2027-2028 BUDGET WORKSHOP

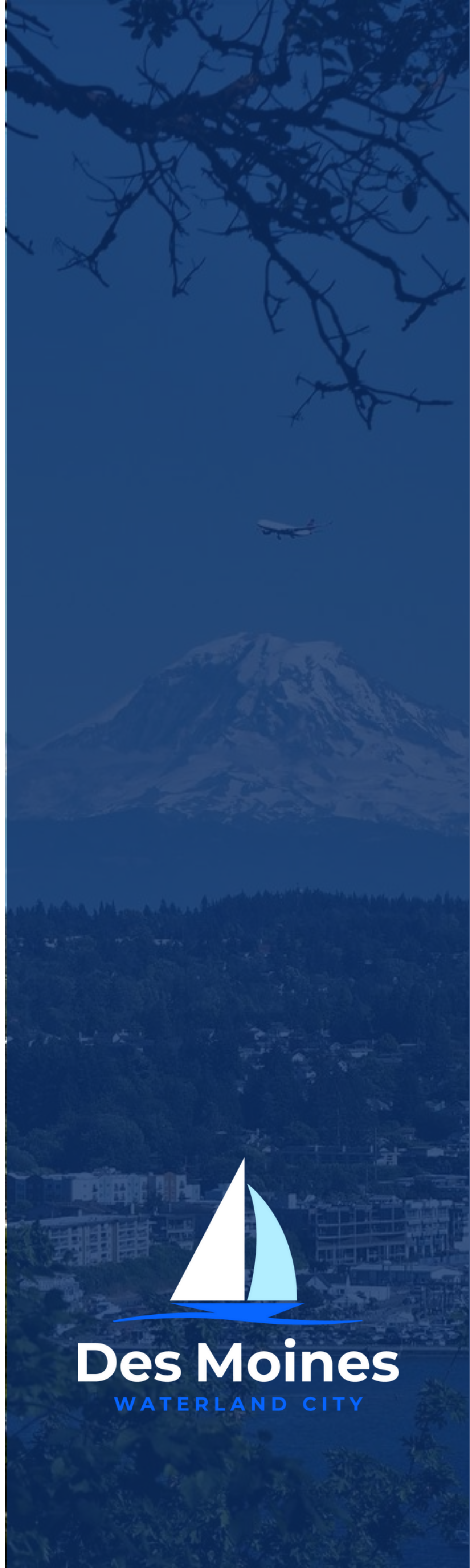
Des Moines
WATERLAND CITY

September 12, 2026

Presented By:
Katherine Caffrey, City Manager
Jeff Friend, Finance Director

27-28 Budget Workshop Agenda (9AM-12PM)

Section	Approximate Time
Welcome and Budget Overview	10 mins
Expenditures and Investments Budget Priorities and Investments Q&A	45 mins
Break	10 mins
Revenues Q&A Potential Revenues Q&A	40 mins
Closing the Gap	5 mins
Council Discussion	45 mins
Next Steps and Wrap Up	5 mins



Setting the Stage

The proposed 2027 – 2028 budget is balanced.

Today we'll walk through how we got there, the choices reflected in the proposed budget and where Council direction is needed.

UNDERSTAND

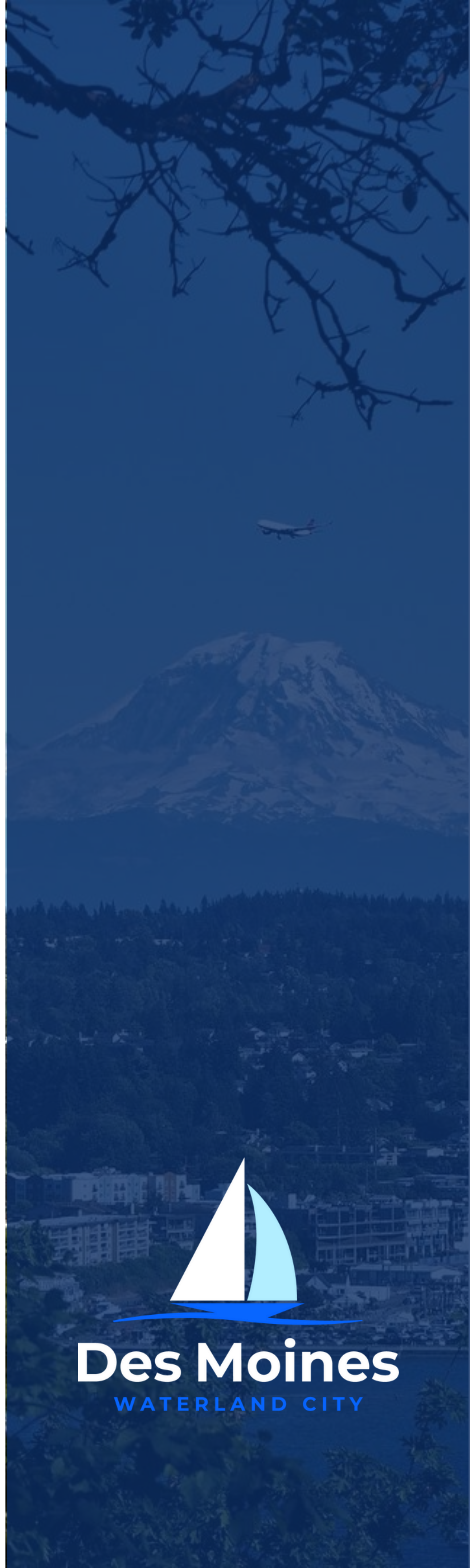
The financial picture and pressures shaping the budget.

REVIEW

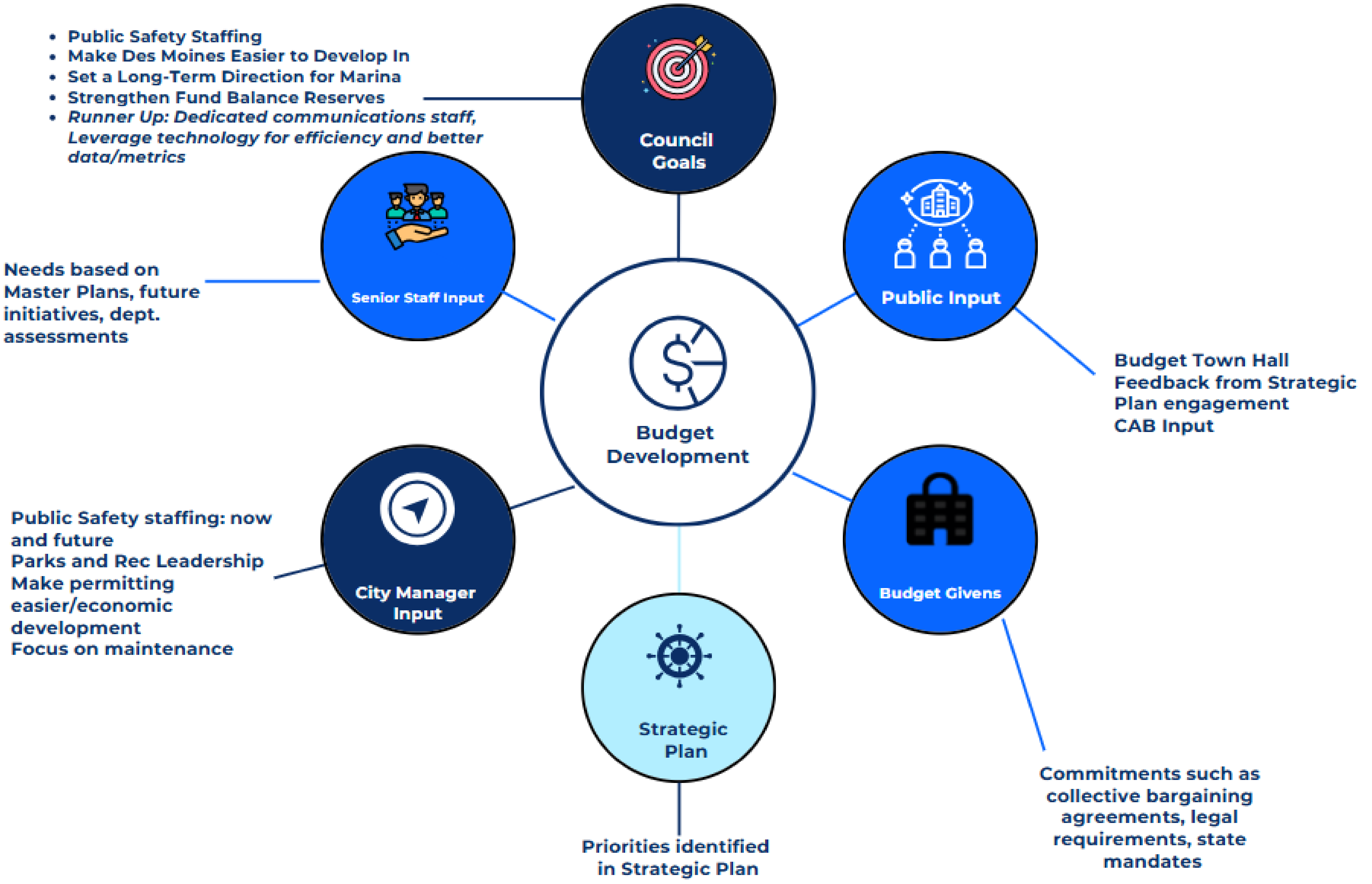
The choices, investments and revenues used to reach balance.

PROVIDE DIRECTION

Policy considerations, revenue options and any changes Council wants to explore.



Building the Proposed 27-28 Budget



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What We Heard

What We Heard at the Budget Town Hall

Held August 18, 2026

Who Was There

37 Attendees: From across the city, with most attendees indicating they live in the Marina District or Central Des Moines.

Public Safety Comes First

"What's the one thing you don't want us to cut funding for?" The most frequent response was public safety — police, animal control, mental health co-responders.

Parks & Trails

Second only to public safety: Residents consistently expressed support for preserving passive natural areas, investing in active park programs, and hosting more community events in local parks. Support for new youth and teen programming was expressed.

Invest in Economic Development

"As we build this budget, what should we keep in mind?" Attendees want the City to grow its tax base through business, not homeowners. They talked about incentives and penalties to get vacant lots and empty buildings developed.

Managing Costs

Keep in Mind: Asked what they'd trim to fund something else, groups pointed to overhead, consultants, and reducing redundancies. They also asked the City to take care of what it already owns before building something new.

Budget Priorities

Budget Priorities: The vast majority of attendees indicated they "strongly agree" or "agree" with priorities of public safety staffing, permitting improvements, long-term vision for the Marina, and increased fund balance reserves.

CAB Meeting

"What matters most?"

- ❑ Public safety
- ❑ Think about the long term
- ❑ Grow revenue, future development
- ❑ Downtown development
- ❑ Pedestrian safety
- ❑ Communications
- ❑ Parks and Rec- make this a place for families

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Budget Pressures and Financial Impact

Budget Pressures

- **Health Care Costs** — HEALTH CARE COST PRESSURE: **10% – 16%** Projected premium increases for 2027
- **Collective Bargaining Agreements**
- **Economic Uncertainty and Inflation**
- **Limited Options for New Revenue**
- **Minimal Tax Revenue Growth**
- **State Tax Structure**
- **Service Expectations**

Financial Impact

	2027	2028
Health Care Costs	$2,919,174	$3,080,295
Increased Public Defender Costs	$400,000	$400,000
Anticipated CBA Wage Costs	$292,555	$301,332

