


COUNCIL COMMUNICATION

	Number:	24-153	Meeting:	April 15, 2024
	Agenda Item:	37-47 54-56	Roll Call:	24-0595
	Submitted by:	Nickolas Schaul, Finance Director		

AGENDA HEADING:

Hold Public Hearings on April 15, 2024, for:

1. Adoption of the Capital Improvement Program (CIP) for Fiscal Year (FY) 2024-2025 through FY2027-2028
2. Amendment to the annual Operating Budget for the current FY ending June 30, 2024
3. Adoption of the recommended annual budget for the FY ending June 30, 2025

Approving:

1. Fund transfers for FY ending June 30, 2024
2. Fund transfers for FY ending June 30, 2025
3. Self-Supported Municipal Improvement District (SSMID) Budget/Rates
4. Park & Ride Budget(s)

SYNOPSIS:

Recommend approval of the setting of hearings for FY2024-2025 through FY2027-2028 CIP, amendment to the current year budget for FY2023-2024 and recommended annual budget for FY2024-2025.

Preliminary Operating and Capital budget documents were distributed to Council and posted on the City website February 9, 2024. Four (4) public meetings were conducted in December and opportunities for input were available on the City's website. Budget detail presentations were made to the City Council at work sessions on February 22, 2024. With the enactment of House File (HF) 718 (Property Tax Reform Act), the submittal date of city government budgets was shifted from March 31 to April 30 going forward.

FISCAL IMPACT:

FY2023-2024 Amended Budget = \$1,236,349,089 (including a \$303,674,852 capital budget)

FY2024-2025 Recommended Budget = \$974,939,695 (including a \$199,923,493 capital budget)

ADDITIONAL INFORMATION:

- This budget reflects a largely status quo budget. The significant changes include:
 - Additional Police Officers (2) for downtown and additional contributions for expanded Court Avenue security
 - Additional Firefighter for the Mobile Integrated Healthcare Pilot Program
 - Additional Building Equipment Operators (2) for new or expanded city facilities – T.M. Franklin Cownie City Administration Building, Animal Control Services, upcoming Reichardt Community Recreation Center
 - Additional Customer Service Representative and part-time staff for expansion of cemetery Operations at the Masonic Cemetery
 - Increased contractual costs with Animal Rescue League for expanded services
 - Funding for Sobering Center operations that is shared with Polk County
 - A \$1.5M contribution to DART for FY2025 in June (FY2024 amended budget)
 - Funding for Allen Park equipment and access improvement in the CIP plan years of FY2026 and FY2027

- New Projects in the Capital Budget include:
 - SW 9th Bridge over Raccoon River (FY2026)
 - Pool and Aquatics Infrastructure* (FY2025-FY2028)
 - Waveland Clubhouse (FY2028)
 - Brian Melton Field (FY2027-FY2028)
 - East Army Post Road Improvements
 - Water Main extension (FY2025-FY2028)
 - SE 14th Street to SE 36th Corridor (FY2025-FY2028)
 - East Army Post Road and SE 36th Improvements (FY2025-FY2026)
 - East Grand Avenue: Penn Avenue to East 14th Street* (FY2026 & FY2028)
 - Lead Water Services (\$300,000 annually ongoing)
 - NE 23rd Street/Easton – Fourmile to East 56th Street* (FY2026-FY2028)

*Requires financial commitment in future CIPs. Please see budget document for more details or Council presentation on February 22nd.

- Self-Supported Municipal Improvement District Rates (SSMID) – No Rate Changes
 - 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)

- Housing Services
 - Section 8 Choice Housing Voucher Program:
 - Provides rental assistance in form of housing assistance payments (HAP)
 - 2,900 individuals or families receiving assistance (waiting list recently reopened)
 - \$538 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 HUD approved sale of scattered site units

	FY2022 Actuals	FY2023 Actuals	FY2024 Adopted	FY2024 Amended	FY2025 Recomm
Total Revenues	\$ 22,113,193	\$ 23,847,931	\$ 24,241,797	\$ 25,516,513	\$ 25,767,108
Total Expenses	22,081,762	23,847,931	24,255,546	25,516,513	25,767,108
Surplus (Deficit)	31,431	-	(13,749)	-	-
Public Housing	-	-	13,749	-	-
HAP Reserves	-	-	-	-	-
Section 8 Other Local Govt	-	-	-	-	-
Remaining Surplus (Deficit)	31,431	-	-	-	-

- Appendix A provides a list of corrective changes and detailed explanations made by the Budget Office after the publication of the preliminary documents.
- Final Adopted Budget documents will be created this spring and distributed to Council Members as well as posted online.

