REGULAR MEETING DES MOINES CITY COUNCIL

MINUTES June 3, 2004

The regular meeting of the Des Moines City Council was called to order at 7:30 p.m. by Mayor Sheckler in the City Council Chambers, 21630 11th Avenue South.

PLEDGE OF ALLEGIANCE to the Flag was led by Councilmember White.

ROLL CALL - Present: Mayor Bob Sheckler, Mayor Pro Tem Scott Thomasson, Councilmembers Richard Benjamin, Gary Petersen, Dan Sherman, Maggie Steenrod, and Susan White. Also present were City Manager Tony Piasecki, Assistant City Manager Corbitt Loch, City Attorney Linda Marousek, Finance Director Paula Henderson, and Deputy City Clerk Angela Chaufty.

DISCUSSION ITEMS

Draft Resolution No. 04-099 – 2004 Haunted House

Mayor Sheckler announced that the issue was not yet ready for Council's review.

MOTION was made by Mayor Sheckler, seconded by Councilmember White, and passed unanimously to continue the item to a date to be determined by the City Manager.

Draft Ordinance No. 04-073 ***[Assigned Ord. No. 1343]*** – Budget Amendments

Finance Director Henderson proposed the following changes to the 2004 budget amendments previously submitted to Council at the April 29, 2004 meeting:

1. Increase the transfer from the Street Fund to the General Fund from $100,000 to $200,000,
2. Transfer $500,000 from the Revenue Stabilization Fund to the General Fund,
3. Remove $25,000 from the General Fund budget amendments for the Economic Development Strategy,
4. Remove $75,000 from the General Fund budget amendments for the Zoning Code Review,
5. Add $5,240 to the Municipal Capital Improvement Fund budget amendments for the Activity Center's South 216th Street left turn access.
6. Add $12,604 to the Municipal Capital Improvement Fund budget amendments for the Steven J. Underwood Memorial Park Phase 1 electrical work.

MOTION was made by Mayor Pro Tem Thomasson and seconded by Mayor Sheckler to suspend Council Rule 26(b) to consider Draft Ordinance No. 04-073 on the first reading. **VOTE ON MOTION**: Motion passed, 4 – 3, with Councilmembers Benjamin, Petersen, and Streenrod opposed.

MOTION was made by Mayor Pro Tem Thomasson and seconded by Mayor Sheckler to adopt Draft Ordinance No. 04-073 relating to municipal finance, amending the 2004 budget adopted in Ordinance No. 1333.

Mayor Pro Tem Thomasson read the title of the proposed ordinance into the record.

Councilmember Sherman voiced his preference for adding additional funds for the Economic Development Strategy as he felt a professional study to prepare for the city's future loss of revenue would be a wise investment.

MOTION was made by Councilmember Sherman and seconded by Mayor Sheckler to add $25,000 in the 2004 budget to study economic development.

Mayor Pro Tem Thomasson stated that, until Council had a common understanding of economic development, Council should not proceed with an economic development study. He said that $25,000 had been placed in the 2004 budget to facilitate Council's discussion of this topic.

Councilmember White voiced strong support for the motion. She said that an economic study was necessary for the city. Councilmember White said that historic preservation of the Des Moines Beach Park could be a catalyst for economic change. She also stated that she would support the inclusion of $75,000 for a review of the zoning code.

Councilmember Benjamin said that he supports financing an economic development strategy for the City but, first, he wished to see how the Walgreen's development proceeded. The project would identify issues that Council should address. Councilmember Benjamin said that Council needed to identify the issues prior to hiring a consultant.

Councilmember Steenrod said that she would not support the budget amendments without the inclusion of the zoning code review.

Mayor Sheckler confirmed that the motion on the floor did not identify a particular consultant to perform an economic development study.

City Manager Piasecki informed Council that the Community Development Director was currently working with a consultant to answer specific questions regarding the lack of development in the Pacific Ridge area. He clarified that Mayor Pro Tem Thomasson was attempting to contact consultant Hyatt Palma regarding specific types of services they provide.

