


COUNCIL COMMUNICATION

	Number:	19-101	Meeting:	March 11, 2019
	Agenda Item:	46 57 58	Roll Call:	19-391
	Submitted by:	Bob Fagen, Finance Director		

AGENDA HEADING:

Hearings on:

1. Adoption of the recommended Capital Improvements Program (CIP) for fiscal year (FY) 2019-20 through FY2024-25.
2. Amendment to the annual budget for the current FY ending June 30, 2019.
3. Adoption of the recommended annual budget for the FY ending June 30, 2020.

SYNOPSIS:

Recommend approval of the FY2019-20 through FY2024-25 CIP, adoption of amendment to the current year budget for FY2018-19, and adoption of the recommended annual budget for FY2019-20. Budget presentations were made to the City Council at the workshops held in November and December 2018 and in January 2019.

FISCAL IMPACT:

Amount:

- FY2018-19 proposed Amended Budget = \$810,077,855 (including a \$160,199,720 capital budget)
- FY2019-20 Recommended Budget = \$790,361,159 (including a \$174,889,918 capital budget)

Funding Source: The total \$790 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 in February 2019. The official publication of the budget summary was in the Des Moines Register on February 25, 2019. 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 FY2019-20 Operating Budget

Property Taxes:

The notice of public hearing (budget estimate) includes a maximum increasing of the City's property tax rate to \$17.54 per \$1,000 of taxable valuation, but with the passing of local option sales and service

tax (LOSST) the City Manager is recommending a property tax rate of \$16.64 per \$1,000 of taxable valuation. The decrease in the rate will be taken in the debt service levy part of the tax rate. The budget results in a decrease to the property tax rate of \$0.60 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 Sewer rate increases of 5% per year for three (3) years. The fee increases take effect on July 1, of each fiscal year.

	Sanitary
July 1, 2016 - June 30, 2017	\$6.59
July 1, 2017 - June 30, 2018	6.92
July 1, 2018 - June 30, 2019	7.27 – Current Rates

Sanitary rates are per 1,000 gallons per month. Rate change of 3% or \$0.22 per month per 1,000 gallons is included in the revenue estimates for FY2019-20. The Council will need to take action this Spring to increase sanitary sewer enterprise rates for FY2019-20.

On August 20, 2018, the City Council approved annual Storm Sewer rate increases of 6%, 6%, 6%, 5%, and 3% per year over then next five (5) years. The fee increases take effect on January 1, of each year.

	Storm Water
January 1, 2019 - December 31, 2019	\$13.44 – Current Rates
January 1, 2020 - December 31, 2020	14.25
January 1, 2021 - December 31, 2021	15.11
January 1, 2022 - December 31, 2022	15.87
January 1, 2023 - December 31, 2023	16.35

Storm Water rates are per Equivalent Residential Usage (ERU) per month.

On April 23, 2018, the City Council approved a rate increases of \$2.20 in the monthly solid waste collection fees. The fee increases took effect on July 1, 2018.

	Current Solid Waste Rate
First 64 gallon	\$ 13.20
First 96 gallon	14.20
Additional 64 gallon	11.20
Additional 96 gallon	12.20
First 64 gallon subsidized (no change)	10.00
First 96 gallon subsidized (no change)	11.00
City of DM - Dumpster (no change)	9.00

Rate changes of 2% per month on the non-subsidized rates for the Solid Waste Enterprise is included in the revenue estimates for FY2019-20. The Council will need to take action this Spring to increase solid waste enterprise rates for FY2019-20.

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.

Self-Supported Municipal Improvement District (SSMID)

SSMID rates remain the same for:

- Sherman Hill (\$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)
- 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 FY2018-19 Amended Operating Budget

Amendments or revisions to the adopted budget must be prepared and adopted in the same manner as the original budget. The FY2018-19 amendment to the adopted operating budget shows an increase of \$71 million, mostly reflecting changes in the debt service, enterprise funds, and capital project funds for refinancing/calling of bonds, sale of a parking garage, and budget carryover for projects that were not completed in the prior year.