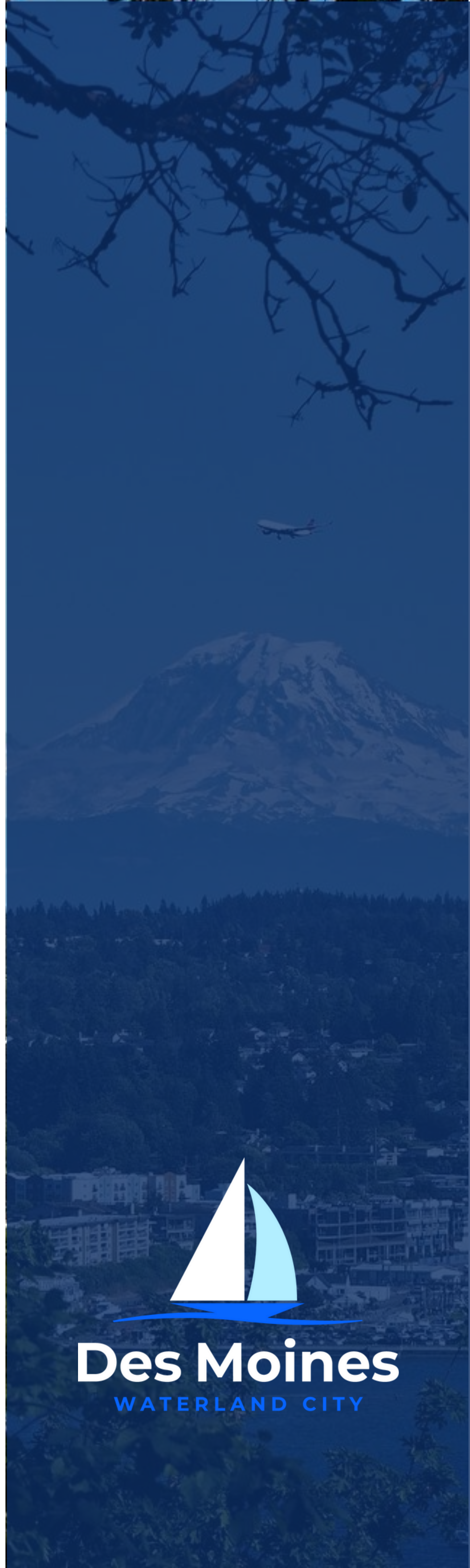
Where We Started: The Budget Challenge

INITIAL PROJECTED GENERAL FUND GAP

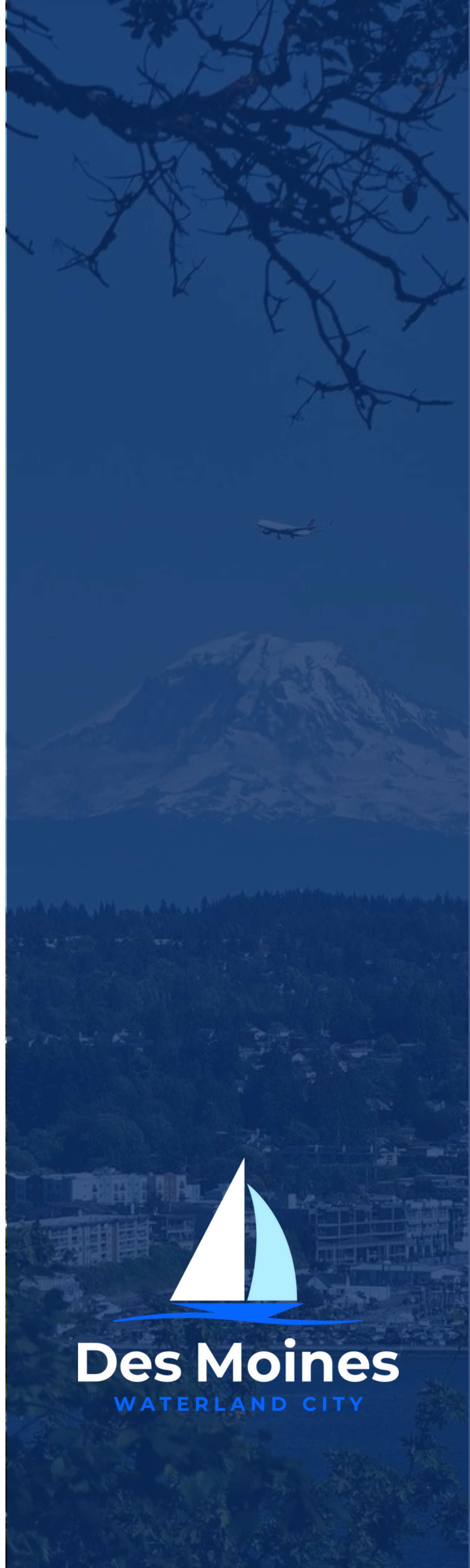
$2 MILLION

STARTING BUDGET GAP

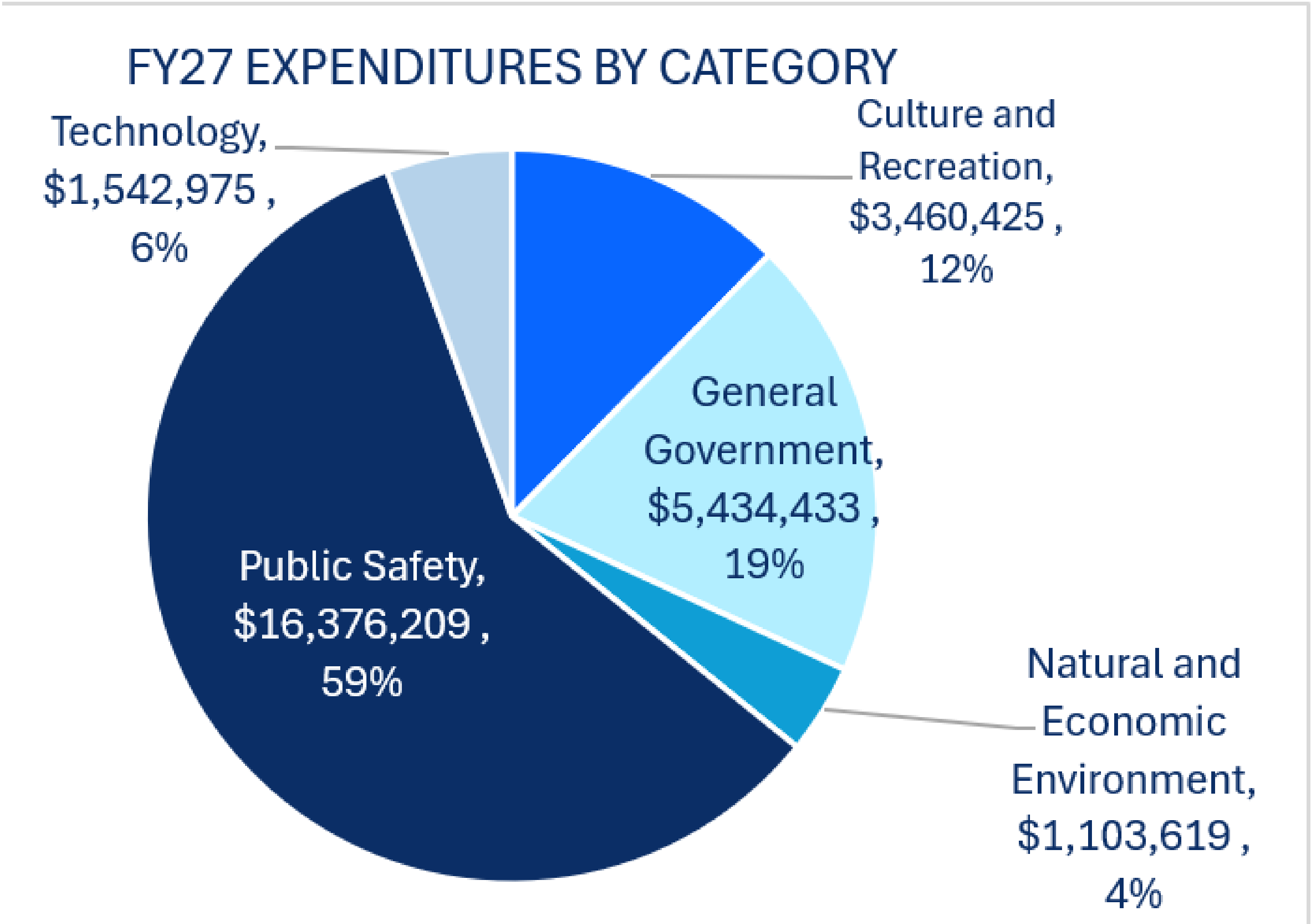
EXPENDITURE CHOICES + REVENUE STRATEGIES

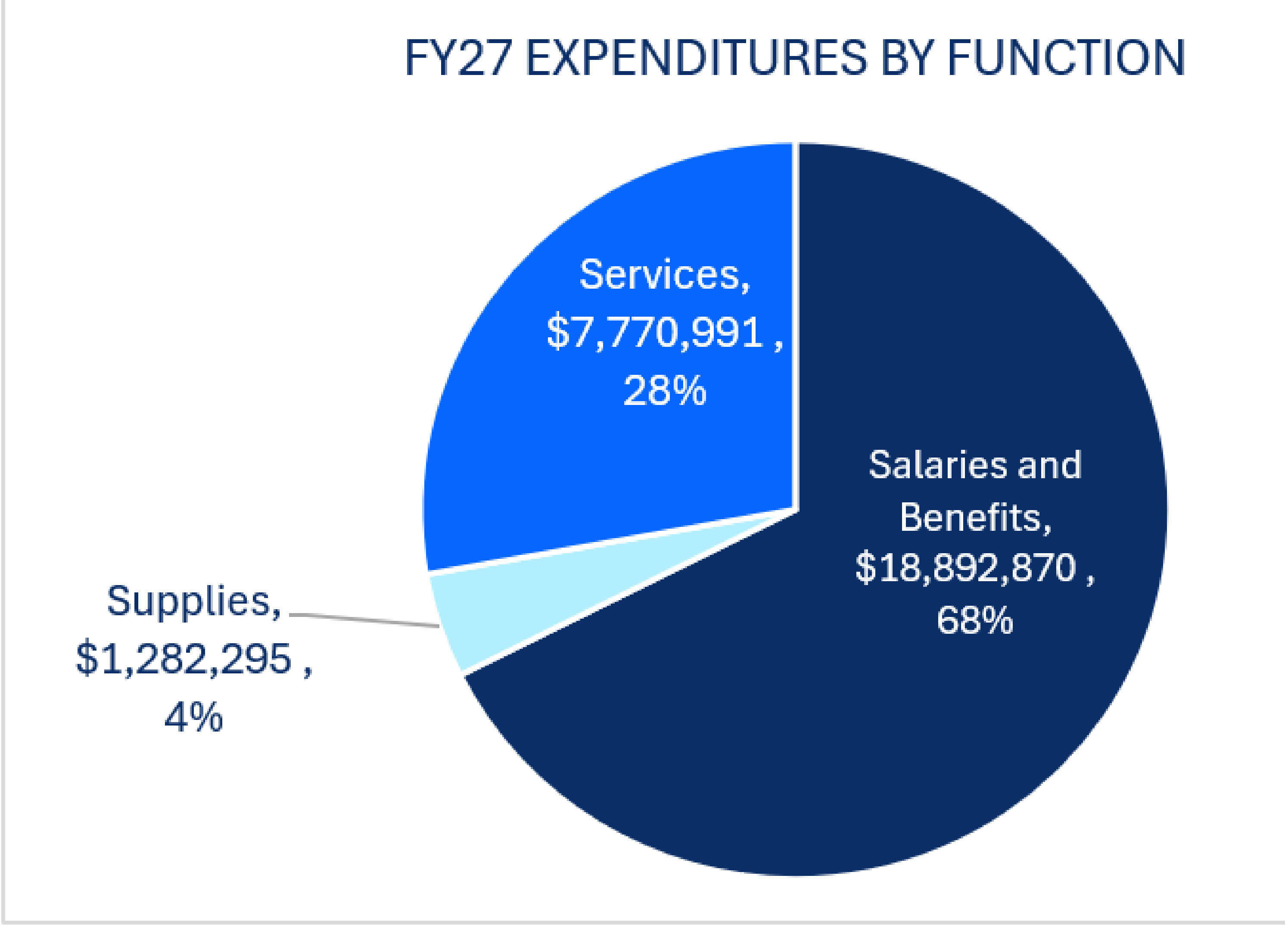


Expenditures



General Fund Expenditure Overview





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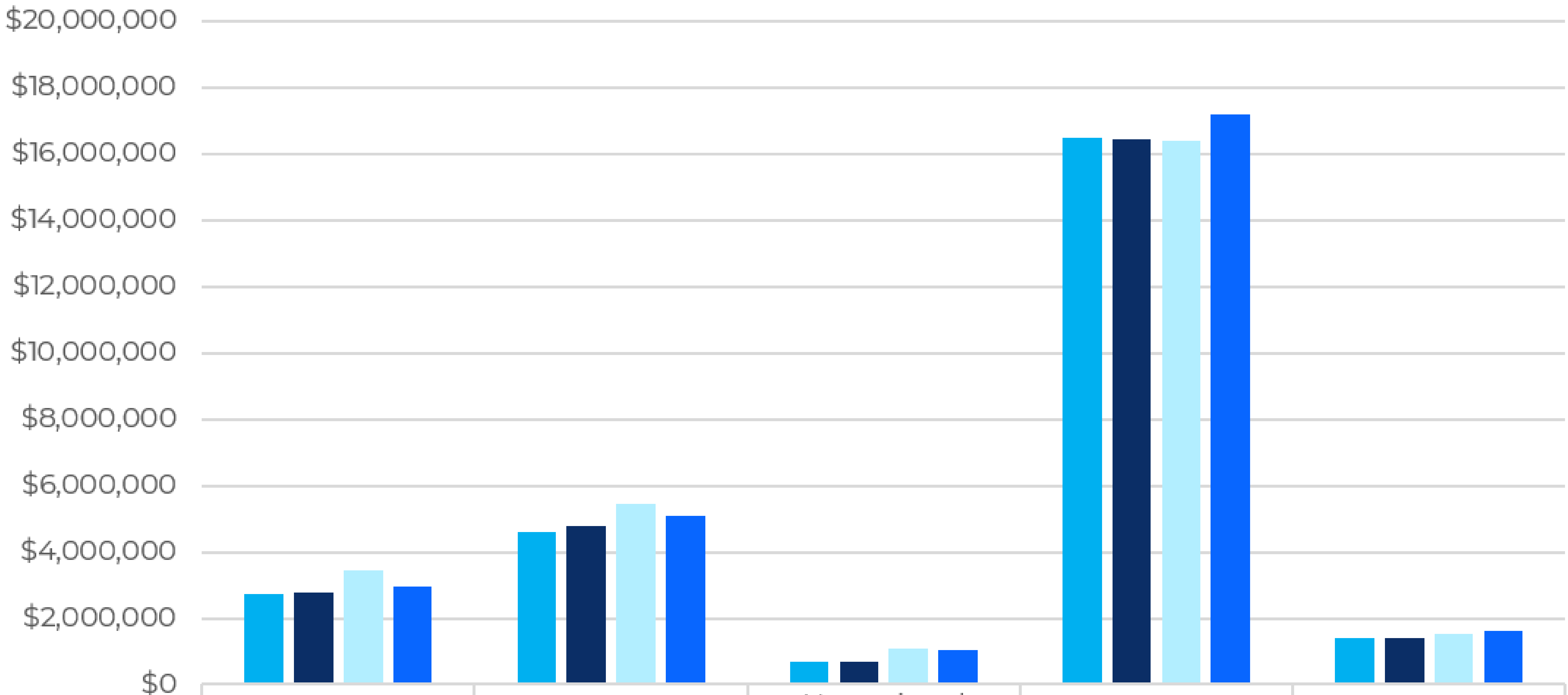
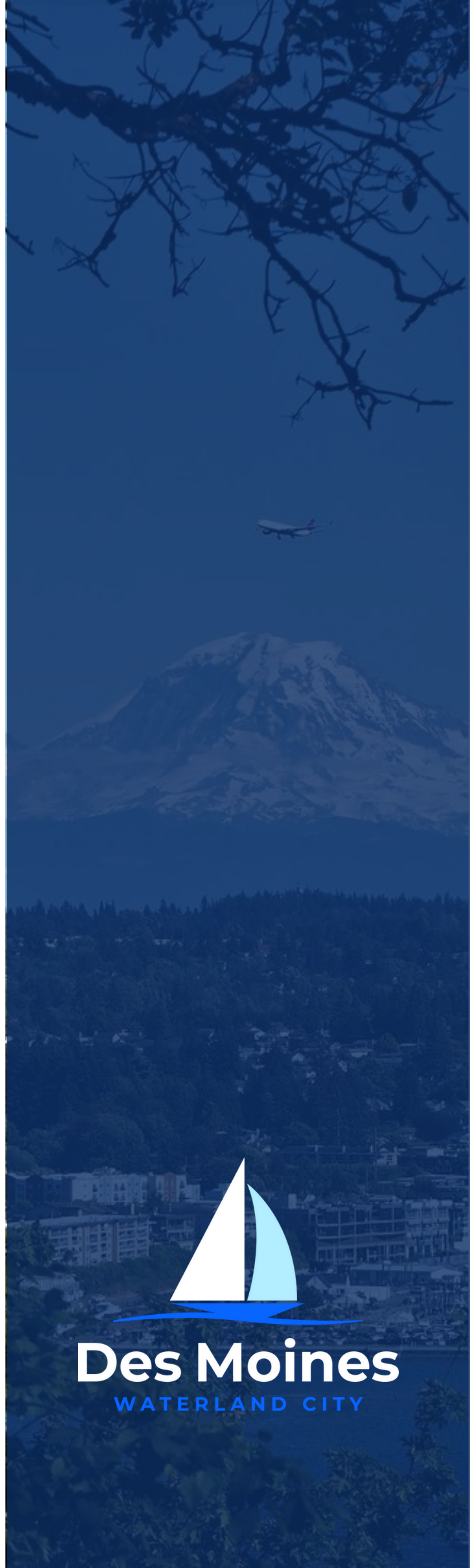
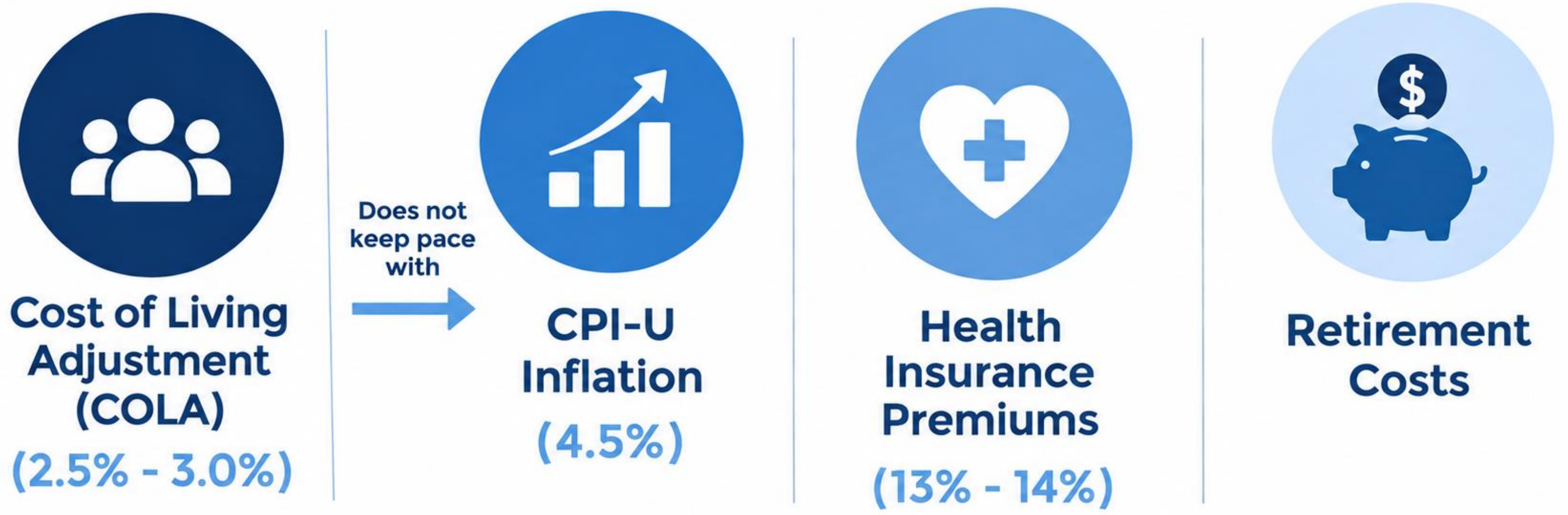
General Fund Expenditure Comparison 2026 - 2028

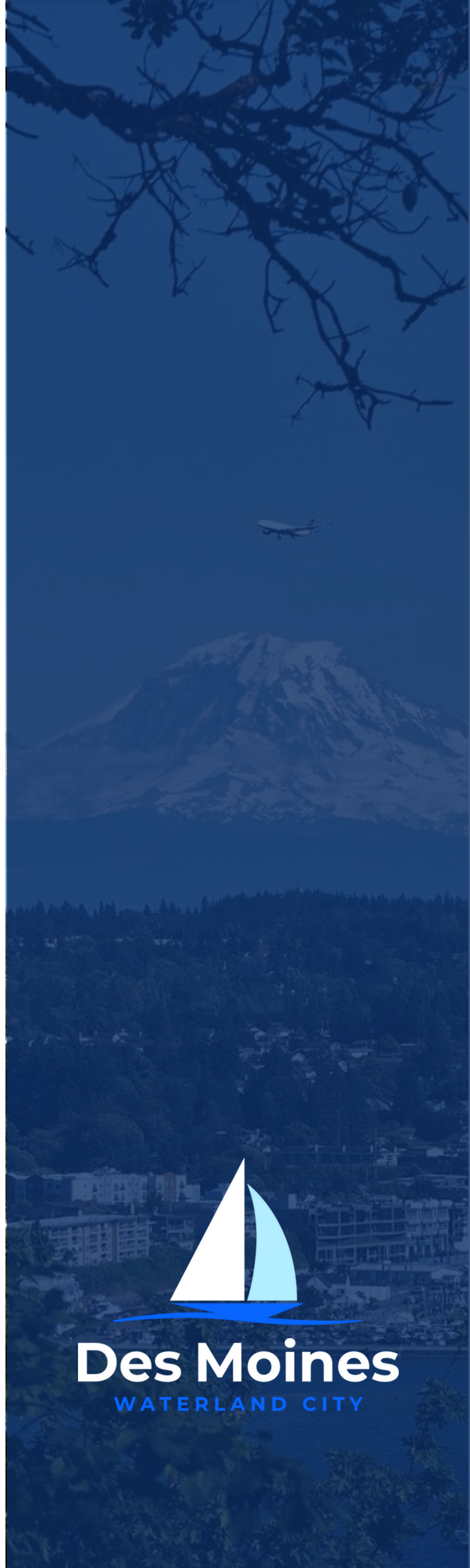


	Culture and Recreation	General Government	Natural and Economic Environment	Public Safety	Technology
2026 Revised Budget	2,755,190	4,612,611	702,193	16,468,409	1,415,449
2026 Projected	2,800,026	4,773,536	698,715	16,418,198	1,397,511
2027 Proposed Budget	3,460,425	5,434,433	1,103,619	16,376,209	1,542,975
2028 Proposed Budget	2,973,955	5,110,017	1,050,906	17,172,731	1,638,547



What’s Driving Up Expenditures?