VOTE ON MOTION: Motion passed, 4 – 3, with Mayor Pro Tem Thomasson and Councilmembers Benjamin and Steenrod opposed.

MOTION was made by Councilmember Steenrod and seconded by Councilmember White to amend the motion to include $75,000 for the Zoning Code Review.

Mayor Pro Tem Thomasson spoke against the motion. He questioned where the money for the review would come from.

Councilmember Benjamin said that economic development on Pacific Highway South and in the Pacific Ridge area would be beneficial to the citizens and provide a revenue source. He said that the city needed to attract business and increase safety in the area.

Councilmember Steenrod clarified that a zoning code review meant a discussion with developers and business owners specifically focused on DMMC Title 12, Title 14, Title 17, and Title 18 as most complaints fell into those categories. She said that the $75,000 for the zoning code review was not an expense but an investment and that it should be done along with the economic development strategy.

Councilmember Sherman suggested that Council wait for the State to take action on the Uniform Building Code before taking action.

Councilmember White voiced support for doing the economic development strategy and the zoning code review at the same time.

Councilmember Petersen said that the development of an economic development strategy and a review of the zoning code were important.

VOTE ON MOTION: Motion passed, 5 – 2, with Mayor Pro Tem Thomasson and Councilmember Sherman opposed.

VOTE ON AMENDED MAIN MOTION: Motion passed, 6 – 1, with Mayor Pro Tem Thomasson opposed.

Budget Issues and Priorities

Finance Director Henderson asked Council to begin discussion of budget balancing strategies for the 2005 budget, including identifying new revenue sources, prioritizing programs and service levels, and establishing the level to initiate cuts to close the budget gap between recurring revenues and expenditures for the General and Street Funds. She briefly reviewed the following potential strategies:

1. Identify new revenues.
2. Implement budget cuts.
3. Utilize available one-time revenues.
4. Utilize reserves.

She noted that other common budget balancing strategies were identified in the packet materials. Finance Director Henderson cited a levy lid lift or a Business and Occupation tax as examples of potential new revenue sources.

City Manager Piasecki stated that Council could also ask the voters to increase the City's utility tax rate.

Councilmember White suggested that budget balancing strategies be placed on the agenda for the Council retreat.

City Manager Piasecki noted that the retreat was scheduled for June 26-27, 2004.

Mayor Sheckler said that he would provide additional retreat information to Councilmembers Benjamin and Steenrod.

Mayor Pro Tem Thomasson stressed the importance of Council maintaining credibility with the voters. He recommended that a contingency budget which identified cuts that would be made if I-864 passed be developed so that the public could be honestly informed of the impacts of the initiative. Mayor Pro Tem Thomasson questioned whether a levy lid lift ballot measure could be written to include $1.30 to maintain current services and $1.40 to add additional services.

Councilmember Benjamin stated that he was not interested in increasing taxes. He said that the organization must become more efficient. Councilmember Benjamin suggested that staff prioritize important issues for each department and show the effect of 5%, 10%, 15% and 20% cuts for each department. Councilmember Benjamin said that he did not want to impose cuts to the Police department as he categorized that department as a vital service.

Councilmember Sherman noted that, barring the receipt of unpredicted or one-time revenues, a $3,000,000 deficit was projected for 2005. He voiced support for diminishing the drain on the budget with levy stabilization. Councilmember Sherman stated his belief that streets were as vital as police services. He said that other Councilmembers would argue that other services were vital.

Councilmember White said that staff should examine its positions to determine whether any positions could be combined for better efficiency.

Councilmember Steenrod spoke against imposing a Business and Occupation Tax as, she felt, the additional tax would drive business out of the City. She encouraged Council to utilize a priority based budgeting process. Councilmember Steenrod said that both Council and department heads needed to prioritize needs. She stated her support for a 5-Year budget plan. Councilmember Steenrod said that fees for licenses and permits should not be changed unless the increase could be justified. Councilmember Steenrod voiced the following recommendations:

- Contract for short-term projects rather than hire employees.
- Look at technology advances to improve efficiencies.
- Secure a professional to examine departmental organizations and employee responsibilities for possible position consolidation, transfer to needier departments, or position downgrading.
- Require employees to pay part of health insurance or increase the amount that employees pay.
- Benchmark health insurance costs against private industry as well as other government entities.

