


COUNCIL COMMUNICATION

	Number:	25-144	Meeting:	April 7, 2025
	Agenda Item:	31-42, 51, 55	Roll Call:	25-0510
	Submitted by:	Nickolas Schaul, Finance Director		

AGENDA HEADING:

Hold Public Hearings on April 7, 2025, for:

1. Adoption of the Capital Improvement Program (CIP) for Fiscal Year (FY) 2025-2026 through FY2028-2029
2. Amendment to the annual Operating Budget for the Current FY ending June 30, 2025
3. Adoption of the recommended annual budget for the FY ending June 30, 2026

Approving:

1. Fund transfer for FY ending June 30, 2025
2. Fund transfer for FY ending June 30, 2026
3. Self-Supported Municipal Improvement District (SSMID) Budget/Rates
4. Park & Ride Budget(s)
5. Reimbursement resolution for CIP projects
6. Enterprise rate increase for Sanitary Sewer (6%) and Solid Waste (\$2.25)
7. Revised Debt Policy to amend minimum fund balance (20%)

SYNOPSIS:

Hold hearings for FY2025-2026 through FY2028-2029 CIP, amendment to the current year budget for FY2024-2025 and recommended annual budget for FY2025-2026.

Preliminary Operating and Capital budget documents were distributed to Council and posted on the City website February 7, 2025. 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 19, 2025. Two (2) additional public budget meetings were held on February 25 and 26. With the enactment of House File (HF) 718 (Property Tax Reform Act), City budgets must be submitted by April 30.

FISCAL IMPACT:

Amount: FY2024-2025 Amended Budget = \$1,179,833,100 (including capital budget)
FY2025-2026 Recommended Budget = \$986,096,400 (including capital budget)

Funding Source: The total \$986,096,400 budget would be the appropriation authority across all City funds.

ADDITIONAL INFORMATION:

- This budget addresses a \$17.2 million operating shortfall. Strategies to address the shortfall include:
 - \$2.8 million – Use of General Fund Balance
 - \$4.7 million – Attrition/Department Reorganizations and/or Change in Services
 - Savings through attrition and reorganization of departmental structure
 - Reduction of positions – 15 across numerous departments
 - Eliminating Cure Violence Program – not extending current contract
 - Substantially reduce mosquito control services
 - Change in family aquatic center and swimming pool operations
 - \$6.9 million – Reallocation/Reassign Costs
 - Utilizing other funding sources for salary expenses
 - \$2.8 million – Changes to Revenue – Assessing and Aligning Fees/Charges for Service
 - Renegotiating contracts with Catch Des Moines and BRAVO Greater Des Moines
 - Adjustments for traffic citations and permit and development fees
 - Self-funded health care savings
- New projects in the Capital Budget include:
 - Fire Station #3 (FY2029)
 - Downtown Restrooms (FY2026)
 - Vision Zero Initiatives (FY2027)
 - US 69 Corridor Improvements (FY2029)
 - E. 6th & E. 7th/Penn Avenue Justification Report (FY2029)
- SSMID Rates – No Rate Changes
 - Beaverdale (\$1.75 per \$1,000 of taxable value)
 - Downtown (\$1.30 per \$1,000 of taxable value)
 - Highland Park (\$2.25 per \$1,000 of taxable value)
 - Ingersoll Grand (\$2.25 per \$1,000 of taxable value)
 - Roosevelt Cultural District (\$1.75 per \$1,000 of taxable value)
 - Sherman Hill (\$1.50 per \$1,000 of taxable value)
 - Southwest 9th Corridor (\$2.25 per \$1,000 of taxable value)

- Housing Services
 - Section 8 Choice Housing Voucher Program
 - Provides rental assistance in the form of housing assistance payments (HAP)
 - 2,850 individuals or families receiving assistance
 - \$555 average monthly housing assistance payment
 - Public Housing Program
 - Own and manage rental units for eligible low-income and moderate-income individuals and families
 - 419 units – 29 scattered site single family homes; 390 in manor sites
 - Disposition Fund – established through U.S. Department of Housing and Urban Development (HUD) approved sale of scattered site units

	FY2023	FY2024	FY2025	FY2025	FY2026
	Actuals	Actuals	Adopted	Amended	Recomm
Total Revenues	\$ 23,847,931	\$ 26,219,914	\$ 25,767,108	\$ 26,140,526	\$ 25,975,213
Total Expenses	<u>23,847,931</u>	<u>25,779,465</u>	<u>25,767,108</u>	<u>26,140,526</u>	<u>25,975,213</u>
Surplus (Deficit)	<u>-</u>	<u>440,449</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

PREVIOUS COUNCIL ACTION(S):

Date: March 24, 2025

Roll Call Number: [25-0435](#)

Action: Setting date of hearing on items regarding the budget, (4-7-25): [Adoption](#) of the CIP for FY2025-2026 through FY2028-2029. Moved by Mandelbaum to adopt. Second by Coleman. Motion Carried 7-0.

