

— YOUR —
**LOCAL
OPTION**
SALES & SERVICE TAX



AT WORK



FY2021 Expenditure Report

October 18, 2021





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DSM.city/localoption

A message from Mayor Frank Cownie



In March 2019, 70% of voters in Des Moines approved a one-cent Local Option Sales and Services Tax to be used for property tax relief, infrastructure upgrades, public safety enhancements and neighborhood improvements.

The new tax went into effect on Monday, July 1, 2019. The tax does not apply to things such as groceries, gas or prescription drugs, as determined by the Iowa Department of Revenue.

An estimated 33% of annual revenue will be generated by visitors. Each year, the City will publish a Local Option expenditure report for our residents and stakeholders to review.

In 2019, voters in Des Moines overwhelmingly approved Public Measure A, a local option sales and services tax. By adding just that single cent, voters put in motion a catalyst that will lead to decades of positive change and measurable difference for our City, its neighborhoods and residents.

Through that Local Option vote, residents delivered a mandate to generate new money that would go toward property tax relief, infrastructure improvements, enhanced public safety and improved neighborhoods.

As a City, we had an obligation and commitment to identify projects, services and initiatives that benefit residents, businesses and community organizations – while exhibiting financial responsibility and transparency.

Thanks to that vote, Des Moines has raised its expectations and delivered to us a source to make it happen. The revenue that is being generated has already allowed us to catch up with projects that too often were cancelled or delayed because of a lack of funding.

Through these community improvements provided by Local Option, Des Moines will only enhance its position as a great American city. That is why I am confident that in 15-20 years, we will look back and view this effort as a monumental turning point in the administration, growth and success of Des Moines.

Thank you!

Summary

In its second year, the City of Des Moines has taken great strides to deliver on the priorities residents mandated prior to approving the Local Option Sales and Services tax in March 2019. Local Option went into effect on July 1, 2019 and has since supported the City Council's effort to stabilize property tax rates while simultaneously accelerating the City's efforts to tackle street improvements, flood prevention, neighborhood property and service improvements, as well as supporting our firefighters and mobile mental health crisis services. City Council approved a spending policy on December 17, 2018 to ensure funds generated by Local Option continue to focus on priorities identified by feedback from residents.

In FY2021, Local Option generated \$34.5 million. City Council maintained the City's lowest property tax rate in seven years, continued the largest street repair effort in Des Moines history, accelerated improvements to stormwater infrastructure, supported Des Moines Public Library extended hours, funded neighborhood improvement projects through Invest DSM, and hired additional firefighters, all thanks to your investment in your city.

"When Des Moines voters approved Local Option more than two years ago, they demonstrated overwhelming support for our City and neighborhoods. This sent a clear mandate to those of us who serve this City and its residents. That's why we have worked diligently since 2019 to deliver on our promise and use these funds in a productive, responsible and transparent manner."

— Scott Sanders, City Manager



Resident-mandated Local Option priorities



PROPERTY TAX RELIEF

By state law, 50% of the new sales tax revenue must go toward property tax relief. After receiving approval from voters, Des Moines City Council reduced the City's property tax levy rate to the lowest it had been in seven years.



STREET IMPROVEMENTS & FLOOD PREVENTION

Visitors and commuters now help fund necessary improvements to Des Moines' important infrastructure, including accelerated street repavement and replacement, and storm sewer upgrades.



NEIGHBORHOOD IMPROVEMENTS

The City is committed to using Local Option revenue to invest in neighborhoods throughout Des Moines, including accelerated removal of blighted houses and expanded library hours.



PUBLIC SAFETY IMPROVEMENTS & EXPENDITURES

To better serve our quickly growing city, Local Option revenue is used to fund public safety enhancements, including continued funding for 13 firefighter positions and a community grant for mobile mental health crisis services for youth.



Award-winning financial reporting

The City of Des Moines has been awarded the Certificate of Achievement for Excellence in Financial Reporting for 44 consecutive years by the Government Finance Officers Association of the United States and Canada (GFOA).

Summary Table

Here's an overview of how Local Option revenue was invested in the Des Moines community between July 1, 2020 and June 30, 2021. The rest of this report will look closer at each line item and the work that was done to support the priorities laid out in City Council's Local Option expenditure policy.

