

REGULAR MEETING DES MOINES CITY COUNCIL

MINUTES

November 4, 1999

The regular study session of the Des Moines City Council was called to order by Mayor Thomasson at 7:33 p.m. in the Council Chambers, 21630 11th Avenue South.

ROLL CALL - Present: Mayor Scott Thomasson, Mayor Pro Tem Terry Brazil, Councilmembers Dave Kaplan, Bob Sheckler, Dan Sherman, Gary Towe and Don Wasson. Also present were City Manager Bob Olander, Assistant City Manager Tony Piasecki, City Attorney Gary McLean, Finance Director Scott McCarty, Budget Accountant Peggy Watson and City Clerk Denis Staab.

DISCUSSION ITEMS:

2000 Preliminary Budget - I-695 Impacts

City Manager Olander stated that with the passage of Initiative 695 the regular agenda for this evening has been abandoned as Council needs to address the impacts to the proposed 2000 budget and the Six Year Capital Improvement Program. He noted that Council has been furnished with a packet titled I-695 Budget Reductions for Fiscal Year 2000. He noted that budget cuts could potentially involve employees being laid-off, which by law require a 30 day notice, and the end of the year is fast approaching. He advised that Council has some major issues to review and he requested general consensus from Council as to which direction staff should proceed. He noted that this will most likely require a special meeting on Monday or Tuesday of next week due to the number of issues involved.

Upon questioning from Council, City Manager Olander noted that he is recommending a one year use of reserve funds but on a one time basis only. He strongly felt that the City cannot count on the State to bail us out. He felt that the State Legislature is very unlikely to dip into the State's reserves and he encouraged Council to make its own decisions.

Councilmember Brazil agreed that it is highly unlikely that the State will offer any help. He noted that he has grave concerns with the impacts to City employees and reserve funds.

City Manager Olander advised that it is Council's decision on how much of reserve funds they wish to spend down, but he cannot recommend spending down more than what he has suggested in Council's packet.

It was noted that the 2000 Budget Public Hearing is scheduled for November 18, 1999, and several Councilmembers noted that it is important to have public input on any proposed new revenue sources or cuts in service or staffing.

City Manager Olander proceeded to review the following options, and his recommendation, with comments as noted:

Alternative A:

- Across the board 20% reduction in all operating departments, except police, which is projected at 15%. TOTAL = \$1,779,570 - Not recommended.

City Manager noted that he does not believe this is a supportable alternative given unacceptable impacts on required finance, court, legal, planning and police services.

Alternative B:

- Essentially a “Stop-gap” utilizing some reserves and one time measures to reduce the year 2000 impacts. TOTAL = \$909,000 with short fall of \$843,487 - Not recommended.

Alternative C:

- Alternative governmental and taxing structure for the Park and Recreation Department and ask the voters to establish a Park & Recreation District, as well as other budget reductions.

TOTAL = \$1,793,571 - Not recommended.

RECOMMENDATION:

- Adopt “one time” measures and some of the budget cuts in alternative B together with the following revenues:

1% Utility Tax Increase -	\$300,000
Recreation Fee Increase -	\$ 80,000
Building & zoning Fee Increase -	\$100,000
Street Light Utility	\$180,000
One time Revenues from Alt. B	\$909,000
TOTAL =	\$1,569,000

City Manager Olander pointed out that with a Park & Recreation District, the City would lose all control of the facility as it would be operated by a Board of Commissioners that would be elected at the time of the ballot issue, should it pass.

Mayor Thomasson commented that the policy question is how much saving do we consume. Or, should we be immediately looking at new revenue sources versus how much cuts we are willing to make to survive.

Council’s attention was drawn to the fact that there is a very small window of opportunity to raise revenues prior to January 1st. City Attorney McLean reminded Council that any new revenue sources or cuts in services can always be undone should other revenue become available.

Considerable discussion ensued regarding various issues, options and some of Council’s comments as follows:

Councilmember Sheckler: Prefer to review revenue options first, then non-revenue sources and the last issue would be what to take to the voters.

