

AGENDA

DES MOINES CITY COUNCIL
FINANCE COMMITTEE
City Council Chambers
21630 11th Avenue S, Suite C.
Des Moines, Washington
Thursday, February 6, 2025 - 4:00 PM

Finance Committee: Chair Matt Mahoney; Vice Chair Jeremy Nutting; JC Harris

CALL TO ORDER

AGENDA

- Item 1. APPROVAL OF THE DECEMBER 05, 2024 MEETING MINUTES
[Draft December 05, 2024 Meeting Minutes](#)
- Item 2. 2025 WORK PLAN
[2025 Work Plan](#)
- Item 3. GENERAL FUND REPORT – DECEMBER 2024
[2024 Monthly General Fund Committee Report](#)
- Item 4. ONE-TIME TAX DISCUSSION
[One Time Tax](#)

ADJOURNMENT

MINUTES

**DES MOINES CITY COUNCIL
FINANCE COMMITTEE
City Council Chambers**

Thursday, December 5, 2024 - 5:00 PM

CALL TO ORDER

Chair Matt Mahoney called the meeting to order at 5:00 p.m.

ROLL CALL

Finance Committee:

Chair Matt Mahoney; Vice Chair Jeremy Nutting; JC Harris

Staff Present:

City Manager Katherine Caffrey; Assistant City Attorney Matt Hutchins;
Finance Director Jeff Friend; Deputy City Clerk Sara Lee

AGENDA

APPROVAL OF MINUTES

Motion Made by Chair Matt Mahoney to approve the October 3, 2024 Finance Committee Minutes as presented; Seconded by Vice Chair Jeremy Nutting.

Motion passes 3-0

GENERAL FUND REPORT – OCTOBER 2024

- Finance Director Jeff Friend presented information on October 2024 General Fund Report.

MARINA STEPS ARPA FUNDING/GENERAL FUND CASH

- Finance Director Jeff Friend presented information on Marina Steps ARPA Funding/General Fund Cash.

ADJOURNMENT

Meeting Adjourned at 5:22 p.m.

**Draft 2025 Finance Committee
Work Plan**

February 6, 2025	2025 Work Plan Monthly General Fund Report - December 2024 Ordinance 1561 One-Time Revenues discussion
March 6, 2025	Monthly General Fund Report - January 2025
April 3, 2025	Monthly General Fund Report - February 2025 ARPA Update Investment Policy Review
May 1, 2025	2025 1st Quarter Report REET Update
June 5, 2025	2024 Annual Financial Statements Monthly General Fund Report - April 2025
July 3, 2025	Monthly General Fund Report - May 2025 Capital Asset Policy Review
August 7, 2025	2025 2 nd Quarter Report 2026 Budget Update
September 4, 2025	Monthly General Fund Report - July 2025 2026 Budget/CIP Update
October 2, 2025	Monthly General Fund Report - August 2025 2026 Budget Update Property Tax Update
November 6, 2025	Monthly General Fund Report - September 2025 2025 3rd Quarter Report 2025 Budget Amendments
December 4, 2025	Monthly General Fund Report - October 2025 Small and Attractive Policy Review

