

Des Moines Area Regional Transit Authority Alternative Funding Advisory Committee

**Report to the Iowa General Assembly and Governor Kim Reynolds,
per House File 2579, Section 19, enacted by the
89th General Assembly of the State of Iowa and
signed into law on June 17, 2022**

**Prepared by the Iowa Department of Transportation, in cooperation with the
Iowa Department of Revenue**

December 15, 2022



Introduction

House File 2579 was enacted by the General Assembly of the State of Iowa and signed into law by Governor Reynolds on June 17, 2022. Within that legislation, Section 19 directed the Iowa Department of Transportation (DOT) to establish a Des Moines Area Regional Transit Authority (DART) alternative funding advisory committee to study the most effective and efficient methods to increase funding for DART that are an alternative to an increase in property taxes. The committee is required to submit a report containing its findings and recommendations to the general assembly on or before December 15, 2022.

The advisory committee's five voting members and four ex-officio, non-voting members are as follows:

Voting

- Director Scott Marler, Iowa DOT, Co-Chair
- Director Kraig Paulsen, Iowa Department of Revenue, Co-Chair
- Supervisor Steve Van Oort, Polk County Board of Supervisors
- Councilperson Kelly Whiting, Ankeny City Council
- Mayor Paula Dierenfeld, City of Johnston

Non-Voting

- Senator Brad Zaun, Iowa Senate District 20
- Senator Janet Petersen, Iowa Senate District 18
- Representative Brian Best, Iowa House District 12
- Representative Marti Anderson, Iowa House District 36

Advisory Committee Meetings

The DART Alternative Funding Advisory Committee met twice in the Iowa State Capitol Building, Room 102. The first meeting was held on October 7, 2022, and the second meeting was held November 18, 2022.

During the October 7 meeting, the Advisory Committee discussed the anticipated process and schedule for the committee's work, listened to a presentation by Iowa DOT staff on past related Iowa DOT studies, and had an overview of DART funding and their 2017 funding study.

At the November 18 meeting, the Advisory Committee heard a presentation by Iowa Department of Revenue (DOR) staff overviewing local option sales tax and hotel/motel tax, was presented the results of a public survey conducted by the Iowa DOT, and discussed the final report contents.

Public Input

The Iowa DOT created a website to inform the public of the Advisory Committee's work and to collect opinions with a survey. The website is <https://iowadot.gov/dartaltfunding>.

Conclusion

Based on the information compiled for this effort and subsequent discussion at their two meetings, the Advisory Committee discussed the contents of the final report at the end of their November 18 meeting. The Advisory Committee concluded there has been comprehensive and recent studies on this topic and there wasn't a need to recreate the work that has already been completed. Instead, the Advisory Committee concluded the final report should summarize their work and then reference and include as appendices all the significant resource information on this subject to support further legislative

consideration of alternative funding mechanisms. The Advisory Committee further concluded that, based on the public input gathered and the recent studies, while there are viable options to address the funding challenges, each option has potential issues. Therefore, the Advisory Committee approved the following motion at their November 18 meeting:

Moved by Mayor Dierenfeld, seconded by Van Oort, to provide the legislature with the Advisory Committee's findings and encourage the legislature to review them and continue to have a conversation, but to not make any recommendations at this time.

Vote on Motion: 5-0. Motion carried unanimously.

Therefore, this report's appendices include the materials, studies, and presentations reviewed by the DART Alternative Funding Advisory Committee during the course of their work.

Appendices

- A. October 7, 2022, DART Alternative Funding Advisory Committee Meeting Agenda
- B. October 7, 2022, DART Alternative Funding Advisory Committee Meeting Minutes
- C. October 7, 2022, Presentation: Overview of related Iowa DOT studies
- D. *Iowa Passenger Transportation Funding Study*, completed December 2009
- E. *Iowa Public Transit 2050 Long Range Plan*, completed July 2020
- F. October 7, 2022, Presentation: Overview of DART funding and 2017 study
- G. *Greater Des Moines Transit Funding Study*, completed November 2017
- H. November 18, 2022, DART Alternative Funding Advisory Committee Meeting Agenda
- I. November 18, 2022, DART Alternative Funding Advisory Committee Meeting Summary
- J. November 18, 2022, Presentation: Local Option Sales Tax and Hotel/Motel Tax overview
- K. November 18, 2022, Presentation: Public survey results
- L. Supplemental Information: Iowa Public Transit Association survey of public transit Medicaid losses
- M. Supplemental Information: Medicaid and DART paratransit impacts