| Area | FY2020 Actuals | FY2021 Budget | FY2021 Actuals |
|---|---------------------|---------------------|---------------------|
| Total Revenue | \$38,103,466 | \$34,020,000 | \$34,481,809 |
| Property Tax Relief — 50% State Mandate | | | |
| Property Tax Relief | \$19,051,733 | \$17,010,000 | \$17,240,905 |
| Neighborhood Development Corp. (NDC) and Neighborhood Finance Corp. (NFC) | — | — | \$480,000 |
| Street Improvements and Flood Prevention | | | |
| Street Improvements | \$5,000,000 | \$5,000,000 | \$5,000,000 |
| Stormwater Improvements | \$550,000 | \$1,550,000 | \$1,550,000 |
| Flood Prevention Property Buyouts | — | \$400,000 | — |
| Neighborhood Improvements | | | |
| Blitz on Blight | \$700,000 | — | — |
| Invest DSM — Special Investment Districts | \$2,681,096 | \$2,500,000 | \$2,825,855 |
| Property Improvement Program | — | \$250,000 | \$55,599 |
| Neighborhood Matching Grants | — | \$100,000 | \$229,250 |
| Rental Housing Enhancements | — | \$250,000 | — |
| Expanded Library Hours | \$278,000 | \$381,100 | \$381,100 |
| #LadderUp Social Equity Grant Program | — | \$100,000 | — |
| Public Safety Improvements and Expenditures | | | |
| Firefighter Positions | \$1,300,000 | \$1,339,000 | \$1,339,000 |
| Mobile Mental Health Crisis Services Grant | — | \$200,000 | — |
| Reserves | | | |
| Designated Reserve | \$1,500,000 | — | \$1,200,000 |
| Financial Reserve | \$7,042,637 | \$4,939,900 | \$12,722,738 |
| Total Reserve | \$8,542,637 | \$11,982,537 | \$13,922,738 |

In regards to the reserve amounts, a financial buffer is established each year to account for decreases in the amount of sales tax generated annually. Reserves from this year will help protect the City's continued investment in the identified priorities. Learn more on page 19.

Property Tax Relief

With approximately 40% of property in Des Moines belonging to non-taxable entities, around 60% of property owners shoulder the cost of City improvements and services through property taxes. With Local Option revenue, City Council has been able to reduce the City of Des Moines' property tax levy without a reduction in planned projects or service level agreements.



By state law, 50% of the Local Option revenue must go toward property tax relief. City Council voted on March 11, 2019 to reduce the City's property tax levy rate to the lowest it had been in the seven years prior.

The passed budget included a \$0.60 per \$1,000 of taxable value reduction to the property tax rate, bringing the City's total levy rate to \$16.64. This rate was maintained in the FY2021 budget.

Without the support of Local Option, this levy rate was anticipated to grow substantially without a reduction in planned improvements or City services.

Property Tax Relief

Half of Local Option revenue is put into the debt service fund to fill the gap created by the \$0.60 property tax reduction in the debt service levy and provide for additional financial resources necessary to maintain acceptable levels of City services and neighborhood improvements.

Without the availability of Local Option, these services and improvements would have required an additional increase to the City's tax levy rate by \$1.50 per \$1,000 of taxable value over the next four to five years.

NDC & NFC

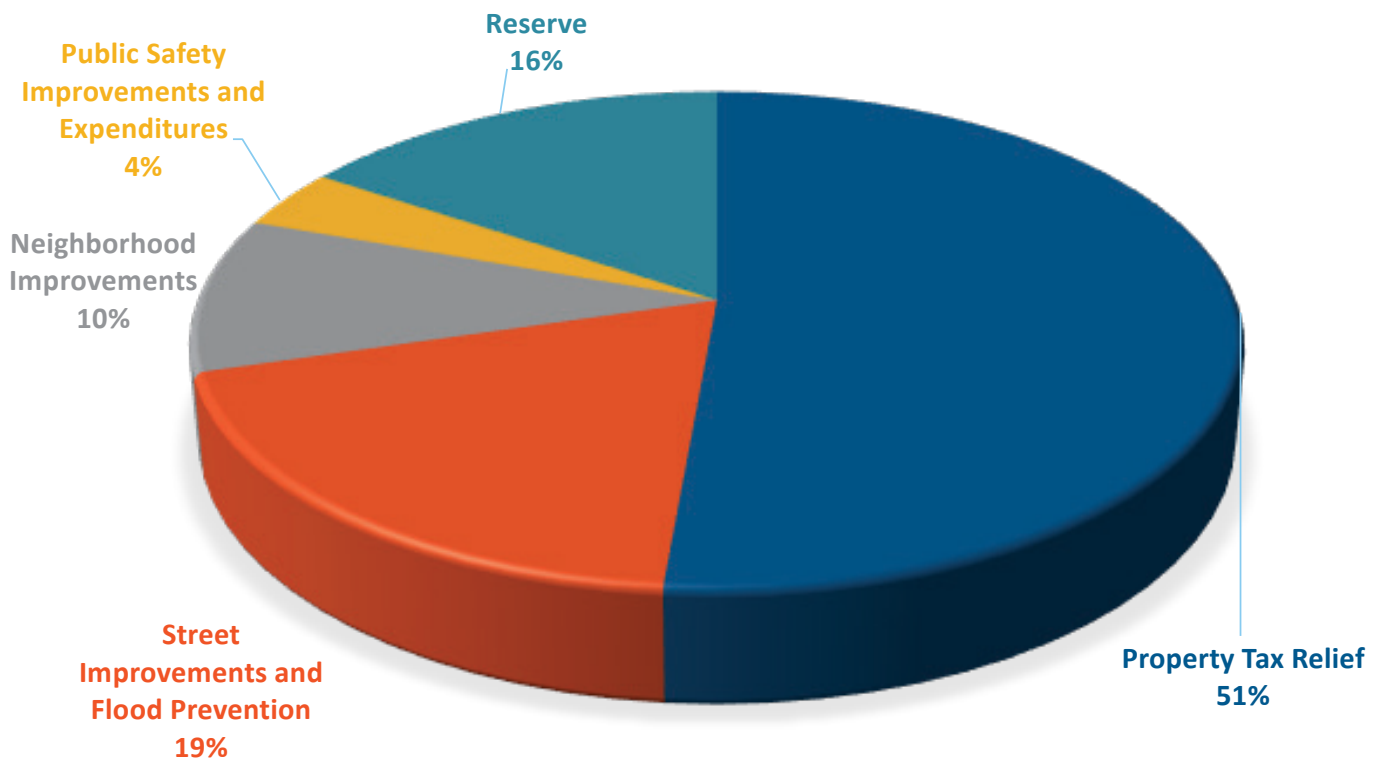
Originally funded solely by the debt issuance fund, the Neighborhood Development Corporation (NDC) and the Neighborhood Finance Corporation (NFC) partner with local financial institutions to finance multi-family development projects to provide affordable housing, as well as provide low interest rate mortgages and loans to help Des Moines homeowners invest and improve our aging neighborhoods throughout the city. With Local Option revenue, these valuable resources will be partially funded by visitors and commuters.

