and City Council; City of Webster City, Iowa

Brent Hinson  
Hinson Consulting, LLC

Re: Financial Analysis Presentation

Dear Mayor and Council:

Thank you for agreeing to meet with me on Monday the 28<sup>th</sup> in special session to discuss my initial findings on the financial analysis I have been conducting for the City. I appreciate the opportunity to have met with each of you and key staff individually at the start of the process and am very thankful for the staff's responsiveness to the many information requests I have made during the process.

My presentation on Monday will be designed to provide the Council with some financial context by looking at how Webster City's budget compares to budgets of comparable cities throughout the state; I will then move on to analysis related to the budget adjustment items identified by Council and staff, and finish with additional policy recommendations and analysis. We can then discuss the Council's preferred follow-up to the presentation, the findings, and look at action steps. I will be happy to take questions at any point during the presentation.

I look forward to the meeting. It has been a pleasure to work with everyone during this process, and I am committed to helping the City to identify strategies for implementation to keep the City's finances strong while tending to all of the other important priorities you have identified.

***Hinson Consulting, LLC***  
*hinsonconsultingllc@gmail.com*



# City of Webster City Financial Analysis

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PRESENTATION TO CITY COUNCIL

AUGUST 28, 2023

# Overview of Presentation

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- Review of Comparable Cities- what are their relative taxation, debt, and expenditure levels?
- Review & Quantification of Budget Adjustments Previously Discussed
- Discussion of Recommended Policies & Follow-Up Actions

# Scope of Inquiry

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- Primarily General Fund and Road Use Tax Fund
  - Some items such as stormwater utility that have an indirect effect on these funds have been considered.
- Provide policy recommendations to assist the City in being successful in providing services while staying financially strong.
- None of these recommendations are final and it's possible things were missed in the analysis. The goal of this session is to lay out my findings so far and discuss how they apply (or don't apply).
- Nothing replaces good ongoing planning, strategic thinking, consensus building, and spending discipline by the team of elected & appointed city officials.



# Comparable Cities Reviewed

	2020 Census	City Electric Utility?	County Seat?	Included in MSA?
<b>WEBSTER CITY</b>	<b>7,825</b>	Yes	Yes	No
Atlantic	6,792	Yes	Yes	No
Denison	8,373	Yes	Yes	No
Independence	6,064	Yes	Yes	No
Maquoketa	6,128	Yes	Yes	No
Mount Pleasant	9,274	Yes	Yes	No
Sioux Center	8,229	Yes	Yes	No
Waverly	10,394	Yes	Yes	Yes, Waterloo-CF
<b>Average of Comparables</b>	<b>7,893</b>			



# Comparable Cities Reviewed

	2020 Census	Reg. Taxable Valuation	Tax Rate	Levy for Operations	% Tax Value in TIF	Gen Prop Tax Dollars
<b>WEBSTER CITY</b>	<b>7,825</b>	<b>251,629,472</b>	<b>19.74682</b>	<b>15.19376</b>	<b>3.41%</b>	<b>3,823,198</b>
Atlantic	6,792	236,696,753	16.79000	12.81000	2.17%	3,032,085
Denison	8,373	243,957,954	19.05138	14.69982	3.38%	3,586,138
Independence	6,064	220,845,367	17.25896	14.17365	11.61%	3,130,185
Maquoketa	6,128	194,202,700	14.72495	14.41115	10.50%	2,798,684
Mount Pleasant	9,274	330,762,613	12.55000	9.42816	5.15%	3,118,483
Sioux Center	8,229	372,849,882	11.13500	11.01065	21.15%	4,105,320
Waverly	10,394	474,373,384	16.96866	12.40570	9.09%	5,884,934
<b>Average of Comps</b>	<b>7,893</b>	<b>296,241,236</b>	<b>15.49699</b>	<b>12.70559</b>	<b>9.01%</b>	<b>3,665,118</b>