Respectfully submitted,



Scott Marler, Co-Chair
Iowa Department of Transportation Director



Kraig Paulsen, Co-Chair
Iowa Department of Revenue Director

Des Moines Area Regional Transit Authority Alternative Funding Advisory Committee

Report to the Iowa General Assembly and Governor Kim Reynolds

Appendix A

**October 7, 2022, DART Alternative Funding Advisory Committee
Meeting Agenda**

**Des Moines Area Regional Transit Authority Alternative Funding
Advisory Committee**

Meeting Agenda

Friday, October 7, 2022

Iowa State Capitol, Room 102

- 10:00 am Welcome and introductions - Scott Marler Director, Iowa Department of Transportation – Co-Chair and Kraig Paulsen, Director, Iowa Department of Revenue – Co-Chair
- 10:10 am Anticipated process/schedule - Scott Marler Director, Iowa Department of Transportation – Co-Chair and Kraig Paulsen, Director, Iowa Department of Revenue – Co-Chair
- 10:30 am Overview of related Iowa DOT studies - Kristin Haar, Public Transit Director, Iowa DOT
- 11:00 am Overview of DART funding and 2017 study – Elizabeth Presutti, Chief Executive Officer, DART and Kent Farver, Chief Financial Officer, DART
- 11:30 am Discussion and next steps
- Noon Adjourn

Tentative next meeting:

Friday, November 18 at 10:00 am – Iowa State Capitol

Public website: <https://iowadot.gov/dartaltfunding> (to be activated the day of the meeting)

See back page for Advisory Committee authorizing language and membership

Advisory Committee Authorizing Language

Sec. 19. DES MOINES AREA REGIONAL TRANSIT AUTHORITY ALTERNATIVE FUNDING ADVISORY COMMITTEE — REPORT.

1. The department of transportation shall establish a Des Moines area regional transit authority alternative funding advisory committee to study the most effective and efficient methods to increase funding for the Des Moines area regional transit authority that are alternative to an increase in property taxes.
2. The committee shall consist of five voting members and four ex officio, nonvoting members.
 - a. The voting members of the committee shall be composed of all of the following:
 - (1) The director of the department of transportation or a designee.
 - (2) The director of the department of revenue or a designee.
 - (3) A Polk county supervisor appointed by the governor.
 - (4) A member of a city council or mayor of a city in Polk county in which the Des Moines area regional transit authority operates, appointed by the governor.
 - (5) A representative of the Des Moines area regional transit authority appointed by the Des Moines area regional transit authority.
 - b. The ex officio, nonvoting members of the committee shall be two state representatives, one appointed by the speaker of the house of representatives and one by the minority leader of the house of representatives, and two state senators, one appointed by the majority leader of the senate and one by the minority leader of the senate.
3. Staffing services shall be provided by the department of transportation in coordination with the department of revenue.
4. The committee shall submit a report containing its findings and recommendations to the general assembly on or before December 15, 2022.
5. This section is repealed January 1, 2023.

Advisory Committee Membership

Voting

- Director Scott Marler, Iowa DOT, Co-Chair
- Director Kraig Paulsen, Iowa Department of Revenue, Co-Chair
- Supervisor Steve Van Oort, Polk County Board of Supervisors
- Councilperson Kelly Whiting, Ankeny City Council
- Mayor Paula Dierenfeld, City of Johnston (DART representative)

Ex-Officio

- Representative Brian Best, Iowa House District 12
- Representative Marti Anderson, Iowa House District 36
- Senator Brad Zaun, Iowa Senate District 20
- Senator Janet Petersen, Iowa Senate District 18

Des Moines Area Regional Transit Authority Alternative Funding Advisory Committee

