

# Operating Budget

**General Operations, Road Use Tax Fund, &  
Local Option Sales and Service Tax  
January 27, 2020**

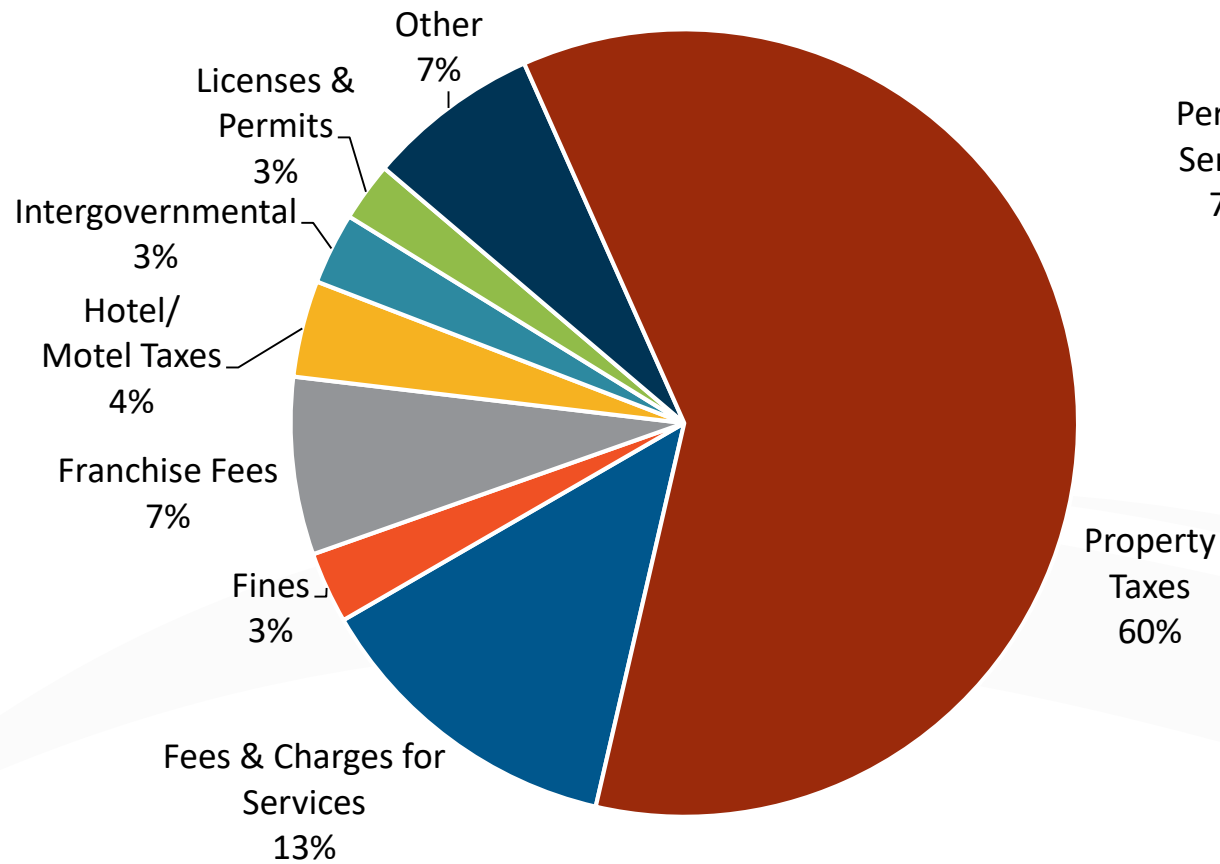
City of Des Moines

# General Fund Budget

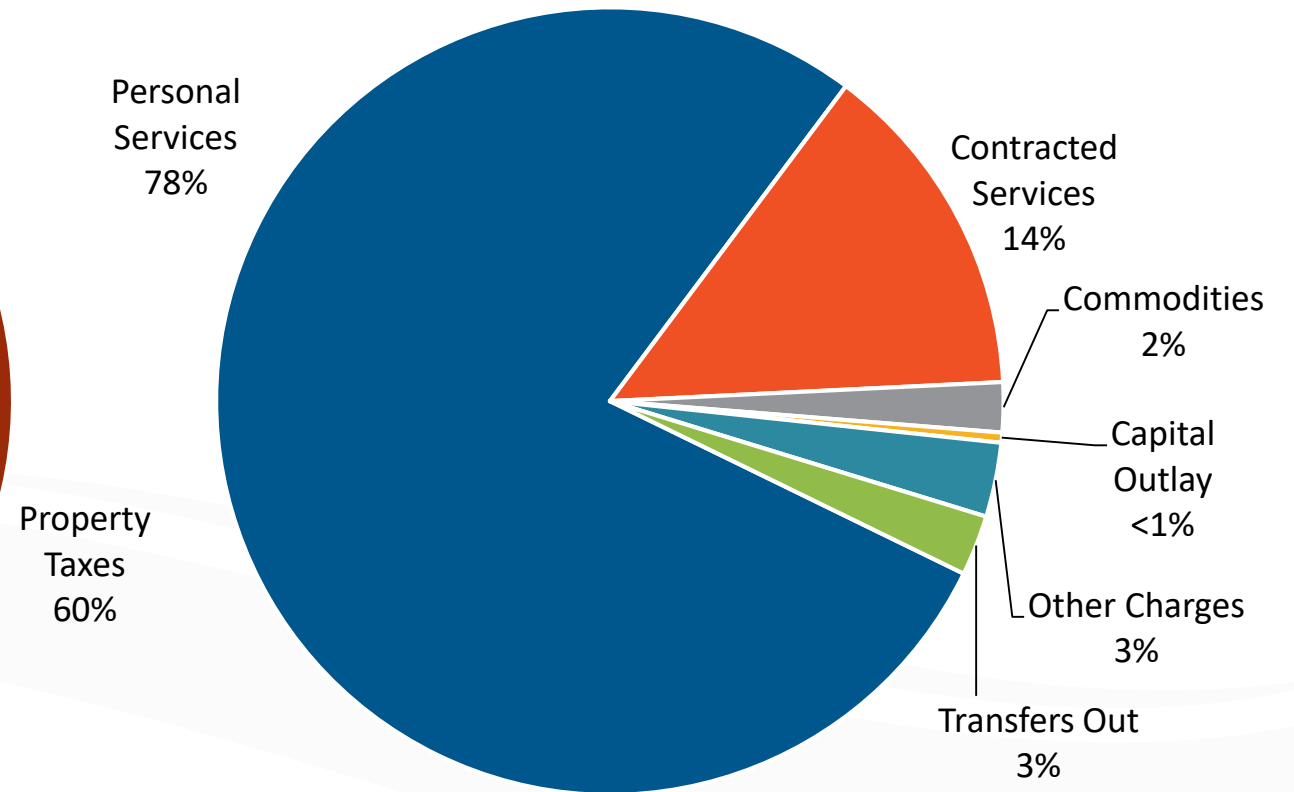


# General Fund Source & Use

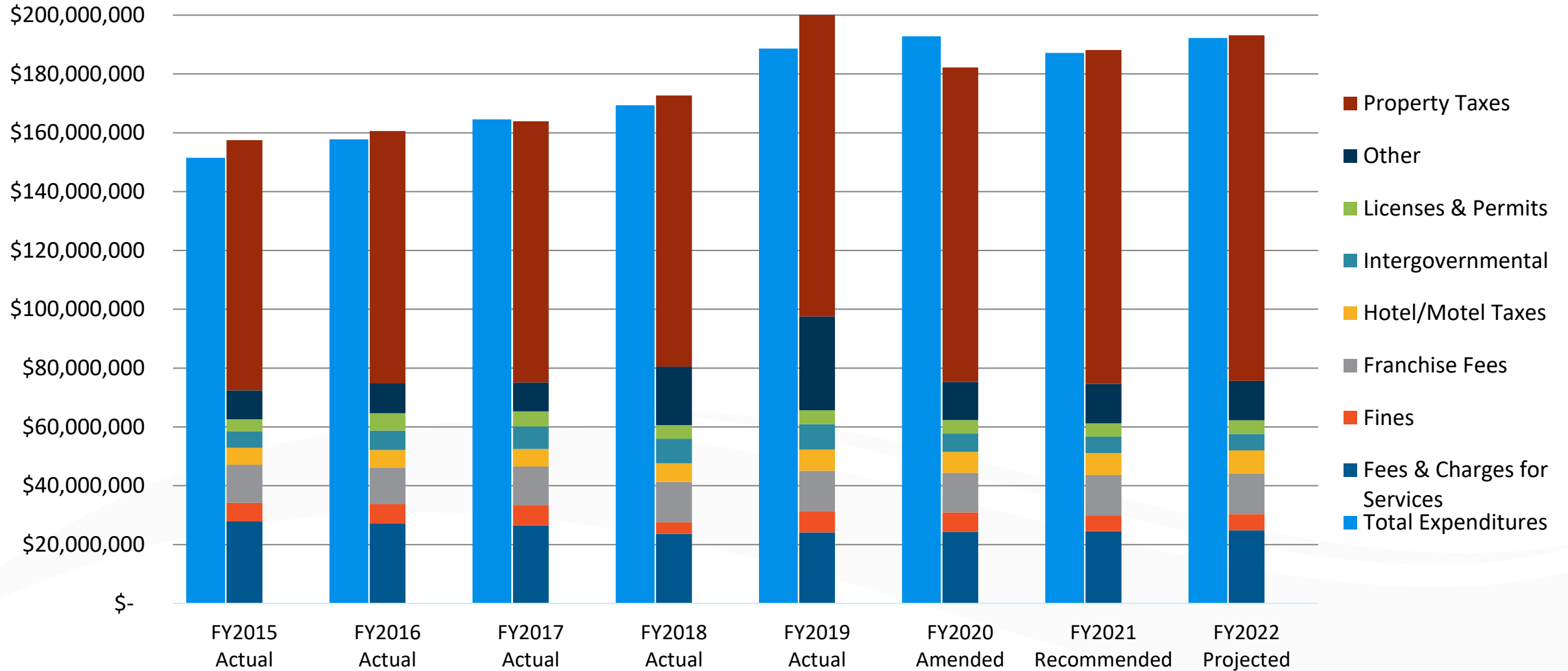
