



Council Communication

Office of the City Manager

Date February 26, 2007

Agenda Item No. 62
Roll Call No. 07-
Communication No. 07-088
Submitted by: Richard A. Clark, City Manager

AGENDA HEADING:

Approving the Project Destiny 28E agreement regarding the use of one cent local option sales tax proceeds.

SYNOPSIS:

Recommend approval of the 28E Agreement for the Regional Application of Local Option Sales Taxes and Creating a Tri-County Regional Authority. The 28E agreement establishes a tri-county (Polk, Dallas, and Warren) approach to help advance and finance the development of quality of life amenities in Central Iowa. A public process (described herein) is planned to receive input about how Des Moines will use its discretionary portion of the sales tax proceeds.

FISCAL IMPACT:

Amount: \$346.1 million over 10 years (estimated revenues)

Funding Source: Des Moines is projected to receive \$32.5 million in the first year of the local option sales tax and \$346.1 million over 10 years (FY08-FY18).

ADDITIONAL INFORMATION:

The major components of the 28E agreement are as follows:

Purpose and Status as a Legal Entity

The purpose of the 28E agreement is to provide property tax relief and to address ongoing funding requirements and organizational issues related to quality of life amenities. The Agreement would create a new legal entity, known as the Tri-County Regional Authority.

Organization of the Tri-County Regional Authority Board

A 15-member Board would serve as the governing body of the Regional Authority. All Board members would serve two-year terms. The membership will be selected as follows:

- Polk County (9 members): 7 by State Senate District through the same process used to select board members for the Des Moines Area Regional Transit Authority (DART); 1 selected at-large by the Polk County Board of Supervisors if Polk County is a participating community, if not, by the Mayors from all participating communities in Polk County; 1 selected at-large by all the Mayors from all participating cities in Polk County and the Board Chair of Polk County, if it is a participating community.
- Dallas County (3 members): 1 selected at-large (Senate District) through the DART process; 1 selected at-large by the Dallas County Board of Supervisors if Dallas County is a participating

community, if not, by the Mayors from all participating communities in Dallas County; 1 selected at-large by all the Mayors from all participating cities in Dallas County and the Board Chair of Dallas County, if it is a participating community.

- Warren County (3 members): Selected in the same manner as the Dallas County members.

Board Meetings

The Board would select officers of chair, vice-chair, and secretary. The Board would meet at least monthly and be subject to open meetings and open records statutes. A three-fourths vote would be required for all funding decisions, with most other Board decisions requiring a simple majority vote. The Board would be authorized to adopt its own bylaws to administer its broad grant of powers to fulfill the objectives of the agreement.

Election Matters

All communities that sign the 28E Agreement agree to use common ballot language for the July 10, 2007, election to authorize the one cent local option sales tax. The ballot would stipulate a 10-year sunset for the local option sales tax and would mandate that revenues be used as follows:

- 33% for direct dollar-for-dollar property tax reduction (statutory tax relief).
- 33% for additional local property tax relief, as determined by the City Council in a Tax Relief Plan on file in the City Clerk's Office.
- 34% for distribution to the Regional Authority.

Des Moines' Plan for Use of Discretionary Funds (33%)

Four town hall meetings are planned to gather public input for preparing Des Moines' plan for the use of this portion of funds:

- Ward 2: Tuesday, March 13th, 6:00 – 7:30 p.m., Eastside Community Center
- Ward 4: Wednesday, March 14th, 6:00 – 7:30 p.m., Southridge Mall
- Ward 1: Thursday, March 15th, 6:00 – 7:30 p.m., Northwest Community Center
- Ward 3: Thursday, March 15th, 6:00 – 7:30 p.m., Plymouth Congregational Church, Waveland Hall

A "virtual" town hall meeting will also be available at www.dmgov.org from Tuesday, March 13th through Friday, March 16th. This will provide an avenue of input for those who are unable to attend the live meetings in each ward. City staff will compile the input from the meetings, the website, and other sources (such as citizen satisfaction surveys), and the City Manager will prepare a recommendation for Council regarding the use of these funds. The City Manager will present his recommendation on March 26th, and Council will be asked to take action on the plan on April 9th.

Distributions by the Regional Authority (34%)

By signing the 28E Agreement, Des Moines would agree to pay the designated 34% of the local option tax proceeds to the Regional Authority, which would use those proceeds to fund Regional Facilities (30%), Recreational Trails (25%) and Cultural and Arts Organizations (25%), each as recommended by Advisory Councils, and for specific equalization efforts to reduce property tax disparity (20%).

- Regional Facilities will consist of publicly owned buildings and facilities that are used primarily for entertainment or enlightenment of the public or otherwise enhance the quality of life for

residents of the tri-county area.

- Recreational Trails will consist of regional and local trails for pedestrians and bicycles.
- Cultural and Arts Organizations will consist of regional and local organizations promoting art, music, theatre, dance, zoology, science or history programs or events.
- During each year of the local option tax, a portion of the 20% equalization amount would be distributed to the participating communities on the basis of the current valuations of tax-exempt properties. Because of the high number of tax-exempt properties in Des Moines, the City would greatly benefit from this element of the agreement. \$2.9 million is estimated to be distributed by the Regional Authority to Des Moines in the first year for property tax equalization.

Management Protocols for the Regional Authority

The Board will prepare and approve an annual budget of operating and administrative expenses, as well as allocations to regional facilities, recreational trails, cultural and arts organizations, and tax equalization. No more than 1% of Local Option Sales Tax revenues may be used for operating and administrative expenses. A public hearing will be held prior to the adoption of the annual budget. The Board will also prepare an annual financial report following an audit by an independent auditor. A detailed annual activity report will be distributed to all participating communities and made available to all media outlets.

As of Wednesday, February 21, 2007, the following communities have signed on to the 28E Agreement:

Altoona	Minburn
Bondurant	Mitchellville
Carlisle	Norwalk
Clive	Perry
De Soto	Pleasant Hill
Granger	Redfield
Hartford	Spring Hill
Indianola	St. Mary's
Johnston	Van Meter
Linden	

PREVIOUS COUNCIL ACTION(S): NONE

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

March 26, 2007

- City Manager presents plan for the use of the discretionary 33% of local option sales tax proceeds collected in accordance with the Project Destiny 28E Agreement.

April 9, 2007

- Approving the final plan for use of the discretionary 33% of local option sales tax proceeds.
- Approving the final ballot language for the referendum on July 10, 2007.