


## COUNCIL COMMUNICATION

	Number:	<b>20-119</b>	Meeting:	<b>March 9, 2020</b>
	Agenda Item:	<b>24</b>	Roll Call:	<b>20-0426</b>
	Submitted by:	<b>Nickolas Schaul, Interim Finance Director</b>		

### AGENDA HEADING:

Set date for public hearings and notice regarding three (3) budgetary items which will be under consideration at the March 23, 2020 City Council Meeting.

### SYNOPSIS:

Set date and of public hearings for March 23, 2020 for the following budgetary items:

- Capital Improvement Plan (CIP) for Fiscal Year (FY) 20-21 through FY2025-2026
- City operations amended FY2019-2020 budget
- City operations FY2020-2021 budget

### FISCAL IMPACT: NONE

### ADDITIONAL INFORMATION:

- These actions allow for public hearings to take place at the March 23, 2020 meeting. It also allows for the City Clerk to publish public notice in the Des Moines Register and on the City website.
- The Recommended CIP document and the Recommended Operating Budget document were delivered in February 2020. Several Council workshop presentations reviewed the recommended budget proposals and CIP plan and offered public input, comments, and suggestions.
- The Recommended Operating Budget reflects a 10-cent tax rate reduction. That can reasonably be expected to remain the same for several years if budget assumptions don't change. Two (2) changes have been made since the printed copies of the budget were distributed. The budgeted amount for Local Option Sales and Service Tax (LOSST) revenue has been lowered by \$2 million. The impact of this reduction is reflected by less funds being set aside in reserves. The second change to the budget is the incorporation of debt service savings attained through the bond refundings priced on February 12th.
- The annual budget for the CIP, is increasing by three-fold over a three-year period – from \$71 million in FY 2017 to \$206 million in FY2020.
- Council will consider more funds for street improvements than ever before – a massive \$427 million has been proposed over seven (7) years. This has enabled our Public Works and

Engineering Departments to begin implementing the largest street repair effort in Des Moines' history.

- Funds for street improvements went from averaging \$30 million per year to \$61 million annually for a seven-year period through FY2026. This will include a record \$92 million in 2023.
- Strengthening the street improvement effort is the LOSST that went into effect last July. Starting in July of 2020, roughly \$23 million in Local Option revenue will be applied to debt service of bonds issued for street improvements and the CIP Plan.
- How to get to 40-cent Rate Reduction:
  - Remove the last projects added to the CIP.
    - Change Grubb Y new construction to a \$5 million renovation and use the LOSST to buy down the tax rate. LOSST policy would be amended to reflect more than 50% of the revenue is needed to buy down the rate.
    - Change the Annex new construction project to a remodel with a budget of \$20 million to include getting Information Technology (IT) off-site into a new building.
  - Delay Birdland Marina, Douglas Avenue temporary and permanent aspects, Easter Lake Drive Trail, Cownie Soccer for six (6) to eight (8) years.

Impact would be removing approximately \$2,500,000 from annual revenues.

**PREVIOUS COUNCIL ACTION(S): NONE**

**BOARD/COMMISSION ACTION(S): NONE**

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:**

March 23, 2020: Hold hearings regarding the above-mentioned budgetary items.

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](mailto:cityclerk@dmgov.org).