## Source of Funds



## Use of Funds

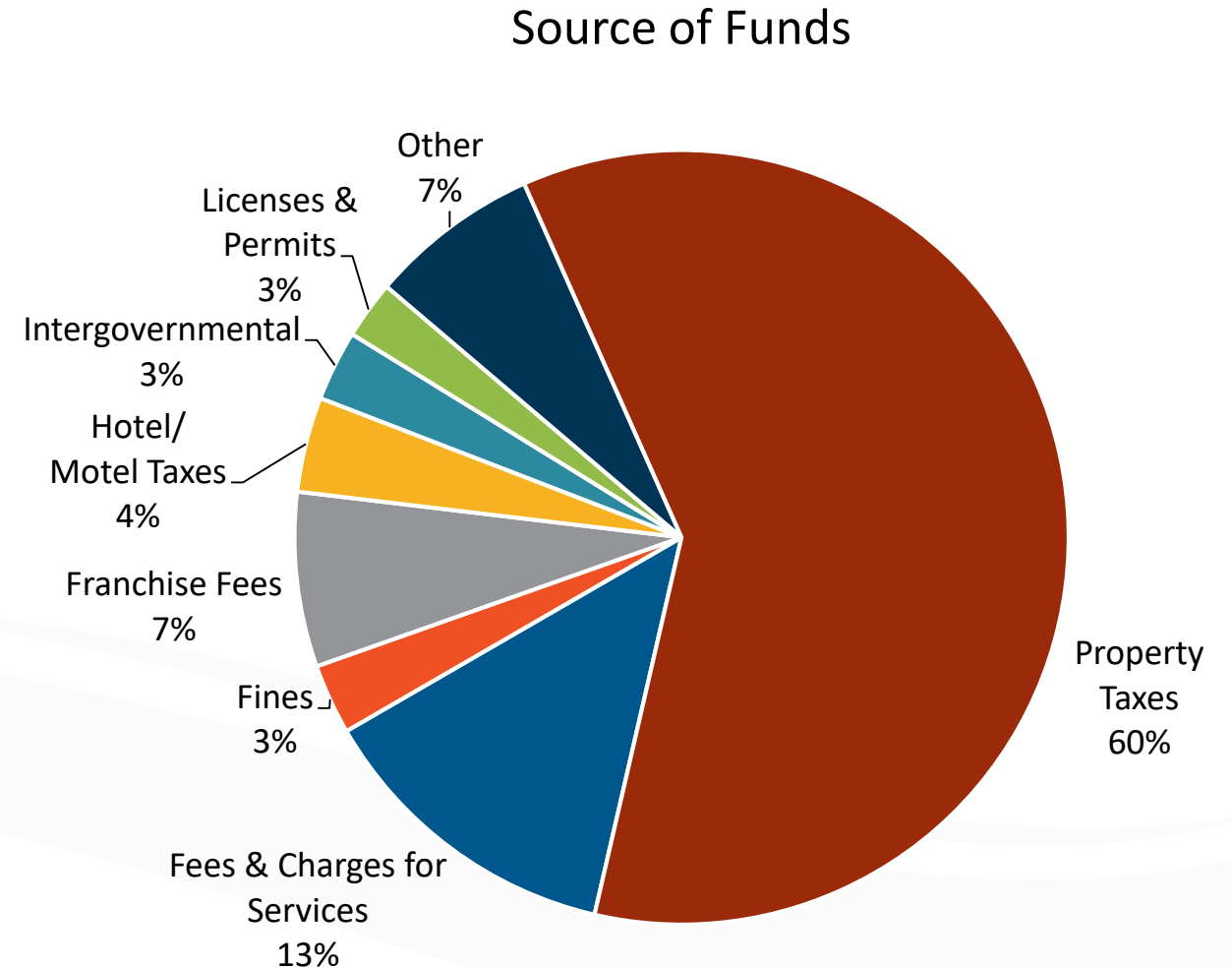


# General Fund Source & Use

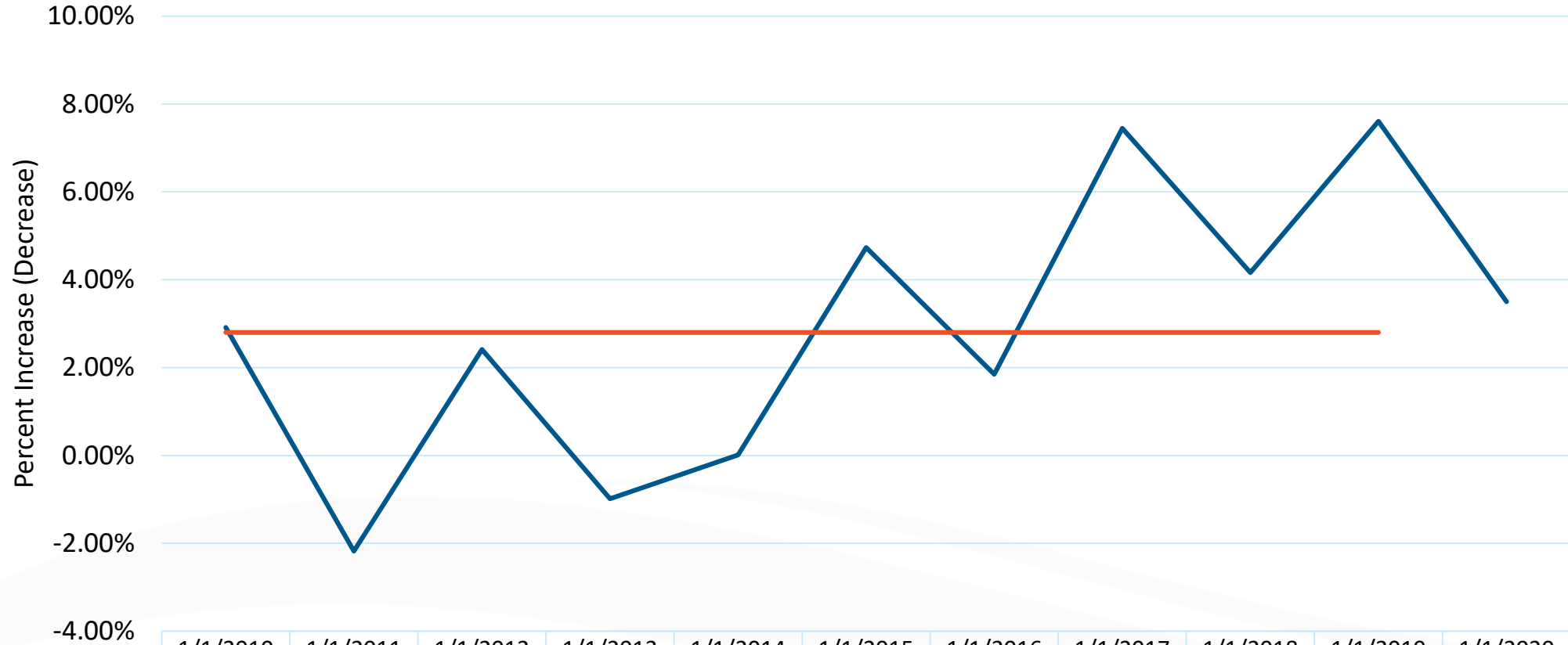


# Major General Fund Revenues

- Taxable Valuations - ↑
- Franchise Fees - ↑
- Hotel/Motel - ↑
- Building Permit Fees - →