Requested Budget Enhancements

GENERAL FUND

PERSONNEL / STAFFING

Position	FTE	Department	2027	2028
Communications Manager	1.0	Comms	$172,740	$180,558
HR Assistance	-	Human Resources	$50,000	$50,000
Paralegal/Domestic Violence Advocate to Full-Time	0.15	Legal	$15,000	$15,000
Court Clerks	2.0	Municipal Court	$180,000	$180,000
Parks Director	1.0	Parks and Rec	$232,076	$236,306
Parks Maintenance	2.0	Parks and Rec	$217,464	$222,352
Police Officer	2.0	Police	$304,648	$313,787
Records Specialist	1.0	Police	$90,000	$90,000

OTHER ENHANCEMENTS

Enhancement	Department	2027	2028
Microsoft Licenses for Cloud Migration	IT	$45,000	$20,000
Tyler Cloud Subscription	IT	$50,000	$50,000
Drone Replacement	Police	$20,000	$20,000
K-9 Patrol	Police	-	$25,000
Police Staffing Study	Police	$75,000	-
Police Traffic Motorcycle	Police	$40,000	-
Generator Maintenance	Public Works	$20,000	$20,000

Requested Budget Enhancements: Other Funds

DEVELOPMENT FUND

Requested Enhancement	FTE	Department	2027	2028
Permit Services Manager	1.0	Community Development	$159,205	$164,836

STREETS FUND

Requested Enhancement	FTE	Department	2027	2028
Streetlight Fixtures	-	Public Works	$80,000	$30,000

SURFACE WATER MANAGEMENT FUND

Requested Enhancement	FTE	Department	2027	2028
Tree Canopy Program*	-	Public Works	$150,000	$150,000
SWM Civil Engineer I-Limited Term	1.0	Public Works	-	$157,000

COMPUTER REPLACEMENT FUND

Requested Enhancement	FTE	Department	2027	2028
Tyler Munis to Cloud	-	IT	$120,000	-

Staffing Strategy: 27-28 Budget

Position	Staffing Strategy	Funding
Communications Manager	Repurpose a vacant budgeted position	General Fund
Parks & Recreation Director	Repurpose a vacant budgeted position and apply vacancy savings	General Fund and Parks Levy Fund
Parks Maintenance Worker	Add a new position to increase parks maintenance capacity	Parks Levy Fund
Police Officers (2.0)	Add new positions to support public safety staffing	Public Safety Sales Tax / Grant Funds
Permit Services Manager	Add a new position to strengthen permitting capacity	Development Fund

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Requested Budget Enhancement Tradeoffs

All adjustments from the requested enhancement package occurred in the General Fund through staffing restructuring, phased implementation and items not included in the proposed budget.

RESTRUCTURED

Parks Maintenance
GENERAL FUND

Requested
2.0 FTE

Proposed
1.0 FTE

Staffing request reduced

PHASED IMPLEMENTATION

Police Officer*
GENERAL FUND – GRANT FUNDED

2.0 FTE retained

2027	2028
$76,162	$225,317

2.0 FTE retained; Reflects delayed hiring of officers

NOT INCLUDED

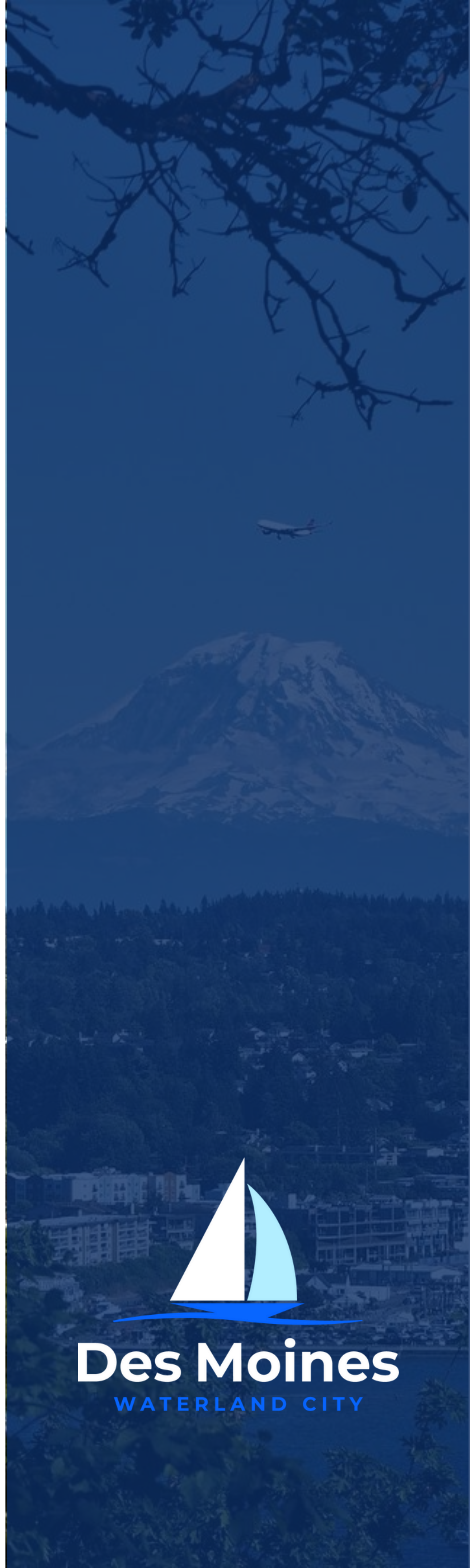
Court Clerks	GENERAL FUND	2.0 FTE
Records Specialist	GENERAL FUND	1.0 FTE
SWM Civil Eng. LT	SWM Fund	1.0 FTE

REDUCTION FROM REQUESTED GENERAL FUND ENHANCEMENTS

2027 | **($352,218)** reduction from requested enhancements

2028 | **($371,646)** reduction from requested enhancements

Budget Priorities and Investments



27-28 Council Selected Priorities

Public Safety Staffing

Make Des Moines Easier to Develop

Set a Long-Term Direction for the Marina

Strengthen Fund Balance Reserves

ALSO IDENTIFIED AS PRIORITIES

- Dedicated communications staff
- Leverage technology for efficiency and better data/metrics

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Charting Our Course

STRATEGIC PRIORITY **PUBLIC SAFETY**

Investment	Funding	2027	2028	What It Accomplishes
(2) Police Officers*	Public Safety Sales Tax & Grant Funding	$76,162	$225,317	Expands frontline capacity to better meet community demand and maintain responsive public safety services.
Drone Replacement	Equipment Replacement Fund	$20,000	$20,000	Maintains technology that helps officers respond more safely and effectively while extending operational capability.
K 9 Patrol	Grant Funding	$0	$25,000	Restores a specialized resource that strengthens field response and gives officers additional capability when responding to complex incidents.
Police Staffing Study	General Fund	$75,000	$0	Evaluates Police Department staffing needs to ensure resources align with service demands, community needs and evolving public safety requirements.

*Personnel costs shown include salary and employer paid benefits.

Charting Our Course

STRATEGIC PRIORITY	ECONOMIC VITALITY

Investment	Funding	2027	2028	What It Accomplishes
Permit Services Manager — (1.0) FTE	Development Fund	$159,205	$164,836	Makes development easier to navigate and move forward, reinforcing that Des Moines is ready to support businesses and investment in the community.

Personnel costs shown include salary and employer paid benefits.

Charting Our Course

STRATEGIC PRIORITY **FINANCIAL STABILITY**

Investment	Funding	2027	2028	What It Accomplishes
Strengthen Fund Balance Reserves	General Fund	$125,000 (18.3%)	$125,000 (18.4%)	Improves the City’s long term financial position and provides greater stability through changing economic conditions.
Build Contingency Funding	General Fund	$100,000	$100,000	Creates dedicated capacity to respond to emergencies and unforeseen costs without disrupting planned services and priorities. Increase of $50k+ from 2026.

Charting Our Course

STRATEGIC PRIORITY	ECONOMIC VITALITY + NATURAL & BUILT ENVIRONMENT

Investment	Funding	2027	2028	What It Accomplishes
Marina Master Plan	Marina Funds	$350,000	$0	Establishes a long-term direction for the Marina, including capital needs, land use and its role in the community and local economy.
South Seawall Engineering Design & Project Management	Marina Funds	$75,000	$3,030,000	Advances engineering for a critical waterfront asset and positions the City for future capital investment.

Charting Our Course

STRATEGIC PRIORITY **ENGAGED AND THRIVING COMMUNITY**

Investment	Funding	2027	2028	What It Accomplishes
Communications Manager — (1.0) FTE	General Fund (repurposed position)	$172,740	$180,558	Builds dedicated capacity to keep the community informed, strengthen public engagement and tell the City's story more consistently and proactively.

Personnel costs shown include salary and employer paid benefits. Repurposing the existing position is estimated to generate approximately $65,000 in ongoing annual savings.

Charting Our Course

STRATEGIC PRIORITY **ORGANIZATIONAL EXCELLENCE**

Investment	Funding	2027	2028	What It Accomplishes
Microsoft Licenses for Cloud Migration	General Fund	$45,000	$20,000	Gives employees modern tools to work more efficiently and better serve the community.
Tyler Cloud Subscription	General Fund	$50,000	$50,000	Shifts system support to Tyler, reducing City server costs and the staff effort needed to maintain infrastructure.
Tyler Munis to Cloud	Computer Replacement Fund	$120,000	$0	Modernizes the City’s core business system while reducing reliance on City maintained servers and infrastructure.

Charting Our Course

STRATEGIC PRIORITY NATURAL & BUILT ENVIRONMENT

Investment	Funding	2027	2028	What It Accomplishes
Streetlight Fixtures	Streets Fund	$80,000	$30,000	Replaces aging streetlights to improve reliability, visibility and safety along City streets.
Tree Canopy Program*	Surface Water Management Fund	$150,000	$150,000	Builds the information needed to protect and manage the City’s tree canopy while supporting long term stormwater planning.

Charting Our Course

STRATEGIC PRIORITY	ENGAGED AND THRIVING COMMUNITY

Investment	Funding	2027	2028	What It Accomplishes
Parks & Recreation Director	General Fund/Parks Levy Fund (repurposed position)	$232,076	$236,306	Establishes dedicated leadership to strengthen Parks and Recreation services, long range planning and accountability for a cornerstone of City services.
Parks Maintenance — (1.0) FTE	Parks Levy Fund	$108,732	$111,176	Adds additional capacity to improve the care and upkeep of parks, facilities and public spaces.
Parks & Recreation Master Plan	Grant Funding/ General Fund (Applied for $125K grant funds)	$65,000	$0	Leverages grant funding to establish long term priorities for parks, facilities, recreation programs, community services and future investment. Update required by State.

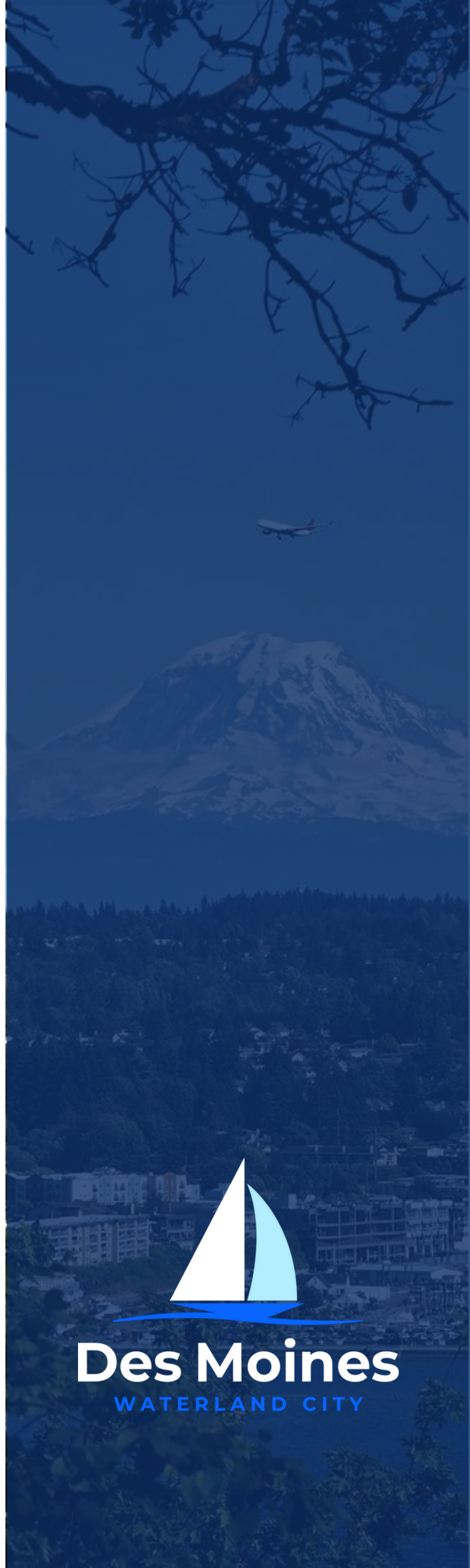
Note: Personnel costs shown include salary and employer paid benefits. The Parks & Recreation Director reflects a total position cost of $232,076 in 2027 and $236,306 in 2028. After repurposing existing position funding, the **estimated** net new cost is approximately $80,000 annually.

27–28 Priorities Driving the Budget

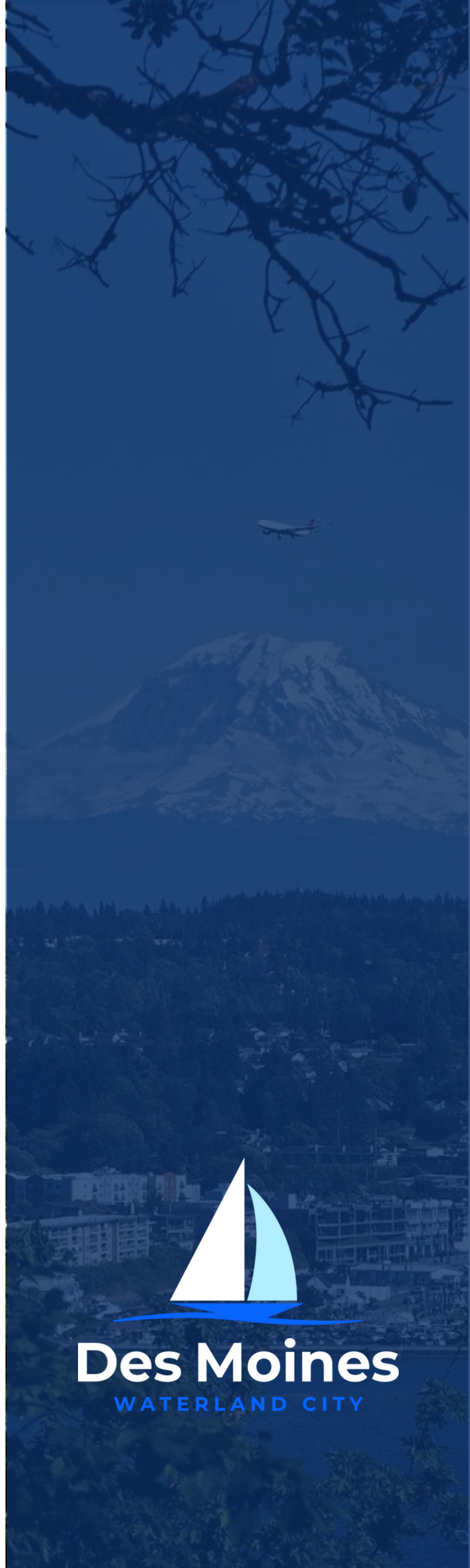
Key Investments

- PUBLIC SAFETY STAFFING
- PARKS & RECREATION (CES)
- DEVELOPMENT & PERMITTING
- MARINA & WATERFRONT
- TECHNOLOGY & BUSINESS SYSTEMS
- COMMUNICATIONS & ENGAGEMENT

