


COUNCIL COMMUNICATION

	Number:	22-126	Meeting:	March 21, 2022
	Agenda Item:	MHGB 3, 4, Council 50, 51, 68, 69, 70	Roll Call:	22-440,126
	Submitted by:	Nickolas Schaul, Finance Director		

AGENDA HEADING:

Hearings on:

1. Adoption of the Capital Improvement Program (CIP) for fiscal year (FY) 2021-22 through FY 2025-26.
2. Amendment to the annual operating budget for the current FY ending June 30, 2022.
3. Adoption of the recommended annual budget for the FY ending June 30, 2023.

Approving:

1. Fund transfers for FY ending June 30, 2022.
2. Fund transfers for FY ending June 30, 2023.

SYNOPSIS:

Recommend approval of the FY 2021-22 through FY 2025-26 CIP, adoption of amendment to the current year budget for FY 2021-22, adoption of the recommended annual budget for FY 2022-23, and fund transfers for FY 2021-22 & FY 2022-23. Budget documents were distributed to Council and posted on the City website February 1, 2022. Budget public meetings were conducted on December 15 and 21, 2021 and budget presentations were made to the City Council at a work session on February 9, 2022.

FISCAL IMPACT:

Amount:

- FY2021-22 Amended Budget = \$1,141,572,276 (including a \$300,736,281 capital budget)
- FY2022-23 Recommended Budget = \$ 1,022,748,596 (including a \$214,305,512 capital budget)

Funding Source: The total \$1,022,748,596 budget would be the appropriation authority across all City funds.

ADDITIONAL INFORMATION:

Changes from Published Documents

- After the documents were distributed on February 1, 2022, and the Council Workshop on February 9, 2022, the Finance Department has been working on the following changes to the budget. The changes that have been made from the budget document distribution include

corrective changes, which includes items overlooked during creation, errors made in data entry, or other coding discrepancies. Changes have no impact on the overall proposed tax levy.

- In addition to corrective changes, several additions to budget have been added since the distribution of the books. These changes are listed below in FY 2023 unless otherwise noted:
 - A commitment of \$9.5 million of possible American Rescue Plan Act (ARPA) for the Northside Community Center (Grubb YMCA replacement) that would free up Local Option Sales and Service Tax (LOSST) funds through FY 2025. There is total funding of \$14.23 million with funding of \$4.5 million of LOSST and \$230,000 of G.O. Bonds issued.
 - Increase funding of \$2 million per year for Birdland Marina starting in FY 2024 from LOSST funds.
 - Park maintenance staff to start spring of 2022 funded by LOSST.
 - Park volunteer position to start January 2023 funded by LOSST.
 - Neighborhood associations grants funded by LOSST.
 - Increase of Public Art Contribution from \$100,000 to \$200,000 funded by G.O. Bonds.
 - Additional \$1,000,000 funding for Sidewalk Capital Projects from LOSST reserve funds.
 - Additional \$250,000 funding for Tree Care and Planting from LOSST funds.
 - Funding for planned 5-year review of neighborhood conditions, funding for and progress with InvestDSM neighborhoods indicates capacity to work in additional areas from LOSST funds.
 - Increase in employee wellness with Ethos Program.
- Also, there were changes to some of the funding for different programs/initiatives noted below:
 - CDBG funding (82/18 split) for the Property Improvement Program to free up LOSST funds.
 - Moving funding of about \$150,000 from the General Fund to LOSST funds for the Fire Departments Carcinogen Reduction Initiative that gets a second set of firefighter PPE to limit their exposure to carcinogens.
 - Moving Human Resources employee costs that relate to health cost to Health Fund.
- These changes are listed in Appendix A and will be incorporated into a final Adopted Budget document, which will be posted online after adoption of the budget.