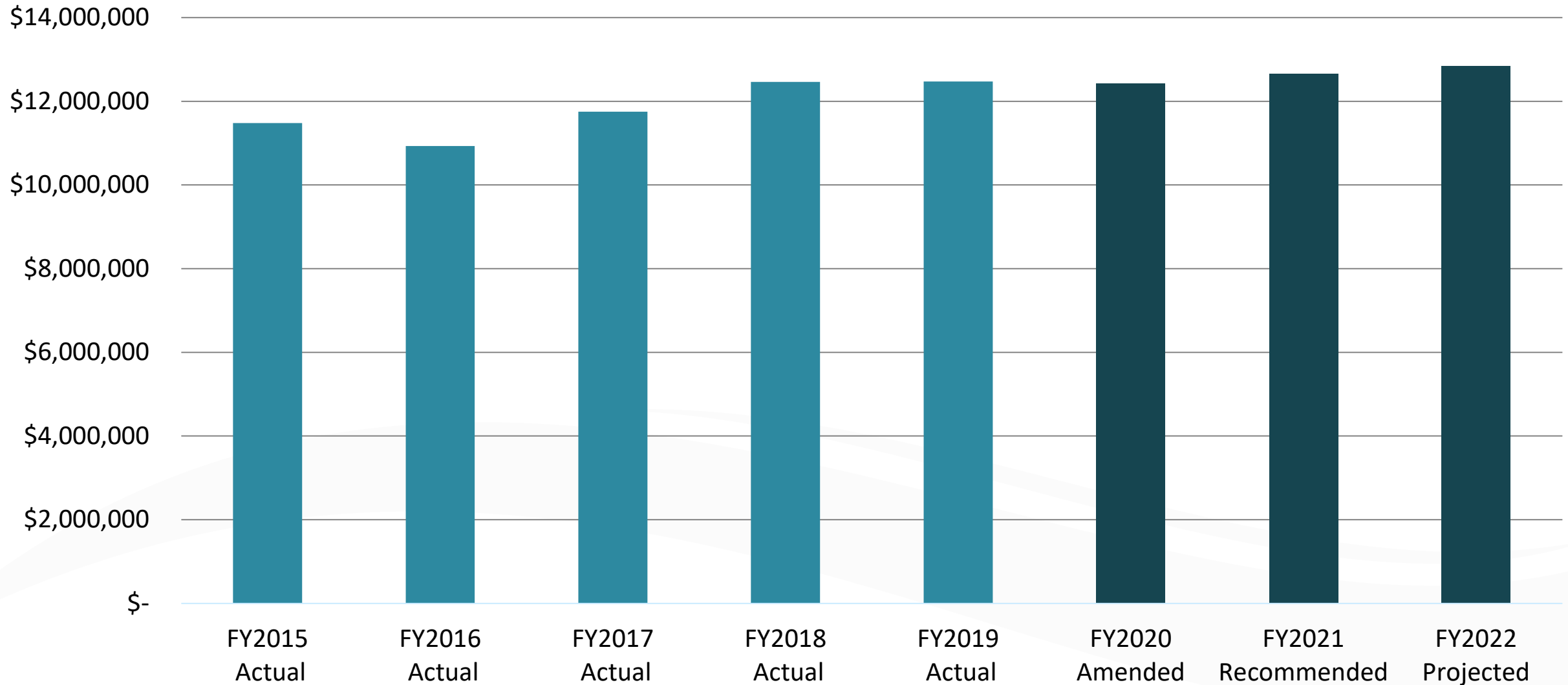


# Taxable Valuation Changes

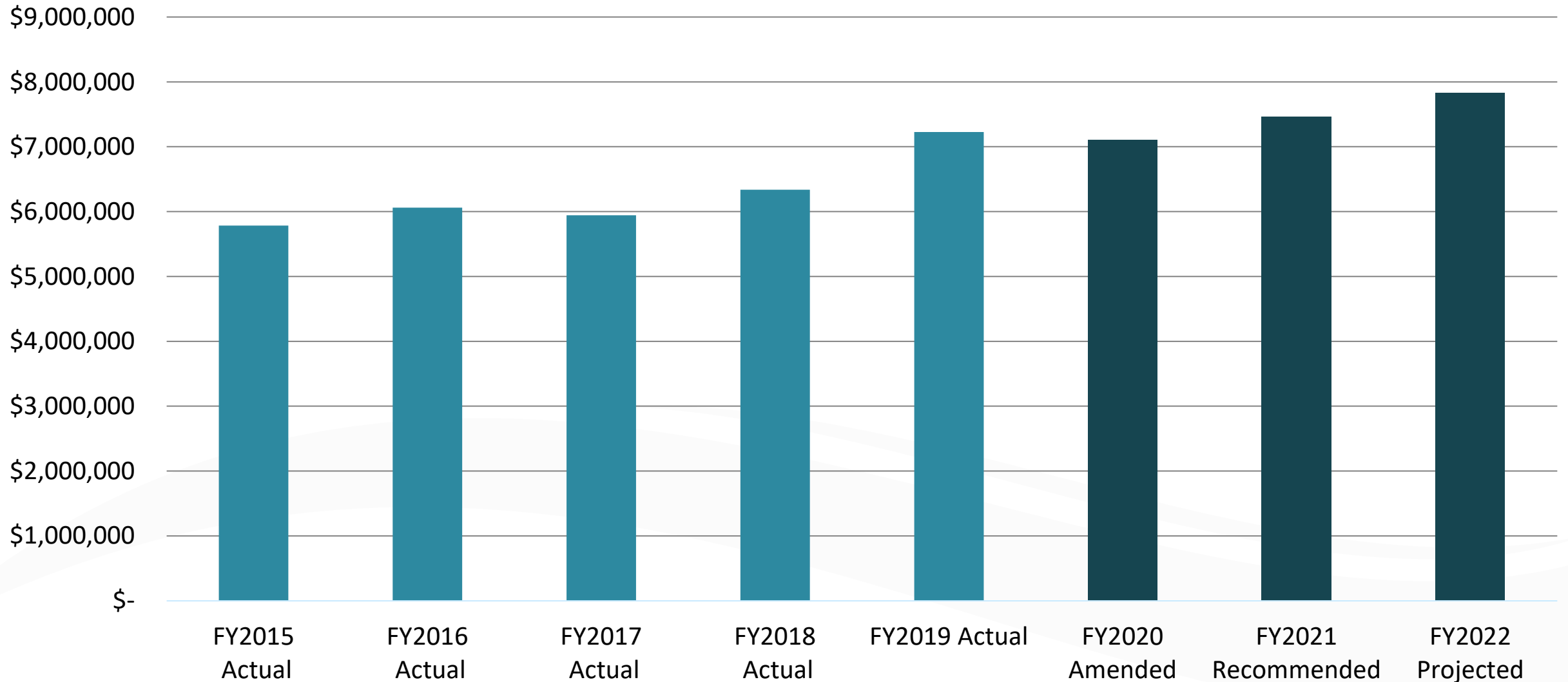


1/1/2020 assumes needed growth for FY2022

# Franchise Fees (Gas & Electric 5%)

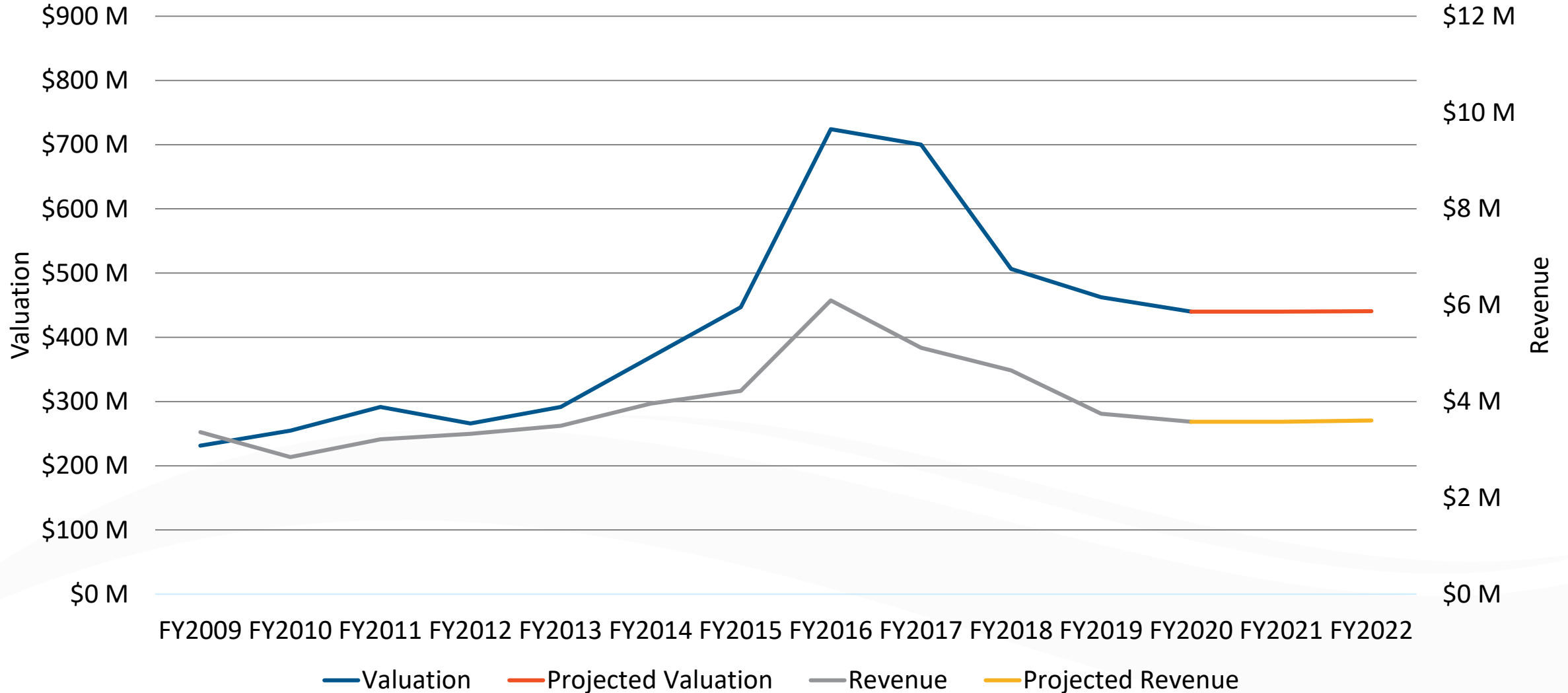


# Hotel Motel Tax



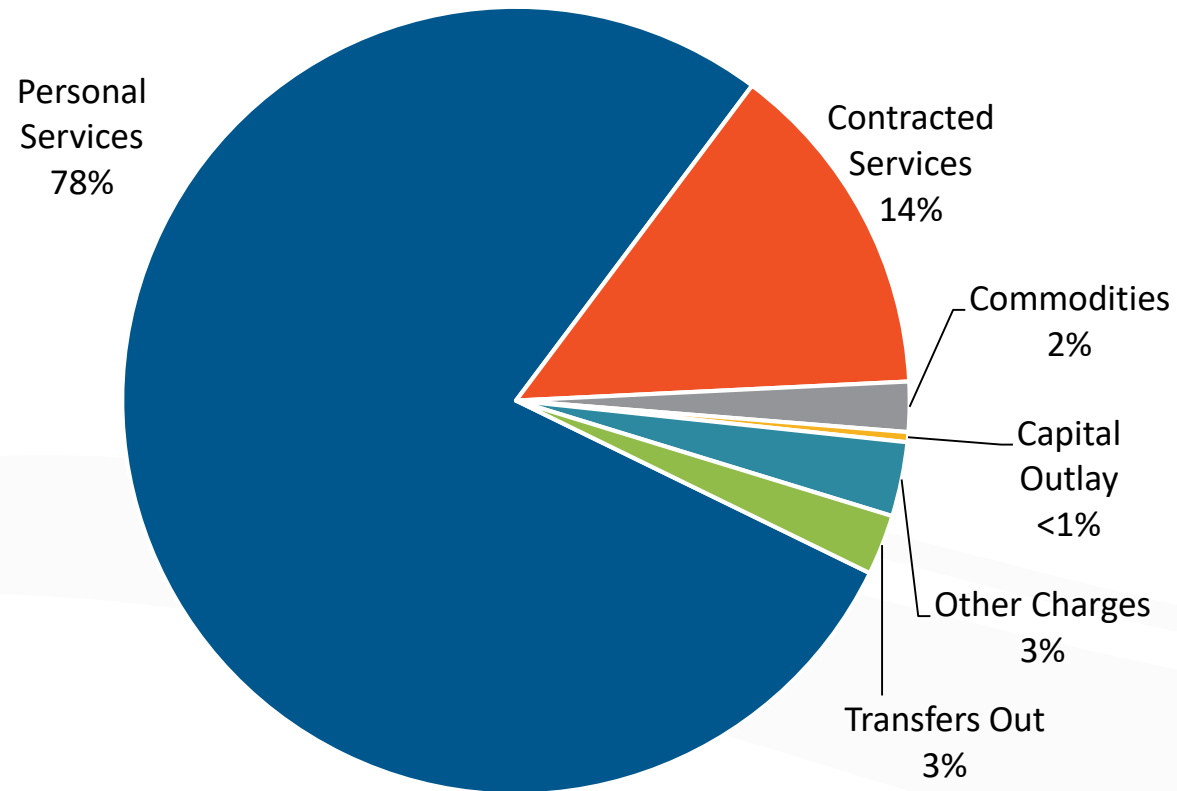


