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Date April 23, 2007

**INFORMAL HEARING ON CONSIDERATION
OF PROPOSED ADDITIONAL PROPERTY TAX RELIEF PLAN
FOR USE OF LOCAL OPTION SALES AND SERVICES TAX PROCEEDS**

WHEREAS, by Roll Call 07-399 of February 26, 2007, the City Council of the City of Des Moines approved the Agreement for the Regional Application of Local Option Sales Taxes and Creating the Tri-County Regional Authority ("28E Agreement") which 28E Agreement establishes the uses of the proceeds of the proposed one cent local option sales and services tax, including property tax relief, a local property tax relief plan and the allocation of a portion of the proceeds to a Tri-County Regional Authority; and

WHEREAS, by said Roll Call, the City Council established a process for public input on consideration of adoption of the City of Des Moines plan for additional local property tax relief from the discretionary portion of the local option sales and services tax proceeds; and

WHEREAS, in accordance with the terms of said Roll Call, the City Manager has coordinated a public process concerning the establishment of the City of Des Moines plan for additional local property tax relief which process included holding four town hall meetings and a virtual town hall meeting; and

WHEREAS, by Roll Call No. 07-603 of March 26, 2007, the City Council received and filed the City Manager recommendation for the City of Des Moines plan for additional local property tax relief from the discretionary portion of the local option sales and services tax proceeds and the City Council resolved that the recommendation be considered at an informal hearing to be held on April 9, 2007 at 5:00 p.m.; and

WHEREAS, by Roll Call No. 07-680 of April 9, 2007, the City Council received comments on the City of Des Moines plan for additional local property tax relief from the discretionary portion of the local option sales and services tax proceeds and continued the informal hearing on consideration of adoption of such plan until April 23, 2007 at 5:00 p.m.

WHEREAS, those interested in the City of Des Moines plan for additional local property tax relief from the discretionary portion of the local option sales and services tax proceeds have been given an opportunity to be heard with respect thereto and have presented their views to the City Council.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Des Moines, Iowa, that upon due consideration of the facts and statements of interested persons and the receipt and file of all comments, the informal hearing is hereby closed.

BE IT FURTHER RESOLVED that the City of Des Moines plan for additional local property tax relief from the discretionary portion of the local option sales and services tax proceeds, inclusive of all revisions thereto adopted herein by the City Council, is hereby approved.

★ **Roll Call Number**

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BE IT FURTHER RESOLVED that the City of Des Moines plan for additional local property tax relief from the discretionary portion of the local option sales and services tax proceeds shall be filed in the Office of the City Clerk for review and inspection by all interested parties.

Moved by _____ to adopt.

APPROVED AS TO FORM:



Lawrence R. McDowell
Deputy City Attorney

(Council Communication No. 07-217)

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COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
COWNIE				
COLEMAN				
HENSLEY				
KIERNAN				
MAHAFFEY				
MEYER				
VLISSIS				
TOTAL				

MOTION CARRIED

APPROVED

CERTIFICATE

I, DIANE RAUH, City Clerk of said City hereby certify that at a meeting of the City Council of said City of Des Moines, held on the above date, among other proceedings the above was adopted.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal the day and year first above written.

City Clerk

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Mayor

Project Destiny
Local Option Sales Tax
Additional Property Tax Relief Plan

Date April 23, 2007

Agenda Item 51

Roll Call #

The following Additional Property Tax Relief Plan is submitted as prescribed under Article VII, Section 2, of the "Agreement for the Regional Application of Local Option Sales Taxes, and Creating a Tri-County Authority" as approved by the Des Moines City Council on February 26, 2007, Roll Call no. 07-399. An estimated \$150 million, combined, will be received by the City of Des Moines' from the 33% allocation to Additional Property Tax Relief and Regional Tax Equalization components of the agreement.

The City of Des Moines will spend up to \$50 million in total over the ten year period of sales tax collection on the quality of life improvements listed below. All sales tax proceeds in excess of the amount designated for quality of life improvements will be used to reduce the city's property tax rate. The estimated amount to be available for property tax rate reduction is a total of \$100 million over the ten year period of sales tax collection. The allocation of funding to quality of life improvements and property tax relief will not be spread evenly over the ten year period. An emphasis will be placed on funding quality of life improvements during the first five years, with a greater emphasis on property tax reduction during the last five years.

Up to \$18 million for Blank Park Zoo

The Blank Park Zoo is the only accredited zoo in Iowa, has consistently ranked as one of the top attended cultural attractions in Iowa, and was recently named "Attraction of the Year" by the Iowa Tourism Department. The zoo's audience consistently exceeds 300,000 per year. The zoo is a one of the biggest family tourism draws for the city and is important for our area's quality of life.