Report to the Iowa General Assembly and Governor Kim Reynolds

Appendix B

**October 7, 2022, DART Alternative Funding Advisory Committee
Meeting Minutes**

**DES MOINES AREA REGIONAL TRANSIT AUTHORITY ALTERNATIVE FUNDING
ADVISORY COMMITTEE
OCTOBER 7, 2022**

The Meeting of the Des Moines Area Regional Transit Authority Alternative Funding Advisory Committee was called to order by Director Scott Marler at 10:05 a.m. on the 7th day of October 2022, in Conference Room 102 in the State Capital, 1007 East Grand Avenue, Des Moines, Iowa. Present were Director Scott Marler, Iowa DOT, Co-Chair, Director Kraig Paulsen, Iowa Department of Revenue, Co-Chair, Supervisor Steve Van Oort, Polk County Board of Supervisors, Councilperson Kelly Whiting, Ankeny City Council, and Mayor Paula Dierenfeld, City of Johnston (DART representative). Also in attendance were *Ex-Officio*'s, Brian Best, Iowa House District 12, Marti Anderson, Iowa House District 36, Brad Zaun, Iowa Senate District 20, and Senator Janet Petersen, Iowa Senate District 18.

WELCOME AND INTRODUCTIONS: Introductions were performed.

ANTICIPATED PROCESS/SCHEDULE: Director Scott Marler, Iowa DOT, Co-Chair explained that the meeting was to review the language as to why the Committee was formed. The Department of Transportation shall establish a Des Moines Area Regional Transit Authority Alternative Funding Advisory Committee to study the most effective and efficient methods to increase funding for the Des Moines Area Regional Transit Authority that are alternatives to an increase in property taxes.

Director Marler mentioned that the meeting was for information gathering and to learn what the Committee may advise the legislature on in terms of funding. A website has been generated to get feedback from the public, and an announcement, along with the link <https://iowadot.gov/dartaltfunding/Overview>, was provided in a Press Release earlier in the week.

OVERVIEW OF RELATED IOWA DOT STUDIES: Iowa Department of Transportation (DOT), Public Transit Director Kristin Haar mentioned that there had been a couple studies done by the DOT in the past 15 years on funding and Long-Range Transit Planning. Today's presentation was to highlight some of the information from those studies. The presentation is available for full review at [Overview | DART alternative funding \(iowadot.gov\)](https://iowadot.gov/dartaltfunding/Overview). Director Haar provided a summary of the 35 public transit agencies serving all 99 counties in Iowa, funding sources and ridership. She noted that recommendations by the Committee will likely impact some or all other transit agencies in Iowa. A summary of the 2009 Iowa Passenger Transportation Funding Study was presented.

The Iowa Passenger Transportation Funding Study made the follow funding-related recommendations:

- Identify capital funding sources to update the statewide transit fleet
- Create local funding opportunities through technical changes to existing legislation
 - Transit Property Tax Levy: Change “municipal: to “public” transit
 - Eliminate the Regional Transit District minimum population threshold
- Formalize jurisdiction level (state and local) funding responsibilities to bridge the revenue gaps

- Continue financial support of the Public Transit Infrastructure Grant program (PTIG), which provides capital improvement funds to regional and urban transit systems

The full version and Executive Summary of the Iowa Passenger Transportation Funding study can be found at <https://iowadot.gov/transit/publications-and-studies#309461155-iowa-passenger-transportation-funding-study>.

Director Haar provided a summary of the Iowa Public Transit 2050 Long-Range Plan completed in July 2020. This Plan outlines the goals and strategies for public transit in the state of Iowa over the next 25+ years. The statewide ridership is expected to grow from 25 million in 2018 to roughly 34 million in 2050. The large urban portion of that, including DART, would grow from 21 million rides to 28 million rides. To accommodate the increase in ridership the need for heavy duty buses would grow from just over 300 vehicles to nearly 400 vehicles by 2050.

Through the planning process, four goal areas were identified: 1) Service, 2) Partnering, 3) Facility, Fleet & Personnel, and 4) Funding. The anticipated future costs and expected revenues were compared in order to identify financial gaps. These gaps represent shortfalls in transit funding that will need to be addressed in order to support the operating and capital investments that have been identified as priorities. Annually, using a conservative estimate of typical funding, there is a \$64 million statewide shortfall through 2030. That statewide shortfall grows to \$77 million from 2031-2050. In order to address the funding shortfalls, the Long-Range Plan identified potential revenue sources. The potential revenue sources would benefit public transit agencies statewide, in addition to DART. The types of financing reviewed were: 1) Population Threshold for Regional Transit Districts, 2) Property taxes, 3) Local Option Sales Tax, 4) Rebuild Iowa Infrastructure Fund (RIIF), 5) State Transit Assistance (STA), 6) Vehicle Rental/Lease Car Sales Tax, and 7) TNC Tax.

