

— YOUR —  
**LOCAL  
OPTION**  
SALES & SERVICE TAX



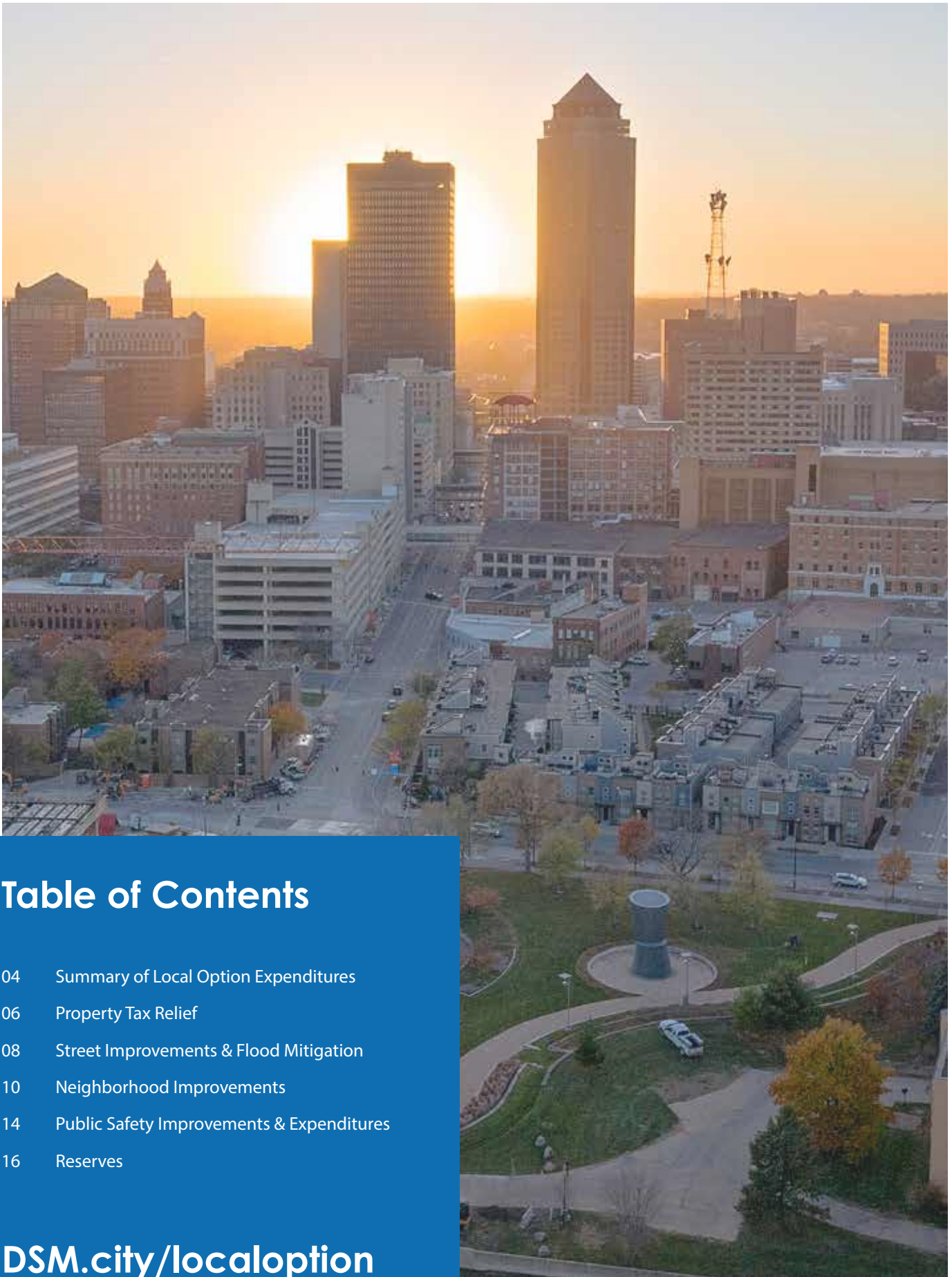
**AT WORK**



## **FY2022 Expenditure Report**

October 3, 2022





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[DSM.city/localoption](https://www.dsm.city/localoption)

## A Message From Mayor Frank Cownie



In March 2019, 70% of voters in Des Moines approved a one-cent Local Option Sales and Services Tax to be used for property tax relief, infrastructure upgrades, public safety enhancements and neighborhood improvements.