| Area | FY2020 Actuals | FY2021 Budget | FY2021 Actuals |
|---|---------------------|---------------------|---------------------|
| Property Tax Relief — 50% State Mandate | | | |
| Property Tax Relief | \$19,051,733 | \$17,010,000 | \$17,240,905 |
| Neighborhood Development Corp. (NDC) and Neighborhood Finance Corp. (NFC) | — | \$480,000 | \$480,000 |
| Total Budget | \$19,051,733 | \$17,490,000 | \$17,720,905 |

As required by state law, half of the Local Option revenue the City of Des Moines received was used to provide property tax relief in the form of a \$0.60 levy rate reduction. This reduced rate was maintained through FY2020 and FY2021. Local Option provides the additional financial resources necessary to maintain acceptable levels of City services and neighborhood improvements.

Without the availability of Local Option, these services and improvements would have required an additional increase to the City's tax levy rate to the tune of \$1.50 per \$1,000 of taxable value over the next four to five years.

Here's a breakdown that shows how the remaining half of Local Option revenue was used:



Street Improvements and Flood Mitigation

Thirty years of economic downturns resulted in tight budgets, causing many Des Moines streets to fall into disrepair. Recent storms producing record-breaking rainfall in short periods of time have generated a greater sense of urgency to measure, prioritize and improve our stormwater management systems throughout the entire city. Local Option revenue has allowed the City to supplement its Capital Improvement Plan budget, resulting in an accelerated approach to address much needed infrastructure improvement projects in every ward.



Street Improvements

In addition to the work already funded by the City's existing Capital Improvement Program budget, new Local Option revenue paved the way for additional roadway rehabilitation. Local Option directly funded rehabilitation of neighborhood streets and major roadways such as Martin Luther King Jr. Parkway, Hubbell Avenue, Easton Boulevard and Hartford Avenue. This fund will continue to accelerate the City's approach to roadwork for years to come.

Stormwater Improvements

While construction for stormwater improvements continues to be funded by stormwater fees, the City has started collecting additional data to formulate a master plan that will efficiently and effectively address issues with our stormwater infrastructure. This citywide study analyzes our watersheds and existing infrastructure to develop a five-year capital plan and 25-year financial plan. When the study is complete, Local Option will be used to accelerate implementation.

Flood Prevention Property Buyouts

For properties in expanding floodplain areas, this program is used to supplement financial support from FEMA and Iowa's State Revolving Fund (SRF) to relocate Des Moines families and demolish impacted buildings in order to return the path of stormwater to mother nature and better protect neighboring areas. These funds will carry over if not spent in prior years and provide the City the ability to quickly respond to homeowners hit with destruction caused by a flash flood in the floodplain.

| Area | FY2020 Actuals | FY2021 Budget | FY2021 Actuals |
|---|--------------------|--------------------|--------------------|
| Street Improvements and Flood Prevention | | | |
| Street Improvements | \$5,000,000 | \$5,000,000 | \$5,000,000 |
| Stormwater Improvements | \$550,000 | \$1,550,000 | \$1,550,000 |
| Flood Prevention Property Buyouts | — | \$400,000 | — |
| Total Budget | \$5,550,000 | \$6,950,000 | \$6,550,000 |

Street Improvements

FY2021 Local Option revenue was used to add extra streets to the 2020 Residential Paving Program, as well as fund rehabilitation of major roadways such as **Easton Boulevard**, **Keosauqua Way** and **Martin Luther King Jr. Parkway**, as well as the **East 30th Street Bridge**. The list below does not include projects funded by property or road use taxes.