Discussion: The Advisory Committee had questions regarding the \$0.95 tax levy rate, which is the same across the state for municipalities, but not counties and the sources of local match, and how rural services are provided in suburbs versus demand service only. Medicaid funded rides were discussed. A recommendation of the 2009 study was to encourage the Medicaid transportation brokerage to give existing public transit providers the right of first refusal in providing brokered service. Additional information was requested on Medicaid as to the difference between a full trip cost versus general fare and with what each region is doing and what the federal match was for each Medicaid trip in the past five years compared to what is happening now.

OVERVIEW OF DART FUNDING AND 2017 STUDY: Present were DART Executive Officer, Elizabeth Presutti and DART's Chief Financial Officer Kent Farver. The DART presentation is available for review at [Overview | DART alternative funding \(iowadot.gov\)](#). Ms. Presutti stated that DART is the largest in Iowa as they serve 11 cities and Polk County. They are governed by a 12-member Board of Commissions. DART offers a family of transportation services that help connect people to where they need to go. Their primary services are fixed routes services that carry most passengers and are designed to cover the densest areas of their region.

It was noted that pre-pandemic DART averaged around 15,000 rides each weekday for a total of 4.4 million rides each year. The number of rides during the pandemic remained high due to those who were essential workers. She noted that currently DART is providing around 11,500 rides each workday and are slowly working back up to pre-pandemic numbers. DART averages around 22 riders per hour.

Ms. Presutti said that the cost to provide ridership for FY 23 is \$40.4 million. It was mentioned that the FY 23 revenues come from local property taxes, fares and contracts, federal funding, state funding, and other. DART's ability to maintain these services will be hard if they are not able to identify another source of revenue. Current budget projections are limited to a 3% annual growth starting in FY24 to maintain the existing services; however, if alternative funding is not found by 2025 then there will be a funding deficiency of \$4.7 million. DART has been able to live in the \$0.95 cap for the past 12 years but doesn't see this amount as being sustainable. She pointed out that many of the strategies that the DOT listed in its Long-Range Transportation Plan are already being implemented by DART. The DART Commission and staff have been working hard to be creative and innovative in how they meet the most critical transportation needs in the region while being as cost efficient as possible.

In 2017, DART completed a Transit Funding Study. In the early phase of the study, it identified several potential solutions, and each funding mechanism was evaluated for reliability, sustainability, and geographic alignment. The funding mechanisms evaluated were: 1) Sales tax, 2) Income tax, 3) Payroll tax, 4) Parking tax, 5) Hotel/Motel Tax, 6) Vehicle tax, 7) Rental car, and 8) Fuel tax. Ms. Presutti stated that the study suggested focusing on funding sources that were readily permissible to transit in Iowa. Those funding sources included sales tax, vehicle tax, hotel/motel tax, and property tax. When looking at the different scenarios it was discovered that 52% of the participants preferred supplementing the existing property tax, and 55% indicated sales tax was the preferred option.

Mr. Farver stated that there had been a lot of changes since the 2017 study. When looking at funding challenges the impacts have been the loss of property tax backfill (around \$800,000 annually), multi-residential rollback (around \$730,000 annually), contracted Medicaid trips (\$1.2 million annually) in the last five years. The change in ridership has also had a huge impact. DART is starting to see ridership go back up but are still not close to pre-pandemic levels. Mr. Farver indicated that the operating revenue is not increasing as fast as the expenses.

The DART Commission had asked DART to come up with a Five-year Financial Plan and look at what the future of DART looked like. A couple of different assumptions that were made was that DART would not have their expenses grow more than 3% per year during the five years and would also hold the property tax levy at 3%. Mr. Farver stated that there were three parts to DARTS operating budget which were: 1) Total Operating Revenue, 2) Total Operating Expenses, and 3) Non-Operating Revenue. He reviewed the projected structural deficit for FY 2024-2028 and pointed out that each year the deficit continued to go up as the revenue would not be able to keep up with the anticipated 3% growth. He pointed out that these numbers were for maintaining the status quo and did not include any growth.