However, the zoo is over 40 years old, and much of the infrastructure is original and in need of replacement. At present, the City owns the Zoo, although the Zoo is managed by the Zoo Foundation. The city has an obligation to replace and repair the infrastructure and buildings that existed when the agreement was adopted. Although there were two new exhibits built in 1999, the last major addition was done in the mid 1980's. The proposed Zoo expansion is expected to create an increase of nearly 150,000 Zoo visitors per year, and is seen as a spark for south side redevelopment and economic growth.

The expansion and rebuild of the zoo will allow new species and displays in a much more "natural" setting. Rhinos, bears and gorillas are some of the proposed big new species which will complement smaller birds and mammals. Many of these animals have never been seen in Iowa, nor displayed in such a friendly habitat. Planners wish to emphasize American Zoo Association "species survival program" animals in an effort to protect and breed endangered species from around the world. Africa, Asia, Australia and the Americas animals will be showcased in themed areas. Exhibits and buildings will be

themed architecturally to its region. A tram and bike trail will connect the two areas of the Zoo (much like Disney World) to add to the natural experience. Environmental construction and practices will be implemented wherever fiscally possible.

After considerable public input, the Zoo Foundation, City of Des Moines, Polk County and the Polk County Conservation Commission agreed to an expansion plan to allow zoo growth in part of the Fort Des Moines Park, expanding the Zoo from its current 22 acres to an impressive 115 acres. Zoo planners concluded that this plan would create the best quality zoo with the greatest tourism and quality-of-life return for our area.

The Blank Park Zoo expansion master plan works ideally with use of the Fort Des Moines Park property. Although less desirable, Zoo expansion will occur even if the transfer of Ft. Des Moines Park becomes impossible. A Zoo expansion without the acquisition of Fort Des Moines Park will focus on use of existing land owned by the Zoo Foundation and the City. The Blank Park Zoo Foundation and the City are committed to Zoo expansion in south Des Moines. If Project Destiny funds are provided, we believe the zoo will be “world class” in a much shorter period of time.

Up to \$18 million of Project Destiny funds will be used for expansion of the Blank Park Zoo in the form of a dollar-for-dollar match to non-City of Des Moines donations received. Any portion of the \$18 million designated for this purpose, but not used as dollar-for-dollar match will be used for additional property tax relief.

\$10 million – Neighborhood Street Improvement Program and Sidewalk Repair

The City of Des Moines’ inventory of 680 centerline miles of residential streets consists primarily of Portland cement concrete (PCC) construction. Of the 410 centerline miles of residential PCC streets, an estimated 15 percent, or 62 centerline miles, require restoration. Project Destiny funding will provide citywide Concrete Pavement Restoration (CPR) in the form of a newly named Neighborhood Street Improvement Program. This program would focus improvements on neighborhood residential streets, which will be selected based on our empirical analysis of life cycle condition using the city’s Pavement Management System, and will be balanced among the City’s neighborhoods. Concrete pavement restoration includes panel removal and replacement, full-depth patching, crack and joint sealing, and diamond grinding. Timely maintenance of residential concrete streets helps to ensure they reach their full design life. An enhanced CPR Program would provide balance to the City’s extensive Hot Mix Asphalt Overlay Program, resulting in increased customer satisfaction, and would also provide an opportunity for other neighborhood improvements integrated with street improvements including curb and sidewalk enhancements.

In addition to sidewalks related to street improvements, sidewalk improvements deemed necessary for other reasons will be funded. Reasons for funding may include designated school walk routes and sidewalks/ramps in proximity to disabled residents needing wheelchair access. Overall, the \$10 million designated for the Neighborhood Street Improvement Program, and Sidewalk Repair funding will be allocated approximately 75% to streets, 15% to sidewalks, and 10% to curbs.

\$10 million – Neighborhood Commercial Area Improvements

Commercial nodes and corridors found throughout the city's diverse and unique neighborhoods help shape and define our quality of life and economic liveliness. \$10 million of Project Destiny funding to target Neighborhood Commercial Area Improvements will create attractive streetscapes, revitalized storefronts, improved properties and an overall positive change in neighborhoods city-wide.

Project Destiny funds will be used to leverage private investment and create partnerships to improve the physical environment in neighborhood commercial areas. Such an improvement plan could include new streetlights, landscaping, parking, signage, uncluttering utility lines, and other infrastructure improvements necessary for the revitalization of neighborhood commercial areas. Funds may also be used for property acquisition or planning and design activities related to improving a commercial area. Project Destiny funds will provide an additional financial tool to expand and enhance the existing Neighborhood Commercial Revitalization Program that provides grants and loans to private commercial property owners to make improvements in targeted retail areas.