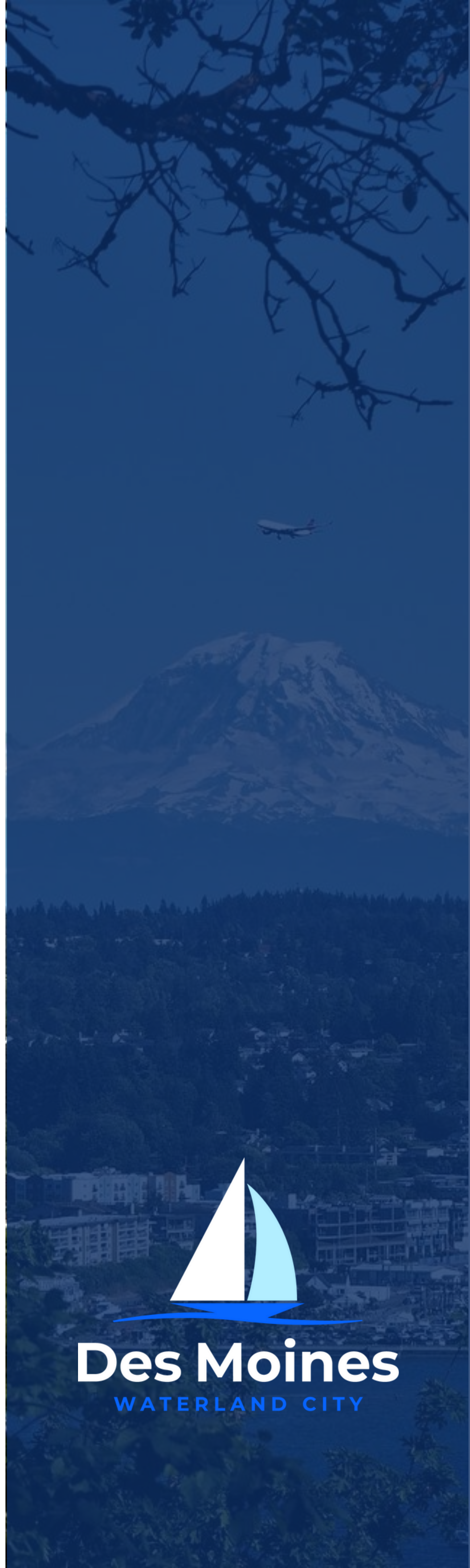
FINANCIAL STABILITY



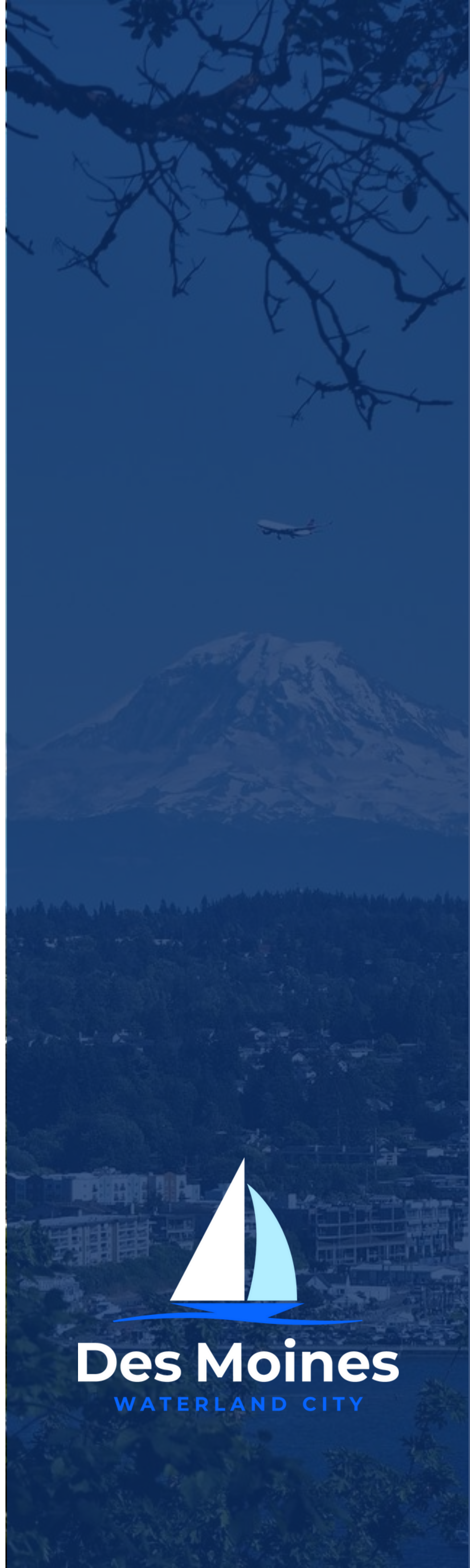
Expenditures and Investments
Q&A



Break
(10 Minutes)



Revenues



General Fund Revenue Overview

Revenue Source	2026 Revised Budget	2026 Projected	2027 Proposed Budget	2028 Proposed Budget	2027 vs. 2026 Projected	
					$ Change	% Change
Taxes	$18,510,000	$18,985,727	$19,553,023	$19,808,104	$567,296	3.0%
Charges for Services	$2,297,447	$2,531,827	$2,463,135	$2,431,977	($68,692)	-2.7%
Fines and Penalties	$1,201,000	$1,247,591	$726,000	$727,000	($521,591)	-41.8%
Franchise Payments	$2,188,000	$1,916,262	$2,415,500	$2,540,000	$499,238	26.1%
Licenses and Permits	$470,000	$471,068	$467,201	$467,201	($3,867)	-0.8%
Other	$1,478,606	$2,271,621	$2,934,192	$2,483,392	$662,571	29.2%
Total General Fund Revenue	**$26,145,053**	**$27,424,096**	**$28,559,051**	**$28,457,674**	**$1,134,955**	**4.1%**

Total General Fund revenue is projected to increase $1,134,955 (4.1%)
from the 2026 projected amount based on current trends and the assumptions discussed.

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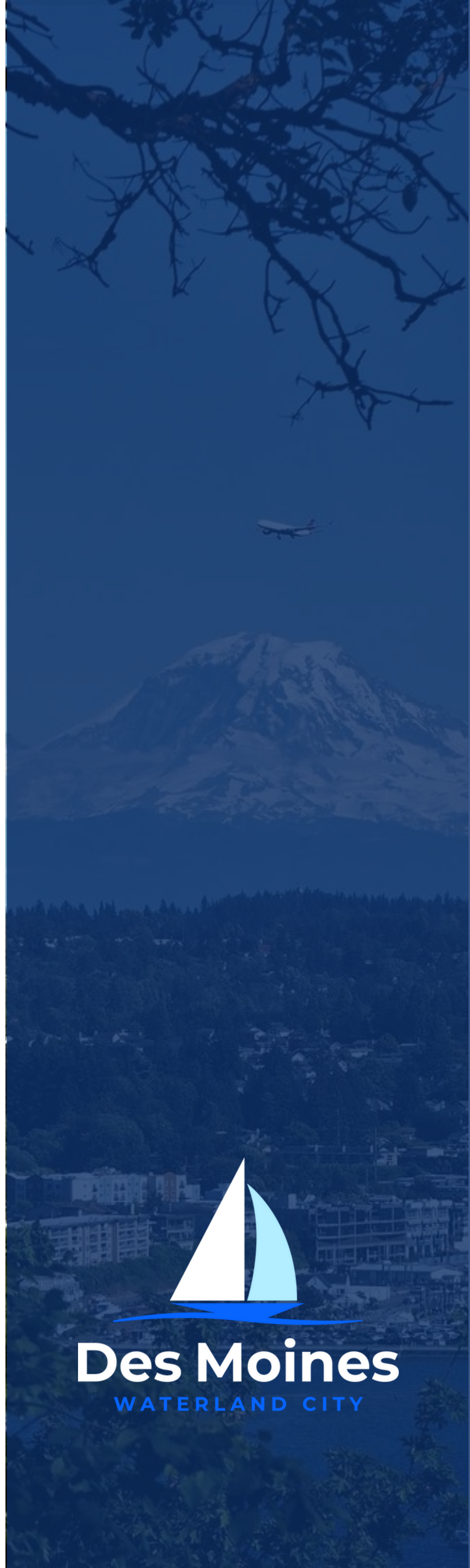
General Fund Revenue

Key Revenue Assumptions for 2027–2028

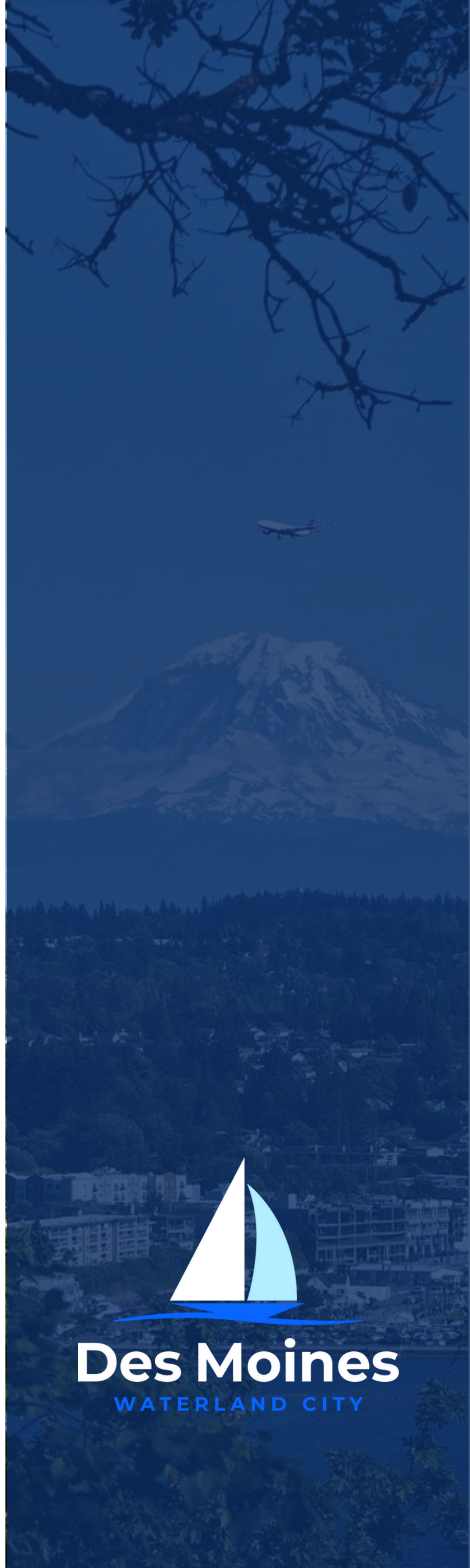
A balanced and realistic forecast based on current trends and known information.

Property Tax 1% increase	**Sales Tax** 2% growth	**Utility Taxes** Moderate increase	**B&O Tax** Stable
Franchise Payments Negotiated increase	**Gambling Tax** $300,000 new revenue	**Red Light Running Infractions** Continued decline	**One-Time Taxes** Decrease

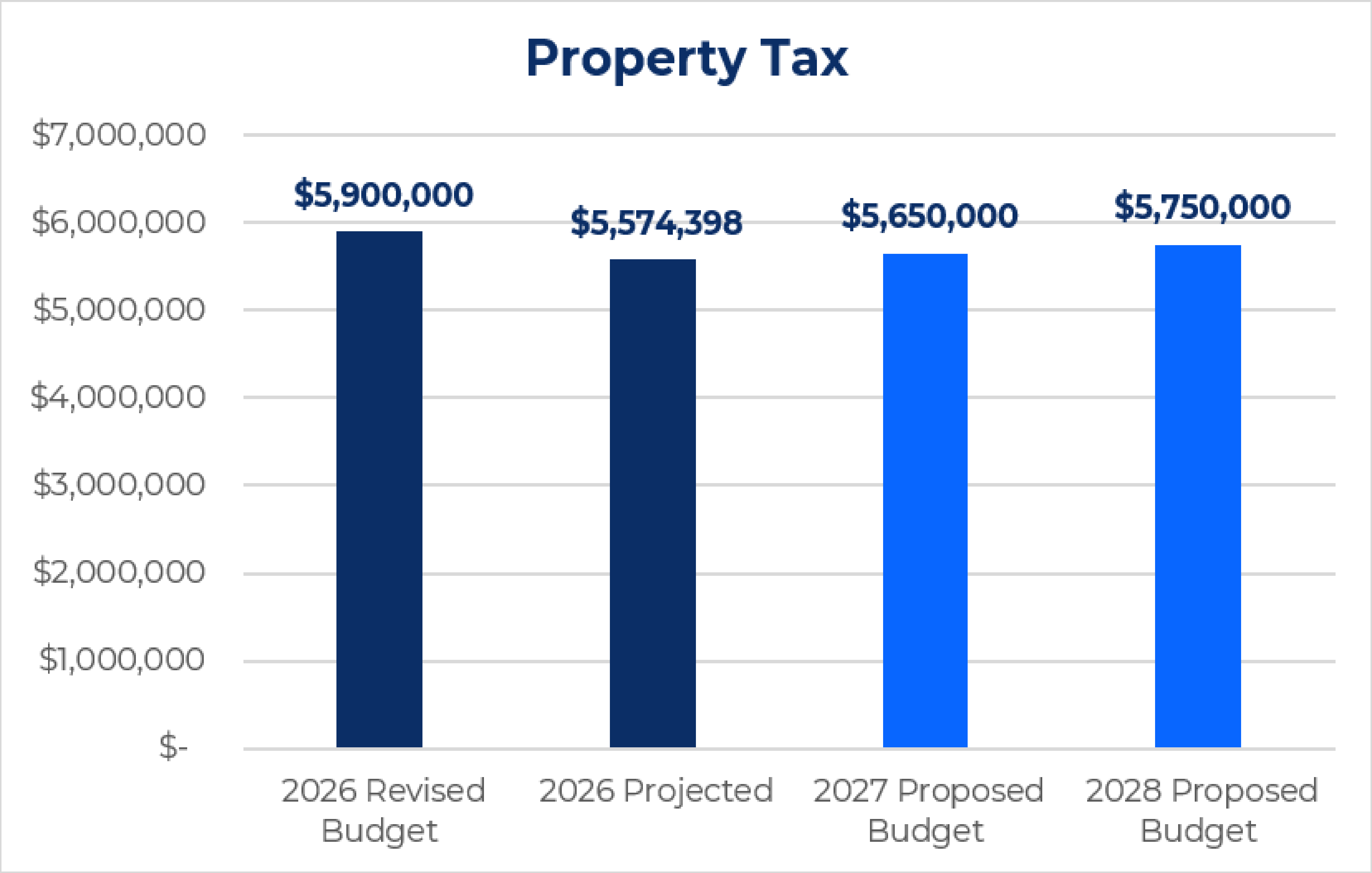
These assumptions reflect a conservative and balanced approach.



General Fund Revenue



General Fund Revenue



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General Fund Revenue

Sales Tax

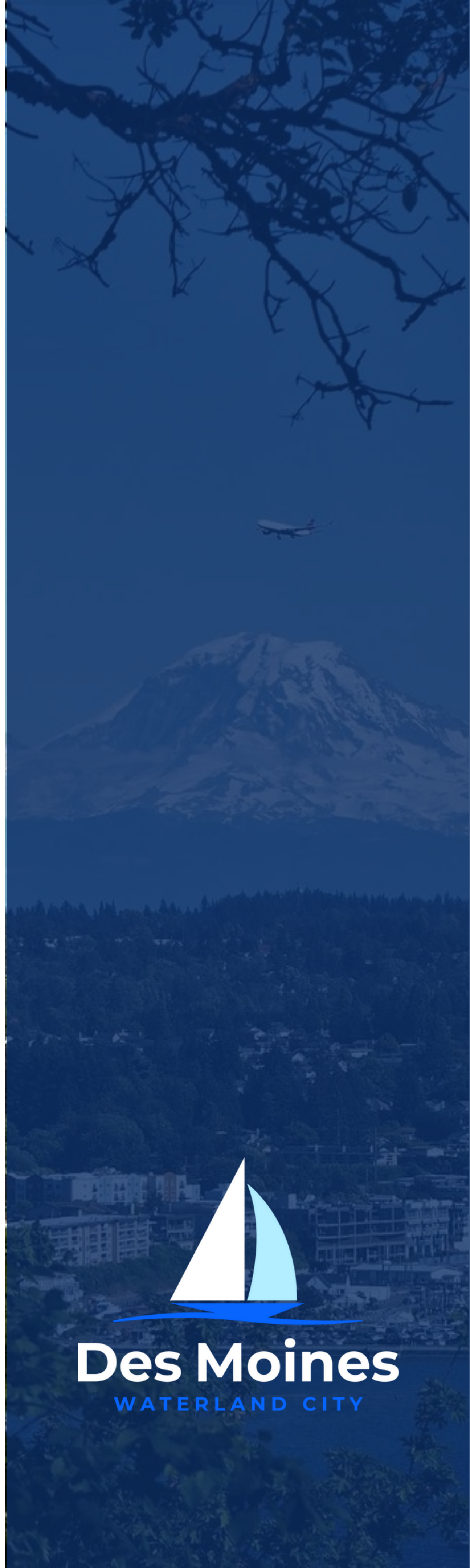
Modest growth in a slower regional economy