The new tax went into effect on Monday, July 1, 2019. The tax does not apply to things such as groceries, gas or prescription drugs, as determined by the Iowa Department of Revenue.

An estimated 33% of annual revenue will be generated by visitors. Each year, the City will publish a Local Option expenditure report for our residents and stakeholders to review.

Des Moines voters approved the Local Option Sales and Services Tax in 2019. Since its inception, we've seen the Local Option dollars put to great use across our community. In its third year, I'm proud to say the City of Des Moines has been able to further fund our infrastructure, parks, community centers, neighborhood programming and public safety.

This fiscal year, we've focused on funding projects that mean the most to Des Moines residents. This includes 28 residential road paving projects, tree planting and care, as well as support for our parks programming and staff. We've also targeted projects to meet our residents where they are at – in their own neighborhoods. We're planning a new North Side Recreation Community Center, equitable neighborhood park programming and other regional feature projects. Funds are being used to get the whole city ready for connection to high-speed internet. Finally, we've allocated funding to further support public safety, including additional safety dispatchers, updated body worn cameras for officers, and a mobile mental health crisis unit.

Our residents know that we carry a great responsibility to provide quality services to our fellow community members, and to support these services through fiscally sound investments. The Local Option has allowed us to deliver on our promise to keep Des Moines a great place to live, work and raise a family.

Over the years, we will be able to look back on the great projects and impactful improvements we were able to make thanks to the support of Des Moines voters. We will reap the benefits of Local Option funding for decades to come.

# Thank you!

## Summary

In its third year, the City of Des Moines has continued to deliver on the priorities residents mandated prior to approving the Local Option Sales and Services Tax in March 2019.

Local Option went into effect on July 1, 2019 and has since supported the City Council's effort to stabilize property tax rates while simultaneously accelerating the City's efforts to tackle street improvements, flood prevention, neighborhood property and service improvements, as well as supporting our firefighters and mobile mental health crisis services. City Council approved a spending policy on December 17, 2018 to ensure funds generated by Local Option continue to focus on priorities identified by feedback from residents.

In FY2022, the City collected \$65.6 million in Local Option. There was about \$19 million that was from the reconciliation and under payment from the State. In the face of nationwide inflation, City Council maintained the City's reduced property tax rate, continued the largest street repair effort in Des Moines history, accelerated improvements to stormwater infrastructure, extended library hours, funded neighborhood improvement projects, and launched new equitable recreation programming, all thanks to your investment in your neighborhood and city.

*When Des Moines voters approved Local Option more than three years ago, they demonstrated overwhelming support for our City and neighborhoods. This sent a clear mandate to those of us who serve this City and its residents. That's why we have worked diligently since 2019 to deliver on our promise and use these funds in a productive, responsible and transparent manner.*

— Scott Sanders, City Manager



## Resident-mandated Local Option priorities



### PROPERTY TAX RELIEF

By state law, 50% of sales tax revenue must go toward property tax relief. After receiving approval from voters, Des Moines City Council reduced the City's property tax levy rate to the lowest it had been in the seven years prior to approval. That rate reduction has remained in place.



### STREET IMPROVEMENTS & FLOOD PREVENTION

Through Local Option funds, Des Moines visitors and commuters contribute to necessary improvements to public infrastructure, including an accelerated approach to street repavement and replacement, and storm sewer upgrades.



### NEIGHBORHOOD IMPROVEMENTS

The City is committed to using Local Option revenue to invest in neighborhoods throughout Des Moines, including expanded library hours, Invest DSM, neighborhood matching grants, a social equity grant program, and much more.



### PUBLIC SAFETY IMPROVEMENTS & EXPENDITURES

To better serve our quickly growing city, Local Option revenue is used to fund public safety enhancements, including continued funding for 13 firefighter positions and a partnership with Broadlawns Medical Center for mobile mental health services and crisis response.