# Comparable Cities Reviewed

	2020 Census	Total Taxable Valuation	Val. Per Capita	LOSST Per Year	General Tax \$ Per Year	Tax \$ Per Capita
<b>WEBSTER CITY</b>	<b>7,825</b>	<b>260,515,532</b>	<b>33,293</b>	<b>890,638</b>	<b>4,713,836</b>	<b>602</b>
Atlantic	6,792	241,947,422	35,622	1,094,953	4,127,039	608
Denison	8,373	252,483,084	30,154	898,843	4,484,981	536
Independence	6,064	249,847,357	41,202	738,464	3,868,649	638
Maquoketa	6,128	216,974,610	35,407	652,994	3,451,678	563
Mount Pleasant	9,274	348,710,909	37,601	999,330	4,117,812	444
Sioux Center	8,229	472,875,370	57,464	1,291,144	5,396,463	656
Waverly	10,394	521,815,060	50,203	1,145,443	7,030,376	676
<b>Average of Comps</b>	<b>7,893</b>	<b>329,236,259</b>	<b>41,710</b>	<b>974,453</b>	<b>4,639,571</b>	<b>589</b>



# Public Safety Expenditures

	2020 Census	Average of Last 5 Years	Average \$ Increase- Last 5 yrs	Average % Increase- Last 5 yrs
<b>WEBSTER CITY</b>	<b>7,825</b>	<b>2,778,087</b>	<b>99,565</b>	<b>4.00%</b>
Atlantic	6,792	2,345,186	103,439	4.90%
Denison	8,373	2,497,192	148,213	7.11%
Independence	6,064	1,963,138	126,233	7.52%
Maquoketa	6,128	1,988,326	81,273	4.65%
Mount Pleasant	9,274	1,699,185	56,001	3.77%
Sioux Center	8,229	1,617,845	103,378	7.56%
Waverly	10,394	2,772,119	127,202	5.63%
<b>Average of Comps</b>	<b>7,893</b>	<b>2,126,142</b>	<b>106,534</b>	<b>5.86%</b>

Includes Police, Fire, Animal Control, Civil Defense, Emergency Management, and related activities.



# Public Works Expenditures

	2020 Census	Average of Last 5 Years	Average \$ Increase- Last 5 yrs	Average % Increase- Last 5 yrs
<b>WEBSTER CITY</b>	<b>7,825</b>	<b>2,108,984</b>	<b>55,993</b>	<b>3.66%</b>
Atlantic	6,792	1,637,464	-14,374	-0.81%
Denison	8,373	1,693,586	55,661	3.70%
Independence	6,064	1,777,529	55,252	3.45%
Maquoketa	6,128	1,449,089	35,298	2.66%
Mount Pleasant	9,274	937,124	96,597	10.66%
Sioux Center	8,229	2,038,420	30,168	1.56%
Waverly	10,394	1,974,183	160,439	8.83%
<b>Average of Comps</b>	<b>7,893</b>	<b>1,643,913</b>	<b>59,863</b>	<b>3.86%</b>

Includes Street Maintenance, General Engineering, Street Lighting, Airport, and related activities.



# Community & ED Expenditures

	2020 Census	Average of Last 5 Years	Average \$ Increase- Last 5 yrs	Average % Increase- Last 5 yrs
<b>WEBSTER CITY</b>	<b>7,825</b>	<b>497,455</b>	<b>78,059</b>	<b>28.28%</b>
Atlantic	6,792	299,881	-3,171	-1.06%
Denison	8,373	239,904	5,835	2.44%
Independence	6,064	541,209	255,317	205.20%
Maquoketa	6,128	393,229	-32,973	-7.46%
Mount Pleasant	9,274	406,049	-168,344	-14.55%
Sioux Center	8,229	453,238	59,192	18.13%
Waverly	10,394	781,468	-11,866	-1.57%
<b>Average of Comps</b>	<b>7,893</b>	<b>444,997</b>	<b>14,856</b>	<b>3.11%</b>

Includes Planning, Building & Zoning, Economic Development, and related activities.