DART provided three alternative funding scenarios to supplement or replace property taxes with alternative local funding sources. Scenario 1 was to increase hotel/motel tax to 5%; Scenario 2 was to use sales tax and reduce property tax by half; and Scenario 3 was to use sales tax and eliminate property tax. A couple of scenario parameters used was to assume a new local funding source became available in FY25 and this was projecting a local tax revenue of \$31.2 million. He stated that they did not include property tax as one of the DART Commission's goals is to reduce property tax. The three scenarios are outlined in DART's presentation.

Discussion: The Advisory Committee requested information on DART's efficiencies, a benefit-cost analysis or economic impact study of transit services, and projects in order to measure the impact and overall benefit to social welfare, including how each route is contributing overall to the strategic plan and having the ridership numbers broken down by route.

The Committee asked several questions regarding the use of CARE funding and if it was included in funding projections, which it was not. DART was asked for more information on the 3% projection rate. Mr. Farver said that amount was set by DART as a guide. Property tax values have been going up at an aggressive pace and wanted to clarify that DART was not capturing that data into the projections. Mr. Farver confirmed that was correct and explained that how DART's property tax formula and allocation worked is that DART sets the dollar amount in the budget and then there is a formula that allocates the dollar amount that each member community is responsible for and then their evaluation determines what the levy rate fund would be. It was noted that all service territories are at different levels, not all territories are at the \$0.95.

The alternative funding scenarios of hotel/motel tax was discussed and ridership by visitors was asked about. A presentation was requested on Local Option Sales Tax and to look at the process further.

Bus size and ridership were discussed. It was noted that the life of a bus is 12 years and when those buses come up for replacement they are fully reviewed. Emergency Medical Services (EMS) and ambulance services were also discussed. The Committee noted that whatever model the Committee decides may be used in other areas of Iowa as well.

DISCUSSION AND NEXT STEPS: The following items were asked for:

1. Information on local option sales tax and hotel/motel tax.
2. Additional information on the loss of revenue from Medicaid and how many Medicaid riders there are.
3. Input received regarding the study and the survey results from the DOT website.
4. Information from DART on past efficiency measures and individual route ridership.

The next meeting will be on Friday, November 18, 2022, at 10:00 a.m.

ADJOURNMENT: 11:42 am

Des Moines Area Regional Transit Authority Alternative Funding Advisory Committee