# Building Permits - Valuations & Revenue

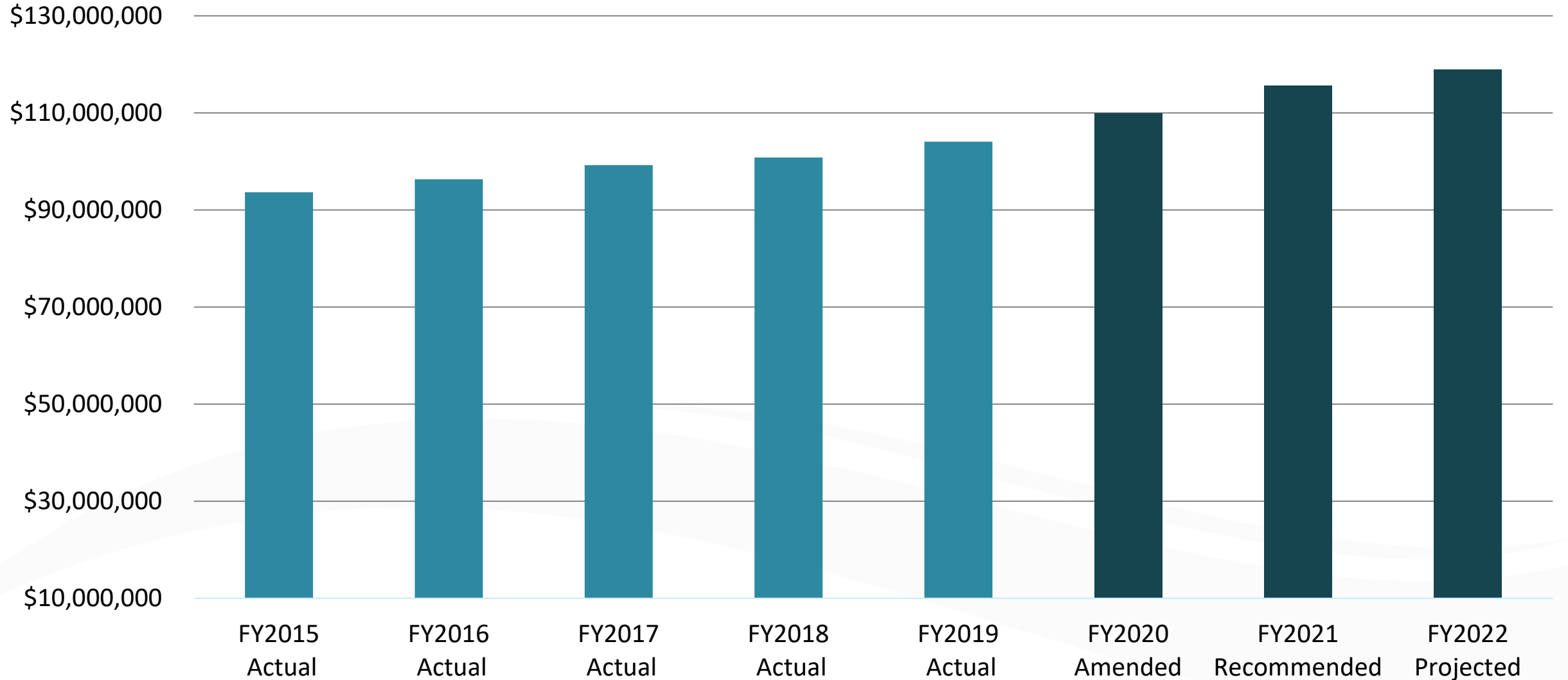


# Major General Fund Expenses

Use of Funds



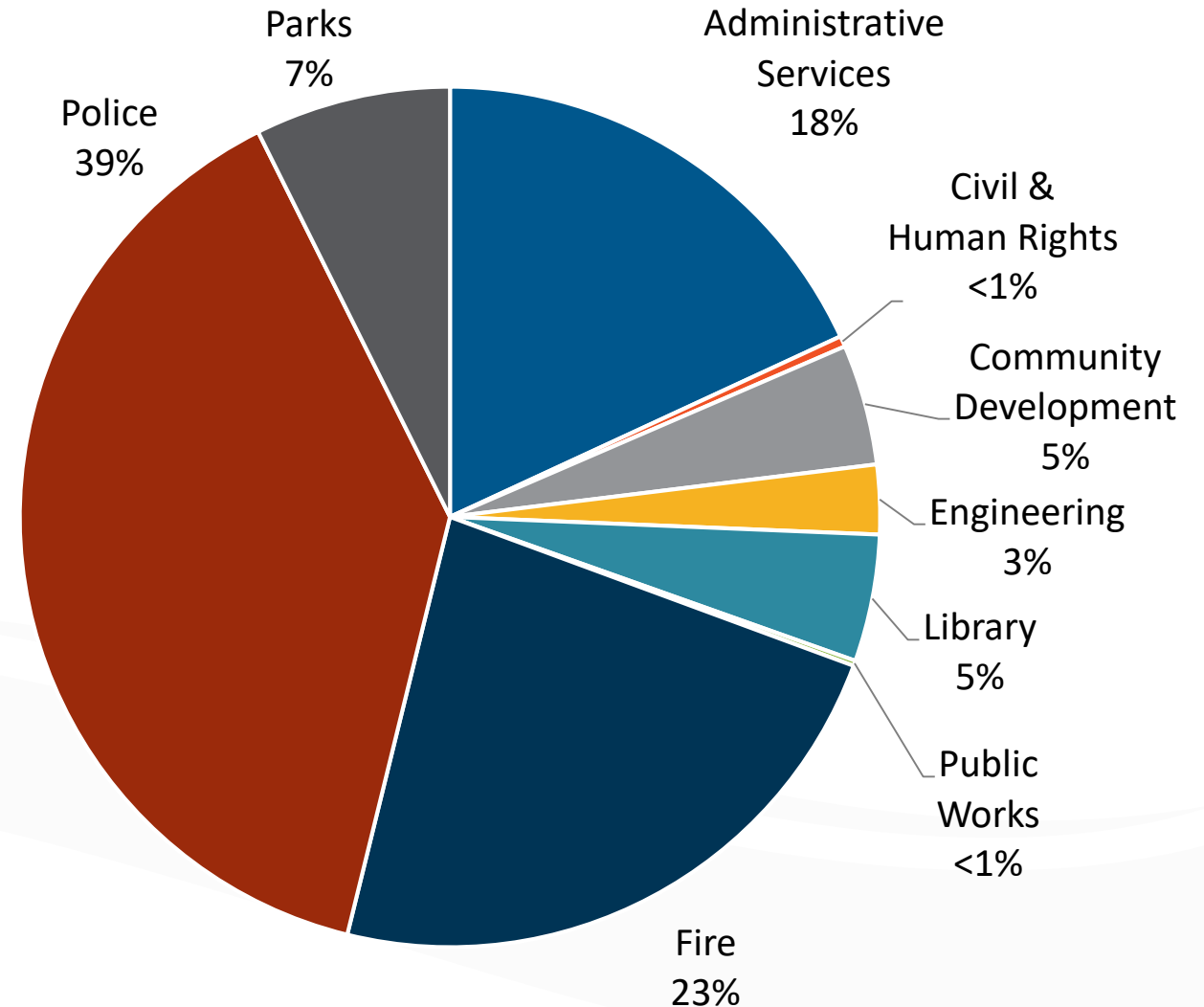
# Personal Services



# General Fund by Department

Public Safety represents 62% of the general fund budget.

