

Date February 22, 2016

**RESOLUTION APPROVING BUDGET FOR THE DOWNTOWN  
SELF-SUPPORTED MUNICIPAL IMPROVEMENT DISTRICT  
FOR THE FISCAL YEAR ENDING JUNE 30, 2017**

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, 2016 to June 30, 2017; 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, 2016 to June 30, 2017 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

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COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
COWNIE				
COLEMAN				
GATTO				
GRAY				
HENSLEY				
MOORE				
WESTERGAARD				
TOTAL				

**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.

MOTION CARRIED APPROVED

\_\_\_\_\_ Mayor

\_\_\_\_\_ City Clerk

**Operation Downtown Financials  
Summary of All Units**

<b>Revenues:</b>	<b>Detail:</b>	<b>FY16 Budget</b>	<b>FY16 Forecast</b>	<b>FY17 Budget</b>
SSMID Revenues	<i>Includes Downtown Maintenance (DTM) contribution</i>	1,280,309	1,504,894	1,519,943
SSMID Revenue Reductions	<i>Property disputes</i>	(80,000)	included above	included above
SSMID Revenue Abatements	<i>Abatements coming online</i>	14,000	included above	included above
SSMID Revenue State Backfill	<i>If State remove backfill program</i>			(62,000)
SSMID Revenue Rate Increase	<i>from \$1.15 to \$1.30</i>	182,146	included above	included above
DTM Revenues	<i>City/RDA support, misc support, interest (excludes DTM SSMID revenues)</i>	533,862	533,862	297,950
Asian Garden Reimbursement	<i>RDA reimbursement for AG maint</i>	64,470	73,500	75,705
Cowles Commons Reimbursement	<i>DMPA reimbursement for CC maint</i>		25,000	25,750
Brenton Revenues	<i>Operating/reimbursement revenues</i>	434,457	415,000	442,175
PILOT Revenues	<i>City parking contract for clean and safe services in garages</i>	32,710	32,710	28,037
Voluntary Support	<i>Mercy and UnityPoint contributions</i>	65,000	65,000	65,000
Miscellaneous Support-Beautification	<i>Corporate contributions for specific beautification projects</i>	102,000	40,000	41,200
Miscellaneous Support-Clean and Safe	<i>Farmers Mkt pmt for cleaning services, crow control</i>	64,000	64,000	64,000
<b>Total Revenues</b>		<b>2,692,955</b>	<b>2,753,966</b>	<b>2,497,760</b>
<b>Expenses:</b>				
Management Fees	<i>OD mgmt, GDMP finance, and Brenton operations</i>	366,912	374,303	385,531
Administrative Expenses	<i>Communications, travel/meetings, mkt research</i>	21,827	21,827	22,482
Facilities	<i>Utilities, storage rental, depreciation, repair/maint</i>	40,246	28,000	38,000
Other Expenses	<i>Legal, bank, audit fees</i>	15,450	15,450	15,914
Clean	<i>Block by Block clean services, special cleaning projects, site furnishings</i>	304,880	304,880	314,026
Safe	<i>Block by Block safe services, off duty police, crime prevention</i>	122,350	152,350	156,921
Beautification	<i>Plant material and maintenance, special projects</i>	200,000	150,000	154,500
Downtown Maintenance Expense	<i>Expenses specifically for the four areas within the Downtown Maintenance Contract (MLK, East Locust St., Principal Riverwalk, Western Gateway)</i>	1,087,844	1,094,946	1,066,949
Asian Garden Maintenance	<i>Plants, fountain, structure</i>	61,400	70,000	72,100
Cowles Commons Maintenance	<i>Ambassadors</i>		25,000	25,750
Brenton Operations	<i>Skating and summer operations</i>	379,214	389,953	395,714
Misc Project Support	<i>Funding to assist with specific downtown projects - D-Line, Walnut, Brenton</i>	10,000	15,000	-
<b>Total Expenses</b>		<b>2,610,124</b>	<b>2,641,709</b>	<b>2,647,887</b>
<b>Increase (Decrease) in Net Assets</b>		<b>82,831</b>	<b>112,257</b>	<b>(150,127)</b>
<b>Beginning Net Assets</b>		<b>932,129</b>	<b>932,129</b>	<b>1,044,386</b>
<b>Ending Net Assets</b>		<b>1,014,960</b>	<b>1,044,386</b>	<b>894,259</b>