# Health & Social Services Expenditures



	2020 Census	Average of Last 5 Years	Average \$ Increase- Last 5 yrs	Average % Increase- Last 5 yrs
<b>WEBSTER CITY</b>	<b>7,825</b>	<b>59,108</b>	<b>-3,372</b>	<b>-5.18%</b>
Atlantic	6,792	14,472	291	2.15%
Denison	8,373	14,215	-434	-2.82%
Independence	6,064	3,200	400	40.00%
Maquoketa	6,128	0	0	0.00%
Mount Pleasant	9,274	0	0	0.00%
Sioux Center	8,229	0	0	0.00%
Waverly	10,394	9,874	-2,800	-11.73%
<b>Average of Comps</b>	<b>7,893</b>	<b>5,966</b>	<b>-363</b>	<b>-4.73%</b>

Includes Mosquito Control, other public health initiatives, and related activities.



# Culture & Recreation Expenditures

	2020 Census	Average of Last 5 Years	Average \$ Increase- Last 5 yrs	Average % Increase- Last 5 yrs
<b>WEBSTER CITY</b>	<b>7,825</b>	<b>1,735,231</b>	<b>2,895</b>	<b>0.23%</b>
Atlantic	6,792	988,880	39,909	4.31%
Denison	8,373	1,336,203	22,412	1.81%
Independence	6,064	1,475,196	62,845	4.88%
Maquoketa	6,128	1,222,929	-45,360	-3.58%
Mount Pleasant	9,274	1,449,031	59,679	4.83%
Sioux Center	8,229	4,207,990	97,894	2.45%
Waverly	10,394	3,070,049	238,137	9.73%
<b>Average of Comps</b>	<b>7,893</b>	<b>1,964,326</b>	<b>67,931</b>	<b>3.84%</b>

Includes Parks, Recreation, Cemetery, and related activities.



# General Government Expenditures

	2020 Census	Average of Last 5 Years	Average \$ Increase- Last 5 yrs	Average % Increase- Last 5 yrs
<b>WEBSTER CITY</b>	<b>7,825</b>	<b>385,843</b>	<b>26,276</b>	<b>8.83%</b>
Atlantic	6,792	646,980	18,256	2.91%
Denison	8,373	1,510,863	94,290	7.58%
Independence	6,064	590,641	28,308	5.26%
Maquoketa	6,128	640,526	26,671	4.49%
Mount Pleasant	9,274	1,069,344	70,804	7.98%
Sioux Center	8,229	997,386	61,946	7.37%
Waverly	10,394	1,185,037	194,177	20.32%
<b>Average of Comps</b>	<b>7,893</b>	<b>948,683</b>	<b>70,636</b>	<b>8.69%</b>

Includes City Manager, Mayor & Council, City Clerk, Finance, and related activities.

# All Governmental Operations Expenditures



	2020 Census	Average of Last 5 Years	Average \$ Increase- Last 5 yrs	Average % Increase- Last 5 yrs
<b>WEBSTER CITY</b>	<b>7,825</b>	<b>7,564,707</b>	<b>259,417</b>	<b>4.37%</b>
Atlantic	6,792	5,932,864	144,349	2.51%
Denison	8,373	7,291,963	325,977	5.16%
Independence	6,064	6,350,913	528,355	10.10%
Maquoketa	6,128	5,694,099	64,908	1.21%
Mount Pleasant	9,274	5,560,732	114,737	2.02%
Sioux Center	8,229	9,314,879	352,578	4.17%
Waverly	10,394	9,792,732	705,288	8.54%
<b>Average of Comps</b>	<b>7,893</b>	<b>7,134,026</b>	<b>319,456</b>	<b>4.96%</b>