General Fund of Sources and Uses	Summary	December 2024			2024 YTD Budget vs Actual		2024 Remaining Budget
		Original Budget	Amended Budget	YTD Actual	Amount	Percentage	
Operating Revenues							
Property Tax		\$ 5,639,570	\$ 5,639,570	\$ 5,407,735	\$ (231,835)	-4%	\$ 231,835
Utility Tax		4,459,106	4,459,106	4,336,153	(122,953)	-3%	122,953
Sales Tax		4,325,000	4,325,000	4,083,036	(241,964)	-6%	241,964
B+O Tax		1,440,000	1,440,000	1,235,281	(204,719)	-14%	204,719
Franchise Fees		1,450,000	1,450,000	1,421,118	(28,882)	-2%	28,882
Criminal Justice Tax		1,300,000	1,300,000	1,189,554	(110,446)	-8%	110,446
Gambling Tax		35,000	35,000	30,186	(4,814)	-14%	4,814
Leasehold Tax		240,000	240,000	239,558	(442)	0%	442
Taxes Subtotal		\$ 18,888,676	\$ 18,888,676	\$ 17,942,621	\$ (946,055)	-5%	\$ 946,055
Business Licenses and Permits		300,000	300,000	329,165	29,165	10%	(29,165)
Other Licenses and Permits		15,000	15,000	14,527	(473)	-3%	473
Intergovernmental (Grants, etc.)		1,043,304	1,043,304	1,135,822	92,518	9%	(92,518)
Charges for Services:							
General Government Services		212,944	212,944	244,900	31,956	15%	(31,956)
Court		103,300	103,300	106,792	3,492	3%	(3,492)
Public Safety		83,300	83,300	91,384	8,084	10%	(8,084)
Culture and Recreation		438,900	438,900	400,480	(38,420)	-9%	38,420
Red Light Running Infractions		1,200,000	1,200,000	1,058,365	(141,635)	-12%	141,635
Other fees and penalties		352,150	352,150	107,292	(244,858)	-70%	244,858
Fees/Charges/Fines Subtotal		\$ 3,748,898	\$ 3,748,898	\$ 3,488,728	\$ (260,170)	-7%	\$ 260,170
Interest Income		106,000	106,000	95,322	(10,678)	-10%	10,678
Rentals and Leases		511,570	511,570	386,914	(124,656)	-24%	124,656
Contributions and Donations		24,000	24,000	12,511	(11,489)	-48%	11,489
Miscellaneous		30,700	30,700	187,046	156,346	509%	(156,346)
Interfund Charges		1,459,291	1,459,291	1,403,455	(55,836)	-4%	55,836
Transfers In							
Fund 114 (ARPA Fund)		1,850,617	3,943,929	3,857,247	(86,682)	-2%	(2,006,630)
Other Revenues Subtotal		\$ 3,982,178	\$ 6,075,490	\$ 5,942,494	\$ (132,996)	-2%	\$ (1,960,316)
Total Operating Revenues		\$ 26,619,752	\$ 28,713,064	\$ 27,373,843	\$ (1,339,221)	-5%	\$ (754,091)
Operating Expenditures							
City Council		\$ 103,781	\$ 143,750	\$ 136,473	(7,277)	-5%	(32,692)
City Manager/Administration		1,255,148	1,504,148	1,810,369	306,221	20%	(555,221)
City Clerk		854,703	954,703	1,018,086	63,382	7%	(163,382)
Human Resources		407,370	407,370	287,649	(119,721)	-29%	119,721
Finance		1,334,670	1,334,670	1,310,059	(24,611)	-2%	24,611
Technology Services		1,618,534	1,618,534	1,575,450	(43,084)	-3%	43,084
City Attorney		889,357	889,357	648,267	(241,089)	-27%	241,089
Municipal Court		1,735,021	1,791,021	1,635,170	(155,851)	-9%	99,851
Public Safety - Business Office		1,061,350	1,327,006	1,258,266	(68,740)	-5%	(196,916)
Police		12,133,208	12,263,208	12,852,679	589,470	5%	(719,470)
Planning and Building (Tax-based)		427,509	427,509	437,483	9,974	2%	(9,974)
Building and Parks Maintenance		2,074,107	2,074,107	1,846,000	(228,107)	-11%	228,107
Community Events and Services		3,066,577	3,082,577	2,254,401	(828,176)	-27%	812,176
Transfers Out							
Fund 140 (Redondo Zone)		-	100,000	100,000	(0)	0%	(100,000)
Fund 208 (2018 LTGO Bonds)		226,600	226,600	226,600	0	0%	(0)
Fund 506 (Facility Repair and Replacement)		51,000	51,000	-	(51,000)	0%	51,000
Total Operating Expenditures		\$ 27,238,936	\$ 28,195,560	\$ 27,396,951	\$ (798,609)	-3%	\$ (158,016)
Total Operating Income (Loss)		\$ (619,184)	\$ 517,504	\$ (23,109)	\$ (540,612)		

**December is month 12 of 12 = 66.7%



ONE-TIME REVENUE

FINANCE COMMITTEE – FEBRUARY 6, 2025



NON-RECURRING (“ONE-TIME”) VS RECURRING REVENUE

Government Finance Officers Association:

Recurring revenues are the portion of a government's revenues that can reasonably be expected to continue year to year, with some degree of predictability. Property taxes are an example of recurring revenue. A settlement from a lawsuit is a good example of non-recurring revenue.

Some revenue sources may have both non-recurring and recurring components. These sources require finance officials to exercise judgment in determining how much of the source is truly recurring.

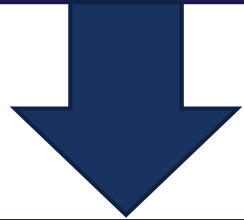
DES MOINES MUNICIPAL CODE (DMMC)

- **“One-time revenue”** means all corresponding sales tax and business and occupation tax revenues received by the city from development projects with a total value exceeding \$15,000,000. – **DMMC 3.100.010 (2)**
- All revenues designated as one-time revenues which are restricted from being used to fund the general fund budget shall be transferred to the municipal capital improvements fund to be used for projects consistent with the purposes of that fund. – **DMMC 3.100.030**
- Ordinance 1561 proscribed a phased in implementation beginning in 2014 through 2016.

Year	Transfer Amount
2014	25%
2015	50%
2016	75%
2017 - Present	100%

GENERAL FUND ONE-TIME REVENUE

**Development
Projects
Over \$15M**



**Sales Tax
B+O Tax
"One Time"**

**General
Fund**

**One-
Time Tax
Fund
(309)**

	Sales Tax	B+O Tax	Total	Transferred
2013	\$14,219	\$3,379	\$17,598	-
2014	102,288	20,207	122,494	-
2015	334,694	78,612	413,306	-
2016	505,493	87,686	593,179	500,000
2017	657,386	161,489	818,875	847,786
2018	808,792	170,897	979,689	979,689
2019	859,466	204,320	1,063,785	1,063,785
2020	202,700	67,842	270,542	-
2021	224,746	71,605	296,350	296,350
2022	259,842	46,466	306,308	306,308
2023	564,161	126,002	690,163	-
2024	98,629	36,007	110,609	-
TOTAL	\$4,632,416	\$1,074,512	\$5,706,928	\$3,993,918