Regional forecast shows limited growth

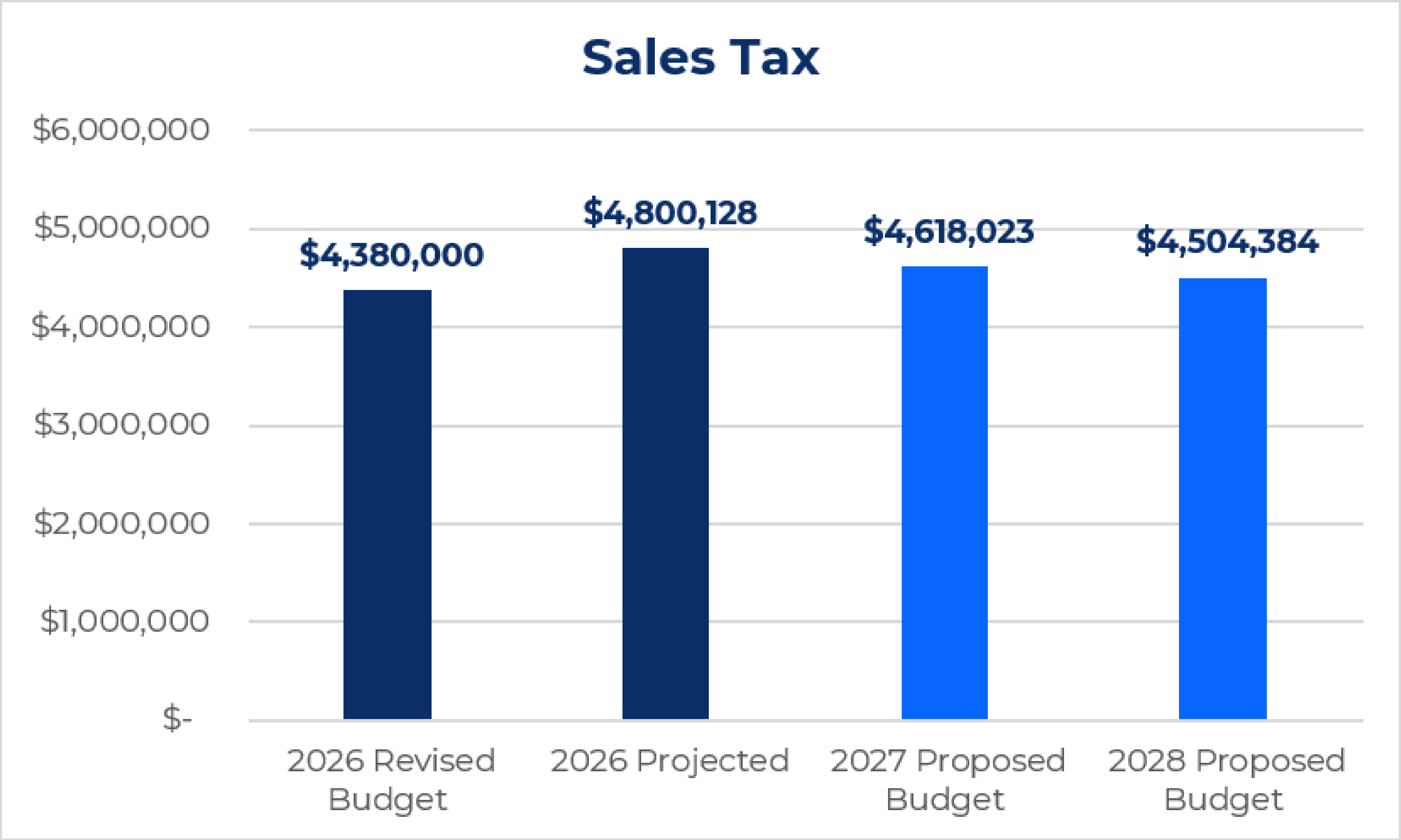
2% annual growth assumption

Sensitive to consumer and business activity

Sales tax is a major General Fund revenue source, but the 2027–2028 budget assumes only modest growth given the regional economic outlook.



General Fund Revenue



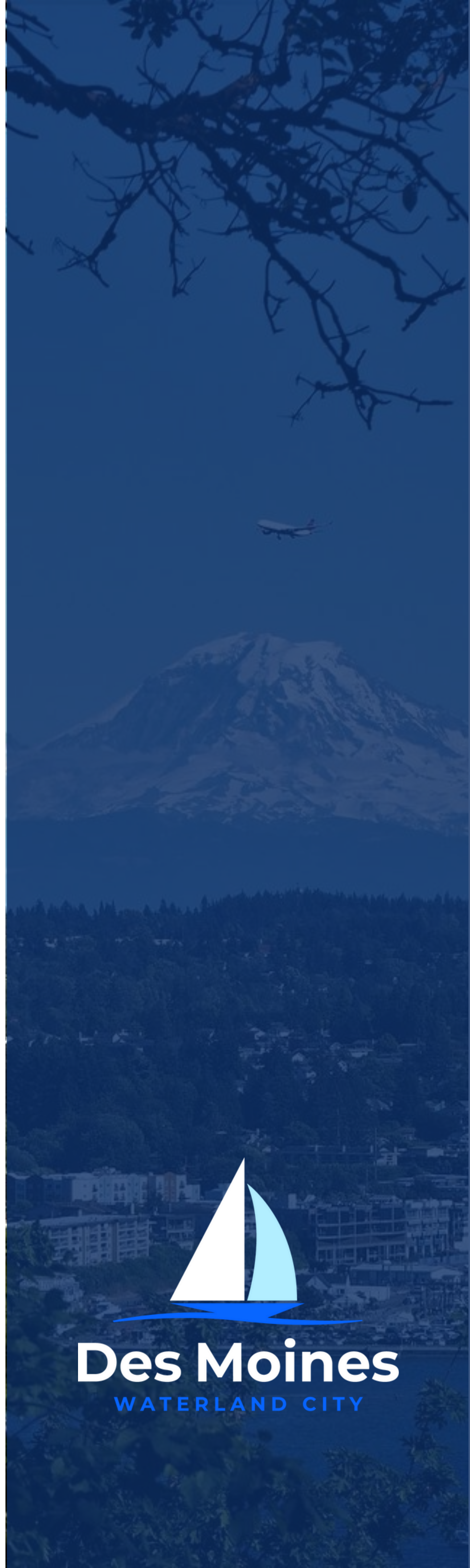
General Fund Revenue

Utility Taxes

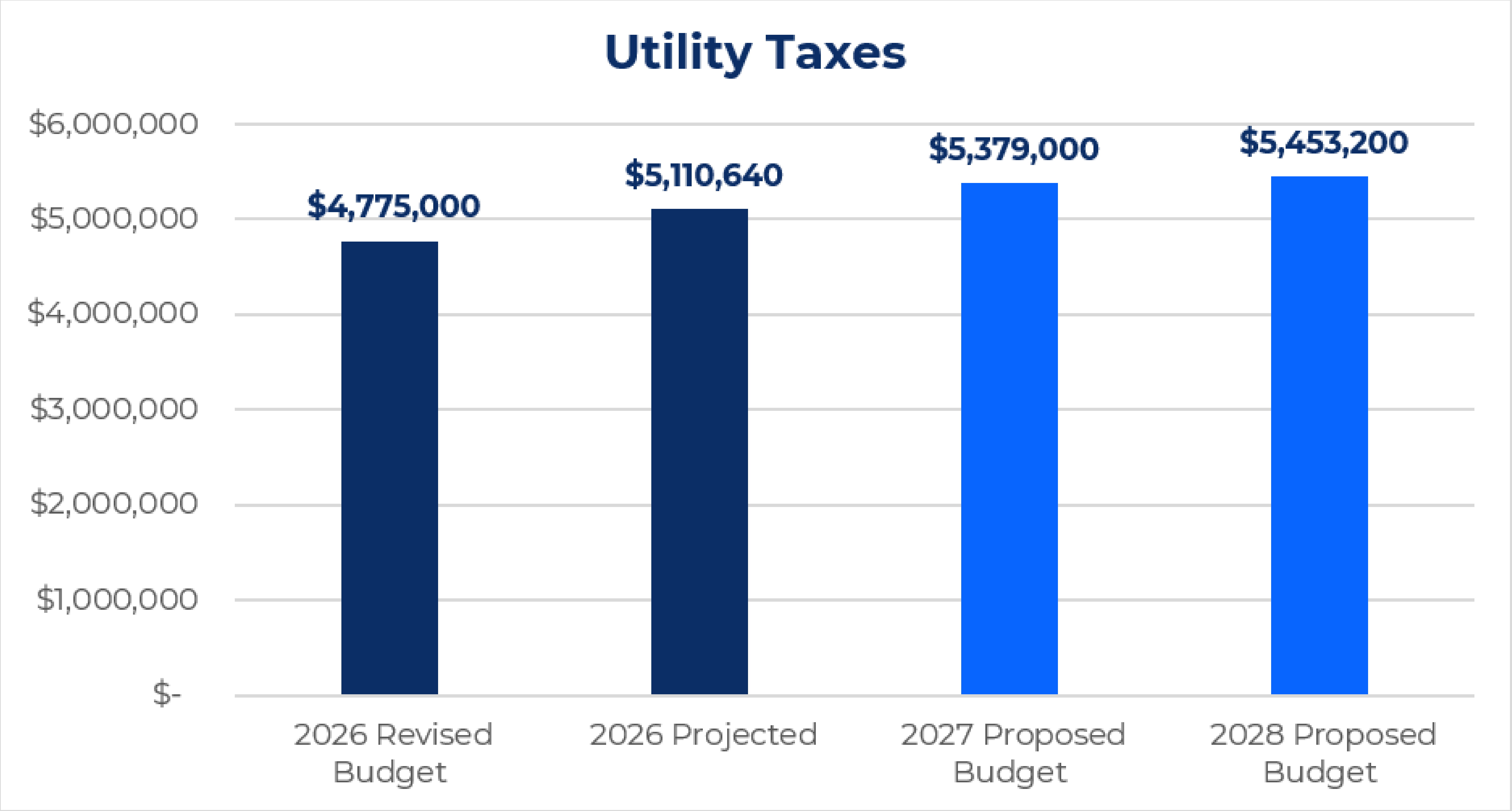
An important and variable revenue source

- **Broad-based revenue source**
- **Changes vary by utility type**
- **Economic and market factors**

Utility taxes represent 17.2% of General Fund revenue, but revenues can fluctuate based on market and economic conditions.



General Fund Revenue



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General Fund Revenue

Business & Occupation Tax

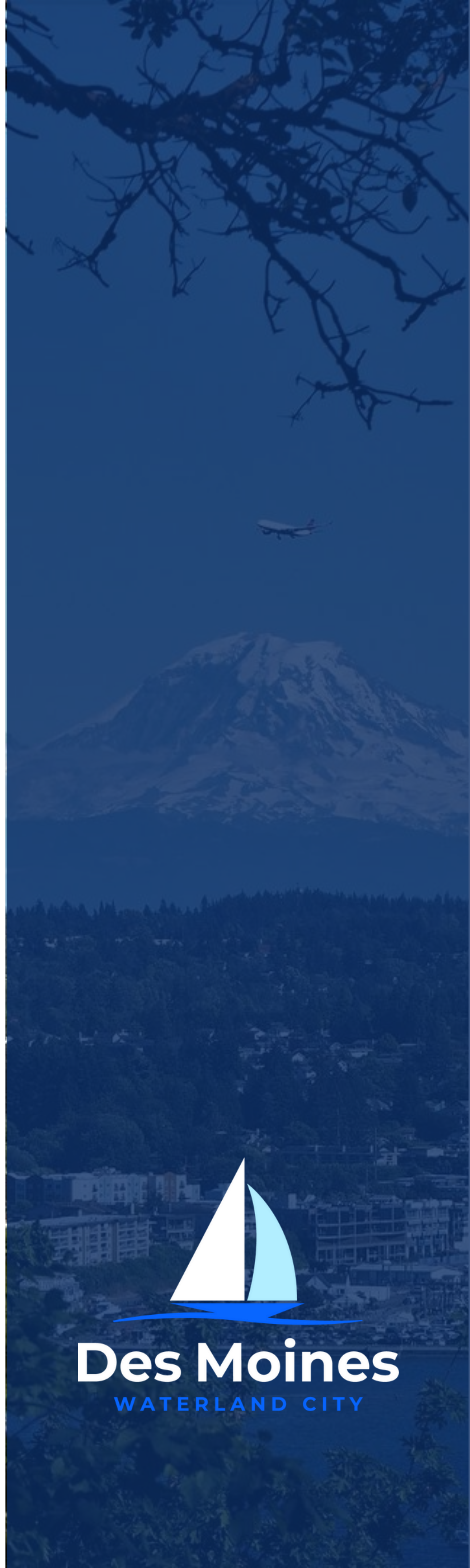
Strong current collections, with a changing revenue mix

Strong 2026 Collections

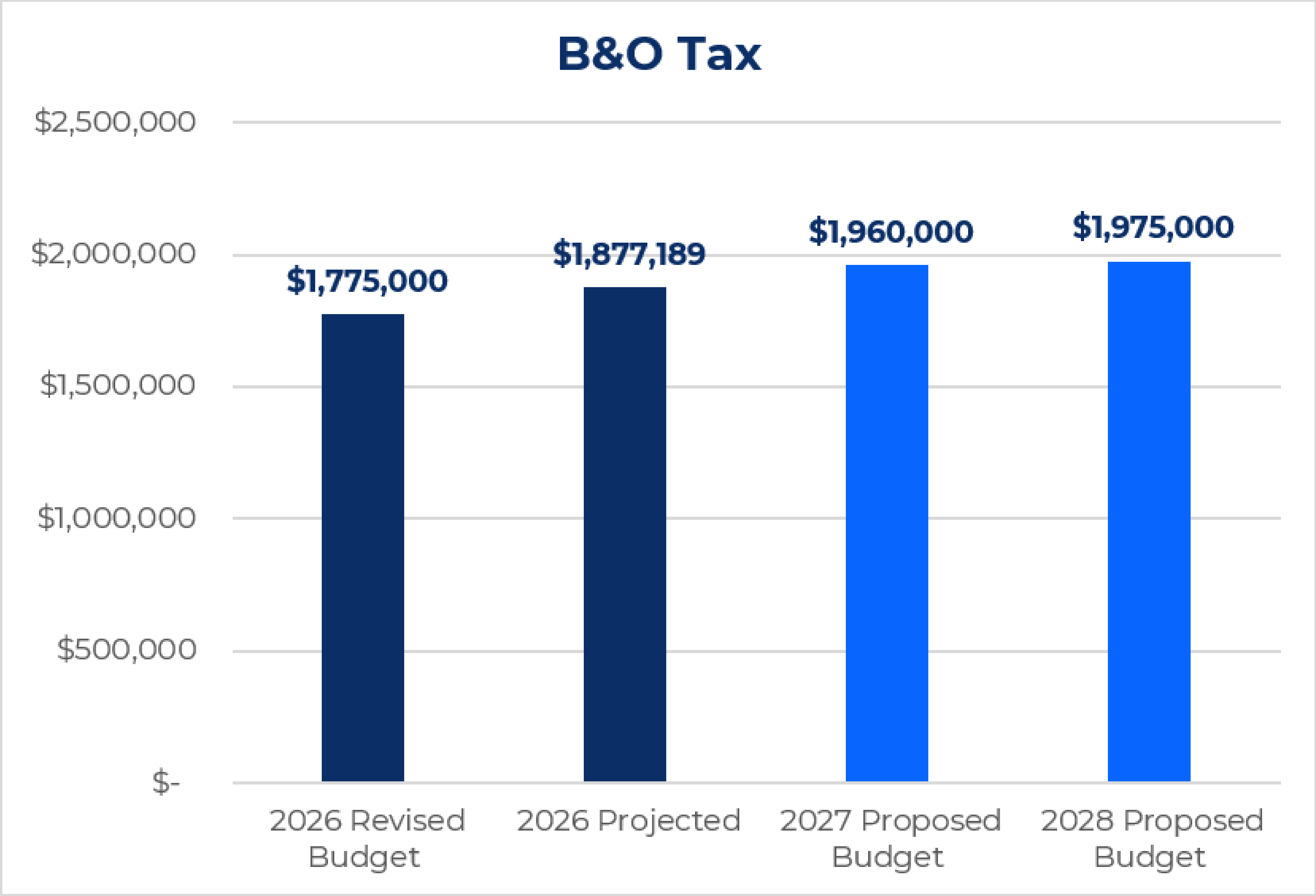
Potential Expansion of the Tax Base

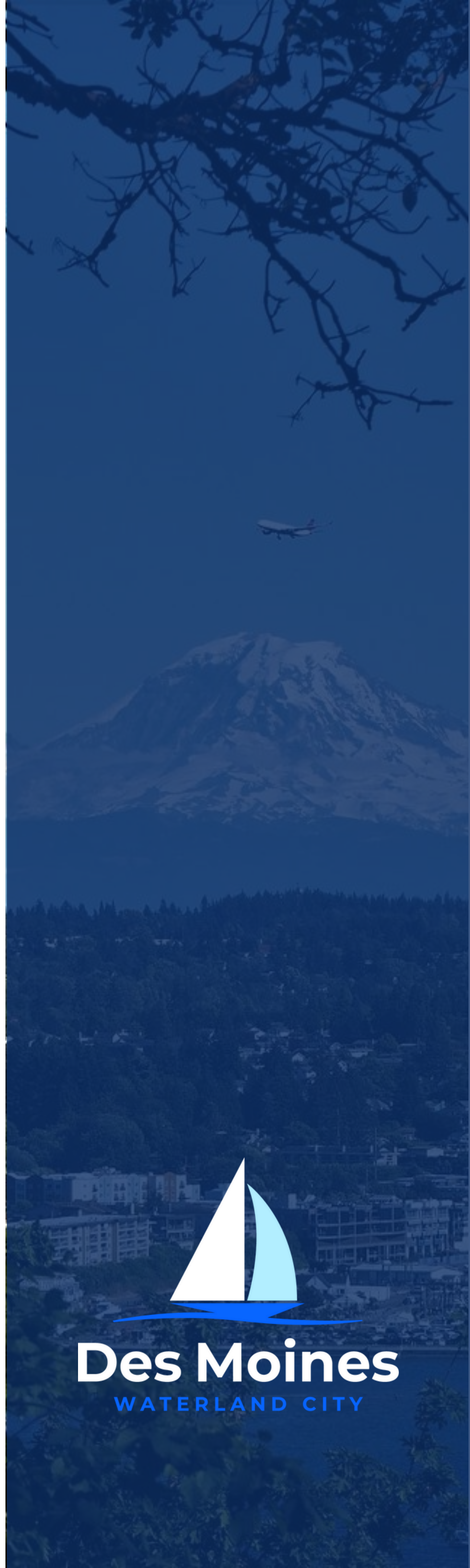
One-Time B&O Expected to Decrease

Improved compliance and a potential broader tax base could strengthen **ongoing B&O revenue**, while one-time B&O collections are expected to decrease as the number of projects paying one-time tax decreases from 2026.



