



Roll Call Number

Agenda Item Number

44

March 9, 2015

Date

RESOLUTION APPROVING BUDGET FOR THE DOWNTOWN SELF-SUPPORTED MUNICIPAL IMPROVEMENT DISTRICT FOR THE FISCAL YEAR ENDING JUNE 30, 2016

WHEREAS, the Downtown Self-Supported Municipal Improvement District ("Downtown SSMID") was created by Ordinance No. 13,579 passed February 23, 1998, was continued by Ordinance 13,913 passed January 22, 2001, was continued and expanded by Ordinance 14,311 passed January 26, 2004, was expanded by Ordinance No. 14,540 passed February 6, 2006, was continued by Ordinance No. 14,834 passed February 23, 2009 and was continued by Ordinance No. 15,218 passed September 23, 2013 pursuant to the provisions of Iowa Code Chapter 386 for the purposes of undertaking of actions and the design and construction of all improvements authorized by Chapter 386, and the performance of administration, redevelopment and revitalization of the Downtown SSMID District as authorized by Chapter 386 for the benefit of property within the Downtown SSMID; and

WHEREAS, in accordance with the terms of the Petition for continuation of the Downtown SSMID, the Downtown SSMID has submitted a SSMID budget showing proposed expenditures of SSMID operating funds, applicable tax increment financing funds and other related funds for the fiscal year extending from July 1, 2015 to June 30, 2016; and

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Des Moines, Iowa, that the Downtown SSMID budget for the fiscal year extending from July 1, 2015 to June 30, 2016 on file in the Office of the City Clerk is hereby approved.

BE IT FURTHER RESOLVED that in accordance with the terms of the Petition for continuation of the Downtown SSMID and the Operating Agreement between the City and Downtown SSMID approved by the City Council by Roll Call No. 14-1183 of July 28, 2014, the City shall pay to Downtown SSMID all revenues attributable to the SSMID Operation Tax levy on properties in the Downtown SSMID District including the portion of tax increment financing revenues attributable to the SSMID Operation Tax levy for the proposed services, improvements and activities set forth in the Downtown SSMID budget.

APPROVED AS TO FORM:

Moved by _____ to adopt.

Lawrence R. McDowell, Deputy City Attorney

Table with 5 columns: COUNCIL ACTION, YEAS, NAYS, PASS, ABSENT. Rows include COWNIE, COLEMAN, GATTO, GRAY, HENSLEY, MAHAFFEY, MOORE, and TOTAL.

MOTION CARRIED APPROVED

Mayor

CERTIFICATE

I, DIANE RAUH, City Clerk of said City hereby certify that at a meeting of the City Council of said City of Des Moines, held on the above date, among other proceedings the above was adopted.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal the day and year first above written.

City Clerk

Downtown Des Moines Self-Supported Municipal Improvement District (SSMID) 44 FY16 Budget Detail

The following is a detailed description of budget items for the Downtown Des Moines SSMID (the SSMID) or Operation Downtown (OD).

REVENUES

SSMID Revenues

The SSMID revenues were based on estimates provided by the City. The FY2016 revenues are estimated to be \$1,214,309. This number includes adjustments for abatements and property dispute estimates (first three lines of revenue), but not the rate increase. The remittance of SSMID funds from the City to the SSMID occurs as follows based upon the agreement: approximately 25% is paid in October and 8.33% is paid November-June with the final payment in July that includes any true-up for estimated and actual SSMID funds. For the purposes of the FY2016 budget, any true-up payment will be assumed to have occurred on June 30 so that total SSMID revenue ties to the estimate provided. \$250,000 of SSMID revenue received from the City will be transferred to a department for the Downtown Maintenance Agreement (DTM) for separate tracking of all Downtown Maintenance revenue and expenditures related to this contract. This department was established to facilitate financial reporting to the three parties to the contract (RDA, the City, and the SSMID) and demonstrate compliance and fiduciary responsibilities.

The Board of Directors approved a rate increase for FY16 (from \$1.15 to \$1.30) on October 21, 2014. The SSMID rate increase would add another approximate \$182k to overall SSMID revenues.

Downtown Maintenance (DTM) Revenues - RDA Contribution and City Contribution

The RDA will pay its contribution of \$250,000 in cash in January 2016. The City will contribute partially in cash and partially in the form of in-kind services. In-kind contributions by the City will be recorded as both revenue and expense in the period donated in accordance with FASB Statement 116, Accounting for Contributions Received and Contributions Made, because these services are material, represent services that the SSMID would otherwise have to purchase, and are for services that require specialized skills.

DTM also receives voluntary funding from MidAmerican for use to maintain Hansen Triangle along with the Downtown Maintenance areas. The contract is between the City and MidAmerican for use as DTM funds.

Asian Gardens Reimbursement

The SSMID receives 105% reimbursement for Asian Garden expenses from an endowment with approval from the RDA, estimated at \$64k in the FY16 budget.