2020 Residential Paving Program

\$5 million in construction costs funded by Local Option



This program reconstructs the pavement between the existing curb and gutters in residential neighborhoods. Localized areas of the curb and gutters are repaired, the existing asphalt surfacing materials are removed by milling/scarifying the street to an average depth of four-inches between the existing curb and gutters, then, the subgrade/subbase is prepared and the HMA pavement is constructed in two equal lifts. The program also addresses replacing existing sidewalk ramps with ADA-compliant ramps.

These residential streets saw improvements thanks to Local Option revenue in FY2021:

- SW 1st Street from Olinda Avenue to Davis Avenue
- SE 7th Street from Pioneer Road south to dead end
- 13th Street from Madison Avenue to Shawnee Avenue
- 14th Street from Shawnee Avenue north to dead end
- 15th Street from Madison Avenue north to dead end
- SW 22nd Street from Willowmere Drive south to dead end
- 25th Street from Sheridan Avenue to Prospect Road
- E 33rd Court from E University Avenue to Simms Drive
- E 35th Street from E University Avenue to Simms Drive
- 49th Place from Hickman Road to Holcomb Avenue
- Amherst Street from E. Douglas Avenue north to dead end
- Anita Avenue from SE 8th Court east to dead end
- Boston Avenue from 38th Street west to dead end
- E Broad Street from South Union Street to SE 5th Street
- California Drive from Crocker Street north to Chamberlain Avenue
- Cambridge Street from E Douglas Avenue to E Aurora Avenue
- Highland Street from Olinda Avenue to Davis Avenue
- Holcomb Avenue from 49th Street to 50th Street
- Kirkwood Avenue from SE 10th Street to SE 14th Street
- Olinda Avenue from South Union Street to SW 9th Street
- Oxford Street from E Douglas Avenue to E Aurora Avenue
- E Pleasant View Drive from South Union Street to SE 5th Street
- Seneca Avenue from 14th Street to 16th Street
- Shawnee Avenue from 14th Street to 15th Street
- E Shawnee Avenue from North Union Street to Amherst Street
- Simms Drive from E 33rd Court to E 35th Street

Future Local Option street improvement funds will continue to accelerate the City's five-year road construction plan. Track plans for your neighborhood by exploring the City's interactive project map at [DSM.city/projects](https://www.dsm.city/projects).

Stormwater Improvements

FY2020 Local Option revenue was used to begin the process of developing a citywide Stormwater Master Plan without using existing stormwater fees or reducing the amount of planned construction work for storm sewers. City Council voted on July 13, 2020 to approve a two-phased approach that will be completed by the end of the 2021 calendar year.

Stormwater Master Plan

\$550,000 in administrative costs funded by Local Option

Following City Council's approval, here's the timeline for collecting and assessing data to implementing a five-year capital plan and 25-year financial plan:

Phase 1

September 2020 – March 2021

- Data needs assessment
- Asset management program development
- Capital prioritization process development
- Administrative and regulatory planning

April 2021 – Phase 1 wrap-up

Phase 2

June–November 2021

- System modeling
- Capital project list development
- Development of five-year capital plan and 25-year financial plan

December 2021 – Phase 2 wrap-up

Stormwater Fund

\$1 million in project reimbursement funded by Local Option

In FY 2020, the General Fund loaned the Stormwater Fund \$9 million for project needs. This allowed the City to begin large stormwater improvement projects much earlier than previously expected. Local Option funds will reimburse the General Fund at \$1 million per year. This annual reimbursement started in FY2021 and is expected to end in FY2030.

Supported projects include:

- Leetown Creekway (\$1,000,000)
- Flood Mitigation Projects (\$3,000,000)
- Hamilton Drainage Area (\$5,000,000)





Flood Prevention Property Buyouts

No Local Option revenue was used in FY2021 for this program. The originally budgeted \$400,000 will carry over into FY2022 to support both citywide voluntary flood buyouts and buyouts necessary in the Fourmile Creek watershed.

Citywide Voluntary Flood Buyout Program

To be funded by Local Option, State SRF, FEMA HMGP and FEMA FMA

There were 208 single- and two-family homes that were inspected for damage after recent flooding. To help those impacted property owners, it is estimated to cost \$31 million. This assistance could take up to 30 years to complete, depending on available funding.

FY2020/2021 - FEMA 2019 HMGP funded buyouts are underway. \$1.3 million FEMA grant with estimated \$200,000 City match paid with Local Option funds.

FY2021 - \$1 million SRF loan approved for Fourmile Creek buyouts.

Ongoing - \$400,000 of annual Local Option funding will pay for City-funded buyouts and any local match requirements for future state/federal grants received.