Includes all categories presented to this point (most operations except for utilities)





# Debt Service Expenditures

	2020 Census	Average of Last 5 Years	Average \$ Increase- Last 5 yrs	Average % Increase- Last 5 yrs
<b>WEBSTER CITY</b>	<b>7,825</b>	<b>1,017,329</b>	<b>96,286</b>	<b>12.72%</b>
Atlantic	6,792	2,095,398	29,861	2.12%
Denison	8,373	1,598,575	-13,418	-0.77%
Independence	6,064	1,553,730	11,044	0.73%
Maquoketa	6,128	823,628	95,343	15.57%
Mount Pleasant	9,274	1,411,472	71,260	5.70%
Sioux Center	8,229	1,564,411	224,713	16.97%
Waverly	10,394	4,454,803	152,162	3.87%
<b>Average of Comps</b>	<b>7,893</b>	<b>1,928,860</b>	<b>81,566</b>	<b>4.85%</b>

Includes payments on the City's long-term debt issuances, but not including utility revenue debts.



# Use of Debt by Type

3-Year Averages	Comparable City Average	Webster City
General Obligation	13,252,829	9,765,000
Revenue	5,763,691	20,884,009
Capital Lease	475,972	45,862
Loans	623,225	3,937,160
Total	20,115,717	34,632,032



# Use of Debt by Purpose

3-Year Averages	Comparable City Average	Webster City
Public Buildings	1,485,048	-
Health Care	-	504,202
Housing/Urban Dev	164,208	2,581,542
Utilities	7,388,210	18,076,057
Public Safety	162,619	45,862
Transportation	5,192,209	11,131,667
Parks & Recreation	532,952	1,641,083
Industrial Related	-	647,059
Other	5,190,471	4,561
Total	20,115,717	34,632,032



# Capital Project Expenditures

	2020 Census	Average of Last 5 Years	Average \$ Increase- Last 5 yrs	Average % Increase- Last 5 yrs
<b>WEBSTER CITY</b>	<b>7,825</b>	<b>2,644,899</b>	<b>54,704</b>	<b>2.92%</b>
Atlantic	6,792	2,867,219	-65,206	-3.66%
Denison	8,373	5,154,511	1,156,551	57.45%
Independence	6,064	6,157,743	765,461	127.45%
Maquoketa	6,128	4,419,371	1,625,607	86.68%
Mount Pleasant	9,274	2,596,778	-78,767	-4.56%
Sioux Center	8,229	4,475,600	1,755,000	438.75%
Waverly	10,394	11,155,035	1,007,645	34.40%
<b>Average of Comps</b>	<b>7,893</b>	<b>5,260,894</b>	<b>880,899</b>	<b>54.44%</b>

Includes public improvement projects and equipment for governmental (non-utility) purposes.



# Business Type Expenditures

	2020 Census	FY23 or Available Year Expenditures
<b>WEBSTER CITY</b>	<b>7,825</b>	<b>28,110,673</b>
Atlantic	6,792	18,535,154
Denison	8,373	15,809,528
Independence	6,064	15,951,865
Maquoketa	6,128	12,533,760
Mount Pleasant	9,274	17,169,997
Sioux Center	8,229	22,615,944
Waverly	10,394	23,073,760
<b>Average of Comps</b>	<b>7,893</b>	<b>17,955,715</b>

Includes City utilities

*Note: For separately audited municipal utilities, most recent audit figures have been included*