Project Destiny funding, combined with funding currently available to support neighborhood commercial areas, will help strengthen, beautify and promote a sense of identity and pride in our neighborhoods. Neighborhood-based planning efforts have already identified proposed streetscape improvements in the Ingersoll, Beaverdale, 6th Avenue, Highland Park, Drake, Two Rivers, SE 14th Street, Southridge, and E. University commercial areas, with plans for the Merle Hay neighborhood underway. With funding available to address the recommendations some or all of these existing and future neighborhood commercial area plans, individual projects can be identified and prioritized by the City Council for successful completion. Project Destiny funding alone, may not be sufficient, but will accelerate progress toward addressing neighborhood commercial development goals.

\$10 million – Neighborhood Park Improvements

Water Playgrounds

Neighborhood Park Water Playgrounds, aquatics facilities that are in high demand, have been built and are operating at M.L. King Park, Union Park and Ashby Park, and three more are budgeted at Pete Crivaro, Tower and Grandview Parks. That leaves planned Water Playgrounds for southwest and southeast Des Moines unfunded. Project Destiny funds will be used to build the southeast facility in Ewing Park and the southwest facility at either Grays Lake or Jefferson elementary school.

Water Splashpads

Funding has been identified in the current Capital Improvement Plan for 3 Water Splashpads at smaller neighborhood parks. Project Destiny funds will be used to build an additional 8 to 10 Water Splashpads at various locations throughout the city. There are currently 2 such facilities at E.K. Davis park and Woodlawn Park.

The location of the Playgrounds and Splashpads will be recommended to the City Council by the Park and Recreation Board following a public input process. The combination of these very popular aquatic facilities are expected to attract over 200,000 park users each summer, based on the attendance record of existing facilities.

Skate Parks

The second type of recreation facility to be funded by Project Destiny will be neighborhood skate parks. The 4-Mile Park skate park is currently funded, but is in need of funds to develop the master plan for the surrounding park area, Project Destiny funds will be used to complete this 4-Mile Park plan work. Additionally, 2 more neighborhood skate parks will be constructed. A planned, but as yet unfunded skate park at Tower Park, and another proposed skate park at either Ewing Park or the new Southeast Park will be built with Project Destiny funds. This location decision between Ewing Park and the new Southeast Park will be based on completion of that Park Master Planning process and the recommendation of the Park and Recreation Board.

Southeast Park

The City and Des Moines Schools have acquired 60 acres in southeast Des Moines (immediately west of Three Lakes Estates) that is connected to an existing 12 acres owned by the City. The City, School District and Library system are working together via 28E agreement to jointly master plan the 72 acres, to include a new SE Public Library, school and neighborhood park. Construction of this park will serve existing unmet needs for a neighborhood park and also be an impetus for further development in this important area of the City. The specific improvements to this park will be decided in the master plan, as adopted by the Park and Recreation Board.

\$2 million – Tenant Relief Program

Project Destiny will provide relief to homeowners through a property tax reduction. Since housing costs for tenants are based on the rental market, tenants may not receive the property tax relief guaranteed to homeowners. For equity reasons, the City of Des Moines will direct \$200,000 annually, toward rent relief for low-income tenants of unsubsidized rental units through additional supplemental payments through the Low-Income Home Energy Assistance Program (LIHEAP). If LIHEAP should be discontinued for reasons beyond the City's control prior to June 2017, a similar program will be utilized.

Each year, the funds will be allocated to individual recipients based on current LIHEAP formulas that prorate the available funds between eligible applicants. The allocation is expected to provide an average annual supplement of about \$77 to each recipient. This amount compares to a property tax savings of \$83 that the owner of a \$75,000 home is expected to receive. At current participation rates, approximately 2,600 households will benefit from this additional supplement. The amount of the annual supplement to each recipient will fluctuate as participation rates rise and fall each year.

Public Hearing and Reporting

A public hearing will be held no later than February 15th of each year to provide information and receive public comment on:

- 1) An annual report that will detail the receipts and expenditures, as certified by the City's independent auditors, of Local Option Sales Tax funds during the past fiscal year. The report will be placed on file for public inspection at least one week prior to the public hearing, and will be made available to all media outlets.
- 2) The proposed uses of the Local Option Sales Tax proceeds that are included in the City Manager's Recommended Operating and Capital Improvement Program Budgets for the next fiscal year. The City Manager's recommendation will itemize specific uses for quality of life improvements and property tax rate reduction, in accordance with the voter approved ballot and this Additional Property Tax Relief Plan.