

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date:	March 8, 2018
	Agenda Item No.	53, 65, 66
	Roll Call No.	<u>18-0386</u>
	Communication No.	<u>18-120</u>
	Submitted by:	Bob Fagen, Finance Director

AGENDA HEADING:

Hearings on:

1. Adoption of the recommended Capital Improvements Program (CIP) for fiscal year (FY) 2018-19 through FY2023-24.
2. Amendment to the annual budget for the current FY ending June 30, 2018.
3. Adoption of the recommended annual budget for the FY ending June 30, 2019.

SYNOPSIS:

Recommend approval of the FY2018-19 through FY2023-24 CIP, adoption of amendment to the current year budget for FY2017-18, and adoption of the recommended annual budget for FY2018-19. Budget presentations were made to the City Council at the workshops held in November and December 2017 and in January 2018.

FISCAL IMPACT:

Amount:

- FY2017-18 proposed Amended Budget = \$808,547,230 (including a \$123,986,543 capital budget)
- FY2018-19 Recommended Budget = \$738,333,464 (including a \$154,182,652 capital budget)

Funding Source: The total \$738 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 February 9, 2018. The budget is also available online. The official publication of the budget summary was in the Des Moines Register on February 23, 2018. Two (2) town hall meetings and several 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 FY2017-18 Operating Budget:

Property Taxes:

The budget plan includes increasing the consolidated property tax rate to \$17.24 per \$1,000 of taxable valuation. The budget results in an increase to the property tax rate of \$0.20 per \$1,000 of taxable valuation, and provides for a balanced budget while addressing the priorities and needs facing the City of Des Moines and identified in the City’s Strategic Plan.

Enterprise Fund Fees:

On March 21, 2016, the City Council approved annual Sanitary and Storm Sewer rate increases of 5% per year for three (3) years. The fee increases take effect on July 1, of each fiscal year.

	<u>Sanitary</u>	<u>Storm Water</u>
July 1, 2016 - June 30, 2017	\$6.59	\$11.50
July 1, 2017 - June 30, 2018	6.92	12.07 – Current Rates
July 1, 2018 - June 30, 2019	7.27	12.68

Sanitary rates are per 1,000 gallons per month. Storm Water rates are per Equivalent Residential Usage (ERU) per month.

On December 18, 2017, the City Council approved rate changes and hours of collection are included in the revenue estimates for the Parking System for FY2018-19.

Rate changes of \$2.25 per month on the first 64 gallons and the first 96 gallons rates for the Solid Waste Enterprise is included in the revenue estimates for FY2018-19.

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), Southwest 9th (\$2.25 per \$1,000 of taxable value), Roosevelt Cultural District (\$1.75 per \$1,000 taxable value).

The FY2016-17 Amended Operating Budget:

Amendments or revisions to the adopted budget must be prepared and adopted in the same manner as the original budget. The FY2017-18 amendment to the adopted operating budget shows an increase of \$115 million, mostly reflecting changes in the debt service and special revenue funds for refinancing/calling of bonds and economic development expenses related to IEC hotel.

The CIP:

Council authorizes funding for the FY2017-18 (amended) and FY2018-19 (recommended) capital budget, and approves a five (5) year capital improvements plan. Expenditures of \$531,104,500 are programmed in the following five (5) year project plan. The FY2017-18 capital budget is \$123,986,543 and the recommended FY2018-19 capital budget is \$154,182,652.

The CIP five (5) year plan averages \$106 million annually on projects from all funding sources, with an average of \$51 million in General Obligation (GO) bonds issued each year. About 46% of the total CIP FY2019-24 is funded from GO bond (debt levy) dollars, the rest from enterprise fees, federal and state grants, or donations. About 33% of the total CIP FY2019-24 planned expenditures is for street projects, another 11% for municipal buildings, and 8% for bridge improvements.

