


COUNCIL COMMUNICATION

	Number:	21-097	Meeting:	March 8, 2021
	Agenda Item:	65A 45 44	Roll Call:	21-0395
	Submitted by:	Nickolas Schaul, Finance Director		

AGENDA HEADING:

Hearings on:

1. Adoption of the Capital Improvement Program (CIP) for fiscal year (FY) 2020-21 through FY 2025-26.
2. Amendment to the annual operating budget for the current FY ending June 30, 2021.
3. Adoption of the recommended annual budget for the FY ending June 30, 2022.

Approving:

1. Fund transfers for FY ending June 30, 2020.
2. Fund transfers for FY ending June 30, 2021.

SYNOPSIS:

Recommend approval of the FY 2020-21 through FY 2025-26 CIP, adoption of amendment to the current year budget for FY 2020-21, adoption of the recommended annual budget for FY 2021-22, and fund transfers for FY 2020-21 & FY 2021-22. Budget documents were distributed to Council and posted on the City website January 25, 2021. A budget public meeting was conducted on December 22, 2020 and budget presentations were made to the City Council at the Quarterly Strategic Planning work session on February 3, 2021.

FISCAL IMPACT:

Amount:

- FY2020-21 Amended Budget = \$1,114,669,966 (including a \$247,006,331 capital budget)
- FY2021-22 Recommended Budget = \$ 975,206,983 (including a \$216,305,512 capital budget)

Funding Source: The total \$975 million budget would be the appropriation authority across all City funds.

ADDITIONAL INFORMATION:

Changes from Published Documents

- Changes have been made from the budget document distribution. Corrective changes, which includes items overlooked during creation, errors made in data entry, or other coding discrepancies and listed in Appendix A of this document. Corrective changes have no impact on the overall budget approval process or proposed tax levy.

- In addition to annual corrective changes, several additions to budget have been added since the distribution of the book. These changes are listed in Appendix A as well below in FY 2022 unless otherwise noted:
 - \$100,000 of additional LOSST funds for neighborhood tree care and planting
 - \$100,000 of additional LOSST funds for additional improvements for spraygrounds and playgrounds
 - \$250,000 of additional LOSST funds for sidewalk improvements (FY 23)
 - \$80,000 for Historical Preservation Plan work and \$25,000 revenue from a State of Iowa grant.
 - Moving up construction funding for 2nd Avenue Improvements from 2025 to 2024 (Court Avenue to Interstate 235)
 - AC Mechanic has been changed to contractual services
- These changes will be incorporated into a final Adopted Budget document, which will be posted online, and hard copies made available by request.

Budget Overview

- The Operating Budget Documents (Amended FY 2020 and FY 2021 Recommended and CIP Plan) were published and distributed to City Council and Departments on January 25, 2021. Copies of both documents were posted on the City website the same day. Detailed budget information is included in those documents.
- The City Manager and Finance Director have determined the best course of action is to keep the tax rate the same as the prior year at \$16.61 per \$1,000 assessed.
- Record investment continues in the CIP as expenditures have increased three-fold over a 5-year period – from \$71 million in FY 2017 to \$216 million in FY 2022.
- Operating budgets of \$188,749,378 for Amended FY 2021 and \$196,171,150 in FY 2022 are being considered.

Recommended Capital Improvement Plan

- City Council authorizes funding for the FY 2020-21 (amended) and FY 2021-22 (recommended) capital budget and approves a 5-year capital improvement plan through FY 2025-2026. Expenditures of \$962.8 million are programmed in the 5-year project plan.
- The CIP 5-year plan averages \$142.9 million annually on projects from all funding sources. An average of \$59.5 million in General Obligation (GO) bonds issued each year. About 53% of the total CIP FY 2021-26 is funded from GO bond (debt levy) dollars, the rest from enterprise fees, LOSST, TIF bonds, federal and state grants, or donations. Over 50% of the total CIP FY 2021-26 planned expenditures are for street projects.
- Record investment in core functions of the City has occurred over the past five (5) years. Further increases are planned in FY 2023.