Report to the Iowa General Assembly and Governor Kim Reynolds

Appendix C

October 7, 2022, Presentation: Overview of related Iowa DOT studies

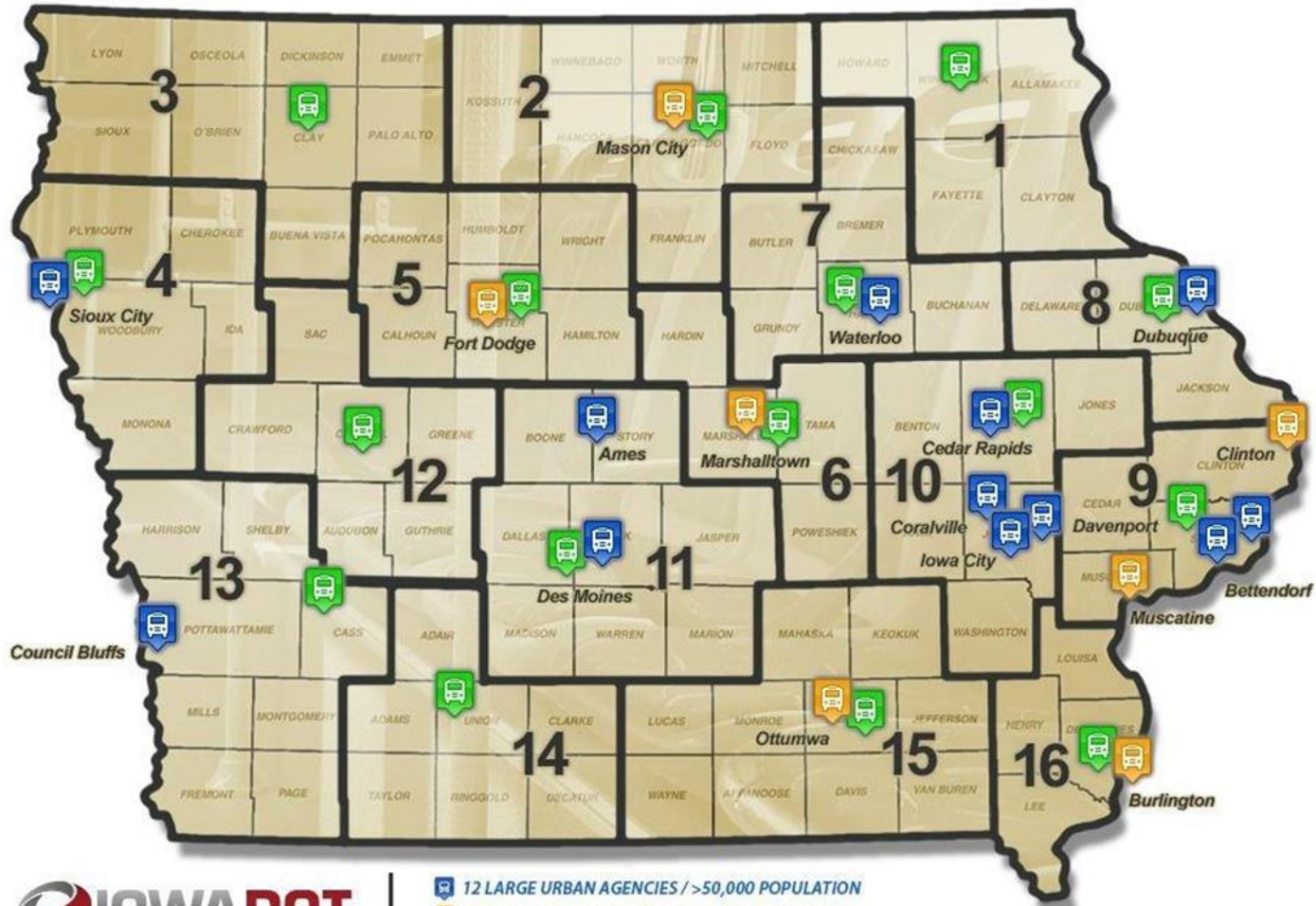


DART Alternative Funding
Advisory Committee Meeting
October 7, 2022



DART Alternative Funding Advisory Committee Meeting

Iowa's Public Transit System



 DART Alternative Funding Advisory Committee Meeting

- 35 public transit systems, covering all 99 counties
- Funding sources include local funds, passenger fares, advertising revenue, contract revenue, State Transit Assistance, and the Federal Transit Administration
- In FY 2021, over 29.8 Million miles of revenue service were provided, with *nearly 5.8 Million of those revenue miles provided by DART*

 DART Alternative Funding Advisory Committee Meeting

- FY 2021 ridership was 10.3 Million
 - 8.8 Million rides provided by 19 urban systems
(1.9 Million rides provided by DART)
 - 1.5 Million rides provided by 16 regional systems
- *By comparison,* FY 2019 ridership was over 23.8 Million
 - 21.1 Million rides provided urban systems
(4.4 Million rides provided by DART)
 - 2.7 Million rides provided regional systems
- 57% drop in statewide ridership over two years due to the pandemic
 - FY 2022 numbers not yet finalized to know how much ridership has rebounded

 DART Alternative Funding Advisory Committee Meeting

Public transit ridership demographics

- In FY 2021, Iowa's transit agencies provided
 - ✓ 724,624 rides to elderly persons (aged 65+)
(117,201 rides to elderly passengers provided by DART)
 - ✓ 1,487,133 rides to persons with disabilities
(312,239 rides to persons with disabilities provided by DART)

Iowa Passenger Transportation Funding Study

Overview

Completed
December 2009



 DART Alternative Funding Advisory Committee Meeting

In 2008, SF2420 was approved by the Iowa Legislature and signed by the Governor directing the Iowa DOT, in cooperation with the Office of Energy Independence and the DNR, to review the current revenues available for support of public transit and the sufficiency of those revenues to meet future needs. The report was to be submitted to the governor and the general assembly on or before December 1, 2009.