### Award-winning Financial Reporting

The City of Des Moines has been awarded the Certificate of Achievement for Excellence in Financial Reporting for 45 consecutive years by the Government Finance Officers Association of the United States and Canada (GFOA).

# Local Option Summary Table

Every March, the City of Des Moines approves its upcoming budgets based on Local Option revenue estimates provided by the State of Iowa. The State provides regular payments and then conducts a reconciliation before December of each year to determine the final amount to provide to the City.

Area	FY2020	FY2021	FY2022
<b>Total Revenue</b>	<b>\$38,103,466</b>	<b>\$34,481,569</b>	<b>\$65,557,733 *</b>
<b>Property Tax Relief — 50% State Mandate</b>			
Property Tax Relief	\$19,060,857	\$17,240,905	\$32,778,866
Neighborhood Development Corp. (NDC)	—	\$480,000	—
<b>Street Improvements and Flood Prevention</b>			
Street Improvements	\$5,000,000	\$5,000,000	\$5,000,000
Stormwater Improvements	\$550,000	\$1,550,000	\$1,000,000
Flood Prevention Property Buyouts	—	—	\$940,422
<b>Neighborhood Improvements</b>			
Blitz on Blight	\$700,000	—	\$500,000
Expanded Library Hours	\$278,000	\$381,100	\$395,000
Invest DSM — Special Investment Districts	\$2,674,396	\$2,506,951	\$5,000,165
Property Improvement Program	—	\$55,599	\$69,153
Neighborhood Matching Grants	—	\$229,250	\$241,449
North Side Community Recreation Center	—	—	\$2,500,000
Broadband Permitting	—	—	\$290,088
Enhanced Tree Care and Planting	—	—	\$100,000
Equitable Services Parks Programming	—	—	\$296,410
#LadderUp Social Equity Grant Program	—	—	\$100,000
Park Capital Projects	—	—	\$3,265,000
Regional Feature Projects	—	—	\$1,000,000
Park Enhancements	—	—	\$156,214
<b>Public Safety Improvements and Expenditures</b>			
Firefighter Positions	\$1,300,000	\$1,339,000	\$1,581,000
Mobile Crisis Broadlawns Partnership	—	—	\$100,372
Body Worn Camera Program	—	—	\$352,580
Public Safety Dispatcher Positions	—	—	\$86,000
<b>Reserves</b>			
Designated Reserve	\$1,500,000	\$1,200,000	\$1,509,578
Financial Reserve	\$7,033,514	\$13,032,278	\$28,363,498
<b>Total Reserve</b> (see page 16)	<b>\$8,533,514</b>	<b>\$14,232,278</b>	<b>\$29,873,076</b>

\* Due to an under payment by the State of Iowa discovered during reconciliation, the City of Des Moines received an additional \$19 million it was not expecting in FY2022. See Page 16.

# Property Tax Relief

With approximately 40% of property in Des Moines belonging to non-taxable entities, around 60% of property owners shoulder the cost of City improvements and services through property taxes. With Local Option revenue, City Council has been able to reduce the City of Des Moines' property tax levy without a reduction in planned projects or service level agreements.

