

2022 CITY BUDGET RETREAT

Process for Today

Strategic Underpinnings of Budget Preparation

Department Presentations

Next Steps

PROCESS FOR TODAY

Administration will provide presentation on current budget dynamic

- Power point will review elements that may be a part of City Manager's recommended budget to be formally presented to City Council in early October per State statute requirement

Budget presentation will be in the format of a power point

- As in past years we ask that you hold your questions/comments until we complete our presentation

STRATEGIC UNDERPINNINGS OF BUDGET PREPARATION

Remain Solvent and Strong

Recover – from COVID (socially, economically and programmatically)

Reforms – to Administration of Justice

- Law Enforcement
- Municipal Court
- City Attorneys Office

Redevelopment – moving forward economically

- Projects occurring

STRATEGIC UNDERPINNINGS OF BUDGET PREPARATION

Within the context of strategic approaches, the following are employed in the 2022 budget:

- Maintain and subsidize Parks, Recreation and Senior Services
 - Retention of staff (equivalent to our approach with Fund 105 in Development Services)
 - Minor revenue recovery
 - Virtual programs
 - Start up costs for in-person programming
- Implement innovative virtual options for Development Services regarding plan review, inspections and permitting process
- Court process to highlight virtual court proceedings

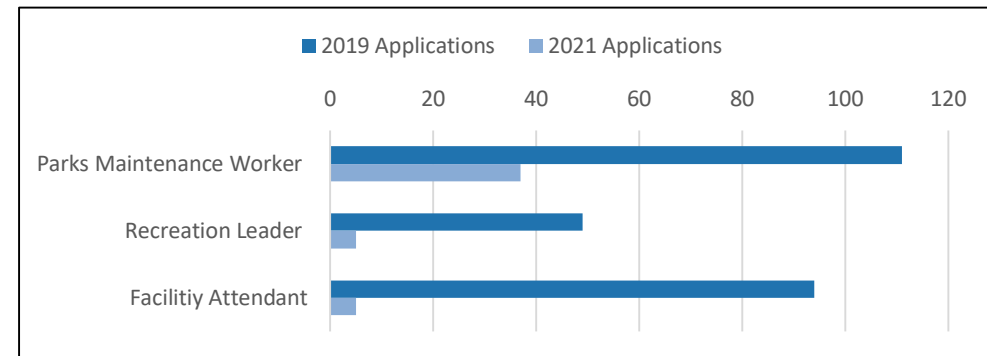
CITY MANAGER'S OFFICE

- Human Resources
- City Clerk
 - Public Records
 - Communication
- Economic Development
 - Marina
- Legislative Advocacy
- Emergency Management
- StART participation
- Ongoing review of Sustainable Airport Master Plan status
- Labor Negotiations
- Intergovernmental Relations
 - PSRC (Senior Leadership)
- Public Defender

HUMAN RESOURCES

- **Recover**

- Challenges in filling our key positions at the City particularly in Public Works, Parks and Recreation and Events and Facilities.



- **Reform**

- Branding the City of Des Moines an employer of choice

- **Redevelop**

- Recruitment and retention strategies

- **Challenges**

- Continued uncertainty

FINANCE

- New Financial and Human Resource Management System (Munis)
- Cost Allocation Plan – Implement in 2022
- Business Licenses and Business & Occupation Taxes
- Annual Financial Audit Coordination and Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting Program
- Information Technology

ADMINISTRATION OF JUSTICE

JUDICIAL BRANCH

- MUNICIPAL COURT
 - Legislative impact of ESB 5476 (responding to *Blake* decision)
 - Increased caseload due to updated criminal filing standards in King County
 - Expanding therapeutic DUI Court
 - Court reorganization based upon changing needs & practices (COVID + beyond)

ADMINISTRATION OF JUSTICE

CITY ATTORNEY'S OFFICE

- Prosecution
- Domestic Violence Advocate
- Legal advice to staff and City Council
 - Participation in any legal issues confronting the City

SCORE

- City Finance Director is current Chair of Finance Committee
- Des Moines Police Chief is member of Operations Committee
- City Manager is member of Administrative (policy) Committee

POLICE

- Challenges under COVID and response
- Efforts to achieve full staffing
- Enhance mobility by providing each officer a vehicle
- New policing models incorporating social service workers:
 - Expanded access to mental health and health services

COMMUNITY DEVELOPMENT

PLANNING

- Long range planning/analysis, preliminary work for Comp Plan update due in 2024
- Compliance with new state legislation (continued)
- Review of development applications (includes virtual)

BUILDING

- New Building Official and Assistant Building Official
- Staffing challenges/consultant assistance
- Virtual options for:
 - Submittal
 - Plan review
 - Payments
 - Inspections
 - Pre-application and pre-construction meetings