Fourmile Creek Greenway Project Buyouts

100% City-funded, with \$400,000 in Local Option funding to be allocated each year

There are 27 remaining property owners affected in this floodplain, consisting of 20 houses and seven vacant parcels. The estimated cost for this project is \$3.3 million, which could take up to 10 years to complete depending on available funding.

All funding for these buyouts will be paid by the City of Des Moines, with \$400,000 of Local Option funding allocated to this project each year. Any excess funds will be designated in the following fiscal year and serve this project.

Neighborhood Improvements

Many Des Moines homeowners have experienced a loss of equity as their property values have decreased due to nearby nuisance properties, aging infrastructure, or the financial inability to make improvements to their property. Local Option revenue has been committed to improve the City's ability to remove uninhabitable properties, as well as expand library hours and provide financial assistance to homeowners invested in the improvement of their home and neighborhood.



Blitz on Blight

The City has a backlog of public nuisance structures citywide.

Removing uninhabitable structures improves the safety of our neighborhoods and removes a barrier for property owners to sell or develop their property. Local Option funds for this program will continue to be designated in the FY2022 budget.

Special Investment Districts

To support the City's Neighborhood Revitalization Program, Local Option revenue this year helped launch Invest DSM to strengthen middle market neighborhoods. Invest DSM partners with homeowners, developers, contractors and business owners to invest in strategic improvements for their neighborhood.

In its first year, Invest DSM is testing strategies in each of the City's four ward districts. This effort is bolstered by a matching investment from Polk County.

Property Improvement Program

Once approved by City Council, this program will look at the exterior of all owner-occupied and commercial buildings throughout Des Moines for exterior maintenance problems and work with property owners to address them.

The City plans to work with community businesses, faith-based organizations and other groups to establish needs-based support for those financially or otherwise unable to maintain the exterior of their property. Funds budgeted for this program will be designated in the FY2022 budget.

Neighborhood Matching Grant

This new program is designed to award small grants to neighborhood and community groups for improvement projects that build their leadership skills and help their neighborhood.

Multiple neighbors coming together to invest in an improvement for their neighborhood can request matching financial support from the City. While this program went over budget due to its popularity, reserve funds will cover the difference and no balance will need to be repaid in the FY2022 budget.



Expanded Library Hours

Local Option helped remove a barrier for those that depend on services the Des Moines Public Library provides. Operating hours at all six branches have been expanded, including service every day at Central Library and Franklin Avenue Library.

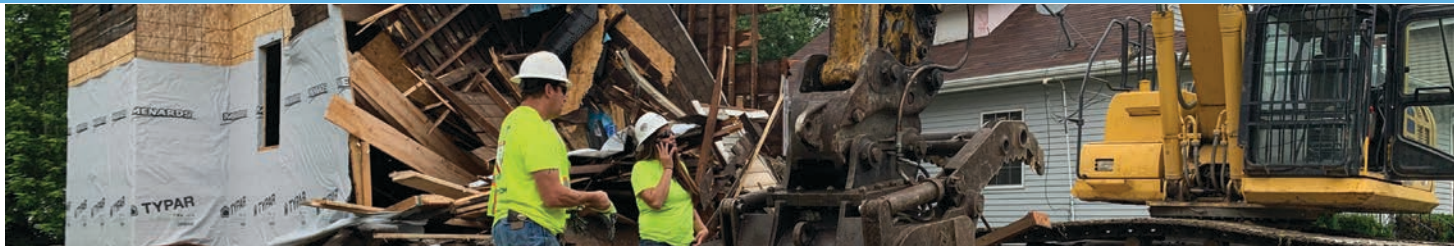
| Area | FY2020 Actuals | FY2021 Budget | FY2021 Actuals |
|---|--------------------|--------------------|--------------------|
| Neighborhood Improvements | | | |
| Blitz on Blight | \$700,000 | — | — |
| Invest DSM — Special Investment Districts | \$2,681,096 | \$2,500,000 | \$2,825,855 |
| Property Improvement Program | — | \$250,000 | \$55,599 |
| Neighborhood Matching Grants | — | \$100,000 | \$229,250 |
| Rental Housing Enhancements | — | \$250,000 | — |
| Expanded Library Hours | \$278,000 | \$381,100 | \$381,100 |
| #LadderUp Social Equity Grant Program | — | \$100,000 | — |
| Total Budget | \$3,659,096 | \$3,581,100 | \$3,491,804 |

Blitz on Blight

Local Option revenue funded the creation of a program called Blitz on Blight, an accelerated response to reported nuisance properties that property owners are unable to address themselves. This program is designed to work through the backlog of reported public nuisance structures throughout the city that have reached the point of needing to be demolished. Demolition is sometimes a cost prohibitive option to address neglectful, absentee property owners.