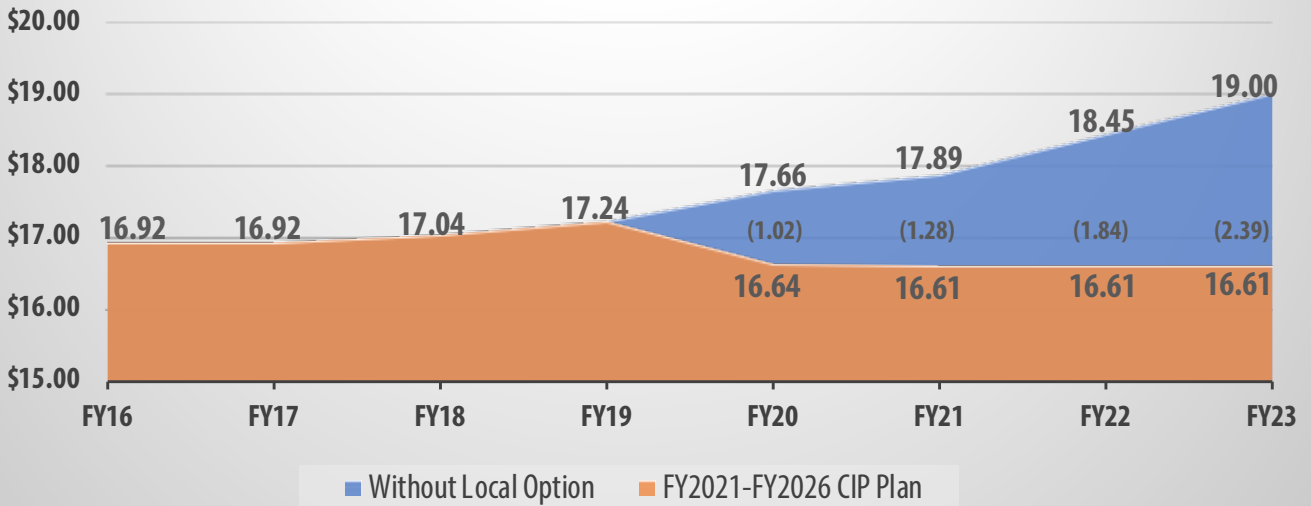


After Local Option was approved by voters, City Council voted on March 11, 2019 to reduce the City's property tax levy rate to the lowest it had been in the seven years prior.

The FY2020 budget included a \$0.60 per \$1,000 of taxable value reduction to the property tax rate, bringing the City's total levy rate to \$16.64. In the FY2022 budget, the rate is \$16.61. Despite the nationwide trend of rising costs to provide services and invest in infrastructure, the City did not need to increase its property tax levy rate to maintain service levels.

Area	FY2020	FY2021	FY2022
<b>Property Tax Relief — 50% State Mandate</b>			
Property Tax Relief	\$19,060,857	\$17,240,905	\$32,778,866
Neighborhood Development Corp. (NDC)	—	\$480,000	—
<b>Total Budget</b>	<b>\$19,060,857</b>	<b>\$17,720,905</b>	<b>\$32,778,866</b>

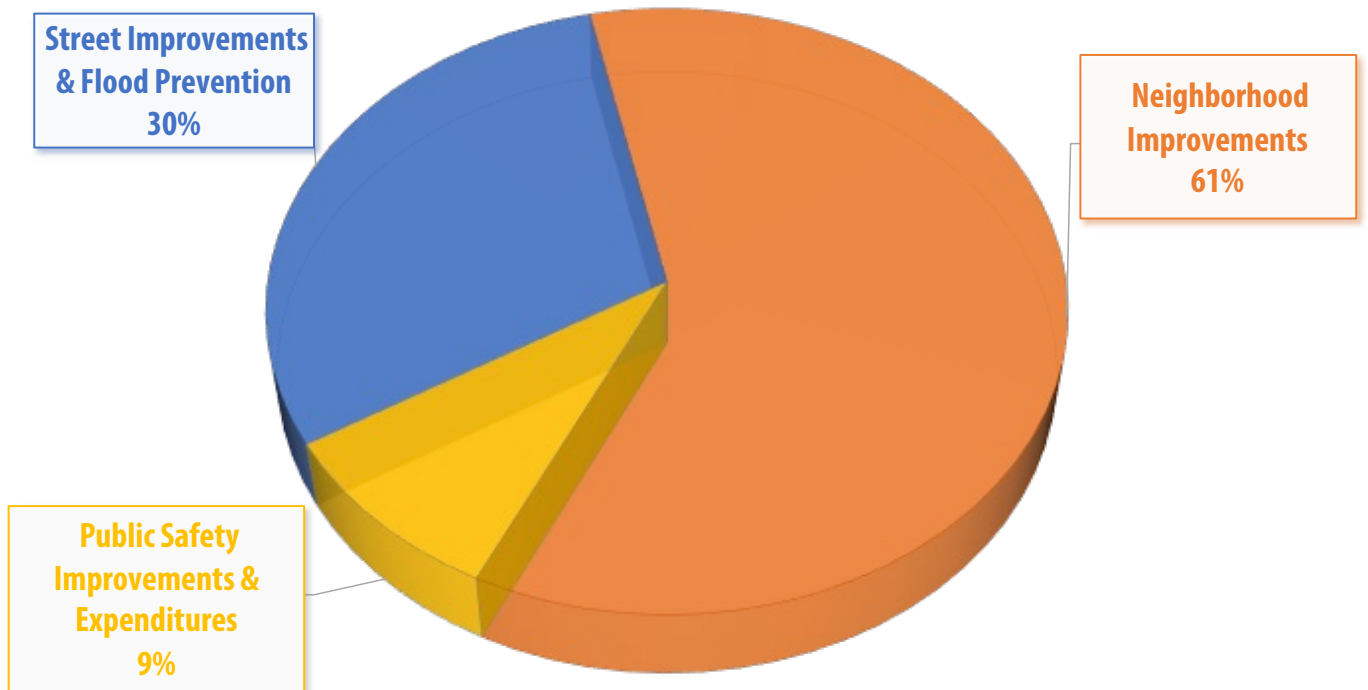
### City of Des Moines Property Tax Levy (PER \$1,000 OF TAXABLE VALUATION)