PARKS, RECREATION & SENIOR SERVICES

- Restart of in-person programming (sports, after school care, enrichment programming, movies etc.)
- Start up phase – reduced revenue
- Continue to seek grant funding
- Begin implementation of the new PRSS Master Plan (to be adopted end of 2021)
- Senior Activity Center:
 - Take out lunch or return to inside dining
 - Re-opening of Center and in person programs
 - Next steps in implementation of Senior and Vets Levy grant (Social worker share, cultural outreach coordinator, new programming)

PUBLIC WORKS

- Continued Maintenance and Operations
 - COVID Challenges
- Fleet and Facility Maintenance
- Engineering Services
 - Franchise Utility Coordination
- Capital Program Highlights:
 - North Marina Bulkhead
 - North Lot Restrooms
 - Redondo Fishing Pier/Redondo Restroom
 - 24th Ave South – 223rd to KDM Construction
 - Sound Transit - Federal Way Link Extension
 - Washington State Department Of Transportation Puget Sound Gateway 509

MARINA

- Capital Investment
 - Marina Master Plan
 - Dock Replacement
 - Tenant Restroom
 - Adaptive Purpose Building
 - Land based boat storage
 - South seawall replacement with landscaping and pedestrian enhancements
- Marina Redevelopment/Landside
 - RFQ Issuance
- Increased Activity
 - SR3
 - Ranger Tugs
 - Quarterdeck expanded outdoor capacity
- Events/Facilities
 - Efforts to recover from COVID

BUDGET DYNAMIC 2021/2022

SUMMARY OF REVENUE AND EXPENDITURES

- Strategies/Challenges for 2022 Budget
 - Uncertainty of impacts related to COVID/Delta and Lambda Variants
 - Continuing coordination of City activities (i.e., revenues and expenditures) with Emergency Operations Center
 - Cost of Living and benefit increases are currently not programmed in the budget
 - We await Federal numbers that will come later in the year to establish trend
 - Will be fundamental to our future labor negotiations
 - Employee retention and recruitment
 - Tools and technology
 - Start-up costs for the Parks Department and programs
 - Council decision of disposition of ARPA Funds on September 16, 2021

2021-2022 GENERAL FUND

	<u>CONTINUATION OF COVID</u>	<u>CONTINUATION OF COVID</u>	<u>RECOVERY/ REFORM/ REDEVELOPMENT</u>
	<u>BUDGET 2021</u>	<u>REVISED BUDGET 2021</u>	<u>BUDGET 2022</u>
BEGINNING FUND BALANCE	\$ 5,074,059	\$ 6,564,775	\$ 3,866,548
Operating Revenues	23,134,622	20,632,519	22,262,801
Operating Expenditures	<u>(23,858,633)</u>	<u>(21,687,784)</u>	<u>(22,350,657)</u>
Net Activity ("Operating revenues over (under) operating expenditures")	<u>(724,011)</u>	<u>(1,055,265)</u>	<u>(87,856)</u>
<u>ONE-TIME ACTIVITIES</u>			
Revenues			
Sound Transit	168,000	388,000	373,600
Red Light Running (>\$1.5m)	-	-	-
One-Time Sales & B&O Tax Revenues	<u>400,000</u>	<u>375,000</u>	<u>350,000</u>
Total One-Time Revenues	<u>568,000</u>	<u>763,000</u>	<u>723,600</u>
One-time Expenditures			
Transfer Out - One-Time Sales & B&O Tax to Fund 309	(100,000)	-	-
Temp Court Clerk	-	-	(79,210)
Police Dept - Two Patrol Vehicles	(70,000)	(70,000)	-
Police Dept - Body Cameras & Storage	(140,000)	-	-
Police Dept - In Car Cameras	(25,000)	(25,000)	(25,000)
Transfer to CIP - North Bulkhead Project	-	(1,540,000)	-
Transfer to CIP - Activity Center Floor (Provine Estate Proceeds)	(51,000)	(51,000)	-
Transfer to CIP - Marina Redevelopment	(35,000)	(35,000)	-
Professional Svcs	(80,000)	(80,000)	(50,000)
Sound Transit related expenditures	(168,000)	(388,000)	(373,600)
Senior Services EATS Program	-	(30,000)	-
B&O Tax System and Portal	(35,000)	(35,000)	-
HR Intern (Limited Term)	-	(40,000)	-
HR Specialist (Limited Term) - partially funded with Financial System Replacement	(47,002)	(47,002)	-
Metro Shuttle Svcs Pilot Program	(64,960)	(64,960)	-
Total One-Time Expenditures	<u>(815,962)</u>	<u>(2,405,962)</u>	<u>(527,810)</u>
ENDING FUND BALANCE	\$ 4,102,086	\$ 3,866,548	\$ 3,974,482
GFOA Target of 60 days (approx. 16.67%)	<u>3,977,234</u>	<u>3,615,354</u>	<u>3,725,855</u>
Reserve (shortfall) surplus to GFOA Target	<u>124,852</u>	<u>251,194</u>	<u>248,627</u>
Ending Reserve - % Total Operating Expenditures	17.19%	17.83%	17.78%