The CIP

Council authorizes funding for the FY2018-19 (amended) and FY2019-20 (recommended) capital budget, and approves a five (5) year capital improvements plan. Expenditures of \$556,393,872 are programmed in the following five (5) year project plan. The FY2018-19 capital budget is \$159,889,720 and the recommended FY2019-20 capital budget is \$175,014,918.

The CIP five (5) year plan averages \$111 million annually on projects from all funding sources, with an average of \$56 million in General Obligation (GO) bonds issued each year. About 48% of the total CIP FY2020-25 is funded from GO bond (debt levy) dollars, the rest from enterprise fees, federal and state grants, or donations. About 35% of the total CIP FY2020-25 planned expenditures are for street projects, another 11% for municipal buildings, and 6% for bridge improvements.

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

- Bridge Replacement or Rehabilitation
 - Walnut Street Bridge over the Des Moines River (FY19-FY23) \$13.1 million
- Fire Improvements
 - NE Fire Station (FY18-FY20) \$8.3 million
- Miscellaneous Improvements
 - Neighborhood Strategy Implementation (FY19-FY25) \$27.9 million
 - Public Safety Communication System Upgrade (FY19-FY21) \$10.6 million
- Municipal Building Improvements
 - Municipal Service Center Phase 2A (FY23-FY24) \$33.1 million
 - City Hall Annex (FY21-FY24) \$30 million
 - Animal Control Facility (FY19-FY21) \$6.3 million

- Park Improvements
 - MacRae Park Improvements (FY18-FY21) \$2.4 million
 - Riverview Park – Earthwork and Stage Improvements (FY18-FY19) \$1.6 million
 - Riverview Park – Site, Plaza, and Shelter (FY19-FY20) \$2 million
- Sanitary Sewer
 - Separation project expenditures (FY18-FY23) \$70 plus million
 - Sewer lining and repairs (FY19-FY25) \$13.3 million
 - Market District Lift Station and Force Main (FY19-FY20) \$2.7 million
- Storm Water Improvements
 - Flood Mitigation Improvements (FY12-FY25 and beyond) \$80 million plus
 - Closes Creek Watershed Improvements - multi phases (FY16-FY25 plus) \$32 million plus
 - Hamilton Drainage Improvements – multi-phases (FY18-FY25 plus) \$18 million plus
 - Leetown Creekway – Outlet Improvements (FY14-FY20) \$16 million plus
- Streets:
 - Active Transportation (FY19-FY25) \$4.7 million
 - East Douglas Avenue Widening – East 42nd – East 56th (FY18-FY22) \$8.6 million
 - Hubbell Avenue Improvements – East 33rd – East 38th (FY16-FY20) \$12.3 million
 - Indianola Avenue Widening – East Army Post Road to Hwy-69 (FY19-FY22) \$5 million
 - Ingersoll Streetscape (FY19-FY23) \$13.1 million
 - McKinley Avenue Widening – South Union to SW 9th (FY22-FY24) \$5.1 million
 - Sixth Avenue Streetscape (FY18-FY23) \$10.4 million
 - SE 30th Street Widening – RR Viaduct to SE Connector (FY21-FY25) \$8.7 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 FY2019-20 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 18, 2019

Roll Call Number: [19-0242](#)

Action: [Setting](#) date of hearing on the recommended Capital Improvement Program (CIP) Plan for fiscal years 2019-2020 through 2024-2025, (3-11-19). Moved by Boesen to adopt. Motion Carried 4-3. Absent: Cownie, Coleman and Gatto.

Date: February 11, 2019

Roll Call Number: [19-0205](#), and [19-0206](#).

Action: On items regarding the budget:

(A) [On](#) amendments to the annual budget for current fiscal year ending June 30, 2019. Moved by Gatto to adopt. Motion Carried 7-0.

(B) [On](#) proposed budget for the fiscal year ending June 30, 2020. 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 sanitary sewer and solid waste enterprise rates for FY2019-20.

For more information on this and other agenda items, please call the City Clerk's Office at 515-283-4209 or visit the Clerk's Office on the first floor of City Hall, 400 Robert D Ray Drive. Council agendas are available to the public at the City Clerk's Office on Thursday afternoon preceding Monday's Council meeting. Citizens can also request to receive meeting notices and agendas by email by calling the Clerk's Office or sending their request via email to cityclerk@dmgov.org.