ONE-TIME TAX FUND (309) – CASH BALANCES

Year	Cash Balance
2014	-
2015	-
2016	490,065
2017	1,183,676
2018	2,073,734
2019	692,127
2020	944,170
2021	2,376,575
2022	1,290,274
2023	1,277,606
2024	802,436

ONE-TIME TAX FUND (309) – CAPITAL PROJECTS

Project	Amount
Puget Sound Gateway - SR 509 Extension	500,000
Downtown Alley Improvement	148,000
Redondo Paid Parking	25,000
North Bulkhead	873,000
Sound View Park	235,000

ONE-TIME TAX - QUESTIONS

- 1) Should large construction projects be considered “one-time”?
- 2) Is \$15,000,000 still an appropriate benchmark for one-time tax?
- 3) Is there a better method for achieving the intent of the one-time tax ordinance?

ORDINANCE NO. 1561

AN ORDINANCE OF THE CITY OF DES MOINES, WASHINGTON adding a new chapter to Title 3 DMMC entitled "*Use of One-Time Revenues*", defining one-time revenue, creating phased-in expenditure requirements, and codifying a new chapter in Title 3 DMMC.

WHEREAS, the City of Des Moines has an important responsibility to its citizens to carefully account for public funds, manage municipal finances wisely, and plan adequate funding of services and facilities desired and needed by the public, and

WHEREAS, each year, the City receives revenue from a number of different sources which is then used to determine the next year's annual budget, and

WHEREAS, one-time revenues have historically been used to balance the budget and to pay for services that continue from year to year, and

WHEREAS, one-time revenues are by definition non-recurring and therefore should not be relied on in future budget periods, and

WHEREAS, the City Council finds that the continued use of one-time revenues for ongoing expenditures is not sustainable, and

WHEREAS, the City Council finds that by the year 2017, one-time revenues will be used solely for one-time expenditures and will not be used to fund ongoing services, now therefore,

THE CITY COUNCIL OF THE CITY OF DES MOINES ORDAINS AS FOLLOWS:

Sec. 1. A new chapter shall be added to Title 3 DMMC, entitled *Use of One-Time Revenues*, as follows:

(1) Definitions.

(a) Use of words and phrases. As used in this ordinance, unless the context or subject matter clearly requires otherwise, the words or phrases defined in this section shall have the indicated meanings.

(b) "One-time revenue" means all corresponding sales tax and business and occupation tax revenues received by the City from development projects with a total value exceeding fifteen (15) million dollars. Revenues from permit fees are not considered one time revenues and are specifically excluded from the requirements of this Chapter.

(2) Phased-In expenditure requirements created.

(a) For the calendar year of 2014, the total amount of one time revenues to be used to fund the 2014 general fund budget shall not exceed 75% of the total one time revenues received by the City.

(b) For the calendar year of 2015, the total amount of one time revenues to be used to fund the 2015 general fund budget shall not exceed 50% of the total one time revenues received by the City.

(c) For the calendar year of 2016, the total amount of one time revenues to be used to fund the 2016 general fund budget shall not exceed 25% of the total one time revenues received by the City.

(d) For the calendar year of 2017 and beyond, no one time revenues shall be used to fund the general fund budget.

(3) Expenditure of one time revenue. All revenues designated as one-time revenues which are restricted from being used to fund the general fund budget shall be transferred to the Municipal Capital Improvements Fund to be used for projects consistent with the purposes of that fund.

Sec. 2. Codification. Section 1 of this Ordinance shall be codified as a new chapter in Title 3 DMMC.

Sec. 3. Severability - Construction.

(1) If a section, subsection, paragraph, sentence, clause, or phrase of this ordinance is declared unconstitutional or invalid for any reason by any court of competent

Ordinance No. 1561
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jurisdiction, such decision shall not affect the validity of the remaining portions of this ordinance.

(2) If the provisions of this ordinance are found to be inconsistent with other provisions of the Des Moines Municipal Code, this ordinance is deemed to control.

Sec. 4. Effective date. This ordinance shall take effect and be in full force thirty (30) days after its passage and approval in accordance with law.

PASSED BY the City Council of the City of Des Moines this 13th day of December, 2012 and signed in authentication thereof this 13th day of December, 2012.

MAYOR

APPROVED AS TO FORM:

Assistant City Attorney

ATTEST:

City Clerk

Published: December 18, 2012

Effective Date: January 12, 2013

LEGAL NOTICE
SUMMARY OF ADOPTED ORDINANCE
CITY OF DES MOINES

ORDINANCE NO. 1561, Adopted December 13, 2012.

DESCRIPTION OF MAIN POINTS OF THE ORDINANCE:

This ordinance adds a new chapter to Title 3 DMMC entitled "*Use of One-Time Revenues*", defines one-time revenue, creates phased-in expenditure requirements, and codifies a new chapter in Title 3 DMMC.

The full text of the ordinance will be mailed without cost upon request.

Sandy Paul
City Clerk

Published: December 18, 2012