This study addressed statewide public transit funding in Iowa; it was not specific to any one public transit agency.

DART Alternative Funding Advisory Committee Meeting

The *Iowa Passenger Transportation Funding Study* made the following funding-related recommendations:

- Identify capital funding sources to update the statewide transit fleet.
- Create local funding opportunities through technical changes to existing legislation:
 - Transit Property Tax Levy: Change “municipal” to “public” transit.
 - Eliminate the Regional Transit District minimum population threshold.
- Formalize jurisdiction level (state and local) funding responsibilities to bridge the revenue gaps.
- Continue financial support of the Public Transit Infrastructure Grant program (PTIG), which provides capital improvement funds to regional and urban transit systems.

 **DART Alternative Funding Advisory Committee Meeting**

In terms of DART applicability, changes proposed for the municipal transit levy and Regional Transit District minimum population do not apply.

- DART created a Regional Transit District at the legislation's current population threshold, a county with at least 175,000 in population, allowing the organization to levy up to \$0.95/\$1,000 assessed valuation. The municipal transit levy cannot be assessed in addition to that.

DART Alternative Funding Advisory Committee Meeting

Related to the property tax levy, the *2009 Funding Study* stated in the findings/conclusions, page 61:

- For Baseline demand service... “To close the gap, the transit levy rate would need to be increased to approximately \$1.70 per \$1000 of assessed valuation and all communities would need to use the levy option”... to provide the necessary local match.
- For the Choice demand alternative... “the transit property tax levy ceiling would need to be increased to approximately \$3.30 per \$1,000 of assessed property valuation”... to close the gap on the required local funding for additional services.

DART Alternative Funding Advisory Committee Meeting

The *2009 Funding Study* also gave recommendations for Service and Facilities, Interagency Coordination, and a Fuel Use and Greenhouse Gas Emissions Analysis.

One notable finding/conclusion related to these recommendations, on page 62, was to encourage the Medicaid transportation brokerage to give existing public transit providers the right of first refusal in providing brokered service. This would ensure public transit had the option to provide Medicaid rides prior to those rides being offered to other transportation companies. This is efficient with the rides provided in the same vehicles as the general public and could result in greater funding from the FTA through formula calculations.

 DART Alternative Funding Advisory Committee Meeting

The full version and Executive Summary of the *Iowa Passenger Transportation Funding Study* can be found at <https://iowadot.gov/transit/publications-and-studies#309461155-iowa-passenger-transportation-funding-study>.

Iowa Public Transit 2050 Long Range Plan **Overview**

Completed
July 2020



DART Alternative Funding Advisory Committee Meeting



In July 2020, the Iowa Transportation Commission approved the *Iowa Public Transit 2050 Long Range Plan* with the vision:

“A public transit system that supports the physical, social, and economic wellbeing of Iowans, provides enhanced mobility and travel choices, and accommodates the unique needs of dependent and choice riders through rightsized solutions.”

This plan outlines goals and strategies for public transit in the state of Iowa over the next 25+ years.

DART Alternative Funding Advisory Committee Meeting

While this plan was approved only a few months into the COVID-19 health crisis and the long-lasting effects of the pandemic on public transit are unknown, the *Long Range Plan* did project ridership, fleet, and facility needs to the year 2050.

The statewide ridership is expected to grow from 25 million in 2018 to roughly 34 million in 2050. The large urban portion of that, including DART, grows from 21 million rides to approximately 28 million rides.

The need for heavy duty buses, mainly operated by large urban transit systems, grows from just over 300 vehicles to nearly 400 vehicles by 2050.

Vehicle storage needs at large urban transit systems in 2030 are projected at 160,000 additional square feet and approximately 110,000 additional square feet by 2050.