As required by state law, half of the Local Option revenue the City of Des Moines received was used to provide property tax relief in the form of a \$0.60 levy rate reduction. This reduced rate was maintained through FY2023. Without the availability of Local Option, necessary City services and infrastructure improvements would have required increases to the City’s tax levy rate to the tune of \$2.39 per \$1,000 of taxable value over the last four years.

As an example, homeowners with a taxable property value of \$200,000 see an annual savings of \$260 (or a 13% reduction) on their property tax bill even though the City has tripled its investment in streets and stormwater infrastructure improvements.

Here’s a breakdown that shows how the remaining half of Local Option revenue was used:



# Street Improvements and Flood Mitigation

Thirty years of economic downturns resulted in tight budgets, causing many Des Moines streets to fall into disrepair. Recent storms producing record-breaking rainfall in short periods of time have generated a greater sense of urgency to measure, prioritize and improve our stormwater management systems throughout the entire city.

Local Option revenue has allowed the City to supplement its Capital Improvement Plan budget, resulting in an accelerated approach to address much needed infrastructure improvement projects in every ward.



Area	FY2020	FY2021	FY2022
<b>Street Improvements and Flood Prevention</b>			
Street Improvements	\$5,000,000	\$5,000,000	\$5,000,000
Stormwater Improvements	\$550,000	\$1,550,000	\$1,000,000
Flood Prevention Property Buyouts	—	—	\$940,422
<b>Total Budget</b>	<b>\$5,550,000</b>	<b>\$6,550,000</b>	<b>\$6,940,422</b>

## Street Improvements

FY2022 Local Option revenue was used to add extra streets to the **2021 Hot-Mix Asphalt (HMA) Residential Paving Program**, as well as fund the **2022 Portland Cement Concrete (PCC) Pavement Patching Program**. The lists below only include projects funded by Local Option and not those funded by property or road use taxes.

### 2021 HMA Residential Paving Program (Local Option projects only)

- S.E. 2nd Court from E. Columbus Avenue to E. Edison Avenue
- 8th Street from Shawnee Avenue to Aurora Avenue
- S.E. 29th Court from E. Elm Street to E. Market Street
- S.E. 29th Street from Raccoon Street to E. Elm Street
- E. 31st Street from Dean Avenue to Carr Street
- 36th Street from Douglas Avenue to Madison Avenue
- 59th Street from Chamberlain Drive to Kingman Avenue
- Allison Avenue from 30th Street east to dead end
- Carr Street from E. 30th Street to E. 31st Street
- Chamberlain Drive from 59th Street to 58th Street
- E. Columbus Avenue from S.E. 2nd Court to E. Hillside Avenue
- E. Elm Street from S.E. 29th Street to S.E. 29th Court
- Francis Avenue from 59th Street to Merle Hay Road
- Francis Avenue from Merklin Way to 55th Street
- E. Holcomb Avenue from Saylor Road east to dead end
- E. Oak Park Avenue from E. 12th Street to E. 14th Street
- Windsor Drive from Cummins Parkway to 59th Street
- Allison Avenue from Merle Hay Road east to dead end
- 56th Street from Merklin Way to Hickman Road