*Administrative Services includes City Clerk, City Manager, Finance, Human Resources, Information Technology, Legal, and Mayor & Council.*

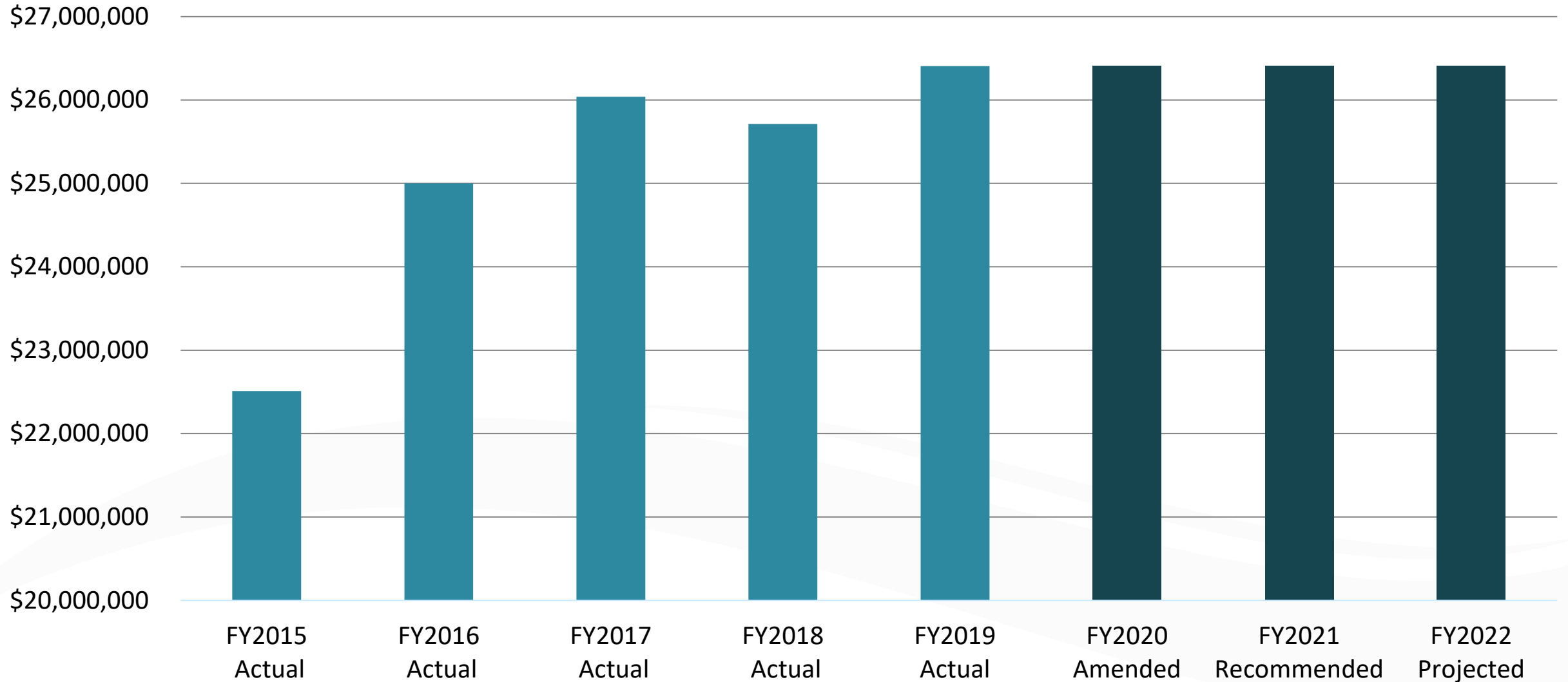


# Budget Projection – General Fund

	FY2020 Amended	FY2021 Recommended	FY2022 Proposed
Revenue	\$ 182,239,018	\$ 188,122,489	\$ 193,143,455