Ending Restricted Net Assets	<i>DTM specific</i>	0	0	0
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## **Downtown Des Moines Self-Supported Municipal Improvement District (SSMID) FY17 Budget Detail**

The FY17 budget was approved by the Board of Directors with the understanding that negotiations are still taking place on two contracts, Downtown Maintenance and Brenton Skating Plaza, both which expire on June 30, 2016, prior to the start of the fiscal year. Given the magnitude of the Downtown Maintenance contract expenses and the uncertainty as to how those expenses would be split between the City of Des Moines and Operation Downtown, several scenarios were discussed as to how to reflect these unknowns in the budget. While Operation Downtown may or may not decide to renew these contracts, it was determined that for the purposes of creating the one-year budget, a worst-case outcome would be reflected, relative to both contracts. While it is expected negotiations will lead to a more equitable and sustainable sharing of expenses in an extended contract, this presentation reflects Operation Downtown carrying the bulk of the expenses on both contracts for the year presented.

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 FY2017 revenues are estimated to be \$1,519,943. This number includes adjustments for abatements, property dispute estimates, the potential loss of the state backfill program, and the rate increase implemented in FY16 (first five lines of revenue). 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 FY2017 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.

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

The RDA will pay its contribution of \$250,000 in cash in January 2017. 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 \$76k in the FY17 budget.

#### **Cowles Commons Reimbursement**

The SSMID receives reimbursement for Cowles Commons cleaning expenses from Des Moines Performing Arts, estimated at \$26k in the FY17 budget.

#### **Brenton Skating Plaza Revenues**

- Theft with no suspect
- Public intoxication
- Skateboards
- Graffiti
- Smoking ban enforcement
- Vandalism
- Cab stand enforcement
- Court District nightlife management

This line item also includes crime prevention work.

**Beautification**

Includes, but not limited to:

- One-season planter program for smaller planters
- Two to four-season large planter program
- Hanging baskets

**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
- Hanging baskets

**Asian Gardens Maintenance**

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

**Cowles Commons Maintenance**

The SSMID will provide enhanced ambassador services to Cowles Commons with funding assistance from Des Moines Performing Arts.

**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. No funding was allocated to this line item in FY17.

**Net Assets**

The SSMID is expected to have net assets at the end of FY17, but with 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 FY16.)

Brenton is expected to generate \$392k in revenues in FY17, 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. The revenues reflect those contributions.

#### **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 8<sup>th</sup> and June 30<sup>th</sup> each year. That amount is reduced in FY17 to \$28,037 due to the removal of the 7<sup>th</sup> and Grand parking ramp.

#### **Voluntary Support**

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

#### **Miscellaneous Support - Beautification**

This relates to corporate money received for specific beautification projects that are in close proximity to the company making the contribution.

#### **Miscellaneous Support – Clean and Safe**

The Downtown Community Alliance pays the SSMID for safe and clean services at the Downtown Farmers' Market. This also includes corporate contributions to crow control.

### **EXPENSES**

#### **Management Fees**

The management fee is based on independent contractor agreements between the SSMID and DCA and between the SSMID and the Greater Des Moines Partnership and now includes management of Brenton Skating Plaza. The SSMID has no employees and has contracted with the Downtown Community Alliance to provide the necessary services to operate the SSMID objectives of safe, clean, and beautiful.

#### **Administrative Expenses**

The administrative expenses are primarily comprised of design/printing of the Operation Downtown annual report and market research using surveys to assess the public's perceptions of downtown and awareness of Operation Downtown.

#### **Facilities**

The facilities include office space for the ambassadors, storage space, utilities, and repair/maintenance.

#### **Other Expenses**

Other expenses include legal counsel, bank, and audit fees.

#### **Clean**

The SSMID contracts with Block-by-Block for safe and clean services. Block-by-Block currently provides Operation Downtown 13 FTEs. This line item also includes special cleaning projects like crow control as well as the purchase and repair of clean-related site furnishings.

#### **Safe**

The SSMID contracts with Block-by-Block for safe and clean services. the SSMID employs off-duty officers for additional safe services. Some of that work includes, but is not limited to addressing:

- Event Coverage in non-event areas (overflow)
- Homeless
- Parking complaints