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 Operations, Road Use Tax Fund, LOSST
General Fund Source & Use

Source of Funds

- Personal Services: 78%
- Property Taxes: 60%
- Other Charges: 3%
- Transfers Out: 3%
- Commodities: 2%
- Capital Outlay: <1%
- Other Charges: 3%
- Contracted Services: 14%
- Property Taxes: 60%
- Fines: 3%
- Franchise Fees: 7%
- Hotel/Motel Taxes: 4%
- Intergovernmental: 3%
- Licenses & Permits: 3%
- Other: 7%

Use of Funds

- Personal Services: 78%
- Property Taxes: 60%
- Other Charges: 3%
- Transfers Out: 3%
- Commodities: 2%
- Capital Outlay: <1%
- Other Charges: 3%
- Contracted Services: 14%
Major General Fund Revenues

- Taxable Valuations
- Franchise Fees
- Hotel/Motel
- Building Permit Fees
Taxable Valuation Changes

1/1/2020 assumes needed growth for FY2022
### Hotel Motel Tax

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Actual</th>
<th>Amended</th>
<th>Recommended</th>
<th>Projected</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2015</td>
<td>$6,000,000</td>
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<tr>
<td>FY2016</td>
<td>$6,500,000</td>
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<td>$8,000,000</td>
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<td>$8,500,000</td>
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<tr>
<td>FY2021</td>
<td>$9,000,000</td>
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<tr>
<td>FY2022</td>
<td>$9,500,000</td>
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</tr>
</tbody>
</table>
Building Permits - Valuations & Revenue

Valuation

Projected Valuation

Revenue

Projected Revenue


$0 M $100 M $200 M $300 M $400 M $500 M $600 M $700 M $800 M $900 M

$0 M $2 M $4 M $6 M $8 M $10 M $12 M

General Operations, Road Use Tax Fund, LOSST
Major General Fund Expenses

Use of Funds

- **Personal Services**: 78%
- **Contracted Services**: 14%
- **Commodities**: 2%
- **Capital Outlay**: <1%
- **Other Charges**: 3%
- **Transfers Out**: 3%
Personal Services

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Actual</th>
<th>Amended</th>
<th>Recommended</th>
<th>Projected</th>
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<td>FY2017</td>
<td>$100,000,000</td>
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<tr>
<td>FY2018</td>
<td>$105,000,000</td>
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<td>FY2019</td>
<td>$110,000,000</td>
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<td>FY2020</td>
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<td>FY2021</td>
<td>$120,000,000</td>
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<td>FY2022</td>
<td>$125,000,000</td>
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</table>
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

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

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 Fund Source & Use

**Source of Funds**
- RUT: 90%
- Street Excavation: 1%
- Street Maintenance: 8%
- Traffic Engineering: 1%
- Other: 0%

**Use of Funds**
- Traffic Engineering: 3%
- Street Trees: 3%
- Transfers: 16%
- Equipment Replacement: 8%
- Sign, Street Painting & Lighting: 3%
- Signal Installation & Maintenance: 4%
- Street Excavation: 4%
- Street Lighting: 9%
- Street Maintenance: 50%
Local Option Sales and Service Tax

General Operations, Road Use Tax Fund, LOSST

- FY2020 Amended
- FY2021 Recommended
- FY2022 Proposed
Local Option Sales and Service Tax

Use of Funds

Property Tax Relief
50%

Street Improvements and Flood Prevention
20%

Reserve
3%

Public Safety Improvements and Expenditures
3%

Neighborhood Improvements
24%
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

<table>
<thead>
<tr>
<th>Year</th>
<th>Multi-residential Rollback**</th>
<th>Pre-Legislation Revenue***</th>
<th>Proposed Revenue</th>
<th>Estimated Annual Loss</th>
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<td>FY 2017</td>
<td>1</td>
<td>0.862500</td>
<td>7,288,328</td>
<td>6,286,183</td>
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<td>FY 2018</td>
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<td>0.825000</td>
<td>7,411,524</td>
<td>6,114,507</td>
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<td>FY 2019</td>
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<td>0.787500</td>
<td>8,577,167</td>
<td>6,754,519</td>
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<td>FY 2020</td>
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<td>0.750000</td>
<td>8,766,530</td>
<td>6,574,897</td>
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<tr>
<td>FY 2021</td>
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<td>0.712500</td>
<td>10,545,754</td>
<td>7,513,850</td>
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<tr>
<td>FY 2022</td>
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<td>0.675000</td>
<td>10,545,754</td>
<td>7,118,384</td>
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<td>FY 2023</td>
<td>7</td>
<td>0.637500</td>
<td>10,545,754</td>
<td>6,722,918</td>
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<tr>
<td>FY 2024</td>
<td>8</td>
<td>0.550743</td>
<td>10,545,754</td>
<td>5,808,000</td>
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</table>

8 Year Loss $ 21,333,306

* - 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?