Budget Overview

- The Operating Budget Documents (Amended FY 2022 and FY 2023 Recommended and CIP Plan) were published and distributed to City Council and Departments on February 1, 2022. 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.
- Operating budgets of \$209,723,669 for Amended FY 2022 and \$207,934,024 in FY 2023 are being considered for the General Funds.
- Commitment to maintaining services levels expected by citizens.
- City Manager's Office focus on community needs.
- Additional service levels:
 - Additional fire fighters
 - Cure Violence
 - Mental Health Responses (Broadlawns Partnership)

- Customers Service - Communications, Fire, Human Resources, Neighborhood Services
- Park Maintenance Staff
- Homeless Policy Administrator

Self-Supported Municipal Improvement District (SSMID)

- SSMID rates:
 - Sherman Hill (\$1.50 per \$1,000 of taxable value)
 - Highland Park (\$2.25 per \$1,000 taxable value)
 - Ingersoll Grand (\$2.25 per \$1,000 of taxable value)
 - Beavertdale (\$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
 - FY 2023: \$8.42 – Recommended 6% increase
 - Recommended rate increase will be brought to a future council meeting after budget approval for effect July 1, 2022 (FY 2023).
- 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
 - 2022: \$15.87 – Current Rate
 - 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.

FY2022	
Current Rates	
First 64 gallon	\$ 14.56
First 96 gallon	\$ 15.66
Additional 64 gallon	\$ 12.35
Additional 96 gallon	\$ 13.45
City of DM - Dumpster	\$ 9.73
<i>First 64 gallon subsidized</i>	<i>\$ 10.00</i>
<i>First 96 gallon subsidized</i>	<i>\$ 11.00</i>

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

- Housing Services:
 - Section 8 Choice Housing Voucher Program:
 - Provides rental assistance in form of housing assistance payments (HAP).
 - 2,900 individuals or families receiving assistance (2,500 of 3,500 left on waiting list that opened in August of 2021).
 - \$460 average monthly housing assistance payment.
 - Public Housing Program:
 - Owns and manages rental units for eligible low- and moderate-income individuals and families.
 - 424 units – 34 scattered site single family homes; 390 in manor sites.
 - Disposition Fund – established through US Department of Housing and Urban Development (HUD) approved sale of scattered site units.

	FY2020 Actuals	FY2021 Actuals	FY2022 Adopted	FY2022 Amended	FY2023 Recomm
Total Revenues	\$ 24,681,930	\$ 23,990,028	\$ 24,169,021	\$ 24,521,229	\$ 24,385,859
Total Expenses	23,977,000	22,961,754	24,547,897	24,410,337	24,385,859
Surplus (Deficit)	<u>704,930</u>	<u>1,028,274</u>	<u>(378,876)</u>	<u>110,892</u>	<u>-</u>
HAP Reserves	-	-	-	-	-
Final Surplus (Deficit)	<u>704,930</u>	<u>1,028,274</u>	<u>(378,876)</u>	<u>110,892</u>	<u>-</u>

NOTE: Section 8 program received additional revenue due to COVID-19 assistance (\$1,034,292) in FY2021.

PREVIOUS COUNCIL ACTION(S):

Date: March 7, 2022

Roll Call Number: [22-0328](#) and [22-0329](#)

Action: Setting date of hearing on items regarding the budget, (3-21-22): ([Council Communication No. 22-100](#))

- (A) On amendment to the annual budget for current fiscal year ending June 30, 2022. Moved by Gatto to adopt. Second by Boesen. Motion Carried 7-0.
- (B) On proposed budget for the fiscal year ending June 30, 2023. Moved by Gatto to adopt. Second by Boesen. Motion Carried 7-0.

Date: March 7, 2022

Roll Call Number: [22-0327](#)

Action: On consideration of the recommended Capital Improvement Program (CIP) for fiscal years 2022-23 through 2025-26, (3-21-22). ([Council Communication No. 22-100](#)) Moved by Gatto to adopt. Second by Boesen. Motion Carried 7-0.

Date: February 7, 2022

Roll Call Number: [22-0193](#)

Action: [To](#) adopt a resolution establishing the total maximum property tax dollars certified for levy for the fiscal year ending June 30, 2023. Requires five affirmative votes. ([Council Communication No. 22-039](#)) Moved by Gatto to adopt. Second by Boesen. Motion Carried 6-1. Nays: Sheumaker.

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.

Recommended rate increase will be brought to a future council meeting after budget approval for effect July 1, 2022 (FY 2023).

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.