NOTE: This summary was presented and discussed at the August 5, 2021 Budget Retreat. Amounts in the columns for Revised Budget 2021 and Budget 2022 are dynamic and subject to change.

FINANCE UPDATE ON OTHER FUNDS

SPECIAL REVENUE FUNDS:

- Fund 105 - Development Fund
- Fund 114 - ARPA Fund (anticipated)

ENTERPRISE FUNDS:

- Marina Fund
- SWM fund

CAPITAL FUNDS: Six-Year Capital Improvement Plan

2021-2022 DEVELOPMENT FUND

	<i>CONTINUATION OF COVID</i>	<i>CONTINUATION OF COVID</i>	<i>RECOVERY/ REFORM/ REDEVELOPMENT</i>
	BUDGET 2021	REVISED BUDGET 2021	BUDGET 2022
<i>BEGINNING FUND BALANCE</i>	\$ 4,272,119	\$ 4,662,946	\$ 4,358,997
Revenues	2,642,859	2,642,859	2,891,294
Expenditures	(3,112,496)	(3,100,195)	(3,685,246)
<i>Other Expenditure Reductions</i>	-	-	-
<i>Net Activity</i>	(469,637)	(457,336)	(793,952)
Sound Transit Revenues	506,044	459,664	314,460
Sound Transit Expenditures	(240,497)	(306,277)	(372,047)
<i>Sound Transit Net Activity</i>	265,547	153,387	(57,587)
<i>ENDING FUND BALANCE</i>	\$ 4,068,029	\$ 4,358,997	\$ 3,507,459

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2021-2022 MARINA FUND

	BUDGET 2021	REVISED BUDGET 2021	BUDGET 2022
<i>BEGINNING WORKING CAPITAL</i>	\$ 3,069,761	\$ 3,533,091	\$ 3,242,329
Operating Revenues	4,464,966	4,464,966	4,488,426
Operating Expenses	(3,310,700)	(2,986,582)	(3,206,056)
<i>Operating Income (Loss) excluding depreciation</i>	1,154,266	1,478,384	1,282,370
Transfers In from 1-Time Sales Tax Fund for Capital	50,000	50,000	-
Bond Proceeds (Placeholder)	-	-	6,000,000
Capital Improvements	(480,000)	(1,039,000)	(3,831,000)
Debt Service	(780,146)	(780,146)	(779,468)
Total Capital Improvements & Debt Service	(1,210,146)	(1,769,146)	1,389,532
<i>Total Net Activity</i>	(55,880)	(290,762)	2,671,902
<i>ENDING WORKING CAPITAL</i>	\$ 3,013,881	\$ 3,242,329	\$ 5,914,231

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2021-2022 SURFACE WATER MANAGEMENT FUND

	BUDGET 2021	REVISED BUDGET 2021	BUDGET 2022
<u>BEGINNING WORKING CAPITAL</u>	\$ 8,017,023	\$ 7,189,295	\$ 6,026,210
Operating Revenues	4,413,440	4,458,440	4,643,847
Operating Expenses	(3,255,106)	(3,242,525)	(2,455,106)
<i>Operating Income (Loss) excluding depreciation</i>	1,158,334	1,215,915	2,188,741
Storm Drainage Hook-Up Fees	65,000	65,000	65,000
Interest Income	47,500	35,000	50
Capital Improvements	(2,940,000)	(2,479,000)	(4,569,000)
<i>Total Change</i>	(1,669,166)	(1,163,085)	(2,315,209)
<u>ENDING WORKING CAPITAL</u>	\$ 6,347,857	\$ 6,026,210	\$ 3,711,001
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NEXT STEPS

City Administration (per our statutory requirement) provide to Council a recommended 2022 City budget in early October, 2021

- Council will review budget at two public hearings
 - First reading in mid-October
 - Second reading in mid-November
- City Council adoption of Capital Improvement Plan September 2, 2021
- ARPA Disposition
 - Council to provide inputs regarding projects/programs by September 8, 2021
 - Staff will compile all the input and provide to Council in advance of the September 16, 2021 meeting (including recommendations previously made by the Administration)
 - Council to discuss and review all proposals at the September 16, 2021 meeting