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

- **Bridge Replacement or Rehabilitation:**
 - Court Avenue Bridge over the Des Moines River (FY17-FY19) \$8.7 million
 - E 30th Street Bridge over UPRR (FY17-FY20) \$7.6 million
 - Guthrie Avenue Bridge over UPRR (FY19-FY23) \$5.4 million
 - Locust Street Bridge over the Des Moines River (FY17-FY20) \$10.6 million
 - Scott Avenue Bridge over the Des Moines River (FY17-FY20) \$5.1 million
 - Second Avenue Bridge over the Des Moines River (FY19-FY21)
 - Walnut Street Bridge over the Des Moines River ((FY21-FY23)
- **Fire Improvements**
 - NE Fire Station (FY19-FY21) \$8.3 million
- **Miscellaneous Improvements**
 - Fleur Drive Passageway (FY18-FY19) \$3.7 million – 100% Private funding
 - Public Safety Communication System Upgrade (FY19-FY21) \$13.0 million
- **Municipal Building Improvements:**
 - Municipal Service Center Phase 2A (FY18-FY21) \$42.5 million
- **Park Improvements:**
 - MacRae Park Improvements (FY18-FY20) \$2.1 million
 - Riverview Park – Earthwork and Stage Improvements (FY18-FY19) \$1.6 million
 - Riverview Park – Site, Plaza, and Shelter (FY19-FY20) \$1.5 million
- **Sanitary Sewer:**
 - Separation project expenditures (FY18-FY23) \$60 plus million
 - Sewer lining and repairs (FY18-FY24) \$17.5 million
 - Market District Lift Station and Force Main (FY19-FY20) \$4.5 million
- **Storm Water Improvements:**
 - Levy and other work to mitigate effects of increased flood flows and ensure FEMA accreditation of levee system (FY17-FY20 and beyond) \$80 million. This project is funded, in part, with a State Grant funded from incremental growth in sales tax revenue.
 - Closes Creek Watershed Improvements - multi phases (FY18-FY23) \$9.1 million
 - Hamilton Drainage Improvements – multi-phases (FY18-FY24) \$15.3 million
 - Leetown Creekway – Outlet Improvements (FY17-FY19) \$11.7 million
- **Streets:**
 - Arterial Pavement Rehabilitation (FY19-FY24) \$24 million
 - Connect Downtown (FY17-FY24) \$6.4 million
 - Corridor Improvements (FY18-FY24) \$3.5 million

- East Douglas Avenue Widening – East 42nd – East 56th (FY19-FY22) \$10.3 million
- Hubbell Avenue Improvements – East 33rd – East 38th (FY16-FY20) \$12.6 million
- Indianola Avenue Widening – East Army Post Road to Hwy-69 (FY98-FY23) \$8.3 million
- Walkability Improvements (FY18-FY23) \$5.4 million
- McKinley Avenue Widening – future phases (FY18-FY24) \$7.5 million
- Merle Hay Road Widening – Boston Avenue to Douglas Avenue (FY20-FY24) \$3.8 million
- Sixth Avenue Streetscape (FY18-FY23) \$9.2 million
- SE 30th Street Widening – RR Viaduct to SE Connector (FY21-FY24) \$7.5 million

Long-term Budget Strategy:

The City Council has mapped out a path for the future with a 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. Budget meetings will utilize the Des Moines Strategic Plan as a guide for allocating resources and prioritizing projects and programs. With the FY2018-19 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 19, 2018

Roll Call Number: [18-0270](#), [18-0271](#), and [18-0272](#).

Action: On items regarding the budget:

- (A) [On](#) consideration of the recommended Capital Improvement Program (CIP) for fiscal years 2018-2019 through 2023-2024. Moved by Gatto to adopt. Motion Carried 7-0.
- (B) [On](#) amendment to the annual budget for current fiscal year ending June 30, 2018. Moved by Gatto to adopt. Motion Carried 7-0.
- (C) [On](#) proposed budget for the fiscal year ending June 30, 2019. Moved by Gatto to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

The Council will need to take later action to increase solid waste enterprise rates for FY2018-19.

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