### 2022 PCC Pavement Patching Program

- S.W. 37th Street - Army Post Road to Gannett Avenue
- Gannett Avenue - S.W. 37th Street east to dead end
- S.W. 34th Street - Army Post Road to Gannett Avenue
- Geil Avenue - S.W. 14th Street to S.W. 11th Street
- 48th Place - Urbandale Avenue to Euclid Avenue
- E. 21st Street - Guthrie Avenue to E. Washington Avenue
- S.E. 8th Street - Pioneer Road to Hartford Avenue
- E. Leach Avenue - S.E. 5th Street to S.E. 2nd Street
- Indianola Avenue - E. McKinley Avenue north to pedestrian tunnel

Future Local Option street improvement funds will continue to accelerate the City's five-year road construction plan. Track plans for your neighborhood by exploring the City's interactive project map at [DSM.city/projects](https://www.dsm.city/projects).

## Stormwater Improvements

FY2022 Local Option revenue was used to develop a citywide **Stormwater Master Plan**, as well as the **Stormwater Fund** to develop large stormwater improvement projects much earlier than previously expected.

Through this funding, the City has been working with consultant CDM Smith to assess existing stormwater programs and practices, collect field data on priority watersheds, develop system-wide stormwater models, and start development of a five-year capital plan and a 20-year financial plan for the stormwater utility. The team will be wrapping up the Stormwater Master Plan Report by the end of this year and it will be reviewed and presented to City Council.

## Flood Prevention Property Buyouts

While no Local Option revenue was used in FY2020 or FY2021 for this program, the originally budgeted \$400,000 carried over each year into FY2022 to support citywide voluntary flood buyouts and buyouts necessary in the Fourmile Creek watershed.

Through this funding, the City has been able to provide relocation assistance to homeowners living in floodplains through the **Citywide Voluntary Flood Buyout Program**, as well as a focused effort to relocate residents impacted by the **Fourmile Creek Greenway Project**.

# Neighborhood Improvements

Local Option revenue has been committed to improve the City's ability to provide equitable recreation opportunities, expand library hours, and provide financial assistance to homeowners invested in the improvement of their home and neighborhood.



Area	FY2020	FY2021	FY2022
<b>Neighborhood Improvements</b>			
Blitz on Blight	\$700,000	—	\$500,000
Expanded Library Hours	\$278,000	\$381,100	\$395,000
Invest DSM — Special Investment Districts	\$2,674,396	\$2,506,951	\$5,000,165
Property Improvement Program	—	\$55,599	\$69,153
Neighborhood Matching Grants	—	\$229,250	\$241,449
North Side Community Recreation Center	—	—	\$2,500,000
Broadband Permitting	—	—	\$290,088
Enhanced Tree Care and Planting	—	—	\$100,000
Equitable Services Parks Programming	—	—	\$296,410
#LadderUp Social Equity Grant Program	—	—	\$100,000
Park Capital Projects	—	—	\$3,265,000
Regional Feature Projects	—	—	\$1,000,000
Park Enhancements	—	—	\$156,214
<b>Total Budget</b>	<b>\$3,652,396</b>	<b>\$3,172,900</b>	<b>\$13,913,479</b>

## Blitz on Blight



Local Option revenue funded the creation of a program called **Blitz on Blight**, an accelerated response to reported nuisance properties that property owners are unable to address themselves. When structures have deteriorated to the point that they're uninhabitable, demolition is sometimes a cost-prohibitive option. When possible, the City tries to secure a rehabilitation agreement with a third-party developer to restabilize the structure.

Residents can follow the status of the program via an online dashboard at [DSM.city/blitzonblight](https://DSM.city/blitzonblight).