# Projected Fund Balances at 6/30/24

	2020 Census	General	Special Revenues	TIF Special Revenues	Debt Service	Capital Projects
<b>WEBSTER CITY</b>	<b>7,825</b>	<b>885,182</b>	<b>729,560</b>	<b>235,482</b>	<b>224,058</b>	<b>-279,600</b>
Atlantic	6,792	4,270,456	-333,367	31,778	72,065	1,737,001
Denison	8,373	696,328	1,103,535	48,684	130,425	-783,847
Independence	6,064	1,064,405	2,157,571	85,710	317,192	-2,081,521
Maquoketa	6,128	1,776,192	3,792,887	62,761	1,041,732	3,213,561
Mount Pleasant	9,274	3,910,340	3,978,098	1,686,039	121,351	1,027,773
Sioux Center	8,229	5,717,914	4,474,287	344,672	39,046	-2,427,460
Waverly	10,394	1,200,483	2,110,115	634,106	126,626	2,554,844
<b>Average of Comps</b>	<b>7,893</b>	<b>2,662,303</b>	<b>2,469,018</b>	<b>413,393</b>	<b>264,062</b>	<b>462,907</b>



# Projected Fund Balances at 6/30/24

	2020 Census	Permanent	Total Governmental	Proprietary	Grand Total
<b>WEBSTER CITY</b>	<b>7,825</b>	<b>474,034</b>	<b>2,268,716</b>	<b>56,207,550</b>	<b>58,476,266</b>
Atlantic	6,792	0	5,777,933	38,862,858	44,640,791
Denison	8,373	0	1,195,125	53,711,330	54,906,455
Independence	6,064	98,070	1,641,427	27,056,211	28,697,638
Maquoketa	6,128	-998,148	8,888,985	14,642,957	23,531,942
Mount Pleasant	9,274	842,808	11,566,409	30,984,466	42,550,875
Sioux Center	8,229	0	8,148,459	61,055,189	69,203,648
Waverly	10,394	556,670	7,182,844	44,970,597	52,153,441
<b>Average of Comps</b>	<b>7,893</b>	<b>71,343</b>	<b>6,343,026</b>	<b>38,754,801</b>	<b>45,097,827</b>

*Note: For separately audited municipal utilities, most recent audit balances have been included*

# Preliminary Findings- vs Comparables

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- ❑ While the City's tax rate is higher than the average of comparables, the overall tax dollars produced per capita for property tax & local option sales taxes are very comparable to the average, at \$602/per capita tax dollars vs. the average of \$589.
- ❑ The City has a relatively low amount of taxable valuation tied up in TIF.
- ❑ Public Safety, Public Works, Health & Social Services, and Business Type expenditures are above the average of the comparables.
- ❑ Community & Economic Development expenditures are about average.
- ❑ Culture & Recreation, General Government, Debt Service, and Capital Project expenditures are below the average.



# Preliminary Findings- vs Comparables

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- ❑ Public Safety & Public Works, in particular, could be affected in part by how expenditures for capital equipment and projects are being reported. This could also explain why Capital Project expenditures are below the average.
- ❑ Governmental fund balances for Webster City have come down very significantly in recent years. For fiscal year-end 2024 they are expected to be well below the average of the comparables.
- ❑ Business Type fund balances are well above the average. With significant spenddown that was anticipated in past budgeting included, these balances would return to close to the average.
- ❑ In planning for additional services or projects, the City should carefully evaluate both the upfront and ongoing costs. The City is exceptionally fortunate as the beneficiary of significant philanthropy and the positives brought by control of the electric utility, but the reality is that the City has available resources in property tax valuation and sales tax that are average at best for a community of your size. The Iowa Legislature has not made this any easier, as the City can count on general property tax revenues being ratcheted down each year for the foreseeable future.

# Budgetary Evaluation of Modifications Identified

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- In the 2023 goal-setting process, elected officials and staff looked at various options for budget cuts or revenue enhancements.
- I have attempted to quantify these adjustments and their effect on the overall budget picture.
- While not all of the items identified would immediately reduce expenditures or add revenue, that does not mean they may not be wise policy actions to consider.

