

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date:	February 22, 2016
	Agenda Item No.	56 58
	Roll Call No.	<u>16-0317</u>
	Communication No.	<u>16-096</u>
	Submitted by:	Dan Ritter, Finance Director

AGENDA HEADING:

Hearings on:

1. Adoption of the recommended Capital Improvements Program (CIP) for fiscal year (FY) 2016-17 through FY 2021-22.
2. Amendment to the annual budget for the current FY ending June 30, 2016.
3. Adoption of the recommended annual budget for the FY ending June 30, 2017.

SYNOPSIS:

Recommend approval of the FY 2016-17 through FY 2021-22 CIP, adoption of amendment to the current year budget for FY 2015-16, and adoption of the recommended annual budget for FY 2016-17. The roll calls affirm implementation of the City Manager’s recommended actions which include a balanced budget for FY 2016-17. Budget presentations were made to the City Council at the workshops held in December 2015, and in January and February 2016.

FISCAL IMPACT:

Amount:

- FY 2015-16 proposed Amended Budget = \$632,006,779 (including a \$93,720,104 capital budget)
- FY 2016-17 Recommended Budget = \$612,421,165 (including a \$92,619,673 capital budget)

Funding Source: the total \$612 million budget would be the appropriation authority across all City funds.

ADDITIONAL INFORMATION:

The Recommended CIP document and the Recommended Operating Budget document were delivered on January 25, 2016, and available online. The official publication of the budget summary was in the Des Moines Register on February 11, 2016. One (1) town hall meeting and five (5) Council workshop presentations reviewed the recommended budget proposals and CIP plan and offered public input, comments, and suggestions. The City website allows for continuous input on the budget.

The FY 2016-17 Operating Budget:

The budget plan includes maintaining the consolidated property tax rate at \$16.92 per \$1,000 of taxable valuation, for the fifth consecutive year, and adding 15 positions determined needed to maintain the current level of services. The positions will address:

- Record number of construction permits issued in 2015 and continued growth requires staffing to provide service to developers and homeowners.
- Neighborhood revitalization efforts across the City which include corridor improvements, removal of blight, and streetscape projects.
- Continued increase in network security intrusion attempts on networks across the country including the City of Des Moines.
- Increased information and transparency demands from stakeholders.
- Growth in commitment to civil and human rights.
- Public safety demands.
- Improved communications and working with others statewide to lobby for key City goals.

Property Taxes:

These budget actions result in no change to the property tax rate of \$16.92 per \$1,000 of taxable valuation, and provides for a balanced budget while maintaining the current level of services to residents.

Enterprise Fund Fees:

Council presentations in December and again in January showed planned expenditures between FY 2016-17 through FY 2021-22 of \$98 million in the Stormwater Utility Fund for required flood mitigation/levee improvements and for sewer separation projects. An estimated \$85 million will be spent for mandated improvement in the Sanitary Sewer Fund for separation projects, and for lining projects will address sewer problems and extend the life of the current sewer system. The City Council will be asked to consider annual rate increases of 5% per year for three (3) years, in FY 2016-17 through FY 2018-19. The fee increase would go into effect on July 1, of each fiscal year.

	Sanitary Storm		
<u>July 1, 2015 - June 30, 2016</u>	6.28	10.95	<u>Current rates</u>
July 1, 2016 - June 30, 2017	6.59	11.50	
July 1, 2017 - June 30, 2018	6.92	12.07	
July 1, 2018 - June 30, 2019	7.27	12.68	

Rate changes are not included in the estimates for the Parking System or the Solid Waste Enterprise for FY2016-17, but proposal on the Parking System may be presented at a later date.

Self-Supported Municipal Improvement District (SSMID):

SSMID rates remain the same for Sherman Hill District I and II (\$1.50 per \$1,000 of taxable value), Highland Park (\$1.75 per \$1,000 taxable value), Ingersoll Grand (\$2.25 per \$1,000 of taxable value), Beaverdale (\$1.75 per \$1,000 taxable value), and for the Downtown SSMID (\$1.30 per \$1,000 of taxable value).