Category	FY 2017 CIP Budget	FY 2022 CIP Budget	% Change
Streets	29,993,503	72,391,908	59%
Parks	6,471,000	13,136,643	51%
Bridges	8,765,000	12,141,329	28%

FY 2020-FY 2021 Amended Budget

- Amendments or revisions to the adopted budget must be prepared and adopted in the same manner as the original budget. The FY 2020-21 amendment to the adopted operating budget

shows an increase of \$184 million due changes in the debt service, enterprise funds, and capital project funds for refinancing/calling of bonds, and budget carryover for projects that were not completed in the prior year.

FY 2021-FY 22 Recommended Budget

- As highlighted during the February 3, 2021 work session, the following operational additions have been included.

Operational Change	Department
Equity Profile	City Manager
Equity and Social Justice Programming	City Manager
Agenda Management Software	City Clerk
Community Relations Officer	Civil and Human Rights
Body Camera Replacement	Police
Crime Intelligence Analyst	Police
Park Maintenance Workers (1) and 7 Month Techs (1)	Parks and Recreation
Equitable Services Neighborhood Programming	Parks and Recreation
Facility Operations Staff (Brenton Skating Plaza and Cownie Baseball Complex)	Parks and Recreation

- Several other minor additions were included in FY 22, but overall the City has been able to maintain staffing and service levels for its residents during the pandemic.

Self-Supported Municipal Improvement District (SSMID)

- SSMID rates remain the same for:
 - Sherman Hill (\$1.50 per \$1,000 of taxable value)
 - Highland Park (\$1.75 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)

Enterprise Funds Fees

Sanitary:

- In May 2019, the City Council approved annual Sanitary Sewer rate increases of 3% per year for three (3) years. The fee increases take effect each July 1st.
 - FY 2020: \$7.49
 - FY 2021: \$7.71
 - FY 2022: \$7.94 – Current Rate

Storm Sewer:

- On August 20, 2018, the City Council approved annual Storm Sewer rate increases of 6%, 6%, 6%, 5%, and 3% per year over the following five (5) years. The remaining fee increases take effect on January 1st of each calendar year:
 - 2021: \$15.11 – Current Rate
 - 2022: \$15.87
 - 2023: \$16.35

- Storm Water rates are per Equivalent Residential Usage (ERU) per month.

Solid Waste:

- On May 4, 2020, the City Council approved annual Solid Waste rate increases of 5% effective FY 2021 and 3% in FY 2022.

	FY2021 Current Rate	FY2022 Approved Rate
<i>Rate Change %</i>		3.0%
First 64 gallon	\$ 14.13	\$ 14.56
First 96 gallon	\$ 15.20	\$ 15.66
Additional 64 gallon	\$ 11.99	\$ 12.35
Additional 96 gallon	\$ 13.06	\$ 13.45
City of DM - Dumpster	\$ 9.45	\$ 9.73
<i>First 64 gallon subsidized</i>	\$ 10.00	\$ 10.00
<i>First 96 gallon subsidized</i>	\$ 11.00	\$ 11.00

- Steps have been taken to ensure no change in rates to those residents who qualify for a subsidized rate.

PREVIOUS COUNCIL ACTION(S):

Date: February 22, 2021

Roll Call Number: [21-0272](#), [21-0273](#), and [21-0274](#)

Action: Setting date of hearing on items regarding the budget, (3-8-21):

- [On](#) amendment to the annual budget for current fiscal year ending June 30, 2021. Moved by Gatto to adopt. Motion Carried 7-0.
- [On](#) proposed budget for the fiscal year ending June 30, 2022. Moved by Gatto to adopt. Motion Carried 7-0.
- [On](#) consideration of the recommended Capital Improvement Program (CIP) for fiscal years 2021-22 through 2025-26, (3-8-21). Moved by Gatto to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

Printed adopted budget documents will be created and distributed to Council and staff after approval of a finalized budget by request.

For more information on this and other agenda items, please call the City Clerk’s Office at 515-283-4209 or visit the Clerk’s Office on the first floor of City Hall, 400 Robert D Ray Drive. Council agendas are available to the public at the City Clerk’s Office on Thursday afternoon preceding Monday’s Council meeting. Citizens can also request to receive meeting notices and agendas by email by calling the Clerk’s Office or sending their request via email to cityclerk@dmgov.org.