



NOTICE OF COMMISSION FY 2025 BUDGET PUBLIC HEARING AGENDA

**DES MOINES AREA REGIONAL TRANSIT AUTHORITY
DART MULTIMODAL ROOM, 620 CHERRY STREET**

Zoom -

<https://ridedart.zoom.us/j/89187665343?pwd=SnBwMVNRYUZ3WkwvdHFmK05FWnluz09&from=addon>

Dial In - +1-312-626-6799/Access Code – 891 8766 5343/Passcode - 418175

April 23, 2024 – 2:00 P.M.

1. CALL TO ORDER
2. PUBLIC HEARING ON FY 2025 DART Budget and Tax Levy Rates
3. ACTION ITEMS:
 - A. Certify FY 2025 DART Budget and Tax Levy Rates
 - B. Budget Stability Plan
4. OTHER MATTERS
5. ADJOURN

Language, visual, hearing and transportation services are available at meetings upon request. For requests, please call DART at 515.283.8100 at least 48 hours in advance of the meeting.



PUBLIC HEARING



2: Public Hearing on Proposed FY2025 DART Budget and Tax Levy Rates

Staff Resource: *Dan Washburn, Chief Financial Officer*

Background:

- Per the 28M Agreement and Section 28M.4 of the Iowa Code, the Regional Transit Authority must hold a public hearing on the proposed budget and allow any member community or the public to provide information to the Commission prior to its adoption of the budget.
- Any written correspondence received prior to the meeting will be available for review.

Public Hearing Procedures:

- Any participants wishing to speak on the proposed subject should sign up in advance on the appropriate speakers list.
- If necessary, DART staff will make a brief presentation regarding the subject of the hearing prior to receiving comment.
- Speakers will be asked to state their:
 - Name
 - Address
 - Affiliation (if any)
- Speakers will be asked to limit their remarks to 3 minutes.
- Written comments/emails received to date will be made available to anyone wishing to review them.

ACTION ITEM



3A: FY 2025 Budget Public Hearing

Action: Certify the Proposed FY 2025 DART Budget and the FY 2025 Regional Transit Authority Tax Levy Rates as presented

Staff Resource: *Dan Washburn, Chief Financial Officer*

Background:

- Staff began preparing the FY 2025 DART budget this past fall and apprised the DART Commission regularly on the revenue and expense assumptions used to develop the proposed budget.
- A workshop was held with Commission members and city managers on February 23rd where staff outlined the proposed FY 2025 budget in detail.
- Per the 28M Agreement, the Regional Transit Authority must hold a public hearing on the proposed budget and allow any member community or the public to provide information to the Commission prior to its adoption of the budget. A public hearing was set for April 23rd and published accordingly.

FY 2025 Budget:

- Over the last year, DART staff have continued to meet our service demands amidst economic pressures and a challenging labor market.
- The DART FY 2025 budget allows room to maintain existing service levels should revenue be found in time to avoid service cuts.
- The budget reflects administrative cuts where possible to minimize expense growth.
- There have been no changes to the proposed budget since the March Commission meeting.
- **FY 2025 revenue assumptions include:**
 - Residential rollback 46.3428%, Commercial rollback 90% for value exceeding \$150,000.
 - Multi-Residential rollback now matches Residential rollback. Impact of more than \$2.5M cumulatively.
 - DART On Demand fare change increase.
 - In this scenario, property tax revenue growth exceeds 4.5% to fund the original structural deficit.
 - Year four of the new property tax formula is used to calculate DART levy rates. Rates are based 60% on old formula and 40% on new formula.
 - Loss of \$100,000 in property tax backfill due to new legislation (7-year phase out).
 - \$1,500,000 in one-time funds will be used to reduce property tax requirements.



