


COUNCIL COMMUNICATION

	Number:	23-173	Meeting:	April 10, 2023
	Agenda Item:	36-46, 63-65	Roll Call:	23-0505
	Submitted by:	Nickolas Schaul, Finance Director		

AGENDA HEADING:

Hearings on:

1. Adoption of the Capital Improvement Program (CIP) for fiscal year (FY) 2022-23 through FY 2026-27.
2. Amendment to the annual operating budget for the current FY ending June 30, 2023.
3. Adoption of the recommended annual budget for the FY ending June 30, 2024.

Approving:

1. Fund transfers for FY ending June 30, 2023.
2. Fund transfers for FY ending June 30, 2024.
3. Self-Supported Municipal Improvement District (SSMID) Budget/Rates
4. Park & Ride Budget(s)
5. Reallocate American Rescue Plan Act (ARPA) funds to FY 2024 Budget.

SYNOPSIS:

Recommend approval of the FY 2022-23 through FY 2026-27 CIP, adoption of amendment to the current year budget for FY 2022-23, adoption of the recommended annual budget for FY 2023-24, and fund transfers for FY 2022-23 & FY 2023-24. Budget documents were distributed to Council and posted on the City's website February 2, 2023. Four (4) public meetings were conducted in December and opportunities for input available on the City's website. Budget presentations were made to the City Council at work sessions on February 6th and 13th, 2023. With the passage of Senate File (SF) 181, the submittal date of city government budgets was shifted from March 31 to April 30 this year.

FISCAL IMPACT:

Amount:

- FY 2022-23 Amended Budget = \$1,136,322,937 (including a \$312,413,139 capital budget)
- FY 2023-24 Recommended Budget = \$989,862,206 (including a \$233,682,664 capital budget)

Funding Source: The total \$989,862,206 budget would be the appropriation authority across all City funds.

ADDITIONAL INFORMATION:

- On February 20, 2023, SF 181 was signed by the governor. This bill corrected errors in valuations retroactively to January 1, 2022. Because of this, taxable revenue to local governments was

reduced for FY 2024 during the tail end of budget processes. This resulted in a revenue reduction of just over \$3 million to the general fund. In order to address this deficit without increasing the tax rates or reducing services, \$3 million of ARPA funding will be transferred to cover operational costs in FY 2024.

- After the documents were distributed on February 2, 2023, and the Council Workshops, the Finance Department has been working on the changes to the budget. The changes that have been made from the budget document distribution include corrective changes, which includes items overlooked during creation, or other coding discrepancies. Changes have no impact on the overall proposed tax levy.
- In addition to corrective changes, several additions to budget have been added since the distribution of the books.
 - Additional funding for 6th Avenue Corridor: \$10,000 (FY 2023 and FY 2024).
 - Reduce Regional Feature Projects funded by ARPA and transfer to General Fund: \$3M (FY 2024).
 - Ingersoll Streetscape expansion east of Martin Luther King Jr. Parkway: \$500,000 (FY 2024 and FY 2025). This was accomplished by a one-year delay to 2026 in 2nd Avenue Improvements between Court Avenue and I-235.
 - Downtown two-way conversations delayed and revised cost estimate (\$1M savings over course of project).
 - Increased funding for Walnut Street Bridge reconstruction: \$500,000 (FY 2024), \$3.5M (FY 2025), \$4M (FY 2026).

These and all corrective and tax changes can be found in the Appendix A and Appendix B to the Budget. City Manager's Office and Library Director are pursuing the request to add a social worker position to work at the libraries. The intent is to add this position after designing a job description to be funded from local option sales tax. This addition will be reflected in a budget amendment at some point prior to the end of the year.

Budget Overview

- The Operating Budget Documents (Amended FY 2023 and FY 2024 Recommended and CIP Plan) were published and distributed to City Council and Departments on February 2, 2023. Copies of both documents were posted on the City website the same day. Detailed budget information is included in those documents.
- The City Manager and Finance Director have determined the best course of action is to keep the tax rate the same as the prior year at \$16.61 per \$1,000 assessed.
- Operating budgets of \$246,499,874 (includes ARPA dollars) for Amended FY 2023 and \$221,723,575 in FY 2024 are being considered for the General Funds.
- Commitment to maintaining services levels expected by citizens.
- City Manager's Office focus on community needs.
- Additional service levels:
 - IT Network Security staff
 - Sustainability position