General Fund Revenue





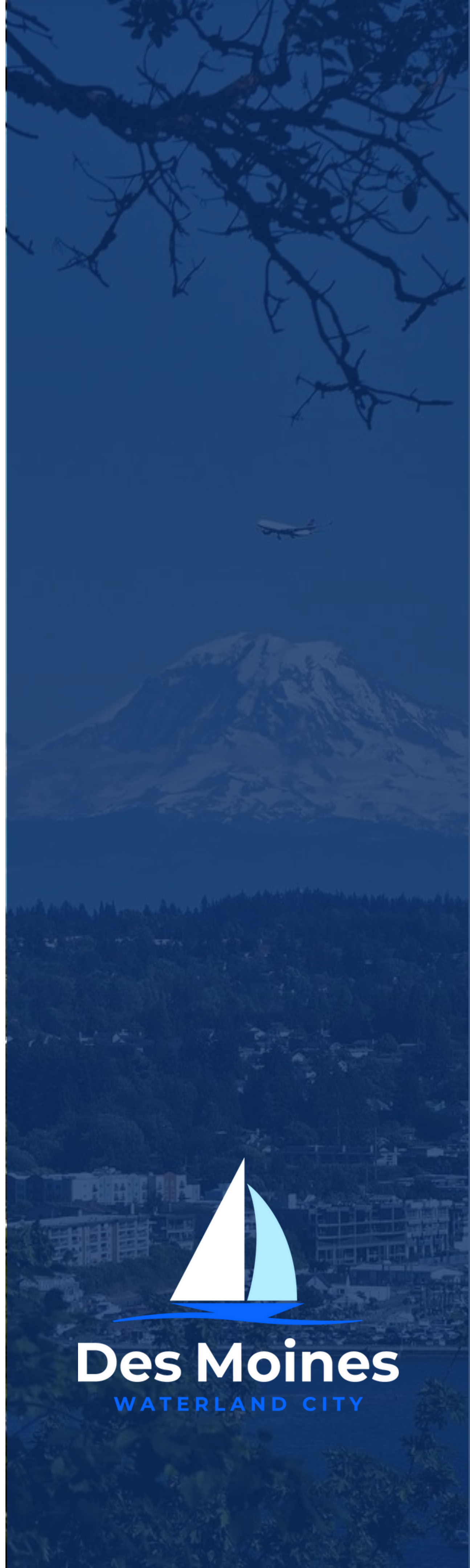
General Fund Revenue

Franchise Payments

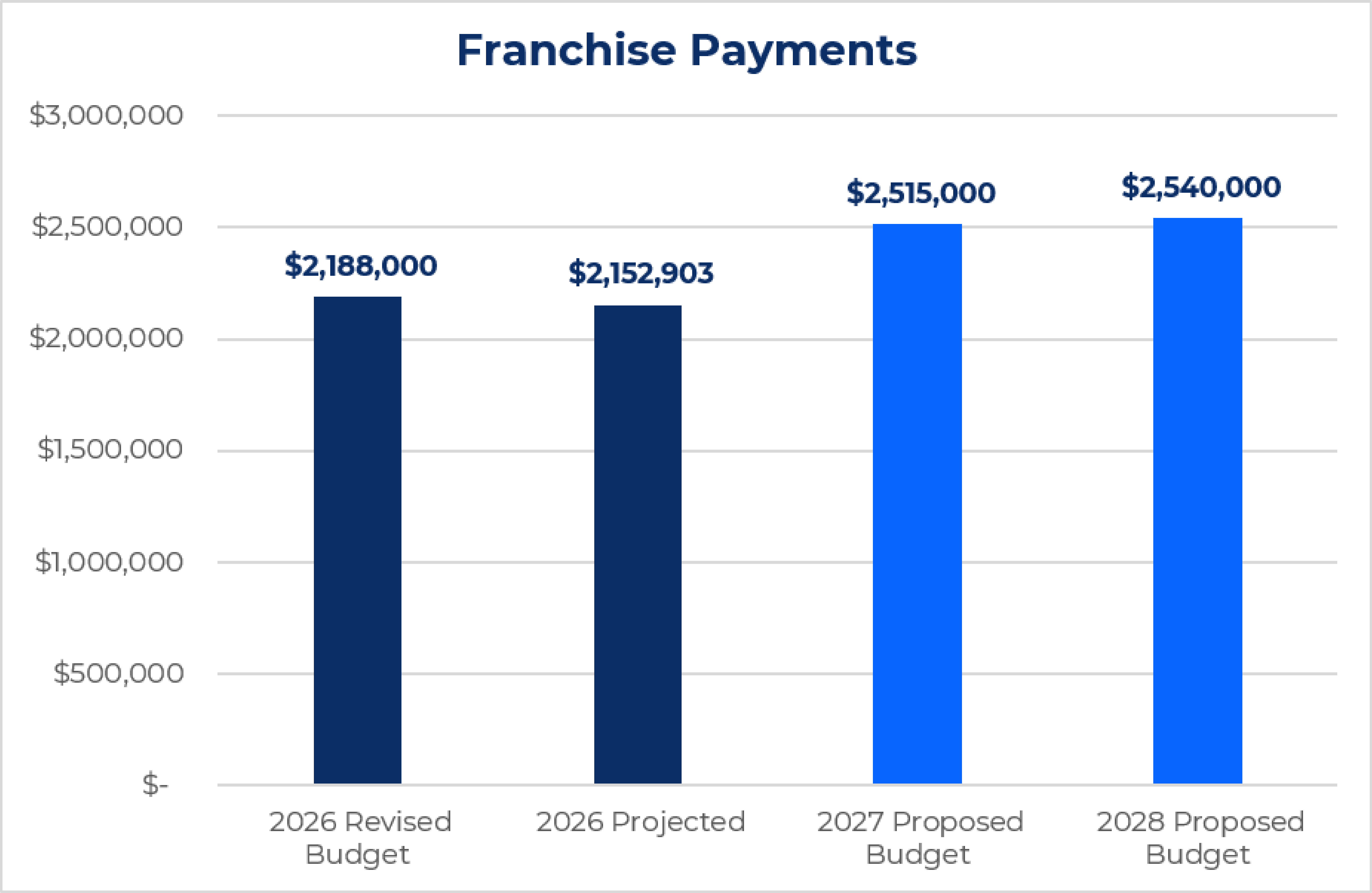
Compensation for use of the City's public right-of-way

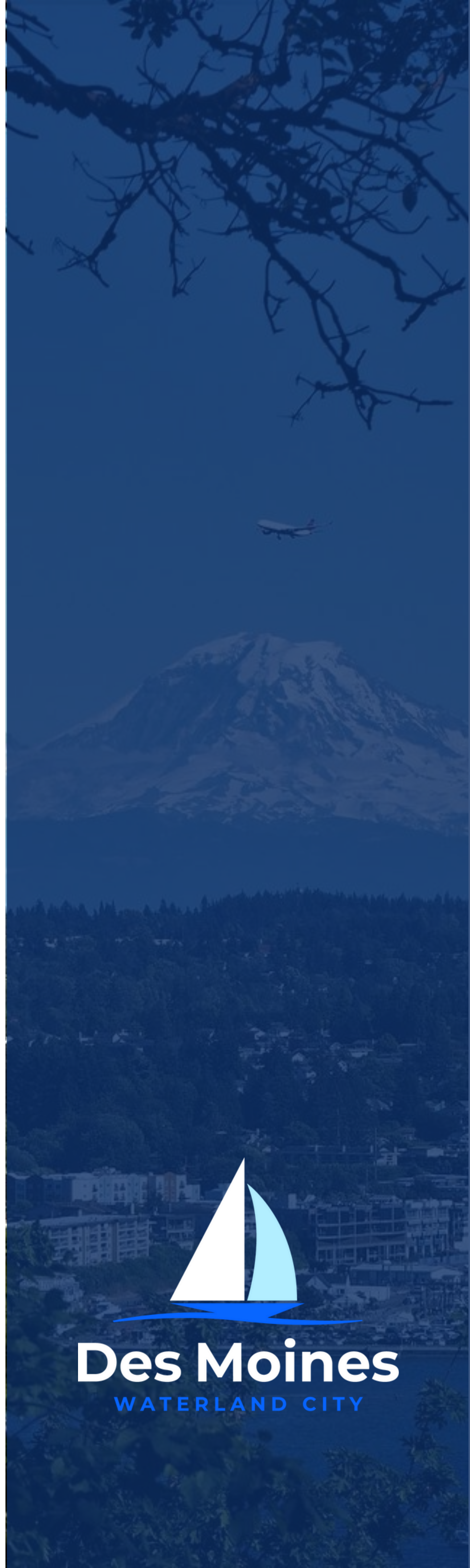
Final Rates Pending Negotiations

The City is currently negotiating with franchise utilities to increase the franchise payments.

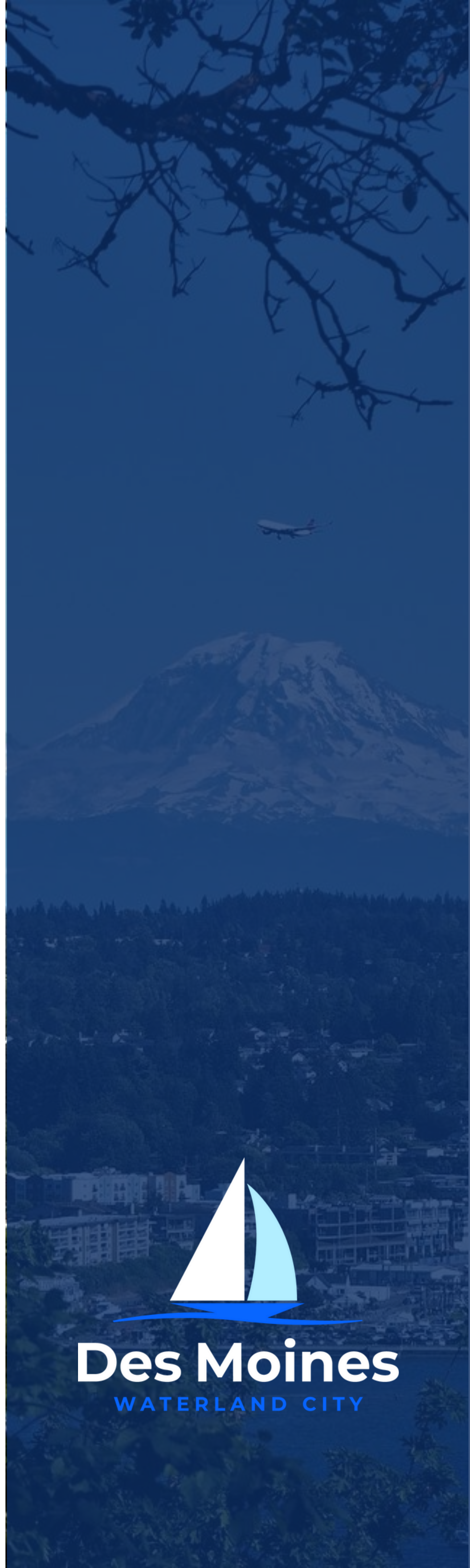


General Fund Revenue

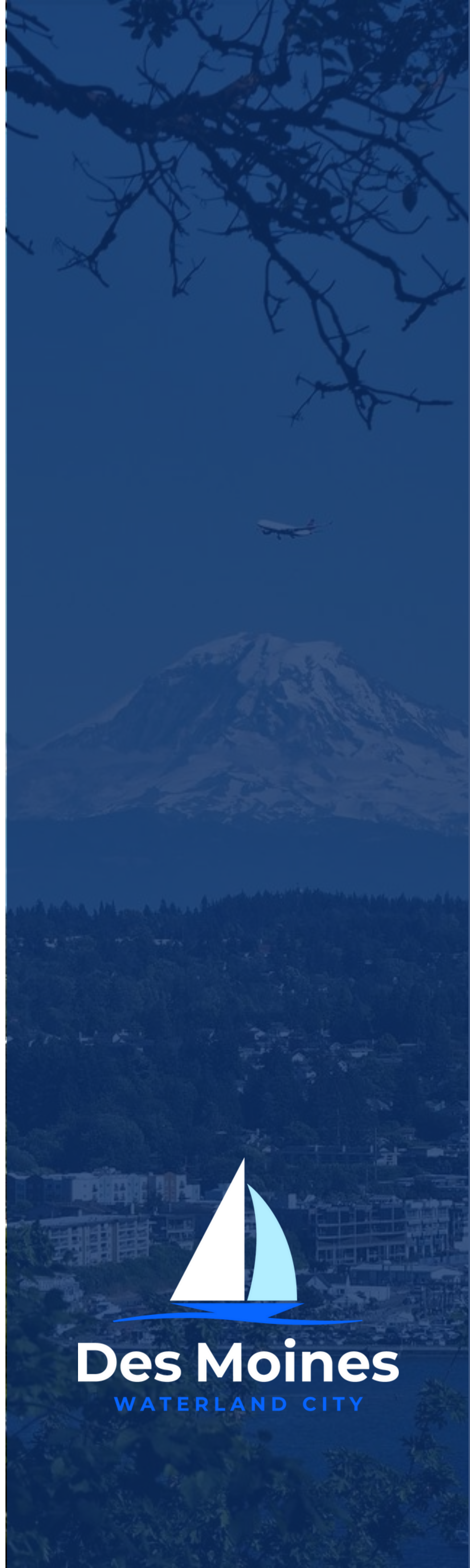




Revenues
Q&A



Potential Revenue Opportunities



General Fund Revenue: One-Time Taxes

Current Policy

- Projects over **$15M** are considered one-time for purposes of Sales and B&O Tax.
- Revenue is set aside for **capital investment** rather than ongoing operations.
- Protects the General Fund from relying on unusually large development projects.

Policy Consideration

- The $15M threshold was established more than a decade ago.
- Construction costs have increased substantially since the threshold was established.
- An inflation-adjusted threshold would be approximately **$23 million.**

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CHILDREN & FAMILY SERVICES SALES TAX

Current / Authority
Up to 0.01% beginning in 2027.

What It Does
Provides additional revenue for eligible children and family services.

Potential Change
Council could enact the new tax.

Restricted Use
Yes – eligible children and family services.

ESTIMATED ANNUAL REVENUE
$41,000

EXPANDED SQUARE FOOTAGE TAX

Current
Space used for storage of goods, materials or equipment taxed per square foot.

What It Does
Captures value from business activity that does not generate retail, wholesale or manufacturing income.

Potential Change
Expand to office, R&D, media production, computing and other non sales/manufacturing space; rate could be flat or vary by category.

Restricted Use
No – General Fund.

ESTIMATED ANNUAL REVENUE
$125,000

INCREASE GAMBLING TAX

Current
9%.

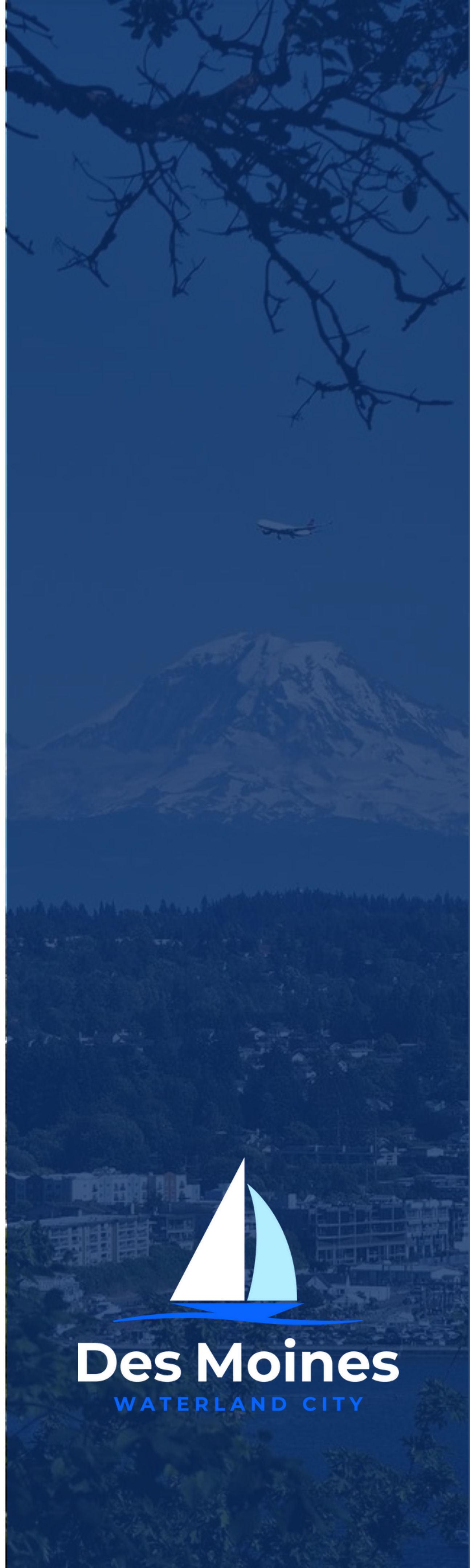
What It Does
Taxes gross revenue from social card games.