## Expanded Library Hours

Local Option revenue helped remove a barrier for those that depend on services the **Des Moines Public Library** provides. Operating hours at all six library branches were expanded, including service every day at Central Library and Franklin Avenue Library.

## Invest DSM — Special Investment Districts



Learn more about how Invest DSM is improving our neighborhoods by visiting [InvestDSM.org](https://InvestDSM.org).

Special Investment Districts (SIDs) are selected by City Council, and this Local Option funding is designated to support the acquisition, demolition, rehabilitation/repair or new construction of housing, as well as the acquisition and holding costs associated with redevelopment in these areas. This program also supports lending programs and related services for the purpose of residential or commercial property improvement and neighborhood beautification or community building projects.

In partnership with Polk County, the City of Des Moines established **Invest DSM** in 2019 to administer these funds and develop neighborhood revitalization strategies.

## Property Improvement Program

Through Local Option, the City was able to launch the **Improving Our Neighborhoods (ION)** program within the Neighborhood Services Department. City inspectors are conducting a survey that looks at the exterior of all owner-occupied and commercial buildings throughout the city for exterior maintenance problems. The data collected by this survey will be used to assist the City in connecting property owners with community resources and financial support in an attempt to prevent further structural decay.

## Neighborhood Matching Grants



Available thanks to Local Option, the popular **Block Challenge Grant** program awards small grants to neighborhood and community groups for improvement projects that build their leadership skills and help their neighborhood. Projects have included front entryways, windows, siding, driveways, retaining walls and more.

Matching financial support from the City was available to multiple neighbors that joined together to invest in an improvement for their neighborhood. Visit [DSM.city/BCgrant](https://www.dsm.city/BCgrant) to learn more before next year's application period.

## North Side Community Recreation Center



Following a series of community meetings to gather input, the City of Des Moines recently completed the first phase of planning for the new **North Side Community Recreation Center (Grubb YMCA)**. While both renovation and new construction scenarios were explored, the community shared an overwhelming desire for new construction consistently in all of the public meetings.

Local Option revenue was used to provide \$2.5 million of the \$12 million the City of Des Moines has committed to this neighborhood improvement project. Visit [DMparks.org](https://www.dmparks.org) for the full 195-page report.

## Broadband Permitting

This new project funded by Local Option aims to help increase and improve the availability of broadband internet throughout the city. In order to serve multiple providers interested in expanding service in our neighborhoods, this funding is used to increase our capacity for permitting and engineering work related to broadband expansion.

## Enhanced Tree Care and Planting



This new project funded by Local Option was created to grow and protect our city's urban canopy in accordance with the new Urban Forest Master Plan for Des Moines. \$100,000 was expended through this project for tree planting and watering with Trees Forever.

Due to market and bidding conditions, the remaining \$250,000 was not able to be completed in FY2022. That amount will carry forward to FY2023 to continue this work.

## Equitable Services Parks Programming

Local Option funds additional parks programming and activities in low to moderate income neighborhoods. In FY2022, Parks & Recreation staff held a 10-week summer camp for youth looking to have the day camp experience. Site locations were selected based on community need, partnerships, and safe spaces.

## #LadderUp Social Equity Grant Program

The #LadderUp Social Equity Grant program seeks to support organizations or programs that are working to address disparities or filling the gap in economic achievement, primarily for residents in minority groups.

Grants in FY2022 were awarded to 8th and College, Al Exito, Child Future International, Dream Iowa, and Jewels Academy.



## Park Capital Projects

Local Option funded additional park projects beyond our CIP plan. This includes sprayground and playground improvements, aquatics center infrastructure funding, Fleur Drive medians, and MacRae Park enhancements.

## Regional Feature Projects

Local Option provides supplemental funding for regional feature projects, such as Iowa Confluence Water Trails (ICON). This use is designed to provide funding for increased scope of special projects, unplanned expenses, or enhancements to ongoing projects at the City's request.

## Park Enhancements

Local Option provides funding for the Parks & Recreation Department to increase volunteer coordination efforts and park maintenance initiatives.