Expense	192,796,455	187,119,119	192,227,595
	<u>\$ (10,557,437)</u>	<u>\$ 1,003,370</u>	<u>\$ 915,859</u>

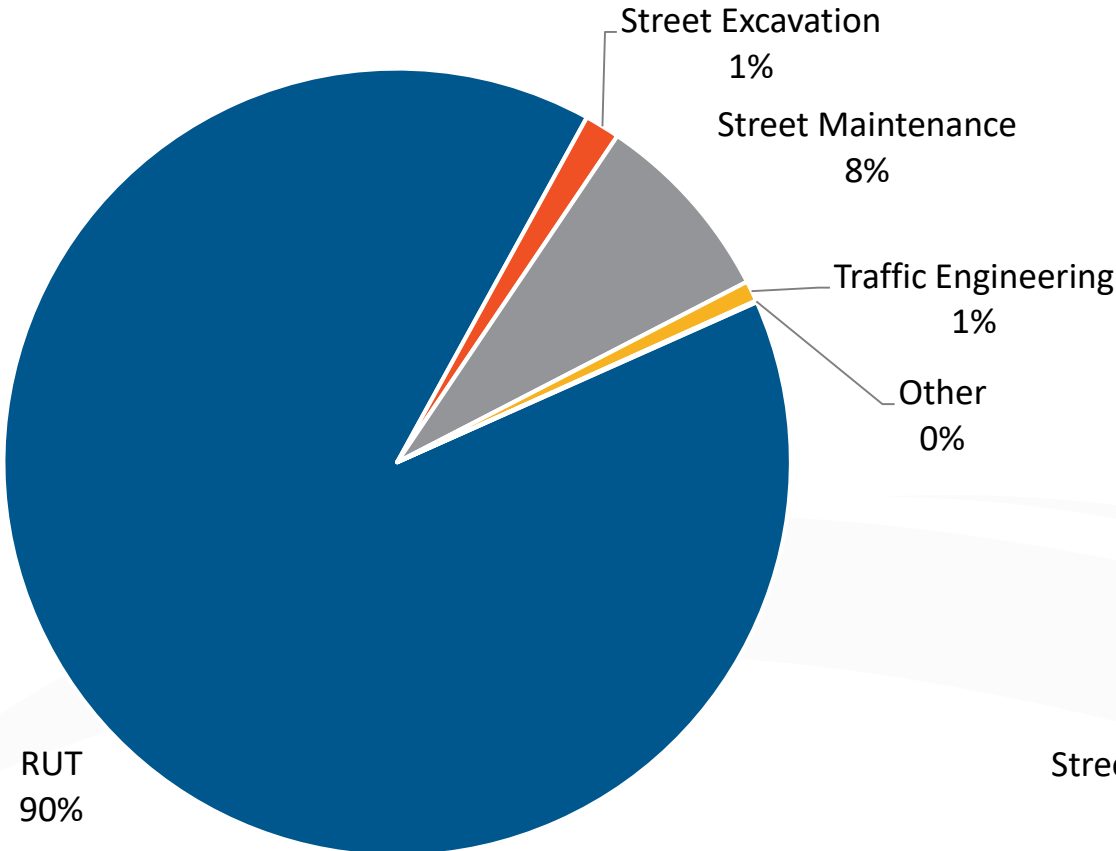
FY2020 deficit is primarily from a \$9 million loan for Storm Water Project that will be repaid from LOSST starting in FY2021 (\$1 million/year)

