

Date March 11, 2019

**RESOLUTION APPROVING BUDGET FOR THE DOWNTOWN
SELF-SUPPORTED MUNICIPAL IMPROVEMENT DISTRICT
FOR THE FISCAL YEAR ENDING JUNE 30, 2020**

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, was continued by Ordinance No. 15,218 passed September 23, 2013 and was continued by Ordinance No. 15,700 passed September 10, 2018 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, 2019 to June 30, 2020; 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, 2019 to June 30, 2020 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 terms of an Operating Agreement between the City and Downtown SSMID to be approved by the City Council, 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 and established 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				
BOESEN				
COLEMAN				
GATTO				
GRAY				
MANDELBAUM				
WESTERGAARD				
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

**Operation Downtown Financials
Summary of All Units**

Revenues:	Detail:	FY19 Budget	FY19 Forecast	FY20 Budget
SSMID Revenues	<i>Includes Downtown Maintenance (DTM) contribution</i>	1,646,300	1,943,087	1,943,087
SSMID Revenue State Backfill	<i>If State remove backfill program</i>	0	0	0
DTM Revenues	<i>City/RDA support, misc support, interest (excludes DTM SSMID revenues)</i>	416,551	430,553	440,290
Asian Garden Reimbursement	<i>RDA reimbursement for AG maint</i>	40,250	40,250	0
Cowles Commons Reimbursement	<i>DMPA reimbursement for CC maint</i>	26,523	27,000	27,810
Brenton Revenues	<i>Operating/reimbursement revenues</i>	499,150	440,057	453,659
Brenton Reimbursement	<i>RDA/City reimbursement for Brenton loss</i>	0	41,126	37,892
PILOT Revenues	<i>City parking contract for clean and safe services in garages</i>	23,364	23,364	23,364
Voluntary Support	<i>Mercy and UnityPoint contributions</i>	50,000	50,000	50,000
Court District Security	<i>Agreement with County, City, Court Dist, hotels for security</i>	90,000	90,000	90,000
Miscellaneous Support-Beautification	<i>Corporate contributions for specific beautification projects</i>	16,480	16,480	16,974
Miscellaneous Support-Clean and Safe	<i>Farmers Mkt pmt for cleaning services, crow control</i>	67,898	67,000	71,000
Interest		12,250	17,042	17,553
Total Revenues		2,888,766	3,185,959	3,171,629
Expenses:				
Management Fees	<i>OD mgmt, GDMP finance</i>	319,112	319,112	328,685
Administrative Expenses	<i>Communications, travel/meetings, mkt research</i>	23,851	24,000	24,720
Facilities	<i>Utilities, storage rental, depreciation, repair/maint</i>	15,000	58,200	104,946
Other Expenses	<i>Legal, bank, audit fees</i>	7,000	20,000	30,000
Clean	<i>Block by Block clean services, special cleaning projects, site furnishings</i>	349,634	380,000	391,400
Safe	<i>Block by Block safe services, off duty police, crime prevention - excludes Court District security</i>	120,943	124,000	127,720
Beautification	<i>Plant material and maintenance, special projects</i>	68,123	68,123	70,167
Downtown Maintenance Expense	<i>Expenses specifically for the four areas within the Downtown Maintenance Contract (MLK, East Locust St., Principal Riverwalk, Western Gateway)</i>	1,080,929	1,039,782	1,065,310
Asian Garden Maintenance	<i>Plants, fountain, structure</i>	35,000	35,000	-
Cowles Commons Maintenance	<i>Ambassadors</i>	26,523	27,000	27,810
Brenton Operations	<i>Skating and summer operations and management</i>	480,440	501,439	510,214
Court District Security	<i>Agreement with County, City, Court Dist, hotels for security</i>	120,000	120,000	120,000
Walnut Street Bed Maintenance	<i>Oversee plant maintenance on new Walnut streetscape for 12 months</i>	8,000	8,000	8,240
Misc Project Support	<i>Funding to assist with specific downtown projects</i>	86,050	51,000	100,000
Total Expenses		2,740,605	2,775,656	2,909,212
Increase (Decrease) in Net Assets		148,161	410,303	262,417
Beginning Net Assets		1,791,322	1,791,322	2,201,625
Ending Net Assets		1,939,483	2,201,625	2,464,042

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**Downtown Des Moines Self-Supported Municipal Improvement District (SSMID)
FY20 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 FY20 revenues are estimated to be \$1,943,087. 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 FY20 budget, any true-up payment will be assumed to have occurred on June 30 so that total SSMID revenue ties to the estimate provided. \$625,021 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 both parties to the contract (the City and the SSMID) and demonstrate compliance and fiduciary responsibilities.

Downtown Maintenance (DTM) Revenues - City Contribution

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

It is anticipated that the Asian Gardens maintenance will be managed by another entity in FY20.

Cowles Commons Reimbursement

The SSMID receives reimbursement for Cowles Commons cleaning expenses from Des Moines Performing Arts, estimated at \$28k in the FY20 budget.

Brenton Skating Plaza Revenues

Brenton is expected to generate \$454k in revenues in FY20, but these numbers are 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 shared do not reflect the 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 \$23,364 annually in two equal payments of on January 8th and June 30th each year. That amount has been reduced in recent years due to the removal of the 7th and Grand parking ramp and 5th and Walnut parking ramp.

Voluntary Support

The voluntary support relates to contributions received in lieu of taxes.

Miscellaneous Support - Beautification

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

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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. 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. The amount has been increased over previous years with the closing of the Walnut Street Parking Garage and the need to being to pay market rates for ambassador office/garage/parking space.

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 provides Operation Downtown 17 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
- 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

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- 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

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

This allows for support of Downtown projects the SSMID Board sees as a priority.

Net Assets

The SSMID is projecting a surplus of \$262k at the end of FY20.