ACTION ITEM

3A: FY 2025 Budget Public Hearing Date

- **FY 2025 expenditure assumptions include:**
 - Service levels will be matched to funding availability.
 - 8% premium increase in health insurance expense.
 - 30% premium increase in property & casualty insurance.
 - IPERS rates steady at FY24 levels.
 - Mobility Services/Paratransit will see operator growth reflective of increasing Bus Plus Demand.
 - Expense reductions included in the status quo budget (\$400K) include:
 - Eliminating Business and Community Partnerships position.
 - Recruitment and employee advertising.
 - New employee physicals.
 - Advertising and sponsorships.
 - Professional services, dues, and staff training.
 - Tuition reimbursement.
 - Instructor wages.
- **FY 2025 reduced budget expenditure assumptions (\$500K) include:**
 - Reducing administrative positions.
 - Changing customer service hours.
 - Reducing/eliminating technology platforms such as Wi-Fi and the Trip Planner, memberships, and professional development.
 - Passing credit card fees on to customers.

Proposed Tax Levies:

- Proposed tax rates listed are calculated with the new property tax formula phase in.

Jurisdiction	FY2025 DART Levy	FY 2025 Annual Cost for \$200K Home	Jurisdiction	FY2025 DART Levy	FY 2025 Annual Cost for \$200K Home
Altoona	\$.759	\$70.35	Johnston	\$.649	\$60.18
Ankeny	\$.632	\$58.48	Pleasant Hill	\$.593	\$54.96
Bondurant	\$.606	\$56.17	Unincorporated Polk County	\$.487	\$45.13
Clive	\$.581	\$53.85	Urbandale	\$.635	\$58.86
Des Moines	\$.95 + \$2,737,096	\$88.05	West Des Moines	\$.919	\$85.18
Grimes	\$.574	\$53.16	Windsor Heights	\$.95 + \$12,334	\$88.05



ACTION ITEM

3A: FY 2025 Budget Public Hearing Date

Recommendation:

- Certify the Proposed FY2025 Budget and Regional Transit Authority Tax Levy Rates as presented.

ACTION ITEM



3B: Short-term Budget Stability Plan

Action: Approve the Allocation of MPO Funding to the Short-Term Budget Stability Plan

Staff Resource: Amanda Wanke, Chief Executive Officer

Background:

- Staff have been working with the DART Commission and gathering public input to determine how to fund a three-year budget stability plan. This plan would make multiple changes at once, including service cuts, administrative expense reductions and examining other revenue and expense options—such as a fare increase—to address the shortfall that is resulting from expenses not keeping up with revenues and the City of Des Moines being at their property tax cap.
- The three-year stability plan aimed to provide the Commission, staff, and riders with stability while work was done to come to a sustainable 10-year regional vision and service delivery plan for transit.
- After discussing and developing a three-year stability plan, the MPO awarded DART \$3.6 million from its Carbon Reduction Program. These one-time funds will go to DART's capital budget for future bus purchases. The DART Commission has the option to "flex" up to \$3.6 million in federal formula funds to DART's operating budget.
- The DART Commission needs to decide how to allocate these flexed funds in the operating budget.

Funding Allocation Options

- The recommendation is to allocate \$2.9 million to maintain service in City of Des Moines in FY25 and FY26 and remaining \$678,152 toward the structural deficit in FY26. This recommendation is based on the priority of maintaining service for riders. Funding both the structural deficit and City of Des Moines gap for two years means:
 - No further significant public input required on service cuts.
 - No significant service cuts in Des Moines through June 30, 2026. Changes to the D-Line may still be considered.
 - No additional administrative expense reductions necessary through June 30, 2026.
 - More bandwidth to focus on a network redesign and funding sustainability, which we must achieve by December 2025 to develop our fiscal year 2027 budget.
- Other options considered include:
 - Allocate \$3.6 million to the new Operations & Maintenance facility.
 - Allocate \$2.7 million towards the structural deficit through FY27 and the remaining \$900,000 towards Reimagine DART & a new on-demand pilot project.



ACTION ITEM

3B: Short-term Budget Stability Plan

- With this recommendation, the primary focus for staff and DART Commission will need to be Reimagine DART to ensure we can reach consensus on service levels and funding, including completing any necessary public input, votes on funding options, etc. This needs to be completed by December 2025 in order to prepare the FY27 budget. With existing service and property tax commitments, we will have a nearly \$7M shortfall in FY27 that will need to be addressed.

Recommendation:

- Approve staff to allocate \$2.9 million in federal funds to maintain service in City of Des Moines in FY25 and FY26 and \$678,152 toward the structural deficit in FY26. This recommendation is based on the priority of maintaining service for riders.