Councilmember Steenrod asked that staff provide specific potential options of regional service consolidation and maintenance service outsourcing.

At 9:00 p.m., Mayor Sheckler declared a ten-minute break.

Councilmember Sherman said that it would be helpful to have general figures and an order of magnitude where savings might be found. The information would focus Council's discussion on the items that would result in the most savings.

Councilmember Steenrod recommended that Administration also look at trends in the private sector that might prove helpful.

<u>Proposed Levy Lid Lift – Initiative 864 Strategies</u>

Finance Director Henderson described Initiative 864. The impact of I-864 to the City of Des Moines would be a loss of approximately $659,200 in regular property tax.

MOTION was made by Councilmember Sherman to direct Administration to prepare an ordinance allowing a voter-approved levy lid lift ballot at a rate of 1.27% for budget stabilization purposes for the November ballot.

Mayor Sheckler asked Councilmember Sherman to keep the September ballot as an option.

Councilmember Sherman **accepted this request as a friendly amendment.**

Mayor Sheckler **seconded the motion**.

Councilmember Sherman said that the ballot would not increase the current levy rate.

Mayor Pro Tem Thomasson asked staff to research whether a multiple year levy would be allowed. He said that the timing of the ballot issue was important as voters needed to be educated. He suggested that the City share educational costs with other entities.

City Manager Piasecki noted that the September primary would be the first time partisan voting was implemented. The deadline for placing an issue on the September ballot was the end of July.

Councilmember Steenrod voiced support for a November ballot, as it would result in an optimum voter turnout. She said that if the voters were given the option to increase a tax, they should also be given the opportunity to reduce the utility tax by 1%. If the purpose for the tax was gone, the tax should be stopped. Councilmember Steenrod said that this action would increase the credibility of the elected officials.

Councilmember Benjamin said that he would only support a levy lid lift ballot if it was scheduled for the November election. He voiced support for a motion to give the voters the option of reducing the utility. If a motion to reduce the utility tax to 1% was presented, he would second the motion. Otherwise, Councilmember Benjamin said that he would continue with the initiative process to reduce the utility tax by 2%.

Mayor Pro Tem Thomasson said that he would support the motion. He questioned the best timing for the ballot measure and how best to educate the public.

Councilmember Sherman clarified that maintaining the levy rate at its current rate would result in an estimated 5% increase due to the increased value of the property. He said that his priority was insuring the public was fully informed of the issues. Councilmember Sherman stated that he was willing to consider a September or November ballot.

MOTION was made by Councilmember Benjamin and seconded by Councilmember Steenrod to amend the motion to specifically mark the issue for the November ballot.

Mayor Pro Tem Thomasson said that he would not support the motion as he did not have enough information regarding the pros and cons of election cycles at this time. The information should be available to Council at the time the proposed ordinance was presented to Council.

<u>VOTE ON MOTION</u>: Motion failed, 2 – 5, with Councilmembers Benjamin and Steenrod voting "YES".

City Manager Piasecki said that, if the motion passed, the proposed ordinance would be presented to Council for the first reading in June.

Councilmember Benjamin said that he would not support the motion as the measure was not specifically designated for the November ballot.

Councilmember Steenrod recommended that, if it appeared that I-864 would be on the ballot, staff should prepare two preliminary budgets.

<u>VOTE ON MOTION</u>: Motion passed, 5 – 2, with Councilmembers Benjamin and Steenrod opposed.

<u>NEXT MEETING DATE</u> – Regular Meeting, June 10, 2004

<u>ADJOURNMENT</u>

At 10:01 p.m., **<u>motion</u>** was made by Councilmember Petersen, seconded by Councilmember Sherman, and passed unanimously to adjourn the meeting.

Respectfully submitted,

Angela M. Chaufty
Deputy City Clerk

<u>ACTION ITEMS FROM JUNE 3, 2004 MEETING</u>

- Present an ordinance allowing a voter-approved levy lid lift ballot at a rate of 1.27% to Council.