

COUNCIL COMMUNICATION

	Number:	20-186	Meeting:	April 27, 2020
	Agenda Item:	13 A, B, C	Roll Call:	[_____]
	Submitted by:	Nicolaus Schaul, Interim Finance Director		

AGENDA HEADING:

Hold hearings on:

1. Adoption of the recommended Capital Improvement Program (CIP) for fiscal year (FY) 2020-21 through FY 2025-26.
2. Amendment to the annual operating budget for the current FY ending June 30, 2020.
3. Adoption of the recommended annual budget for the FY ending June 30, 2021.

Approving:

1. Fund transfers for FY ending June 30, 2020.
2. Fund transfers for FY ending June 30, 2021.

SYNOPSIS:

Recommend approval of the FY 2020-21 through FY 2025-26 CIP, adoption of amendment to the current year budget for FY 2019-20, adoption of the recommended annual budget for FY 2020-21, and fund transfers for FY 2019-20 & FY 2020-21. Budget presentations were made to the City Council at the work sessions held beginning in November 2019 and concluding in February 2020.

FISCAL IMPACT:

Amount:

- FY2019-20 Amended Budget = \$934,773,741 (including a \$205,982,080 capital budget)
- FY2020-21 Recommended Budget = \$894,466,599 (including a \$213,313,617 capital budget)

Funding Source: The total \$894 million budget would be the appropriation authority across all City funds.

ADDITIONAL INFORMATION:

Budget Overview

- The CIP Plan for FY 2020-21 through FY 2025-26 and Operating Budget Document (FY 2021 Recommended) will be amended in the coming months due to the evolving effects of the COVID-19 pandemic. Those amendments are being discussed with departments and will come before City Council for final approval.

- The Operating Budget Document (Amended FY 2020 and FY 2021 Recommended) was published and distributed to City Council and Departments on February 7, 2020. The CIP packet was also distributed to City Council and Departments on February 10th. Copies of both documents can be found on the City website.
- Adjustments and amendments have been made to both documents since initial publication. These changes are both corrections and changes to planned projects. Changes are explained in the memorandum dated April 15, 2020 (attached to the Roll Call).
- The City Manager and Interim Finance Director have determined the best course of action is to keep the tax rate the same as the prior year (\$16.64 per \$1,000 assessed).
- The recommended annual budget for the CIP, is increasing by three-fold over a 3-year period – from \$71 million in FY 2017 to \$205 million in FY 2020.
- City 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 the 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 7-year period through FY2026. This will include a record \$92 million in 2023.

Recommended Capital Improvement Plan

- City Council authorizes funding for the FY 2019-20 (amended) and FY 2020-21 (recommended) capital budget and approves a 5-year capital improvement plan. Expenditures of \$626,238,00 are programmed in the following 5-year project plan. The FY 2019-20 capital budget is \$205,982,080 and the recommended FY 2019-20 capital budget is \$213,313,617.
- The CIP 5-year plan averages \$125.2 million annually on projects from all funding sources. An average of \$57 million in General Obligation (GO) bonds issued each year. About 35% of the total CIP FY 2020-25 is funded from GO bond (debt levy) dollars, the rest from enterprise fees, LOSST, federal and state grants, or donations. About 44% of the total CIP FY 2020-25 planned expenditures are for street projects, another 12% for municipal buildings, and 6% for bridge improvements.

FY 2020-FY 2021 Amended Budget

- Amendments or revisions to the adopted budget must be prepared and adopted in the same manner as the original budget. The FY 2019-20 amendment to the adopted operating budget shows an increase of \$108 million, mostly reflecting the addition of LOSST expenditures, changes in the debt service, enterprise funds, and capital project funds for refinancing/calling of bonds, and budget carryover for projects that were not completed in the prior year.

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)

Enterprise Funds Fees

Sanitary:

In May 2019, the City Council approved annual Sanitary Sewer rate increases of 3% per year for three (3) years. The fee increases take effect on July 1st of each FY.

FY 2019: \$7.49

FY 2020: \$7.71– Current Rate

FY 2021: \$7.94

Storm Sewer:

- On August 20, 2018, the City Council approved annual Storm Sewer rate increases of 6%, 6%, 6%, 5%, and 3% per year over the next five (5) years. The fee increases take effect on January 1st of each calendar year:
 - 2019: \$13.44
 - 2020: \$14.25 – Current Rate
 - 2021: \$15.11
 - 2022: \$15.87
 - 2023: \$16.35

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

Solid Waste:

- FY 2021 Current Rates (Proposed):

First 64-gallon:	\$13.20
First 96-gallon:	\$14.20
Additional 64-gallon:	\$11.20
Additional 96-gallon:	\$12.20
First 64-gallon subsidized:	\$10.00 (no change)
First 96-gallon subsidized:	\$11.00 (no change)
City dumpster:	\$ 9.00 (no change)

- Rate changes of 2% per month on the non-subsidized rates for the Solid Waste Enterprise is included in the revenue estimates for FY 2019-20. The City Council will need to take action this spring to increase solid waste enterprise rates for FY 2020-21 at a rate increase of 5%.

PREVIOUS COUNCIL ACTION(S):

Date: April 9, 2020

Roll Call Number: [20-0595](#), [20-0596](#), and [20-0597](#)

Action: On items regarding the budget, (3-23-20): [\(Council Communication No. 20-156\)](#)

- (A) On consideration of the recommended Capital Improvement Program (CIP) for fiscal years 2020-21 through 2025-2026. Moved by Gatto to adopt. ([Council Communication No. 20-156](#)) Motion Carried 7-0.
- (B) On amendment to the annual budget for current fiscal year ending June 30, 2020. Moved by Gatto to adopt. ([Council Communication No. 20-156](#)) Motion Carried 7-0.
- (C) On proposed annual budget for the fiscal year ending June 30, 2021. Moved by Gatto to adopt. ([Council Communication No. 20-156](#)) Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

Rate increase of 5% on Solid Waste Enterprise rates for FY2020-21.

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