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Date October 9, 2006

RESOLUTION APPROVING BUDGET FOR DOWNTOWN SELF-SUPPORTED MUNICIPAL IMPROVEMENT DISTRICT

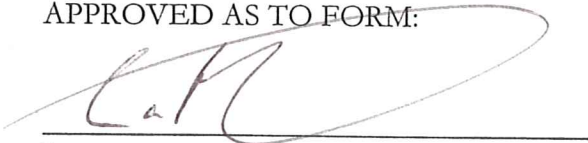
WHEREAS, the Downtown Self Supported Municipal Improvement District ("Downtown SSMID") was created by Ordinance No. 13,579, passed February 23, 1998 was continued by Ordinance 13,913 passed January 22, 2001, was continued and expanded by Ordinance 14,311 passed January 26, 2004 and was expanded by Ordinance No. 14,540 passed February 6, 2006 pursuant to the provisions of Iowa Code Chapter 386 for the purposes of undertaking actions for the design and construction of any and 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 and expansion of the Downtown SSMID, the SSMID Board has submitted a SSMID budget showing proposed expenditures of SSMID operating funds and applicable tax increment financing funds for the fiscal year extending from July 1, 2006 to June 30, 2007.

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, 2006 to June 30, 2007 on file in the office of the City Clerk is hereby approved.

MOVED BY _____ to adopt.

APPROVED AS TO FORM:



Lawrence R. McDowell
Deputy City Attorney

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
COWNIE				
COLEMAN				
HENSLEY				
KIERNAN				
MAHAFFEY				
VLASSIS				
TOTAL				

MOTION CARRIED APPROVED

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.

Mayor

City Clerk

Date _____

Agenda Item 71

Roll Call # _____

Downtown Des Moines Self-Supported Municipal Improvement District
"Operation Downtown"
General Budget 2007

	Fiscal 2006-2007 Budget
Revenues:	
SSMID Revenues (includes expanded SSMID)	984,778
RDA Downtown Maintenance Contribution (cash)	250,000
City Downtown Maintenance Contribution (cash/in-kind)	125,000
PILOT Revenues	32,710
Voluntary Support	65,000
Beautification Support	51,442
DCA - Walnut Street Mall Contribution	50,000
Total Revenues	1,558,930
Expenses:	
Management Fees	195,870
Administrative Expenses:	
Supplies	2,532
Printing	2,800
Postage/Shipping	1,506
Dues/Subscriptions	150
Travel/Meetings/Conferences	300
Total Administrative Expenses	7,288
Facilities Cost:	
Rent	12,138
Insurance	2,000
Depreciation	2,695
Total Facilities Cost	16,833
Other Expenses:	
Contracted Labor	22,888
Legal Fees	21,770
Audit and Tax	
Other Expenses	1,115
Total Other Expenses	45,773
Other Program Expenses:	
Clean and Safe	369,864
Beautification	386,634
Downtown Maintenance Expense	234,042
Events Support	50,000
Marketing Research	15,000
Traffic Management Support	62,500
Total Other Program Expenses	1,118,040
Total Expenses	1,383,804
Net Increase in Net Assets	175,126
Increase in Restricted Net Assets	290,961
Decrease in Unrestricted Net Assets	(115,835)
	175,126

SSMID Fiscal Year 2006-2007 Budget Detail

The following is a description of budget items for the SSMID "Operation Downtown" operated by Downtown Des Moines Self-Supported Municipal Improvement District ("DDMS").

REVENUES

SSMID Revenues

The SSMID revenues were based on estimates provided by the City. The FY2007 revenues are estimated to be \$984,778. The remittance of SSMID funds from the City to DDMS occurs as follows based upon the agreement: 25% is paid in October and 8.33% is paid November-June with the final payment in July which includes any true-up for estimated and actual SSMID funds. For the purposes of the FY2007 budget, any true-up payment will be assumed to have occurred on June 30th so that total SSMID revenue ties to the estimate provided. From the period October 2006 through December 2007, \$16,667 (\$250,000 / 15 months) of SSMID revenue received from the City will be transferred to a newly created department for the Downtown Maintenance Agreement for separate tracking of all Downtown Maintenance revenue and expenditures related to this contract. This newly created department is being established to facilitate financial reporting to the three parties to the contract (RDA, the City, and DDMS) and demonstrate compliance and fiduciary responsibilities.

Downtown Maintenance Contributions

The RDA will pay its contribution of \$250,000 in cash at the beginning of the 15 month period in October 2006. The City will make contributions in the form of cash and in-kind services. The City's in-kind services will be the expenses outlined in the Downtown Maintenance Agreement. The City will true-up its in-kind services in June of 2007 and December of 2007 so that contributions-to-date under the contract period will be \$125,000 as of June 2007 and \$250,000 as of December of 2007. The 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 DDMS would otherwise have to purchase, and are for services that require specialized skills.

PILOT Revenues

DDMS 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 DDMS \$32,710 annually in two equal payments of \$16,355 on January 8th and June 30th each year. The contract expires on June 30, 2009 and may be extended by written agreement. The City has generally paid this contracted expense in March and September but will change in compliance with the contract.