- Public Safety Equity position
- Principal Traffic Engineer (reduces contractual costs)
- Increased wages for seasonal staff
- Tall Grass Program
- Police In-Car camera replacement program

Self-Supported Municipal Improvement District (SSMID)

- SSMID rates:
 - Sherman Hill (\$1.50 per \$1,000 of taxable value)
 - Highland Park (\$2.25 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 2022, the City Council approved annual Sanitary Sewer rate increases of 6%. The fee increases take effect each July 1st.
 - FY 2022: \$7.94
 - FY 2023: \$8.42 – Current Rate
 - FY 2024: \$8.84 – Recommended 5% increase
 - FY 2025: \$9.28 – Recommended 5% increase
 - Recommended rate increase will be brought to a future council meeting after budget approval for effect July 1, 2023 (FY 2024).
- 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 following five (5) years. The recommended fee increase takes effect on July 1st:
 - 2021: \$15.11
 - 2022: \$15.87
 - 2023: \$16.35 – Current Rate
 - FY2024: \$17.17 – Recommended 5% increase
 - Storm Water rates are per Equivalent Residential Usage (ERU) per month.

- Solid Waste:
 - On May 4, 2020, the City Council approved annual Solid Waste rate increases of 5% effective FY 2021 and 3% in FY 2022.

FY2023 Current Rates	
First 64 gallon	\$ 14.56
First 96 gallon	\$ 15.66
Additional 64 gallon	\$ 12.35
Additional 96 gallon	\$ 13.45
City of DM - Dumpster	\$ 9.73
<i>First 64 gallon subsidized</i>	<i>\$ 10.00</i>
<i>First 96 gallon subsidized</i>	<i>\$ 11.00</i>

- Steps have been taken to ensure no change in rates to those residents who qualify for a subsidized rate.
- Housing Services:
 - Section 8 Choice Housing Voucher Program:
 - Provides rental assistance in form of housing assistance payments (HAP).
 - 2,800 individuals or families receiving assistance (waiting list recently opened in November of 2022).
 - \$505 average monthly housing assistance payment.
 - Public Housing Program:
 - Owns and manages rental units for eligible low- and moderate-income individuals and families.
 - 424 units – 34 scattered site single family homes; 390 in manor sites.
 - Disposition Fund – established through US Department of Housing and Urban Development (HUD) approved sale of scattered site units.

	FY2021 Actuals	FY2022 Actuals	FY2023 Adopted	FY2023 Amended	FY2024 Recomm
Total Revenues	\$ 23,990,028	\$ 22,113,193	\$ 24,385,859	\$ 23,173,650	\$ 24,241,797
Total Expenses	22,961,754	22,081,762	24,497,440	23,279,903	24,255,546
Surplus (Deficit)	<u>1,028,274</u>	<u>31,431</u>	<u>(111,581)</u>	<u>(106,253)</u>	<u>(13,749)</u>
HAP Reserves	-	-	-	-	-
Final Surplus (Deficit)	<u>1,028,274</u>	<u>31,431</u>	<u>(111,581)</u>	<u>(106,253)</u>	<u>(13,749)</u>

PREVIOUS COUNCIL ACTION(S):

Date: March 27, 2023

Roll Call Number: [23-0396](#), [23-0397](#), & [23-0398](#)

Action: On items regarding the budget, (4-10-23): ([Council Communication No. 23-153](#))

- (A) [Adoption](#) of the Capital Improvement Program (CIP) for fiscal year (FY) 2023-24 through FY 2026-27. Moved by Mandelbaum to adopt. Second by Gatto. Motion Carried 6-1. Absent: Sheumaker.
- (B) [On](#) amendment to the annual budget for current fiscal year ending June 30, 2023. Moved by Mandelbaum to adopt. Second by Gatto. Motion Carried 6-1. Absent: Sheumaker.
- (C) [On](#) proposed budget for the fiscal year ending June 30, 2024. Moved by Mandelbaum to adopt. Second by Gatto. Motion Carried 6-1. Absent: Sheumaker.

Date: February 20, 2023

Roll Call Number: [23-0260](#)

Action: [On](#) establishing the total maximum property tax dollars certified for levy for fiscal year ending June 30, 2024. ([Council Communication No. 23-097](#)) Moved by Gatto to adopt. Second by Boesen. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

Final adopted budget documents will be published online and distributed to City Council and staff during the month of April/May.

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.