Completed Demolitions

\$506,260 in total estimated demolition costs, January 2020 - July 2021



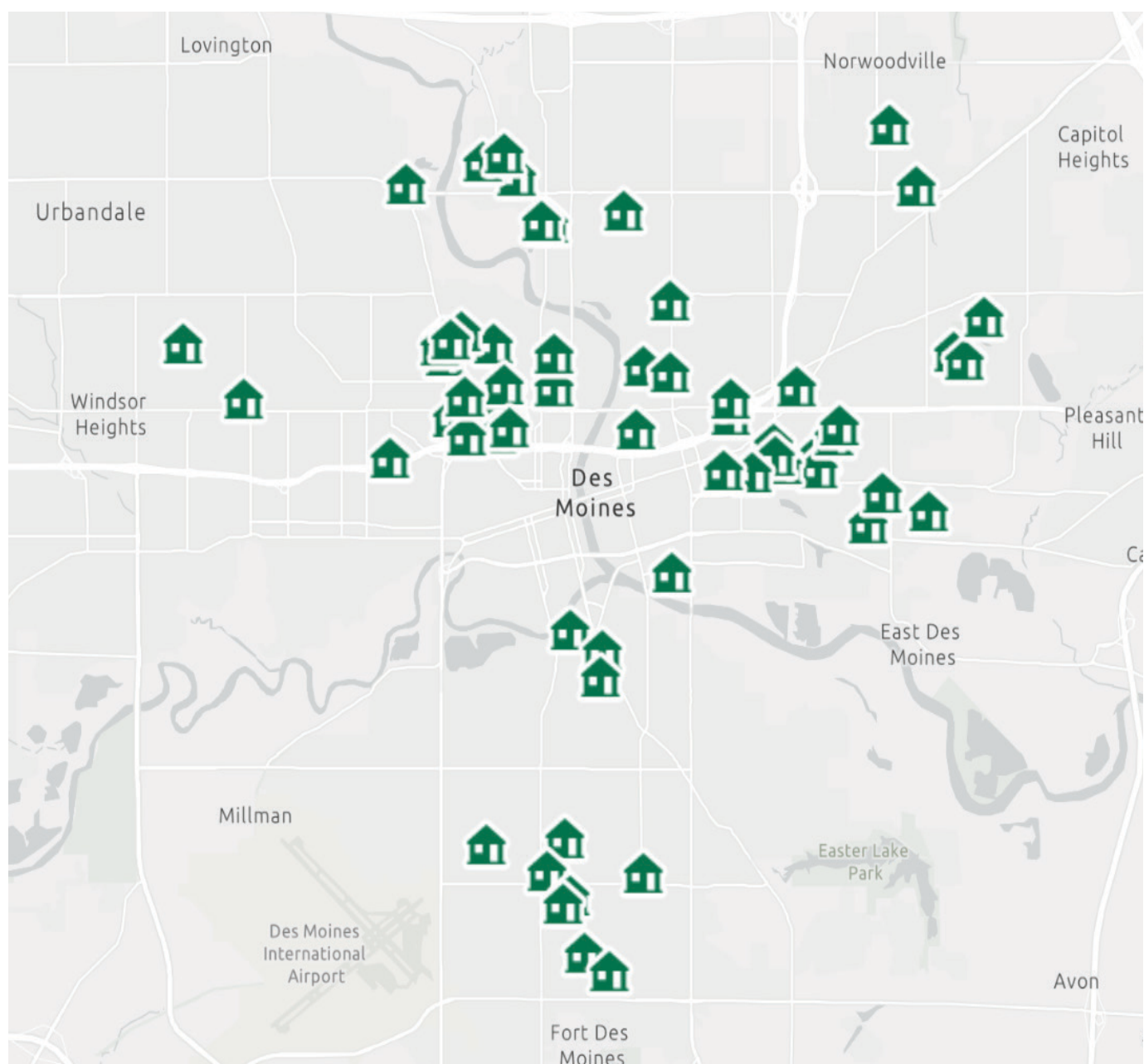
In 2020 and the first half of 2021, 90 inspections were completed for nuisance properties that were reported, and 30 demolitions at an estimated total cost of \$506,260 have been completed. Due to a backlog of properties still needing a court decree before the City can take action, no Local Option revenue was budgeted for this program this year. Instead, government bonds funded this year's demolitions. The City's process for addressing these properties includes completing an inspection, filing City Council supported legal action, obtaining a court decree, providing needs-based extensions, and finally, tasking the City's Engineering Department to work with contractors to safely remove unsafe structures in neighborhoods throughout Des Moines. After an unsafe structure is demolished and debris is cleared, property owners maintain ownership of the property to either sell to an interested developer or seek local support to redevelop the property themselves.

Residents can follow the status of the program at DSM.city/blitzonblight. The online dashboard includes a frequently updated summary of the total demolitions completed and estimated cost the City has spent to complete the process. In addition to a list of recent demolitions, you can track how many reported properties are in each stage of the program's process, including the number of rehabilitation agreements reached.

Blitz on Blight (continued)



A total of 64 public nuisance structures have been demolished through the Blitz on Blight program, as shown on the map below. An additional 43 structures are ready for demolition, and 25 rehabilitation agreements have been reached to repurpose deteriorated structures.