# Budgetary Evaluation of Modifications Identified



- ❑ Conversion to LED street lights- if you updated your least efficient 757 street lights (incandescent and high-pressure sodium), the cost of upgrading all lights to LED would be approximately \$115,000, if done by municipal staff. LEDs are typically 40% more efficient, and the City currently pays \$125,000 per year for street lighting- this could mean up to \$30,000/year savings, which would pay for the project in around 4 years, and also create the benefit of reduced frequency of bulb replacements.
- ❑ Rental registration & inspection, code enforcement returned to CM office, and vacant building registration. I have grouped these together because I see them as related.
  - ❑ In Washington, we implemented rental inspections at a net annual cost to the General Fund of \$20,000. At best, this would be a net budgetary neutral, but this does not mean it isn't an excellent policy move. Better maintained properties protect the property values of neighboring properties and create an image of a well-maintained building stock.
  - ❑ There are upsides and downsides of housing code enforcement in the Police Department. I have generally wanted it out of the PD, as you are tying up certified officers with tasks that could be performed by non-law enforcement staff, and code enforcement work is generally considered a lower priority for certified officers. However, an officer in uniform making the citations does provide a certain weight to the citations.
  - ❑ The Fire Department may actually be a better fit for that type of involvement, if desired, for rental inspections.

# Budgetary Evaluation of Modifications Identified

- ❑ Stormwater Utility- this could have an indirect effect on the General Fund in the following way:
  - ❑ General Fund currently pays for numerous Road Use Tax-eligible expenditures such as Public Works Administration, Street Cleaning, and Street Capital Equipment.
  - ❑ Road Use currently pays for storm sewer items- in the FY24 budget, this amounts to \$445K. Even with the typical level of \$190K, this is a significant drain on RUT.
  - ❑ A stormwater utility would offer the opportunity to move \$190K in annual expenditures out of RUT and \$190K of expenditures in from the GF. However, the RUT fund is showing some stress and is currently projected to dip into the negative in FY26. Perhaps the RUT fund could see \$95K in benefit and the GF \$95K. In any event, capital items in the RUT fund may need to be covered via bonding.
  - ❑ In the most recent Iowa League of Cities survey (December 2020), 85 of the 315 cities responding reported having a stormwater utility, and a further 18 were considering implementing one.
- ❑ Administrative staffing level- this may be best looked at as a long-term item to review
  - ❑ Use each vacancy as an opportunity to review who does what, what staffing is needed to meet needs.
  - ❑ The City has a number of retirements coming in the near future and will have ample opportunities to reshape its structure for service delivery.
  - ❑ Uncertainty for staff or rashness in this process can be demoralizing and counterproductive to providing good services. Careful, non-emotional analysis and discussion done over time should be the norm.
  - ❑ For now, I'm showing administrative staff salaries being held level with FY24 for future years.

# Budgetary Evaluation of Modifications Identified

- ❑ Use more Hotel-Motel Tax internally- the City currently receives about \$85,000 in Hotel-Motel Tax annually. It is my understanding that 25% now goes to Park & Rec activities, and the remainder to the Chamber and other grants, so won't examine further unless directed.
- ❑ Increase fees for park rentals & Fuller Hall rentals, increase fees for plan review, increase fees for permits, revisit master fee schedule, increase contractor fee at tree disposal site:
  - ❑ In the detailed budget analysis, I have shown an increase in licenses and permits of about \$30,000 (a 25% increase in total), which can then be further analyzed by staff and discussed by Council as to the exact fee adjustments. Some of this amount could also fall into the Charges for Services line, as long as the overall amount is met.
- ❑ Increase water rates- while not a subject of this analysis, my understanding is that the City has already/is addressing rates with PFM.
- ❑ Items that are great ideas but difficult to quantify:
  - ❑ Aggressively pursue grant opportunities; contract out grant writing work to offset costs. Keep in mind that grant funds typically do not pay for operating costs and are mostly limited to project-based items. The time associated with pulling together data and the fit of the grant opportunity with the City's priorities should also be considered.
  - ❑ Develop a strategic plan to reinvest in commercial and residential building stock to increase tax base
  - ❑ Re-evaluate needs based on essential services (need vs want and mission-critical need); essential services should be a priority