# Public Safety Improvements and Expenditures

Firefighters and EMS first responders remain a critical service in need of investment to continue protecting our growing population. In addition, Local Option voters identified a critical need to support mental health and mobile crisis response services, particularly for the community's youth population. Through Local Option revenue, the City remains committed to focusing on both public safety priorities.



Area	FY2020	FY2021	FY2022
<b>Public Safety Improvements and Expenditures</b>			
Firefighter Positions	\$1,300,000	\$1,339,000	\$1,581,000
Mobile Crisis Broadlawns Partnership	—	—	\$100,372
Body Worn Camera Program	—	—	\$352,580
Public Safety Dispatcher Positions	—	—	\$86,000
<b>Total Budget</b>	<b>\$1,300,000</b>	<b>\$1,339,000</b>	<b>\$2,119,952</b>

## Firefighter Positions



FY2022 Local Option revenue was used to provide ongoing funding for firefighter positions originally funded by a federal Staffing for Adequate Fire and Emergency Response (SAFER) grant, which expired during FY2019.

The security of these positions and the Des Moines Fire Department's recent recruitment initiatives have made it possible to pursue an opportunity to construct and staff a new state-of-the-art fire station at 42nd and Hubbell Avenues to improve first response services to the expanding population in the northeast corner of Des Moines. Fire Station #11 construction is complete and the station is now fully operational.

## Mobile Crisis Broadlawns Partnership



Funded by Local Option, Des Moines Police and Broadlawns Medical Center have partnered on a new Crisis Advocacy Response Effort (CARE) program to expand mobile mental health services. As part of the partnership, Broadlawns provides two mental health professionals in our dispatch center and a vehicle for crisis response. These efforts also aim for 24/7 response to mental health calls, expanding from their previous response hours of 6 a.m. to midnight.

## Body Worn Camera Program

This Local Option program funds replacement body cameras for the Police Department. Timing of the replacement will shift additional expenditures from FY2022 to FY2023.

## Public Safety Dispatcher Positions

Local Option provided partial funding for the hiring of three Principal Public Safety Dispatchers in FY2022. Similar to the firefighter positions, these positions will be fully funded by Local Option in FY2023 and beyond.

# Reserves

As promised to the residents that voted to support the Local Option Sales and Services tax, all revenue received through the one-cent sales tax will be reserved for the mandated priorities set forth in the City Council's Local Option expenditure policy, as described in this report.

Area	FY2020	FY2021	FY2022
<b>Reserves</b>			
Designated Reserve	\$1,500,000	\$1,200,000	\$1,509,578
Financial Reserve	\$7,033,514	\$13,032,278	\$28,363,498
<b>Total Reserve</b>	<b>\$8,533,514</b>	<b>\$14,232,278</b>	<b>\$29,873,076</b>

## Designated Reserve

For some initiatives approved in the FY2022 Local Option budget, remaining funds will be preserved and designated to support those initiatives in the FY2023 budget.

As a policy to adhere to the mandate City Council received from Local Option voters, Designated Reserve funds cannot be transferred between items year-to-year and will only be used for the program or priority they were budgeted for. A total of \$1.5 million will be carried over into FY2023's Local Option budget.

The following Local Option budget items will carry over existing funds into FY2023:

- Enhanced Tree Care and Planting (\$250,000)
- Property Improvement Program (\$1,000,000)
- Flood Prevention Property Buyouts (\$259,578)

## Financial Reserve

Financial Reserve funds are used to guarantee a continued delivery on the priorities identified by Local Option voters. This fund creates a buffer to protect against unexpected inflation, cash flow timing, a reduction in taxable sales and services, or other unforeseen circumstances.

Due to an underpayment from the State in FY2021, the City received an additional \$19 million in FY2022. Half of that additional amount went to property tax relief. Remaining reserves from this year will help protect the City's investment in the identified priorities in FY2023 and beyond. As we continue to accelerate efforts and invest in new improvement programs, we plan to reduce the financial reserve to around \$15-20 million with one-time expenditures.

The State has improved their processes and we anticipate seeing more predictable Local Option revenue in FY2023. Moving forward, the City will receive payments based on actual cashflows on a monthly basis.