Voluntary Support

The voluntary support relates to the payments received from Mercy (\$40K) and Iowa Health Systems (\$25K). The annual payments are due to be paid each year in August.

Beautification Support

This relates to corporate money received for specific beautification projects that are in close proximity to the company making the contribution. The dollars and the companies that comprise this balance change each year.

DCA – Walnut Street Mall Contribution

The City entered into a contract with the DCA to provide clean, safe and beautiful services for the Walnut Street mall. The City agreed to pay \$50,000 a year in four equal quarterly payments for the services outlined in the agreement. The agreement was entered into in October of 2002 and is effective until cancelled with 30 days written notice. DDMS is performing the obligations under this contract therefore they are showing the revenue and the expense related to the contract.

Management Fees

The management fee is based on a verbal agreement between DDMS and DCA (sub-contracts are being drafted). DDMS has no employees and has contracted with DCA to provide the necessary services to operate the SSMID objectives of Clean, Safe, and Beautiful. DDMS reimburses DCA for all compensation costs (including payroll taxes and benefit costs) related to this service. The budgeted amounts include the services of 2.2 FTE's and an allocation of office rent and utilities related to these employees.

A flat administrative fee of \$12,000 is also budgeted in 2007 for accounting services provided by the finance team of the Greater Des Moines Partnership related to budget preparation, monthly financials, and tax and audit support services. The \$12,000 will be paid equally at each quarter end.

PROGRAM EXPENSES

Clean

DDMS contracts with Block-by-Block for clean services. Block-by-Block currently provides more than 175 trash receptacles that are maintained and emptied daily in our downtown.

- Block by Block sweeps sidewalks regularly
- Power washes walkways and clean up after events
- Keep cigarette butts cleaned up around corporate campuses
- Regularly remove litter that blows through downtown
- Removes graffiti within a day or two of reports
- Cleans and sweeps skywalk system and maintains clean skywalk environment

Safe

DDMS contracts with Block-by-Block for Safe and Clean services. Block-by-Block currently provides Operation Downtown 11 FTE and 1 part time at an annual cost \$416k.

Our primary mission is to provide Downtown Des Moines with friendly goodwill ambassadors who assist Des Moines police with adding additional eyes and ears on the streets. Our ambassadors have two-way radios and work closely with a Des Moines Police officer that is employed part-time by DDMS.

Other:

- Provide safety pick-up and drop-off services to Des Moines Public Schools
- Assist elderly downtown residents in the skywalk system
- Provided necessary out reach with homeless and monitors public spaces and restrooms
- Work cooperatively with downtown private security companies to assist in providing safe corporate environment
- Maintain surveillance and work on decreasing vandalism on a ongoing basis
- Reports vandalism and graffiti to Des Moines Police

Beautiful

DDMS maintains planters and works with the City Park and Recreation staff to assist in beautification efforts. Assists business and local government with efforts.

- Maintain more than 100 planters with four-season planting program (nearly 75 planters added in 2006)
- Maintains hanging basket program in East Village and Court Avenue
- Purchased 40 new trash receptacles
- Provide special events beautification consistent with City of Des Moines approved holiday and special events decorations
- Provides private fundraising for special projects which include parking-lot screening, Polk County Courthouse landscaping, studies for Nollen Plaza design, studies for skywalk signage
- Provides staff assistance for annual volunteer projects
- Provides funding for regular watering cost (currently by contract with the City of Des Moines) of \$30,000 annually
- Purchases and installs planters annually
- Provides funding for holiday lighting
- Replaces downtown trees as requested by City of Des Moines Forestry Division
- Staff coordinates downtown beautification efforts

Downtown Maintenance Expense

These expenses are the sum of the grounds expense, plant expense, Block-by-Block expense, and other maintenance expense specifically related to Principal Riverwalk, East Locust Streetscape, MLK Parkway and Gateway West in the expanded SSMID area.

Events

- 100% compensation cost related to the Community Development Liaison.
- \$20,000 has been allocated to keep at-risk events downtown or to attract events downtown by defraying the additional costs associated with permits to be downtown.
- These projects have included the following in the past:
 - The Zone (State Basketball and Wrestling)
 - Drake Relays
 - Winefest
 - Art Festival
 - Two Rivers Arts Festival
 - Young Professionals
 - State Fair Shuttle

Marketing and Survey

Conduct professional research assessing the public's perceptions of downtown.

Transportation Management

- Reduce Traffic by 10%.
- Rest Your Car Program
- Work with downtown employers to assist employees on street closing and traffic changes
- Work with MTA to encourage rider ship.
- Transportation 2030 commission

Restricted Net Assets

This portion of net assets is related to the excess contributions that have been collected for the Downtown Maintenance Agreement over the expected expenses related to the maintenance of the four areas outlined in the Downtown Maintenance Agreement. These excess funds are restricted to be used for only the four areas outlined in the Downtown Maintenance Agreement. The funds will be placed in an interest bearing account and retained for future maintenance costs. It is expected that once the Riverwalk project is

completed in 2008 that the cost of maintenance will exceed the contributions received and this additional funding will be needed.