Special Investment Districts

This mandated Local Option priority is to provide funding for the implementation of improvements identified in small area plans, developed as part of the Neighborhood Revitalization Program. Special Investment Districts (SIDs) are selected by City Council, and this funding is designated to support the acquisition, demolition, rehabilitation/repair or new construction of housing, as well as the acquisition and holding costs associated with redevelopment. This program also supports lending programs and related services for the purpose of residential or commercial property improvement and neighborhood beautification or community building projects.

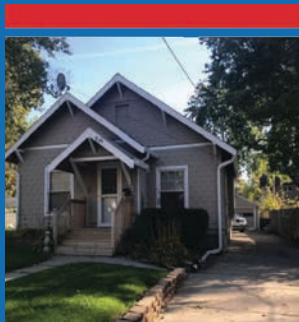
Last year using Local Option revenue, the City of Des Moines partnered with Polk County to establish Invest DSM, a unique collaboration to bring a renewed commitment to neighborhood revitalization throughout Des Moines. \$2.8 million of Local Option revenue supported this initiative in FY2021.



Invest DSM is dedicated to working in each of the City's four wards, piloting strategies in four SIDs. The team cultivates partnerships between residents, homeowners, potential homeowners, developers, contractors, business owners and commercial property owners to invest in strengthening middle market neighborhoods.

The goal of the program is to learn how specific investments impact the increase of equity of residents within these districts and apply successful strategies to additional areas of Des Moines that would benefit from focused investment.

These are the initial Special Investment Districts that City Council directed Invest DSM to focus their work:



Oak Park / Highland Park

Historic neighborhood business district surrounded by well-built homes plus beautiful McHenry Park overlooking the river — a great value close to downtown employment and amenities.



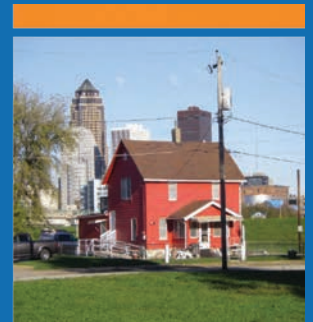
Drake Area

Beautiful historic homes on stately boulevards in an eclectic and diverse neighborhood, home to Drake University, friendly neighbors, and unique community events.



Franklin Area

Charming homes on tree-lined streets with friendly neighbors; top-rated schools in a convenient location; walk and bike to neighborhood icons.



Columbus Park

Little Italy on the rivers, spectacular views of downtown, affordable single-family homes plus upscale, modern apartments.

Invest DSM is also currently seeking development partners to bring high-quality new construction of single-family homes, rowhomes, and townhomes into existing Des Moines neighborhoods.

Learn more about how Invest DSM is improving our neighborhoods by visiting InvestDSM.org.

Property Improvement Program

While City Council action on this program has been delayed until FY2022, Local Option revenue will be used to move this program forward. Once approved by City Council, this program will look at the exterior of all owner-occupied and commercial buildings throughout the city for exterior maintenance problems and work with property owners to address them.

The City plans to work with community businesses, faith-based organizations and other groups to establish needs-based support for those financially or otherwise unable to maintain the exterior of their property.

Neighborhood Matching Grant

This new program is designed to award small grants to neighborhood and community groups for improvement projects that build their leadership skills and help their neighborhood. A total of \$229,250 was invested in this program and helped fund improvements to front entryways, windows, siding, driveways, retaining walls and more.

Matching financial support from the City is available to multiple neighbors that join together to invest in an improvement for their neighborhood. While we had great participation in the program this year and overspent our designated budget, our financial reserve will be used to cover the difference and provide an additional \$100,000 for the program in FY2022.

Rental Housing Enhancement

While no Local Option revenue was used to fund rental housing enhancements in FY2021, staff have begun to lay the groundwork for improving the health and safety of tenants. Meetings with landlords were held to discuss potential changes to rental code, including requirements related to knockout panels and separated HVAC systems.

Future investment in this initiative will fund an analysis of our rental housing inspection process and provide additional resources to make sure our rental housing stock in Des Moines is brought up-to-code.

#LadderUp Social Equity Grant

The #LadderUp Social Equity Grant program seeks to support organizations or programs that are working to address disparities or filling the gap in economic achievement, primarily for residents in minority groups. The Des Moines Civil and Human Rights Commission voted to award 50% of available funds to local non-profits in September 2021.

Expanded Library Hours

Local Option revenue helped remove a barrier for those that depend on services the Des Moines Public Library provides. Operating hours at all six DMPL branches were expanded, including service every day at Central Library and Franklin Avenue Library.

With COVID-19 preventing safe physical access to the libraries, the Local Option funds budgeted for this initiative were slightly reduced for the time branches were temporarily closed during the first part of FY2021. DMPL has been able to focus on expanding its online and curbside pickup services, and has successfully reopened public access to branches with safety precautions in place.