# Budgetary Evaluation of Modifications Identified

- ❑ Ideas that need more careful examination before proceeding:
  - ❑ Have a smaller UHP fire truck as opposed to a separate tanker and pumper to save costs on replacement- I would strongly recommend that if the Council is interested in moving this direction that the Fire Department be fully involved in the examination. Ultimately for the best long-term impact, the City will want to ensure that this option does everything the Fire Department needs in a safe and reliable manner.
  - ❑ Review and update personnel policy as it relates to overtime and comp time- it is possible that there can be some dollar savings in making this sort of change- however, in a shift staffing model (such as public safety), it can sometimes create a “comp time loop” where the department is either understaffed at times or employees counterintuitively have less schedule flexibility. Also in the public safety context, union contracts may be involved.
  - ❑ Cut spending at WBHP- my understanding is that the park has a significant benefactor interested in helping to fund improvements, and the current trajectory may be investing more in the park rather than pulling back. This is a classic policy decision and needs good discussion and consensus-building. The City needs to carefully and thoroughly examine the long-term maintenance cost commitments associated with the plan, but Webster City has been blessed through the years with significant philanthropy and it is typical of donors to want a major role in shaping the fruits of their donations (thus the donor’s wishes must be taken into account to secure the donation and perhaps future donations). Perhaps discussion can be held with the donor or donors to discuss the City’s financial situation and concerns, and the situation can be worked out to create a beneficial public project that does not create undue maintenance costs.

# Budgetary Evaluation of Modifications Identified

- ❑ Ideas that need more careful examination before proceeding (continued):
  - ❑ Stop having engineers hired for every job- there are certain requirements about engaging an engineer under Iowa Code for public improvement projects. Even when not required by Code, it can be beneficial to good planning and effective execution to have a consultant retained. A suggestion might be to have City staff provide a summary of legal and engineering fees paid over the past few years and then periodically so that Council has detailed information and this can be tracked over time.
  - ❑ Combine services for efficiency (Public Safety Department, Code Enforcement & Inspection, etc.)- reviewing and adjusting organizational structure from time to time may make sense- however, not all changes will save money or make the City more effective. Targeted changes as were mentioned in the discussion earlier may make sense- but I would recommend the City consider: 1) Will it make us more effective; 2) Will it make us more efficient; and 3) Will it save us money, in that order.
  - ❑ Have less Police vehicles- as with the fire truck discussion, the Council should make sure to have good-faith discussion with the affected department and evaluate whether it is prudent to proceed with changes.

# Budgetary Evaluation of Modifications Identified

- ❑ Ideas that need more careful examination before proceeding (continued):
  - ❑ Something that wasn't on the listing done with Pat but I heard in my interviews- going all-volunteer in the Fire Department- I have examined the pros and cons in the past, and generally find that there is a significant benefit to full-time staff in a city of Webster City's size. Training requirements and the general knowledge needed to be effective have greatly increased over time, volunteers are harder to find, and people commute greater distances, making staffing for daytime fires difficult. I personally would look at more inspection-oriented tasks for the Fire Department before considering full-time staff reductions (or worse, the "Public Safety" model 😊)
- ❑ Finally- the splash pad
  - ❑ Splash pads are a growing and popular amenity in communities
  - ❑ Given Webster City's size, careful consideration should be given to ongoing operational costs and the effect on the existing pool (the splash pad, as a free option, will cut revenues and pool hours would subsequently have to be reduced to keep things in line with the current pool budget)
  - ❑ Ideas such as adjusting pool hours or shortening the season should be considered as part of the discussion on this issue, keeping in mind the City's financial challenges and the further impacts of the new property tax legislation. The City could also look at Fuller Hall operations as part of a holistic solution to provide quality services while keeping overall tax subsidies at a reasonable level.