PREVIOUS COUNCIL ACTION(S): NONE

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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Appendix A - Budget Changes after Production of Budget Book

Description	Department	Rev/Exp	Organization	Object	Project	IN BUDGET BOOK		REVISED AMOUNTS		CHANGE		Comments
						FY 2024	FY 2025	FY 2024	FY 2025	FY 2024	FY 2025	
Alien Park Improvements	CIP	Revenue	C034PK99	498280	PK137	-	-	-	-	-	-	Addition: Provides funding of \$200,000 in FY 26 for ADA related work and other site improvements and \$200,000 in FY 27 for park equipment purchases. Shelter is dependent on private donations and is expected in FY 27.
Alien Park Improvements	CIP	Expense	C034PK99	544160	PK137	-	-	-	-	-	-	Addition: Provides expenditure authority of \$200,000 in FY 26 for ADA related work and other site improvements and \$200,000 in FY 27 for park equipment purchases. Shelter is dependent on private donations and is expected in FY 27.
Priority Sidewalks	Non-Departmental	Expense	ND414000	598360	LT216	-	-	-	-	-	-	Addition: Provides spending authority for LOSST for sidewalk for \$500,000 in FY 2027 and \$1 million in FY 2028 as ARPA dollars are being spent down.
Bonding/incorrectly listed as listed as Local Option Sales and Services Tax (LOSST)	CIP	Revenue	C034PK99	498280	BL085	(600,000)	-	(836,238)	-	(236,238)	-	Corrective: Adjustment to bond premium
Bonding/incorrectly listed as listed as LOSST	CIP	Revenue	C051CH99	498280	MS004	-	-	(1,000,000)	-	(1,000,000)	-	Corrective: CIP Document listed as LOSST
Spending authority for NFC	CIP	Expense	C051CH99	521020	MS004	1,000,000	-	2,000,000	-	1,000,000	-	Correction: Provides additional spending authority for NFC
Transfer labeled as expense in CIP document	CIP	Expense	C038FE99	598035	ST267	-	-	18,585	-	18,585	-	Corrective: SSMD escrow funds should be revenue, not a transfer
Transfer labeled as expense in CIP document	CIP	Expense	C038FE99	598035	ST267	7,619,781	-	7,601,196	-	(18,585)	-	Corrective: SSMD escrow funds should be revenue, not a transfer
Principal Park Improvements in CIP Document	CIP	Revenue	C034PK99	498280	BL138	-	-	-	-	(825,000)	-	Improvements was approved in the budget process.
Principal Park Improvements in CIP Document	CIP	Expense	C034PK99	544160	BL138	-	-	-	-	941,000	-	Corrective: TIF backed bonds in FY 25 left omitted from CIP. \$825,000 in FY 25 and \$865,000 in FY 26 for bulgpen and dugout
Mayor and Council Salary and Benefits	Mayor/Council	Expense	MC180180	511010-511090		-	-	472,130	-	55,887	-	Improvements was approved in the budget process.
APPA expenditures in Capital Improvement Plan (CIP)	Non-Departmental	Expense	FN900001	598250		3,203,277	-	2,853,277	-	(250,000)	-	Corrective: Updates to salaries for Mayor and Council were incorrectly omitted for FY 25.
APPA expenditures in CIP	Non-Departmental	Expense	FN900006	598250		28,000,809	-	28,250,809	-	250,000	-	Corrective: Provides transfer authority to capital projects from APPA
Downtown Self-Supporting Municipal Improvement District (SSMID) Contribution	Non-Departmental	Expense	ND410752	528005		2,246,826	-	2,234,585	-	(12,241)	-	Corrective: Provides transfer authority to capital projects from APPA
SW 9th SSMID Contribution	Non-Departmental	Expense	ND410756	528005		132,597	-	125,162	-	(7,435)	-	Corrective: Adjustment to contribution to Downtown SSMID based on property taxes
LOSST Transfer to Neighborhood Finance Corporation (NFC)	Non-Departmental	Expense	ND414000	598360	LT003	1,000,000	-	-	-	(1,000,000)	-	Corrective: Adjustment to contribution to SW 9th SSMID based on property taxes
Escrow funds coding	Non-Departmental	Revenue	ND410760	498001		(19,517)	-	(11,811)	-	7,706	-	Corrective: CIP Document listed as LOSST
Escrow funds coding	Non-Departmental	Revenue	ND410760	498000		(7,259)	-	(15,164)	-	(7,706)	-	Corrective: SSMD escrow funds should be revenue, not a transfer
Adjust Contingency Appropriations in Budget Document	Non-Departmental	Expense	ND405643	529690		-	-	-	-	(1,825,708)	-	Corrective: SSMD escrow funds should be revenue, not a transfer
Adjust Contingency Appropriations in Budget Document	Non-Departmental	Expense	ND405643	529510		-	-	-	-	450,000	-	Corrective: SSMD escrow funds should be revenue, not a transfer
Adjust excise tax calculation in Debt Service Fund	Non-Departmental	Revenue	ND400500	450080		-	-	-	-	(254,000)	-	Corrective: Provides transfer authority to capital projects from APPA
Correction of bond issuance transfer to CIP based on corresponding adjustments	Non-Departmental	Expense	ND400592	598280		-	-	-	-	(175,000)	-	Corrective: Adjustment to bond issuance and TIF backed bonds for Principal Park