Date: March 24, 2025

Roll Call Number: [25-0436](#)

Action: Setting date of hearing on items regarding the budget, (4-7-25): [On](#) amendment to the annual budget for current FY ending June 30, 2025. Moved by Mandelbaum to adopt. Second by Coleman. Motion Carried 7-0.

Date: March 24, 2025

Roll Call Number: [25-0437](#)

Action: Setting date of hearing on items regarding the budget, (4-7-25): [On](#) proposed budget for the FY ending June 30, 2026. Moved by Mandelbaum to adopt and refer to the City Manager for best recommendation to get to approximately 40% of past budget for sustainability. Second by Coleman. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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Appendix A: FY2025 Amended and FY2026 Recommended Post-Production Budget Changes

Org Code	Account	Project	FY2025 Amended			FY2026 Recommended			Explanation
			Proposed Budget	Change	Updated Budget	Proposed Budget	Change	Updated Budget	
PW247462	51xxxx		112,651	(112,651)	-	115,202	(115,202)	-	E000 does not have budgets; reallocate to PW247411 and
PW247411	51xxxx		4,491,475	61,950	4,553,425	4,626,762	63,351	4,690,113	E000 does not have budgets; reallocate to PW247411 and
PW247413	51xxxx		3,625,440	50,702	3,676,142	3,740,489	51,851	3,792,340	E000 does not have budgets; reallocate to PW247411 and
PD220354	511050		512,000	160,000	672,000	262,000	160,000	422,000	Need to add \$160,000 to Patrol OT for officers added for downtown security
NS414000	529690		-	4,853,911	4,853,911	-	-	-	Neighborhood Services LOSST projects needed to correct the value so budget book subsidy matches
ND402620	598250		3,550,000	275,000	3,825,000	5,550,000	(2,000,000)	3,550,000	Update total transfer amounts to CIP projects
S371CM99	598220	TF115	-	-	-	720,000	(720,000)	-	Grant was coded to incorrect object code (a transfer). Does not impact number for book
S371CM99	528190	TF115	-	-	-	-	720,000	720,000	Grant was coded to incorrect object code (a transfer). Does not impact number for book
PD220354	529410		600,000	2,000,000	2,600,000	500,000	500,000	1,000,000	To align with YTD actuals.
CM023000	511010		608,820	-	608,820	642,575	(75,000)	567,575	CM Information salary adjustment
HR132000	528650		85,000	-	85,000	85,000	(12,360)	72,640	Reduce Supervisor Boot Camp from two 3-day sessions to one 3-day sessions. Savings \$12,360
ND410760	484000		(7,924)	(29,620)	(37,544)	(37,544)	29,620	(7,924)	Sherman Hill SSMID escrow release of \$29,620 should be in FY2025, not FY2026
PW245500	521020		-	2,500,000	2,500,000	-	-	-	Forestry Federal Grant
PW245500	490410		-	(2,500,000)	(2,500,000)	-	-	-	Forestry Federal Grant
NS041042	523015		-	50,000	50,000	-	-	-	Primary Heath Care - City - Housing Problem Solving Fund
IT150000	521020		208,750	(69,250)	139,500	278,000	-	278,000	IT User Support Technician salary is split
HES03625	484000		-	(125,000)	(125,000)	-	(125,000)	(125,000)	Primary Heath Care - Outreach - SSMID
HES03625	523015		-	125,000	125,000	-	125,000	125,000	Primary Heath Care - Outreach - SSMID
HES03625	490500		-	-	-	-	(90,000)	(90,000)	Primary Heath Care - Outreach - Federal
HES03625	521080		-	-	-	-	90,000	90,000	Primary Heath Care - Outreach - Federal
HES03xxx	490500		-	-	-	-	(444,905)	(444,905)	New HUD revenue account for Housing RUSH org codes
HES03xxx	521080		-	-	-	-	444,905	444,905	New expense account for Housing RUSH org codes
C038EG99	498210	ST800	(334,063)	334,063	-	-	-	-	Was showing a FY2025 revenue transfer of (\$334,063), but the transfer occurred in FY2024.
PK201261	466xxx		(385,500)	-	(385,500)	(361,959)	(426)	(362,385)	Update to account for CY2026 Birdland Pool Operations plan