Brenton Skating Plaza Revenues

Brenton is expected to generate \$395k in revenues in FY16, but is largely dependent on weather. If Brenton loses money overall, the City of Des Moines, RDA, and the SSMID split the loss three ways, up to a maximum of \$25k each for the City and RDA.

PILOT Revenues

The SSMID has a contract with the City of Des Moines related to clean and safe services for the City Parking Garages. The contract states that the City will pay the SSMID \$32,710 annually in two equal payments of \$16,355 on January 8th and June 30th each year. This assumes the continued operation of the 5th and Walnut and 7th and Grand parking ramps.

Voluntary Support

The voluntary support relates to the payments received from Mercy (\$30K) and UnityPoint (\$35K).

Downtown Maintenance (DTM) Expense

Includes, but not limited to:

- Grounds/turf maintenance
- Irrigation maintenance
- Plant material and maintenance
- Clean and safe services
- Snow removal
- Utilities

Asian Gardens Maintenance

Through a memorandum of agreement and maintenance endowment, the SSMID maintains the Asian Gardens.

Brenton Operations

The SSMID has a contract with the City of Des Moines to operate Brenton Skating Plaza year round.

Misc Project Support

In the past this has been for special projects. In FY16, it is some of the depreciated capital work put into Brenton Skating Plaza for summer operations.

Net Assets

The SSMID is expected to have net assets at the end of FY16, but with lower overall downtown assessments, property disputes on assessments, and substantial public space expenses in Downtown Maintenance, it is projected that net assets accumulated by the SSMID will dwindle quickly. (All Downtown Maintenance-specific assets or "Restricted Net Assets" are forecasted to be depleted in FY15.)

A significant number of cuts, along with a SSMID rate increase, were included in the FY16 budget in attempt to balance upcoming financial challenges.

**Operation Downtown Financials
Summary of All Units**

Revenues:	Detail:	FY15 Budget	FY15 Forecast	FY16 Budget
SSMID Revenues	<i>Includes Downtown Maintenance (DTM) contribution</i>	1,346,320	1,280,309	1,280,309
SSMID Revenue Reductions	<i>Property disputes</i>		(150,000)	(80,000)
SSMID Revenue Abatements	<i>Abatements coming online</i>		14,000	14,000
SSMID Revenue Rate Increase	<i>from \$1.15 to \$1.30</i>			182,146
DTM Revenues	<i>City/RDA support, misc support, interest (excludes DTM SSMID revenues)</i>	534,410	534,410	533,862
Asian Garden Reimbursement	<i>RDA reimbursement for AG maint</i>	57,750	61,950	64,470
Brenton Revenues	<i>Operating/reimbursement revenues</i>	363,800	415,000	434,457
PILOT Revenues	<i>City parking contract for clean and safe services in garages</i>	32,710	32,710	32,710
Voluntary Support	<i>Mercy and UnityPoint contributions</i>	75,000	65,000	65,000
Miscellaneous Support-Beautification	<i>Corporate contributions for specific beautification projects</i>	90,000	87,000	102,000
Miscellaneous Support-Clean and Safe	<i>Farmers Mkt pmt for cleaning services, crow control</i>	32,000	61,000	64,000
Total Revenues		2,531,990	2,401,379	2,692,955
Expenses:				
Management Fees	<i>OD mgmt, GDMP finance, and Brenton operations</i>	280,800	280,800	292,032
Administrative Expenses	<i>Communications, travel/meetings, mkt research</i>	30,900	30,900	21,827
Facilities	<i>Utilities, storage rental, depreciation, repair/maint</i>	14,935	28,935	40,246
Other Expenses	<i>Legal, bank, audit fees</i>	15,000	15,000	15,450
Clean	<i>Block by Block clean services, special cleaning projects, site furnishings</i>	283,250	296,000	304,880
Safe	<i>Block by Block safe services, off duty police, crime prevention</i>	149,350	145,000	122,350
Events Support	<i>Community Development Liaison compensation and grants for at-risk/new downtown events</i>	41,200	41,200	0
Beautification	<i>Plant material and maintenance, special projects</i>	232,000	240,000	200,000
Downtown Maintenance Expense	<i>Expenses specifically for the four areas within the Downtown Maintenance Contract (MLK, East Locust St., Principal Riverwalk, Western Gateway)</i>	1,045,084	1,171,679	1,087,844
Asian Garden Maintenance	<i>Plants, fountain, structure</i>	55,000	59,000	61,400
Brenton Operations	<i>Skating and summer operations</i>	367,613	443,666	454,095
Misc Project Support	<i>Funding to assist with specific downtown projects - D-Line, Walnut, Brenton</i>	105,000	85,000	10,000
Total Expenses		2,620,132	2,837,180	2,610,124
Increase (Decrease) in Net Assets		(88,142)	(435,801)	82,831
Beginning Net Assets		1,007,913	1,007,913	572,112
Ending Net Assets		919,771	572,112	654,943

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