Potential Change
Increase the current rate; state law allows up to 20%.

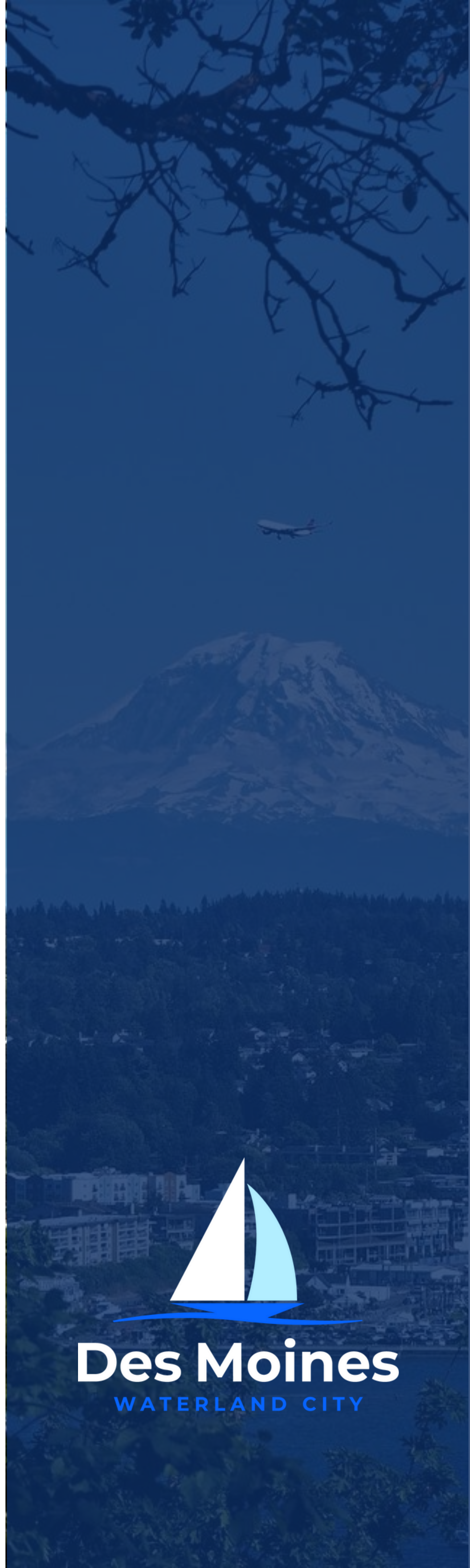
Restricted Use
No – General Fund.

ESTIMATED ANNUAL REVENUE
$60,000
(11% rate, revenue of $3M)

Potential Revenues
Q & A



Closing the Gap



27-28 Council Selected Priorities

Public Safety Staffing

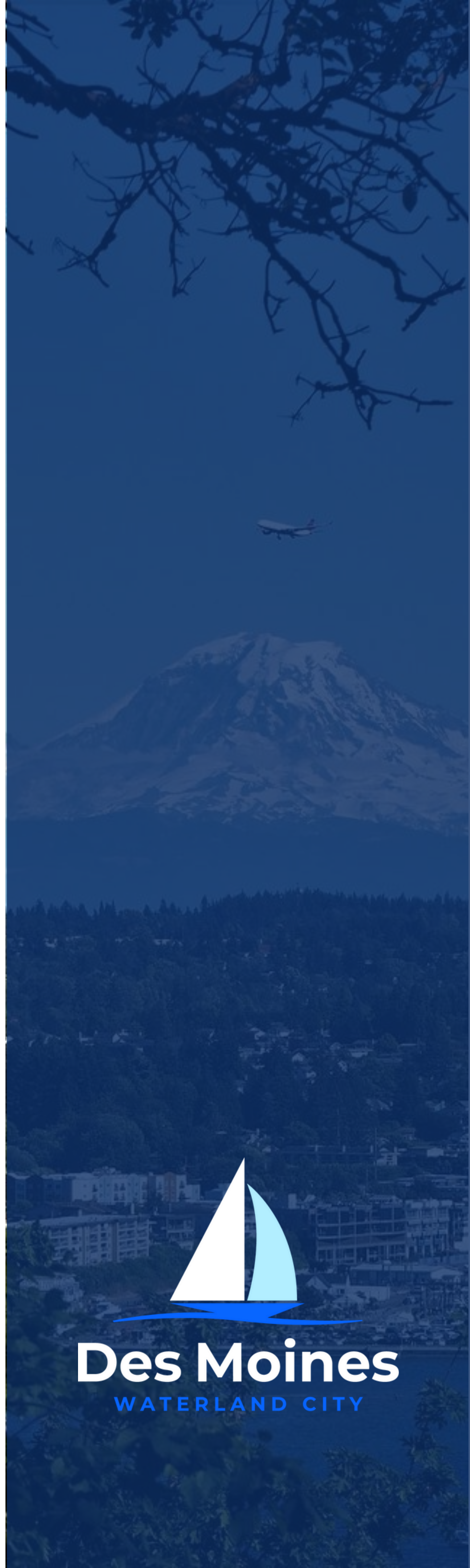
Make Des Moines Easier to Develop

Set a Long-Term Direction for the Marina

Strengthen Fund Balance Reserves

ALSO IDENTIFIED AS PRIORITIES

- Dedicated communications staff
- Leverage technology for efficiency and better data/metrics



Closing the 27- 28 Budget Gap

WHERE WE STARTED

$(2.0)M

Projected General Fund Gap

EXPENDITURE CHOICES

- Reduced
- Phased
- Deferred

REVENUE STRATEGIES

- Updated Forecasts
- New Revenues
- Fee Adjustments

BUDGET PRIORITIES

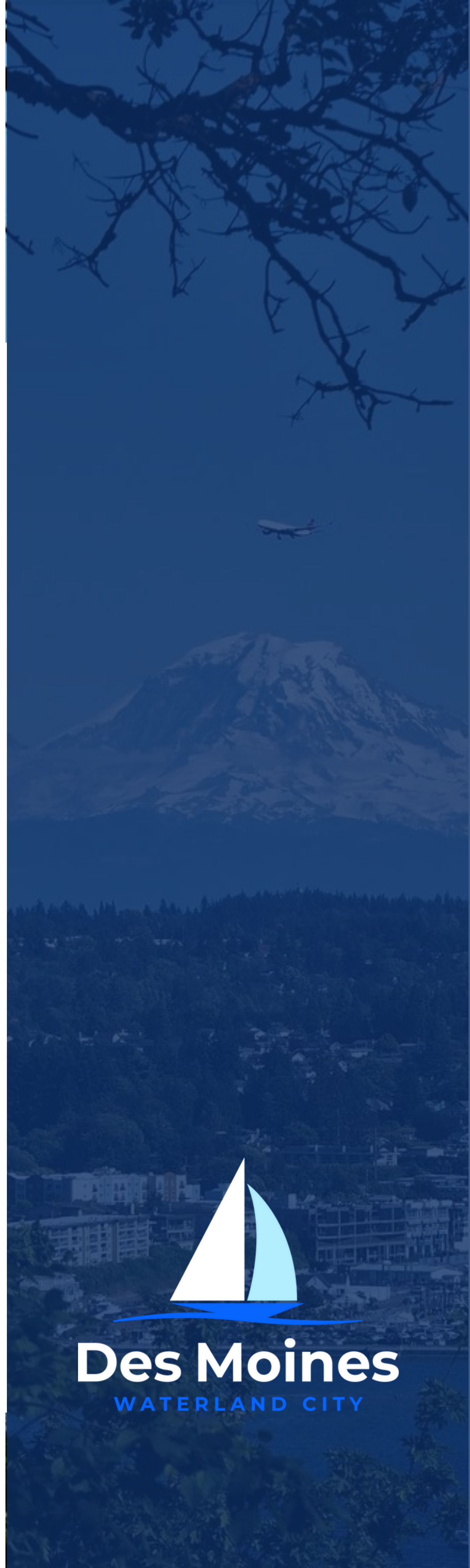
- Core Services
- Key Investments
- Council Priorities
- Community Input

WHERE WE LAND

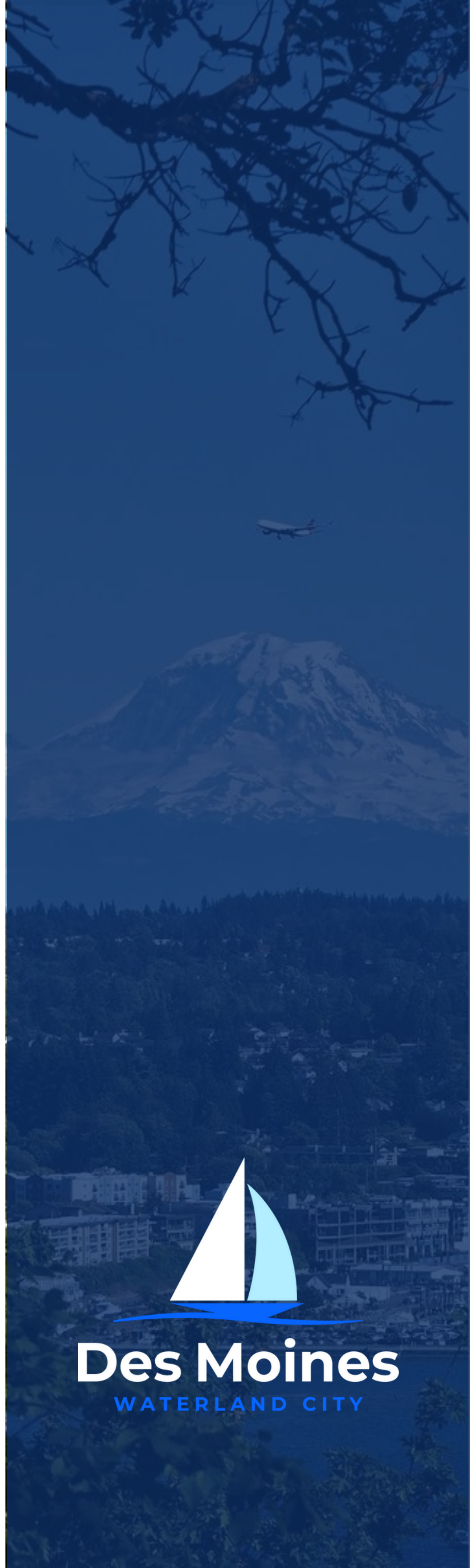
$0

Remaining General Fund Gap

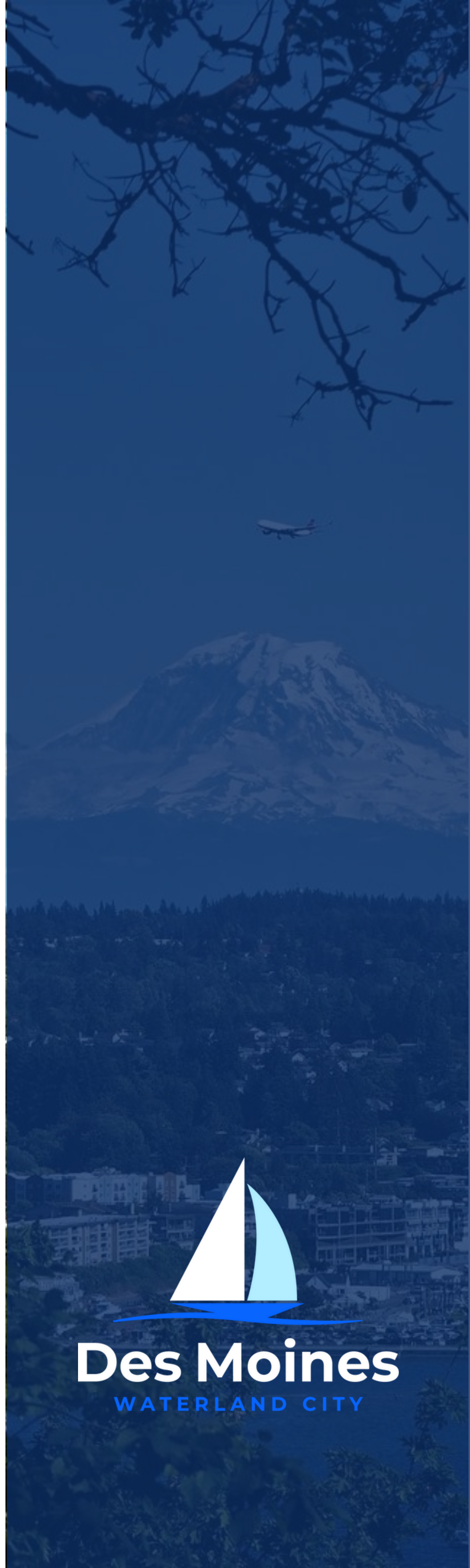
Balanced Budget



Closing the Gap
Q & A



Other Major Funds Overview



Marina Fund Financial Overview

Description	2026 Revised Budget	2026 Projected	2027 Proposed Budget	2028 Proposed Budget	2027 vs 2026 ($)	2027 vs 2026 (%)
Operating Revenue	$ 6,920,997	$ 6,047,488	$ 6,294,877	$ 6,566,502	$ (626,120)	-9.0%
Operating Expenditures	$ 4,610,408	$ 4,140,984	$ 4,553,335	$ 4,363,781	$ (57,073)	-1.2%
Operating Income/(Loss)	**$ 2,310,589**	**$ 1,906,504**	**$ 1,741,542**	**$ 2,202,721**	**$ (569,047)**	**-24.6%**
Capital Outlays	$ 880,000	$ 1,411,500	$ 73,000	$ 3,090,000	$ (807,000)	-91.7%
Debt Service	$ 1,100,399	$ 1,100,579	$ 1,100,399	$ 1,100,399	–	0.0%
Net Change in Cash	**$ 330,190**	**$ (605,576)**	**$ 568,143**	**$ (1,987,678)**	**$ 237,953**	**72.1%**

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Marina Fund Financial Overview

Description	2027 Proposed Budget	2028 Proposed Budget
Projected Beginning Cash	**$ 9,744,633**	**$ 10,312,776**
Revenue	$ 6,294,877	$ 6,566,502
Expenditures	$ 5,726,734	$ 8,554,180
Projected Ending Cash	**$ 10,312,776**	**$ 8,325,098**

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WATERLAND CITY

Investing in the Marina's Future

Marina Master Plan

- Sets the long term direction
- Determines vision for how space will be used

South Seawall Design (2027-28)

- Advances a critical waterfront project
- Moves the project toward construction

South Seawall Project Management (2027)

- Provides dedicated project oversight
- Coordinates design and permitting

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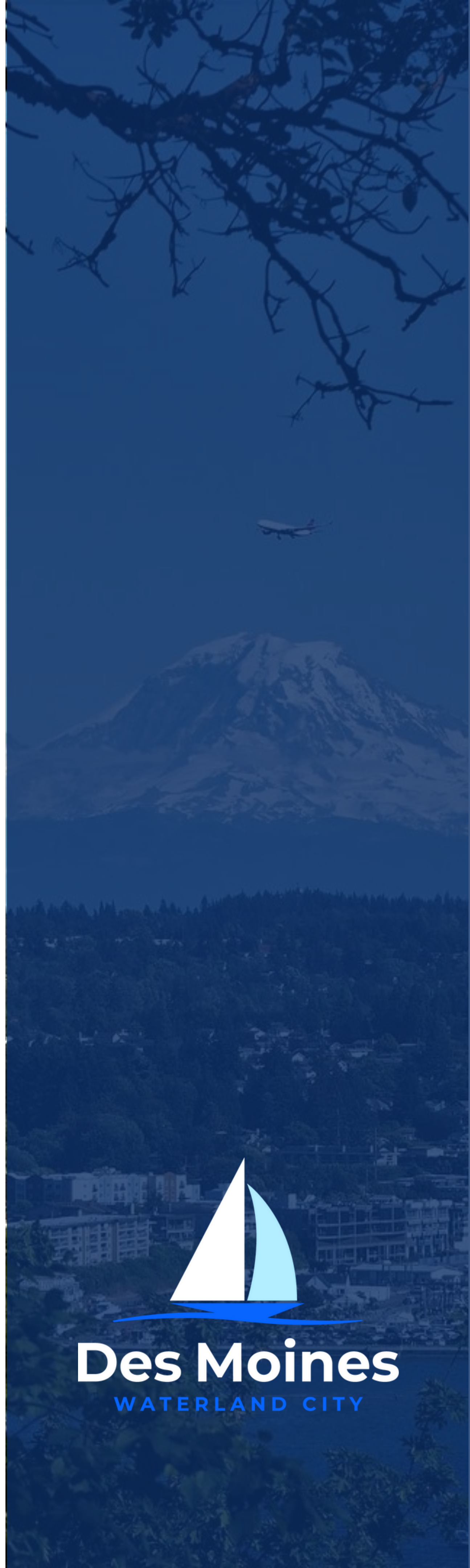
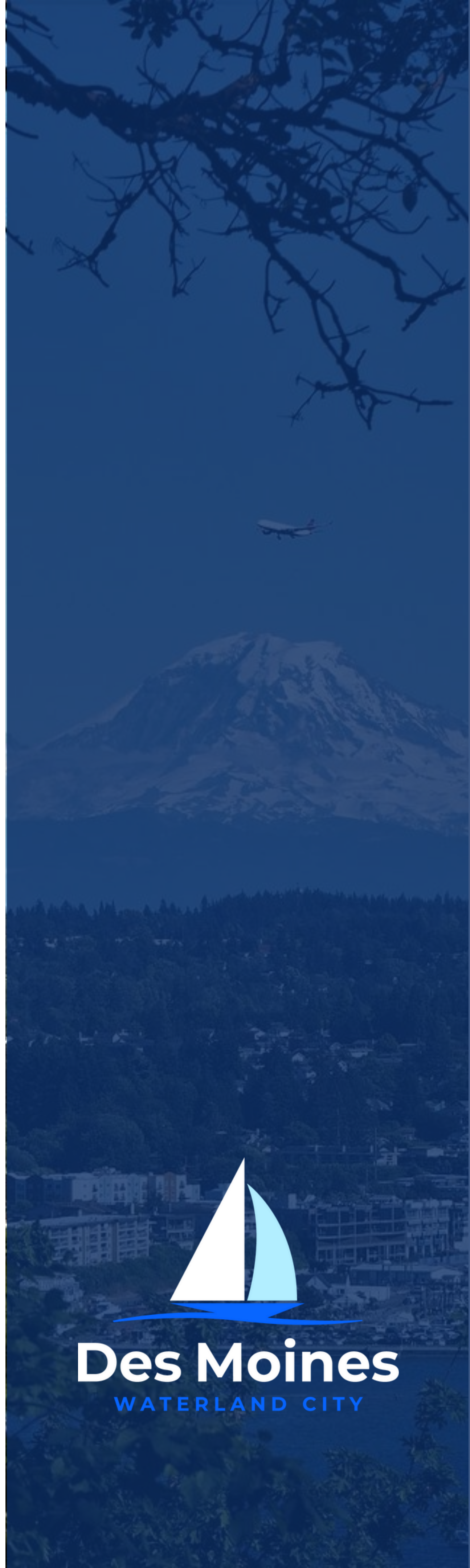
SWM Fund Financial Overview

