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January 25, 2025  
PAPA 5044  
Case Analysis 1-Unknown Tax Preferences

## **Components of the Case Analysis**

### a. Background

- Westview is a wealthy Midwest suburb city, home to insurance and banking executives, where civic involvement is deemed important by the residents (36).
- The Town's Charter requires the mayor to be elected from the council by other council members. Westview's charter allows voters to petition a budget referendum for the city if they feel it is needed (37). Additionally, their City Manager position is highly regarded and stable (37).
- Citizens in Westview pay high property tax but in return have a variety of public services and amenities that other localities do not (37).
- Timothy Catler became the new Westview City Manager with a 6-month buffer before developing a new city budget, spending his first 6 months networking and engaging with the community (38).
- Interest groups were making allies with employees in Westview's governments to advance their concerns to city council and see them reflected in the budget. (39).
- Westview's city budget was steadily increasing each year before Catler arrived, and the newly formed Westview Taxpayers Association (WTA) was concerned with the high tax rate citizens pay (39).
- Prairie Life Insurance, a main employer and economic driver for Westview, was bought out by a larger company, effectively moving the company's headquarters out of Westview (40). As a result of Prairie's buyout, many Westview residents were relocating, and real estate values were dropping (41). Outside of Westview, an economic recession was occurring across the nation, and bank performance was down, which affected Westview's other major employer, American First bank, who in turn announced layoffs and branch closures. (41).
- The most recent citizen survey conducted by a local college in Westview's region showed that there was a percentage drop in the number of citizens who felt that they received good value from government services for their property taxes (43). In contrast, citizens who attend budget hearings are employing the council to pass a new budget that includes additional services but increases government spending by 10% (43).
- The Deputy Mayor and Council Member Brooks are advocating for reduced city spending considering the economic distress affecting the region, but Mayor Glassman is voting to increase the budget and add additional services (44).
- Benjamin Maxwell called for a citizen referendum on the budget, acquired the number of signatures, and a vote was called. The citizens of Westview voted to overturn the approved budget, a new one must be created and approved within 2 weeks of the vote (45).

### b. Action required

City Manager Timothy Catler must decide how to revise and allocate Westview's resources for their budget following the citizen referendum despite competing interests and an economic

downturn in the city. He must also address the high property taxes and concerns from Westview's citizen interest groups. Catler must be ready to provide recommendations to his city council on the budget and provide insight on what Westview's government officials could have done differently during the budget process to understand their citizen's needs better.

c. Stakeholders – name, title and short description of their interest, no more than ten per case

- Timothy Catler is the new Westview City Manager, who is in the middle of the budget decision.
- Joan King is the president of the Westview Neighborhood Association, who wants to increase the budget to fund new programs for Westview.
- Pam Glassman is the Mayor of Westview, and a strong supporter of Catler, who also wants to increase the budget.
- Ray Nichols is the Deputy Mayor of Westview, who has reservations about Catler's lack of experience as a City Manager, and against increasing the budget.
- Wanda Epps, is the assistant City Manager of Westview, who is assisting Catler in organizing budget requests.
- Benjamin Maxwell is the president of the Westview Taxpayers Association, who is strongly against increasing the budget and concerned about the high property taxes in Westview.
- Harvey Kuhner, CEO of America First Bank, a company that seriously influences the Westview economy.
- Clayton Ingraham III, CEO of Prairie Life Insurance, a company that seriously influences the Westview economy.
- Police Chief Brent Oslander for Westview, who has requested more funding for a new bicycle police program and additional cruises.
- Dr. Patricia Brooks, a new city councilor and professor of Public Administration, who is concerned with citizen confidence and economics.
- Citizens, who pay high property taxes for their services and are divided on the issue of taxes and services.

d. Issues

1. Economic

- i. The Westview economy was devastated by the Prairie Life Insurance and American First Banking closure and layoff decisions.
- ii. Increasing government spending could negatively affect citizens.
- iii. There is concern from the Deputy Mayor about raising taxes during this period.

2. Political

- i. The decision to increase the budget or minimize spending will affect Timothy Catler's career in Westview as City Manager. The citizen referendum will also impact the careers of Mayor Glassman and the Deputy Mayor.
- ii. There is the potential for political fallout from the citizens if they are unhappy.

3. Personnel

- i. Employees in departments affected by the budget decision may have altered viewpoints about the leadership of Westview.
- ii. Employees may also have to be mindful of the resources given to them if their budget is reduced.

#### 4. Service Delivery

- i. The decision around increasing spending in Westview's budget or not will affect the Westview Police Department, Westview Public Library, Public Service Authority, ability to serve the citizens of the town.
- ii. If additional programs are not funded, the Westview Police Department may not be able to perform their duty as well.