# Road Use Tax

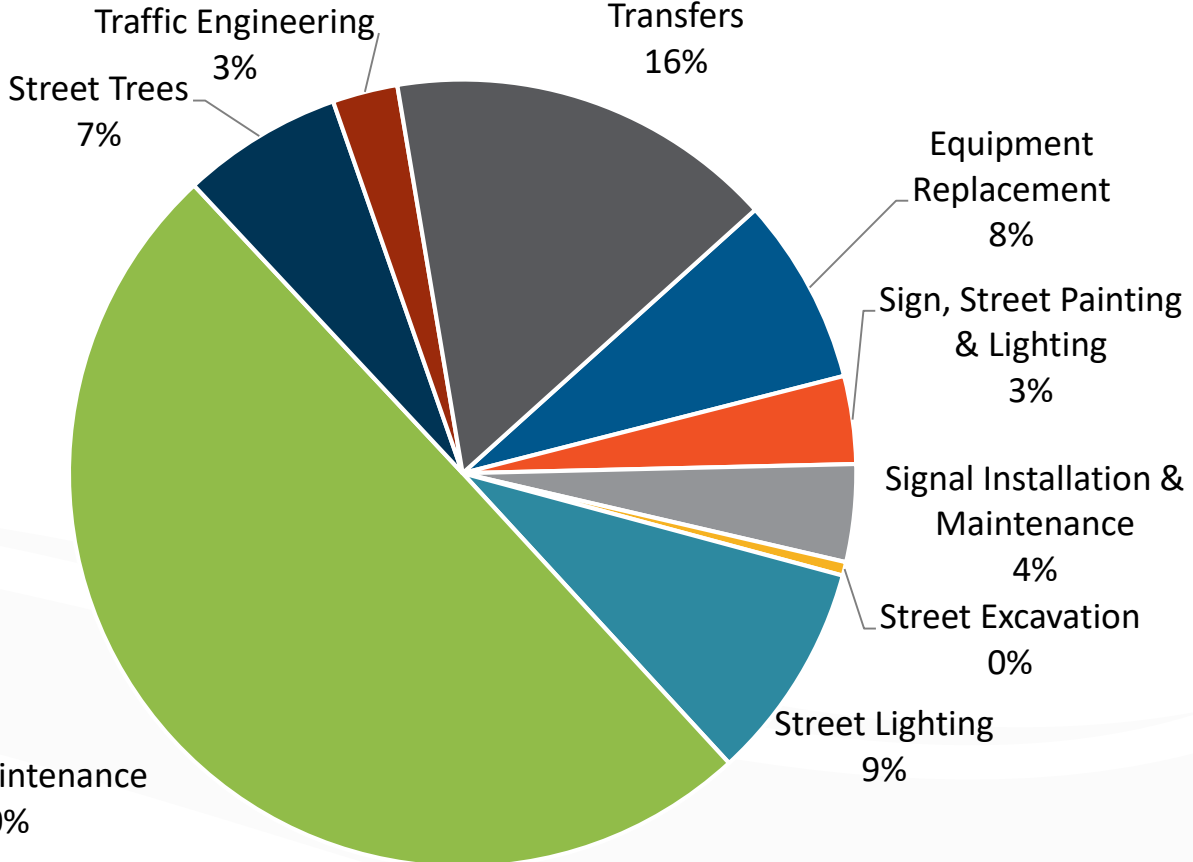


# Road Use Tax Fund Source & Use

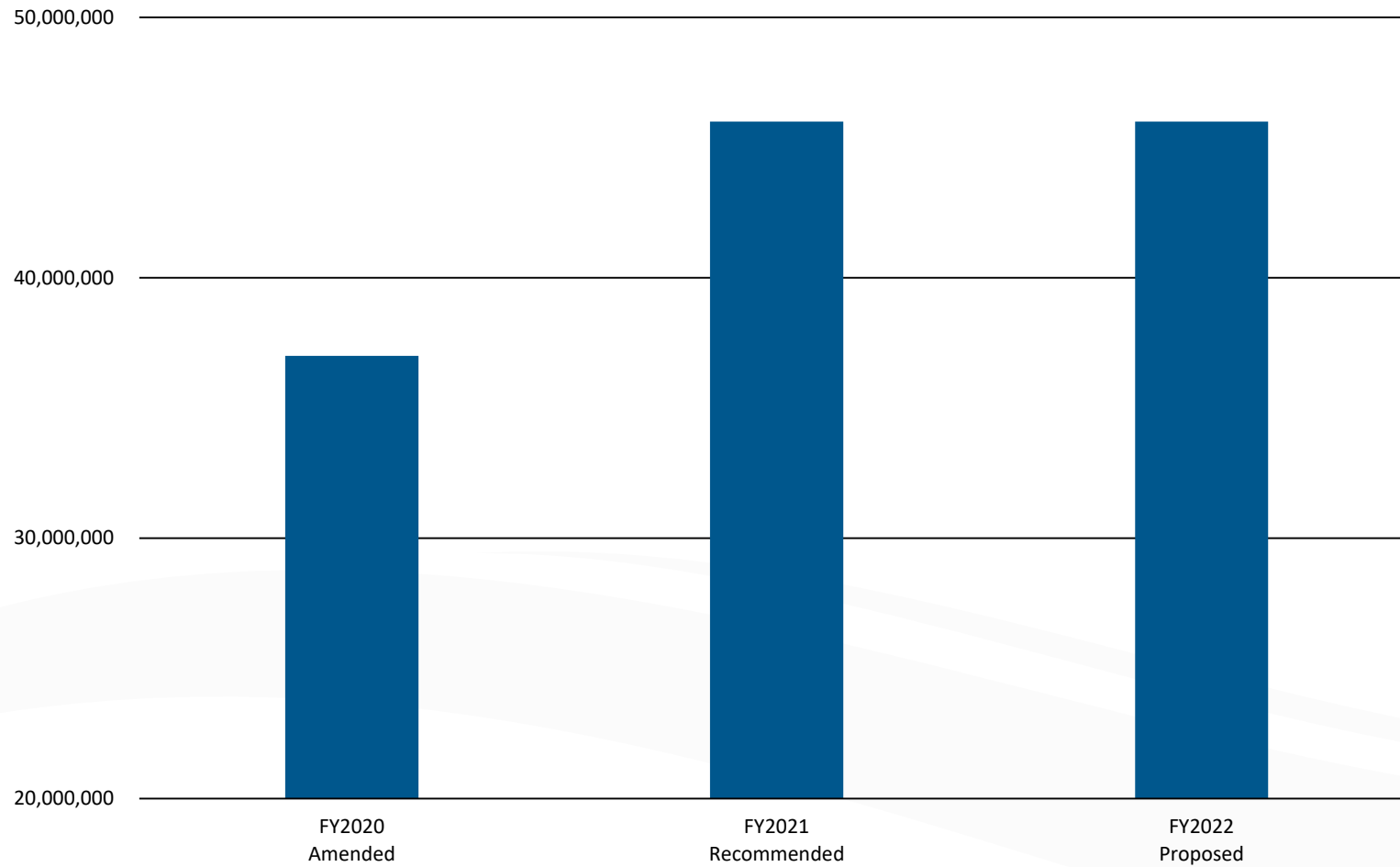
Source of Funds



Use of Funds



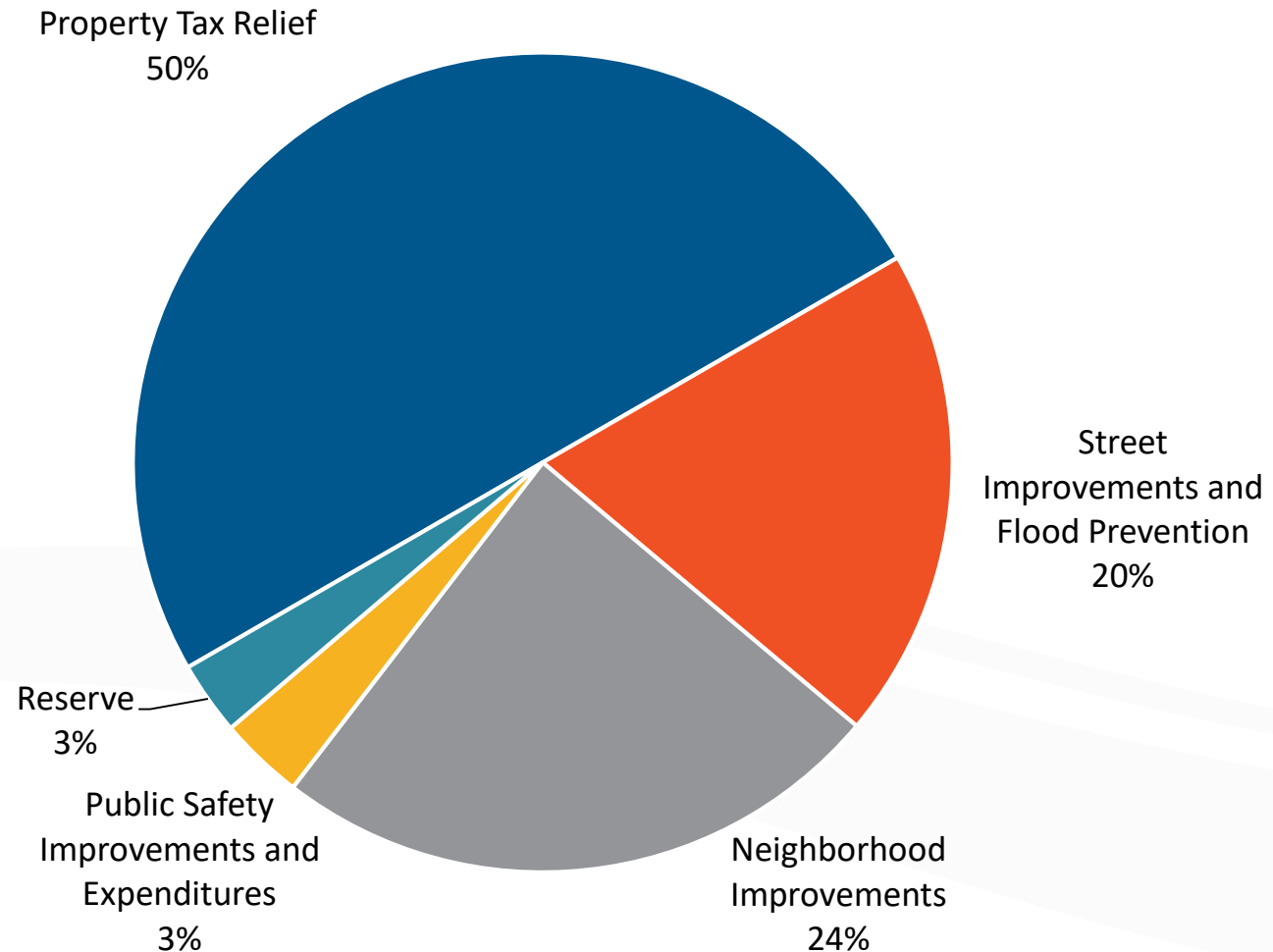
# Local Option Sales and Service Tax





# Local Option Sales and Service Tax

## Use of Funds



# Local Option Sales and Service Tax

- Property Tax Relief (FY2021)

○Debt Service Fund	\$ 21,010,000
○NDC	\$ 1,000,000
○NFC	\$ 1,000,000

# Local Option Sales and Service Tax

- Street Improvements and Flood Prevention (FY2021)
  - Street Improvements \$ 7,000,000
  - Storm Water Projects \$ 1,550,000
  - Flood Prevention Property Buyouts \$ 400,000

# Local Option Sales and Service Tax

- Neighborhood Improvements (FY2021)

○ Blitz on Blight	\$ 770,000
○ Special Investment Districts	\$ 5,000,000
○ Neighborhood Matching Grants	\$ 200,000
○ Property Improvement Program	\$ 1,340,000
○ Rental Housing Enhancement	\$ 500,000
○ Expanded Library Hours	\$ 381,100
○ Grubb YMCA	\$ 3,000,000

# Local Option Sales and Service Tax

- Public Safety Improvements and Expenditures (FY2021)

- Firefighter Positions \$ 1,339,000

- Mobile Crisis Services \$ 200,000

# Concerns and Challenges – Outside of the City's Control

- State Funding Backfill