Description	2026 Revised Budget	2026 Projected	2027 Proposed Budget	2028 Proposed Budget	2027 vs 2026 ($)	2027 vs 2026 (%)
Charges for Services	$ 5,987,907	$ 6,106,995	$ 6,204,500	$ 6,286,540	$ 216,593	3.6%
Intergovernmental	$ 1,408,000	$ 614,819	$ 1,605,000	$ 285,000	$ 197,000	14.0%
Miscellaneous	$ 300,000	$ 349,148	$ 315,000	$ 315,000	$ 15,000	5.0%
Other Financing Sources	–	$ 177,000	–	–	–	0.0%
Total Operating Revenue	**$ 7,695,907**	**$ 7,247,961**	**$ 8,124,500**	**$ 6,886,540**	**$ 428,593**	**5.6%**
Operating Expenditures	$ 4,817,088	$ 4,565,332	$ 4,722,737	$ 5,010,677	$ (94,351)	-2.0%
Total Operating Income/(Loss)	**$ 2,878,819**	**$ 2,682,629**	**$ 3,401,763**	**$ 1,875,863**	**$ 522,944**	**18.2%**
Capital Outlays	$ 4,957,000	$ 2,700,000	$ 5,270,338	$ 2,642,628	$ 313,338	6.3%
Net Change in Cash	**$ (2,078,181)**	**$ (17,371)**	**$ (1,868,575)**	**$ (766,765)**	**$ 209,606**	**-10.1%**



SWM Fund Financial Overview

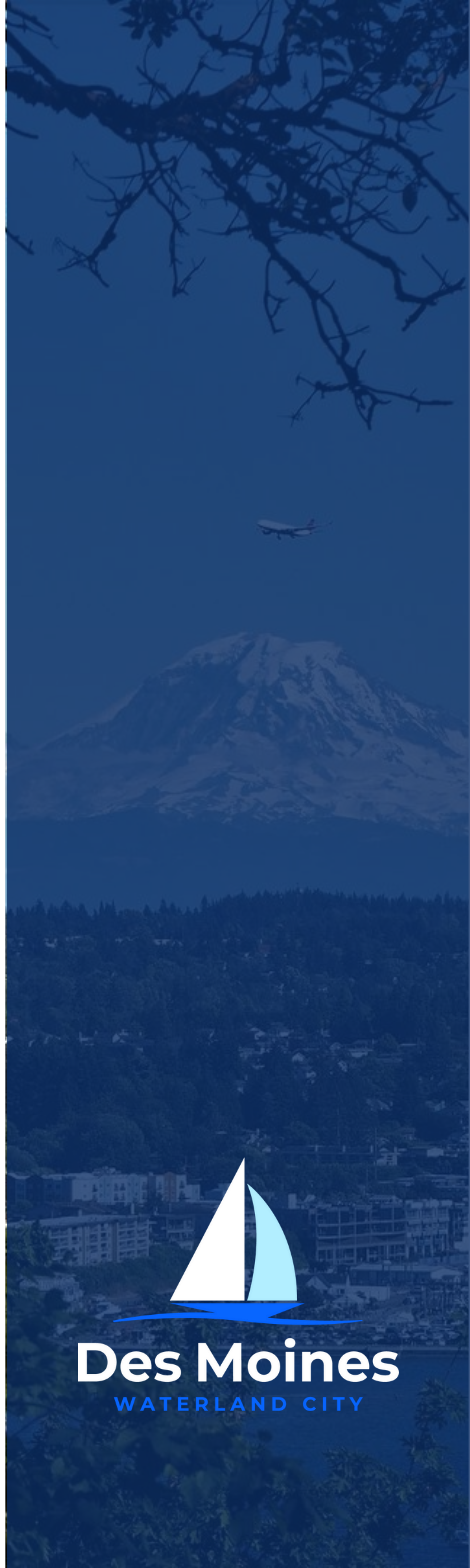
Description	2027 Proposed Budget	2028 Proposed Budget
Projected Beginning Cash	**$ 11,527,530**	**$ 9,658,955**
Revenue	$ 8,124,500	$ 6,886,540
Expenditures	$ 9,993,075	$ 7,653,305
Projected Ending Cash	**$ 9,658,955**	**$ 8,892,190**



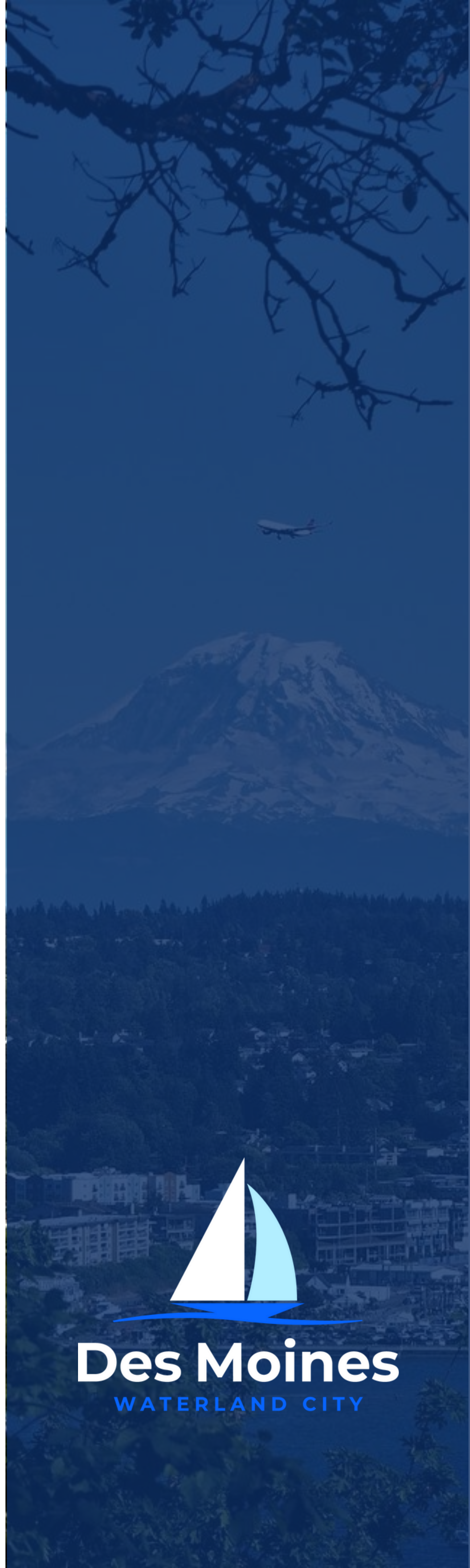
Investing in Our Natural Environment

Tree Canopy Program (2027)

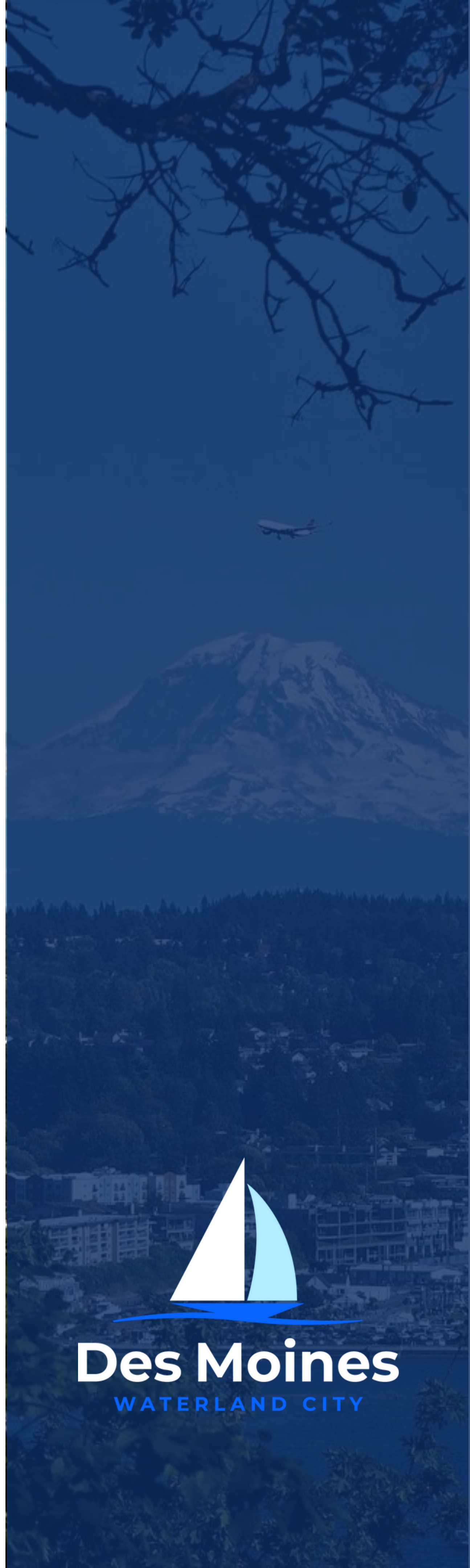
- ✓ Protection and maintenance of forested parcels
- ✓ Program goes to City Council this fall for consideration



Other Funds
Q & A

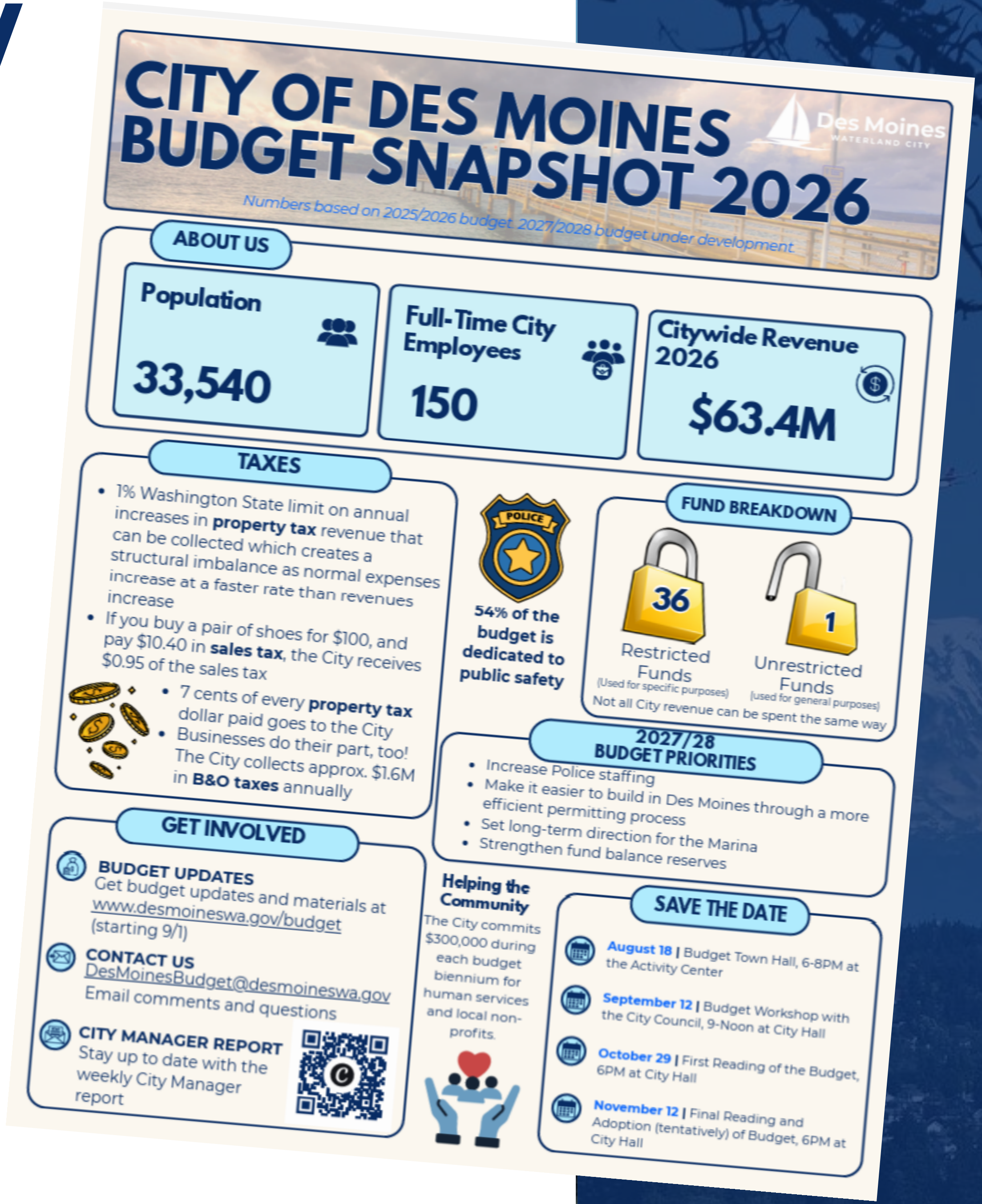


Next Steps



What Is Happening Now

www.desmoineswa.gov/budget



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What Happens Next

REFINE

- Incorporate Council feedback from today's discussion
- Continue budget refinements

OCTOBER 1

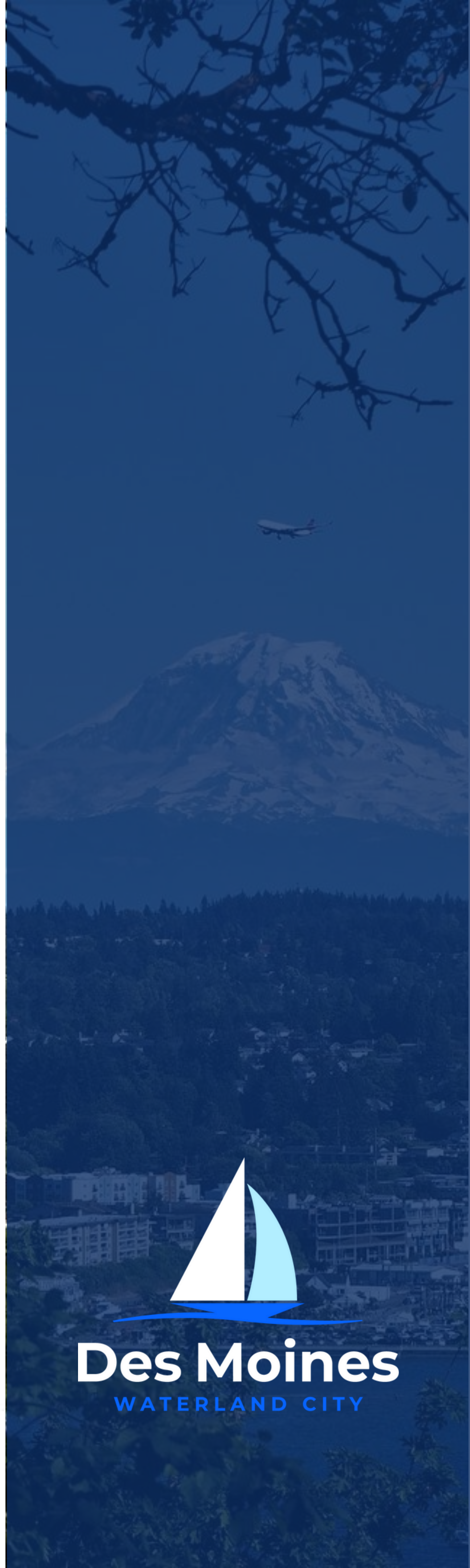
- Preliminary 2027–2028 Budget submitted to Council.

MONTH OF OCTOBER

- Councilmembers may meet individually with the City Manager and Finance Director.
- Review questions and proposed budget.
- Staff continue refining the budget as needed.

OCTOBER 29 – NOVEMBER 12

- **October 29:** First Public Hearing
- **November 12:** Second Public Hearing and Adoption



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