


COUNCIL COMMUNICATION

	Number:	23-153	Meeting:	March 27, 2023
	Agenda Item:	31	Roll Call:	23-396
	Submitted by:	Nickolas Schaul, Finance Director		

AGENDA HEADING:

Setting Public Hearings on April 10, 2023, for:

- (A) Adoption of the Capital Improvement Program (CIP) for fiscal year (FY) 2023-24 through FY 2026-27.
- (B) Amendment to the annual operating budget for the current FY ending June 30, 2023.
- (C) Adoption of the recommended annual budget for the FY ending June 30, 2024.

SYNOPSIS:

Recommend approval of the set hearing for FY 2023-24 through FY 2026-27 CIP, amendment to the current year budget for FY 2022-23, and recommended annual budget for FY 2023-24. Budget documents were distributed to Council and posted on the City website February 1, 2022. Four (4) public meetings were conducted in December and opportunities for input available on the City's website. Budget presentations were made to the City Council at work sessions on February 6th and 13th, 2023. With the passage of Senate File (SF) 181, the submittal date of city government budgets was shifted from March 31 to April 30 this year.

FISCAL IMPACT:

Amount:

- FY2022-23 Amended Budget = \$1,136,322,937 (including a \$312,413,139 capital budget)
- FY2023-24 Recommended Budget = \$989,862,206 (including a \$233,682,664 capital budget)

Funding Source: The total \$989,862,206 budget would be the appropriation authority across all City funds.

ADDITIONAL INFORMATION:

- On February 20, 2023, SF 181 was signed by the governor. This bill corrected errors in valuations retroactively to January 1, 2022. Because of this, taxable revenue to local governments was reduced for FY 2024 during the tail end of budget processes. This resulted in a revenue reduction of just over \$3 million to the general fund. In order to address this deficit without increasing the tax rates or reducing services, \$3 million of American Rescue Plan Act (ARPA) funding will be transferred to cover operational costs in FY 2024.

- After the documents were distributed on February 1, 2023, and the Council Workshops, the Finance Department has been working on the changes to the budget. The changes that have been made from the budget document distribution include corrective changes, which includes items overlooked during creation, 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.
 - Additional funding for 6th Avenue Corridor: \$10,000 (FY 23 and FY 24).
 - Reduce Regional Feature Projects funded by ARPA and transfer to General Fund: \$3M (FY 24).
 - Ingersoll Streetscape expansion east of Martin Luther King Jr. Parkway: \$500,000 (FY 24 and FY 25). This was accomplished by a one-year delay to 2026 in 2nd Avenue Improvements between Court Avenue and I-235.
 - Downtown two-way conversations delayed and revised cost estimate (\$1M savings over course of project).
 - Increased funding for Walnut Street Bridge reconstruction: \$500,000 (FY 24), \$3.5M (FY 25), \$4M (FY 26).

These and all corrective and tax changes can be found in the Appendix A and Appendix B to the Budget. City Manager's Office and Library Director are pursuing the request to add a social worker position to work at the libraries. The intent is to add this position after designing a job description to be funded from local option sales tax. This addition will be reflected in a budget amendment at some point prior to the end of the year.

PREVIOUS COUNCIL ACTION(S):

Date: February 20, 2023

Roll Call Number: [23-0260](#)

Action: [On](#) establishing the total maximum property tax dollars certified for levy for fiscal year ending June 30, 2024. (Council Communication No. 23-097) Moved by Gatto to adopt. Second by Boesen. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

- Hold public hearing on April 10, 2023.
- Final adopted budget documents will be published online and distributed to City Council and staff during the month of April.

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