PK201261	5xxxxx		1,166,728	-	1,166,728	1,062,800	52,998	1,115,798	Update to account for CY2026 Birdland Pool Operations plan
PK201299	5xxxxx		-	-	-	228,614	(117,301)	111,313	Update to account for CY2026 Birdland Pool Operations plan
ND414000	528191	LT215	52,000	-	52,000	40,000	(40,000)	-	Update to account for CY2026 Birdland Pool Operations plan
ND414000	598360	LT210	475,000	-	475,000	500,000	40,000	540,000	Update to account for CY2026 Birdland Pool Operations plan
ND405643	498360		(8,036,000)	-	(8,036,000)	(14,415,000)	(40,000)	(14,455,000)	Update to account for CY2026 Birdland Pool Operations plan
CM001000	528005		333,400	1,500,000	1,833,400	295,000	-	295,000	DART payment amended into FY25
C038EG99	498210	SW081	(5,037,639)	(168,346)	(5,205,985)	(2,000,000)	-	(2,000,000)	Added unused ARPA for 2023 Sidewalks (\$128,389.35) and Guthrie Trail (\$39,957.42) to CIP
C038EG99	543050	SW081	5,037,639	168,346	5,205,985	2,000,000	-	2,000,000	Added to spend for unused ARPA for 2023 Sidewalks \$128,389.35 and Guthrie Trail \$39,957.42 to CIP
FN900006	598250		2,000,000	1,638,937	3,638,937	-	-	-	Transfer unused portion of 2023 Sidewalks \$128,389.35 and Guthrie \$39,957.42 from GF to CIP. Part 1 transfer already done. Move transfer of \$470,590 and \$1,000,000 from FN900001 to
FN900001	598250	AR502	1,470,590	1,487,128	2,957,718	-	-	-	ARPA Corrections: remove transfer of \$470,590 and \$1,000,000 and move to FN900006. Add transfers to Hamilton Drain for \$1,091,402.69, \$1,162,617.70, \$775,697.29 and (\$72,000)
E034PW99	498220	SM133	-	(2,957,718)	(2,957,718)	-	-	-	Added ARPA Transfers \$1,091,402.69, \$1,162,617.70, \$775,697.29 and (\$72,000)
E034PW99	543030	SM133	2,838,401	2,957,718	5,796,119	-	-	-	Added ARPA Transfers \$1,091,402.69, \$1,162,617.70, \$775,697.29 and (\$72,000)
FN900003	529690	AR205	-	1,292,000	1,292,000	-	-	-	Preschool partner spend
C034PK99	484000	BL135	(3,513,647)	(716,667)	(4,230,314)	(433,333)	(333,333)	(766,666)	Update donations and contributions for Reichardt Community Recreation Center
C034PK99	544120	BL135	10,349,948	716,667	11,066,615	12,503,333	333,333	12,836,666	Update budget for donations and contributions for Reichardt Community Recreation Center
C034PK99	498280	BLx06	-	-	-	(500,000)	250,000	(250,000)	Amended plan for Downtown Restrooms revenue
C034PK99	544xxx	BLx06	-	-	-	500,000	(250,000)	250,000	Amended plan for Downtown Restrooms expense
ND400578	590350		577,600	167,100	744,700	472,100	42,850	514,950	Correction to 2020A interest calculation
ND400578	590360		2,110,000	485,000	2,595,000	2,200,000	515,000	2,715,000	Correction to 2020A principal calculation
ND400579	590350		1,609,256	306,382	1,915,638	1,385,256	276,132	1,661,388	Correction to 2020D interest calculation
ND400579	590360		4,480,000	605,000	5,085,000	3,630,000	615,000	4,245,000	Correction to 2020D principal calculation
ND400593	598220		3,000,000	-	3,000,000	3,000,000	(3,000,000)	-	Allocation of 2024B GO proceeds to special revenue funds was adjusted
ND400593	598280		7,027,050	-	7,027,050	1,000,000	(1,000,000)	-	Allocation of 2024B GO proceeds to CIP projects was adjusted
ND400594	496060		-	-	-	(78,325,000)	3,360,000	(74,965,000)	Reduce 2025A GO revenue by \$3,360,000
ND400594	598280		-	-	-	77,925,000	(3,360,000)	74,565,000	Reduce 2025A GO transfer by \$3,360,000
ND400595	590360		-	-	-	200,000	770,000	970,000	Principal for 2025B GO bonds was recalculated
ND400595	590350		-	-	-	204,075	(17,206)	186,869	Interested for 2025B GO bonds was recalculated
ND405643	529410		1,625,708	(875,708)	750,000	1,625,708	(375,708)	1,250,000	Adjusted contingency to balance out the use of reserves