# Other Modifications to Consider

- ❑ Dispatch operations were brought up by several people in my one-on-one discussions. Making changes in this area could save money while actually enhancing service levels, with the proper agreement terms. The City would need to retain the dispatching for utility personnel, the likelihood is that at least one clerical/administrative position would need to be added in the PD to compensate if the operation moved out, and a reasonable & predictable transition for staff would be essential. The City should not rush into such an agreement and should carefully scrutinize and negotiate on the terms.
- ❑ The City's Local Option Sales Tax referendum includes Public Safety funding as a listed use. I am showing 10% of these receipts being transferred to the General Fund to support Public Safety operations at current levels. This could theoretically reduce the amount available for street projects, but with LOSST projections being significantly up for the City the recently completed year (and also projected for this current year), this may not even be a noticeable amount.
- ❑ I have found that it is often possible to economize on capital equipment for certain items by buying quality used vehicles or equipment. You wouldn't use this strategy for an item with heavy wear-and-tear (such as a police patrol vehicle or a street sweeper), but there are certainly pieces of equipment you have and need, but do not always need to be bought brand-new. You would just need to factor in a somewhat shorter useful life and do a careful cost-benefit analysis if pursuing this strategy.



# Other Modifications to Consider

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- ❑ The City currently co-mingles operational and capital expenditures in the General Fund.
  - ❑ I would recommend that Governmental Equipment Replacement and Park & Rec Improvements be split into separate funds, rather than as sub-funds of the General Fund.
  - ❑ The current practice can lead to a misunderstanding of how much the City has in available resources and lead to fluctuations in the undesignated balance.
  - ❑ By separating these funds out, it will be easier to see the undesignated fund balance of the General Fund. It is recommended that the Council adopt a policy to set a minimum undesignated fund balance for the General Fund- such as 40% of annual revenues.
  - ❑ The capital funds can be funded by budgeted transfers, and further topped up with any GF undesignated balance in excess of 40% of annual revenues at year-end.
  - ❑ This approach incentivizes departments to leave an unspent balance (anything they don't spend is available in the future for capital needs).
  - ❑ Variable revenue sources such as speed cams are much better suited to capital than operational funding, and this model suits that better.



# Other Modifications to Consider

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- ❑ I recommend the City consider an annual CIP bond issuance.
  - ❑ Disclaimer- I am not an SEC registered municipal advisor on bonds and anything on this slide should be vetted with PFM, who is SEC-registered, before proceeding.
  - ❑ In the past, it appears the City has only done bond issuances every few years.
  - ❑ Doing these issuance on an annual basis provides a predictable revenue stream to plan around and helps ensure the City keeps up with capital needs.
  - ❑ The City should structure debt issuances around keeping a stable and predictable debt service levy and percentage of constitutional debt issued.
  - ❑ The state property tax cuts will unfortunately push communities like Webster City toward more debt issuance due to a decline in funds available for operations and “pay-as-you-go” strategies.
  - ❑ I can provide examples of the implementation of such a strategy and how it has been successful.
  - ❑ BTW- please don’t do “annual appropriation” bond issues in the future- not a good option for mature rural cities!

# Recommended Follow-Up

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- If acceptable, I will provide recommended policies for staff review and Council consideration.
  - General Fund undesignated balance policy
  - Recurring GF transfer to capital funds at year-end policy
  - Debt service levy policy
  - Constitutional debt limit policy
  - Anything else you need and I have available!
  
- I would ask the Council to weigh all the items presented and we can schedule a follow-up workshop if desired to delve into any specific areas you would like.
  
- Working with staff, I can help the City develop a model of the items presented that can be used to help inform the FY25 budget process.

# Thanks for your time! Questions?

Brent Hinson  
Hinson Consulting, LLC  
[hinsonconsultingllc@gmail.com](mailto:hinsonconsultingllc@gmail.com)