The FY2015-16 Amended Operating Budget:

Amendments or revisions to the adopted budget must be prepared and adopted in the same manner as the original budget. The FY2015-16 amendment to the adopted budget shows an increase of \$25.3 million, mostly reflecting changes in the debt service and enterprise funds of \$23.6 million, which relate to an increase in appropriations for refinancing on bonds, and new debt.

The CIP:

Council authorizes funding for the FY 2015-16 (amended) and FY 2016-17 (recommended) capital budget, and approves a 5-year capital improvements plan. Expenditures of \$433,187,000 are programmed in the following 5-year project plan. The FY2015-16 capital budget is \$93,720,104, and the recommended FY2016-17 capital budget is \$92,619,673.

The CIP 5-year plan averages \$86.6 million annually on projects from all funding sources, with about \$30 million in GO bonds issued each year. About 45.5% of the total CIP FY2017 – 2022 is funded from property tax dollars, the rest from enterprise fees, federal and state grants, or donations. About 35% of the total CIP FY 2017 -2022 planned expenditures is for street projects.

Some substantial or significant projects included in the CIP plan are:

- Bridge Replacement or Rehabilitation:
 - Grand Avenue Bridge over the Des Moines River (FY13 - FY18) \$10.5 million
 - Locust Street Bridge over the Des Moines River (FY 14 - FY20) \$9.1 million
 - Scott Avenue Bridge over the Des Moines River (FY14 - FY19) \$4.3 million
 - Court Avenue Bridge over the Des Moines River (FY18 - FY 23) \$8.6 million
- Municipal Building Improvements:
 - City Hall Improvements (FY16-FY18) \$5.0 million
- Parking Garages:
 - Demolition or redevelopment of the 5th and Walnut parking garage (FY17- FY18) \$3.0 million
- Storm Water Improvements:
 - Levy and other work to mitigate effects of increased flood flows and ensure FEMA accreditation of levee system (FY13 - FY22 and beyond) \$56.7 million. This project is largely being funded with a State Grant funded with of Sales Tax Increment funds.
- Sanitary Sewer:
 - Separation project expenditures (FY17 - FY22) \$59.7 million
 - Sewer lining project expenditures (FY17 - FY22) \$17.5 million
- Streets:
 - East Douglas Avenue Widening – East 42nd – East 56th (FY18-FY23) \$11.5 million
 - East 46th and Hubbell Avenue Intersection Improvements (FY16-FY18) \$1.87 million
 - East 42nd Avenue Streetscape Improvements (FY16-FY18) \$4.0 million
 - Hubbell Avenue Improvements – East 33rd – East 38th (FY16-FY21) \$8 million
 - Indianola Avenue Widening – East army Post Road to Hwy-69 (FY17-FY22) \$7 million
 - Walkability Improvements (FY18-FY22) \$5.0 million

Long-term Budget Strategy:

The City Council has mapped out a path for the future with a new strategic plan. As well as providing for a vision, mission, and goals, the plan includes many action items to be completed in the next five (5) years. Future budget meetings will utilize the Des Moines Strategic Plan as a guide for allocating

resources and prioritizing projects and programs. With the FY 2016-17 budget balanced, there is a need to continue to explore options that will avoid reductions in essential services and allow the City to continue to provide quality services to residents and visitors and remain a top rated city.

PREVIOUS COUNCIL ACTION(S):

Date: February 8, 2016

Roll Call Number: [16-0191](#), [16-0192](#), and [16-0193](#)

Action: On items regarding the budget, (2-22-16):

- (A) On consideration of the recommended Capital Improvement Program for fiscal years 2016-2017 through 2021-2022. ([Council Communication No. 16-069](#)) Moved by Gatto to adopt. Motion Carried 7-0.
- (B) On amendment to the annual budget for current fiscal year ending June 30, 2016. Moved by Gatto to adopt. Motion Carried 7-0.
- (C) On proposed budget for the fiscal year ending June 30, 2017. Moved by Gatto to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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