Public Safety Improvements and Expenditures

Firefighters and EMS first responders remain a critical service in need of investment to continue protecting our growing population. In addition, Local Option voters identified a critical need to support mental health and mobile crisis response services, particularly for the community's youth population. Through Local Option revenue, the City remains committed to focusing on both public safety priorities.



Firefighter Positions

Local Option revenue secured ongoing funding for firefighter positions originally funded by a federal SAFER grant, which expired during FY2019.

The security of these positions and the Des Moines Fire Department's recent recruitment initiatives have made it possible to pursue an opportunity to construct and staff a new state-of-the-art fire station at 42nd Avenue and Hubbell Avenue to improve first response services to the expanding population in the northeast corner of Des Moines.

Fire Station #11 is expected to be completed by the end of 2021.

Mobile Mental Health Crisis Service Grant

This Local Option funding is set aside for mental health and mobile crisis programs that support the needs of our residents. The Des Moines Police Department, which operates its own Mobile Crisis Unit, has been working to develop a grant to support area non-profit agencies that provide additional mental health and mobile crisis services with expertise on assisting the youth population in Des Moines.

Des Moines Police and Broadlawns Medical Center are partnering to expand mobile mental health services. A final agreement will come before Council this fall.

The allocated Local Option funds available for this grant program will be designated in the FY2022 budget.

| Area | FY2020 Actuals | FY2021 Budget | FY2021 Actuals |
|--|--------------------|--------------------|--------------------|
| Public Safety Improvements and Expenditures | | | |
| Firefighter Positions | \$1,300,000 | \$1,339,000 | \$1,339,000 |
| Mobile Mental Health Crisis Services Grant | — | \$200,000 | — |
| Total Budget | \$1,300,000 | \$1,539,000 | \$1,339,000 |

Firefighter Positions

FY2021 Local Option revenue was used to provide ongoing funding for firefighter positions originally funded by a federal Staffing for Adequate Fire and Emergency Response (SAFER) grant, which expired during FY2019.



The security of these positions and the Des Moines Fire Department's recent recruitment initiatives have made it possible to pursue an opportunity to construct and staff a new state-of-the-art fire station at 42nd Avenue and Hubbell Avenue to improve first response services to the expanding population in the northeast corner of Des Moines. Fire Station #11 construction will be completed by the end of October 2021.

In future fiscal years, this budgeted Local Option revenue will support maintaining and improving DMFD service levels and providing necessary equipment improvements.

Mobile Mental Health Crisis Service Grant

This Local Option funding is set aside for mental health and mobile crisis programs that support the needs of our residents. A financial focus has been established to improve the City's response to residents that need mental health and crisis services. The Des Moines Police Department, which operates its own Mobile Crisis Unit, has developed a grant to support area non-profit agencies that provide additional mental health and mobile crisis services.

Des Moines Police and Broadlawns Medical Center are partnering to expand mobile mental health services. Local Option funds will be used to make a contribution to Broadlawns to provide two mental health professionals and a vehicle for crisis response. A final agreement will come before Council this fall.

The Local Option funds available for this grant program carry over each year they are not spent. Funds budgeted for FY2020 and FY2021 will be used in FY2022 to support the finalized agreement.

Reserves

As promised to the residents that voted to support the Local Option Sales and Services tax, all revenue received through the \$0.01 sales tax will be reserved for the mandated priorities set forth in the City Council's Local Option expenditure policy, as described in this report.

| Area | FY2020 Actuals | FY2021 Budget | FY2021 Actuals |
|----------------------|--------------------|---------------------|---------------------|
| Reserves | | | |
| Designated Reserve | \$1,500,000 | — | \$1,200,000 |
| Financial Reserve | \$7,042,637 | \$4,939,900 | \$12,722,738 |
| Total Reserve | \$8,542,637 | \$11,982,537 | \$13,922,738 |

Designated Reserve

For some initiatives approved in the FY2021 Local Option budget, remaining funds will be preserved and designated to support those initiatives in the FY2022 budget.

As a policy to adhere to the mandate City Council received from Local Option voters, Designated Reserve funds can not be transferred between items year-to-year and will only be used for the program or priority they were budgeted for. A total of \$1.2 million will be carried over into FY2022's Local Option budget.

The following Local Option budget items will carry over existing funds into FY2022:

- Flood Prevention Property Buyouts – \$800,000
- Property Improvement Program – \$194,401
- Mobile Mental Health Crisis Services Grant – \$400,000

Financial Reserve

Financial Reserve funds are used to guarantee a continued delivery on the priorities identified by Local Option voters. A financial buffer is established to account for decreases in the amount of sales tax generated year-to-year. Reserves from this year will help protect the City's investment in the identified priorities over the next few years.

The total amount of designated and financial reserves for Local Option revenue will be published each year in the annual Local Option expenditure report.

As we continue to accelerate efforts and invest in new improvement programs, we plan to reduce the financial reserve to around \$9-10 million.