Mayor Pro Tem Brazil: Feels strong statement was made by voters therefore he is reluctant to raise new taxes without a vote of the people.

Mayor Thomasson: Council must make the tough decisions and determine comfort levels of raising taxes and fees versus making deep cuts in programs and personnel.

8:55 p.m. Mayor Thomasson declared a 10 minute break.

City Manager Olander referenced additional revenue options for raising fees or taxes, that were distributed to Council. Council began review of the listed options with comments and direction as noted.

MARINA

Direction was for a revenue transfer of \$200,000 and review for a rate increase. Councilmember Wasson voiced opposition. Councilmembers Sherman and Sheckler noted that they would prefer that any Des Moines residents who have moorage at the Marina be granted a resident discount.

RECREATION FEE INCREASE

Unanimous consensus was for the City Manager to authorize a 10% increase in recreation and rental fees. \$80,000

BUILDING AND ZONING FEE INCREASE

Unanimous consensus was for the City Manager to authorize a 15% increase on all planning, zoning and building fees. \$100,000

PROPERTY TAX

Direction was to increase the year 2000 property tax to its 6% maximum. \$133,235

STREET LIGHT UTILITY

Council direction was to charge for this service of providing pedestrian and traffic safety, being sure to charge residential property less than commercial.

BUSINESS TAX

An increase of base fee for home occupation, commercial and apartment license fee to \$400 per year and an increase in apartment unit rate to \$22.60 - \$210,000 - Consensus was OPPOSED as being too high.

Council's direction was to look at tripling each of the existing license fees. Councilmembers Wasson and Sherman were opposed.

UTILITY TAX ON SURFACE WATER

Council was unanimously OPPOSED to a 6% tax on SWM to yield \$60,000.

Councilmember Kaplan noted he would like to see the funding for street sweeping cut in half.

1% UTILITY TAX

Increase utility tax to full 6%. Council's direction was in favor, with Councilmembers Kaplan, Towe and Mayor Pro Tem Brazil opposed.

At this point City Manager Olander requested Council consider Park and Recreation options. He reviewed the following:

A. PARK & RECREATION DISTRICT

\$170,000 average home value

x .75 per \$1,000 assessed value

\$127.50 Annual cost - Total Yield Annually = \$1,107,546

B. VOTED DEDICATED UTILITY TAX OPTION

\$215.00 AVERAGE MONTHLY UTILITIES

x 3% VOTED UTILITY TAX

\$6.45 PER MONTH

x 12 MONTHS

\$77.40 Annual cost - Total Yield Annually = \$900,000

Councilmember Towe voice opposition to Option A as it would just create another government entity, and he would have serious concerns over level of service. He would only consider this option as a last resort.

Councilmember Sheckler expressed agreement with Councilmember Towe.

Councilmember Kaplan expressed support for option A.

10:30 p.m. **MOTION** was made by Councilmember Sheckler, seconded by Councilmember Kaplan and approved unanimously to continue the meeting another 10 minutes.

Councilmember Brazil felt that the Park and Recreation services are valuable to the quality of life for the citizens of Des Moines and he would favor option B.

Councilmember Wasson preferred option A.

Councilmember Sherman noted he would prefer option B as it allows the citizens to make a choice. However, he stated that he hopes citizens will give Council input at the Public Hearing regarding how to raise funds or what specific cuts they feel should be made.

Mayor Thomasson voice agreement with Councilmember Towe and noted that option B is more flexible.

At the request of City Manager Olander, Councilmembers agreed to time a vote for the April or May ballot.

NEXT MEETING DATE

Mayor Thomasson announced that Council will hold a special meeting on Monday, November 8, 1999 at 7:30 p.m. to continue discussion on the 2000 preliminary budget and to review the Six Year Capital Improvement Program.

ADJOURNMENT

Meeting was adjourned at 10:43 p.m.

Respectfully submitted,

Denis Staab
City Clerk