  - Payment from the State in lieu of property taxes collected
  - 90% Commercial rollback annual impact \$5 million - will it continue to be funded?
- Apartment Rollback
  - Reducing from 100% to approximately 55% over 8 years
  - FY2021 impact > \$3 million and growing
- Rising cost of services – healthcare, pension, construction
- State Legislative Actions

**City of Des Moines**  
**Multi-Residential Class -- Effects of Legislation**  
**January 2020**

	<b>Year</b>	<b>Multi-residential Rollback**</b>	<b>Pre-Legislation Revenue***</b>	<b>Proposed Revenue</b>	<b>Estimated Annual Loss</b>
FY 2017	1	0.862500	7,288,328	6,286,183	1,002,145
FY 2018	2	0.825000	7,411,524	6,114,507	1,297,017
FY 2019	3	0.787500	8,577,167	6,754,519	1,822,648
FY 2020	4	0.750000	8,766,530	6,574,897	2,191,632
*FY 2021	5	0.712500	10,545,754	7,513,850	3,031,904
FY 2022	6	0.675000	10,545,754	7,118,384	3,427,370
FY 2023	7	0.637500	10,545,754	6,722,918	3,822,836
FY 2024	8	0.550743	10,545,754	5,808,000	4,737,754
<b>8 Year Loss</b>					<b>\$ 21,333,306</b>

\* - Assumes preliminary estimates for FY2021

\*\* - Assumes residential rollback in FY 2024 is at the FY 2021 amount of 0.550743

\*\*\* - Assumes no change in Assessed value or tax rate beyond FY 2021

# Questions?