#### 5. Ethical/Personal

- i. There are several alliances between citizen interest groups and members of the Westview government that are influencing the proposed 10% increase in the budget.
- ii. The council members each have an interest in increasing services and the budget or reducing spending.
- iii. The reaction of general citizens, citizen interest groups, and members of the Westview Government after the budget decision.

#### e. Alternative courses of action

1. While creating the new budget, the City Manager could allow citizens to rank the programs and spending increases from most to least important and only implement the first 2 programs to minimize spending. The City Manager could take guidance from Westview's Director of Finance for the final decisions. The final selection should increase the budget by 3%.
  - i. Pros:
    1. Some of the proposed programs could be implemented.
    2. Allows for council members to prioritize initiatives they believe the citizens would like the most.
    3. Minimizes spending increases.
    4. WNA will be partially satisfied.
  - ii. Cons:
    1. Not every program will be implemented.
    2. There is still a spending increase that has the possibly to be reflected in taxes.
    3. WTA will be partially dissatisfied.
2. Create a new budget with no tax increases for the first year, and then propose spending increases the following year to better understand the impacts the economic downturn will have on Westview. A major impact will be cutting the budget approximately 10%.
  - i. Pros:
    1. There will be no tax increases for the citizens of Westview.
    2. The WTA will be satisfied.

3. Citizens of Westview will not have to pay higher taxes, helping those particularly impacted by the Prairie Life and America First Closures will not pay higher taxes.
- ii. Cons:
  1. The proposed new programs will not be funded.
  2. Citizens may be upset that they are not getting additional services or the same level of services.
  3. The WNA will be dissatisfied.
3. Implement minimal budget cuts to Westview services to the original approved budget that will still allow for a spending increase to pay for proposed new Westview services (Bicycle Police Team, Additional Public Library Days). The budget increases would be approximately 5%.
  - i. Pros:
    1. New services will be implemented for citizens to utilize.
    2. WNA will be satisfied.
    3. Westview will still be considered a special and desirable place to live because of its number of services.
  - ii. Cons:
    1. A spending increase will occur.
    2. Taxes will be increased to pay for additional services.
    3. WTA will be dissatisfied.

f. Conclusions

1. There are several competing interests and concerns about the Westview budget, with a clear divide between senior government officials and citizen interest groups on increasing or reducing the budget.
2. The interests and views of Westview citizens must be central to the discussion, but external forces such as the economic downturn should still be considered.
3. The members of Westview's leadership must focus solely on what will help citizens the most and put aside any bias from alliance with special interest groups, as directed by the ICMA Code of Ethics Tenet 4.
4. The discussion of what services are necessary or not must be had amongst the Westview government leadership.
5. An analysis of property taxes in the area should be conducted to compare to Westview to other cities in the region.
6. The Mayor and Council should discuss ways to meet with more citizens to better understand their priorities and interests.
7. City Manager Catler must make a decision that will satisfy the majority of citizens, but without hurting the minority.

g. Recommendation and Process to Implement

It is recommended that Alternative 1 be implemented. This action would allow for both parties to be partially satisfied, without jeopardizing citizen services or raising taxes significantly. With the

City Manager ranking the programs and services to be funded, only the most important or deemed necessary by citizens and council members will be in the budget. Additionally, the citizen survey could be distributed to understand the issues or concerns that Westview needs to address each upcoming fiscal year. While this would be a tight turnaround for the current budget, it would allow citizens to give their opinion on what programs they want to see in the budget. The citizen survey could be used to allow council members to better understand the interests of their citizens if it was repeated each fiscal year during budget development.

#### Process to Implement:

1. An announcement from City Manager Catler would be made during the public budget that a citizen survey would be distributed to allow them to rank the services they deem the most important.
2. The survey would be distributed online and be open for 5 days. During this time, the Westview government would draft parts of the budget that did not change after the referendum.
3. After the survey results are in, the City Manager would announce the 2 programs that would be funded. They would be included in the budget and there would be minimal spending increases in comparison to the original budget.
4. A public hearing with the City Manager, Mayor, and Council, would be held to introduce the new Westview budget and allow for citizens to comment once more.
5. Any other significant changes would occur after feedback from the citizens.
6. The council votes to approve the budget.

#### Sources Used:

ICMA. (2013) *ICMA Code of Ethics*, <https://icma.org/page/icma-code-ethics>  
Feldman, Barry M. (n.d.) *ICMA Case Study: Unknown Taxpayer Preferences*, accessed from PAPA 5044 Class Canvas Site