 DART Alternative Funding Advisory Committee Meeting

Through the planning process, four goal areas were identified:

1. Service
2. Partnering
3. Facility, Fleet & Personnel
4. Funding



DART Alternative Funding Advisory Committee Meeting

Long Range Plan Service goal strategies:

- Examine the effects of offering fare-free statewide bus service.
- Examine bus service hours for people who work nights and weekends.
- Prioritize funding applications for communities that improve transit service or access.
- Examine the effects of creating more urban transit services in areas that are currently covered by regional transit services.
- Continue existing services and establish new inter-regional services along commuter routes.
- Start a subscription price service that works across all bus services in Iowa and includes bikes, scooter sharing, and parking facilities.
- Enable all buses and transit agencies in the state to accept digital fares or electronic payment formats, while still allowing for cash payments.

 **DART Alternative Funding Advisory Committee Meeting**

Long Range Plan Service goal strategies, continued:

- Improve accessibility of all transit information, service notifications, and bus route information to ensure they are easy to understand for older adults, multilingual riders, and riders with audio, visual, or cognitive impairments.
- Establish standardized data collection and reporting requirements to better understand ridership.
- Study how to most effectively implement intercity transit bus systems in Iowa.
- Study and define a statewide minimum level of essential transit service necessary to meet critical needs, particularly in the event of severe and sustained disruptions to demand or service.

 **DART Alternative Funding Advisory Committee Meeting**

Long Range Plan Partnering goal strategies:

- Improve bus transfers between regions and counties in order to support longer and more efficient trips across the state.
- Partner with companies (such as taxis, Uber, Lyft) in order to support city bus routes and provide more transportation options.
- Improve workforce development by partnering with businesses to help employees get to work.
- Partner with non-profit organizations (such as American Cancer Society, Veteran's Affairs, and hospitals) to help people get to their medical appointments on time.
- Partner with other government organizations to increase the number of transportation options for traveling long distances.

DART Alternative Funding Advisory Committee Meeting

Long Range Plan Partnering goal strategies, continued:

- Work with businesses to create transportation options for their employees by offering subsidies, bus passes, or incentives such as tax breaks.
- Improve sidewalks and connecting infrastructure by working with state agencies, local government, and private organizations to improve access to bus stops and transit services.



DART Alternative Funding Advisory Committee Meeting

Long Range Plan Facility, Fleet, and Personnel goal strategies:

- Develop a rightsizing strategy for transit agency bus fleets to decrease costs and better match vehicle sizes to the number of people taking the bus.
- Decrease fuel costs for transit agencies by adopting electric, hybrid, or flex-fuel efficient vehicles.
- Prioritize transit facilities that are evaluated as being in marginal or poor condition for reconstruction or repair.
- Save costs by encouraging transit agencies and local governments to share facilities and staff.
- Address the bus driver shortage by targeting non-traditional candidates to expand the pool of potential applicants.
- Increase training for bus drivers to better serve mobility, hearing or visually impaired riders, children, older adults, immigrant, and refugee populations.
- Identify minimum technology needs for all transit agencies and develop a technology implementation plan.

 **DART Alternative Funding Advisory Committee Meeting**

Long Range Plan Facility, Fleet, and Personnel goal strategies, continued:

- Update the Park and Ride System Plan to determine ideal locations for carpooling and ridesharing to support commuting activities.
- Improve the coordination of transportation services between transit agencies and other transportation providers by promoting and hiring mobility manager positions to provide statewide coverage.

DART Alternative Funding Advisory Committee Meeting

Long Range Plan Funding goal strategies:

- Decrease maintenance costs by focusing resources on replacing transit vehicles that are beyond their useful life.
- Examine alternative ways of funding public transit that do not rely only on existing federal and state sources.
- Conduct a benefit-cost analysis or economic impact study of transit services and projects in order to measure the impact and overall benefit to social welfare.



 DART Alternative Funding Advisory Committee Meeting

With the exception of the COVID-relief funding, nearly every grant from the Federal Transit Administration requires a local match. Depending on the program, the match can range from 15% to 50%. The *Long Range Plan* lists potential funding sources to support an increased demand for services and an increased requirement for local match funds.



 **DART Alternative Funding Advisory Committee Meeting***Long Range Plan Funding Shortfalls*

The anticipated future costs and expected revenues are compared in order to identify financial gaps. These gaps represent shortfalls in transit funding that will need to be addressed in order to support the operating and capital investments that have been identified as priorities.

Annually, using a conservative estimate of typical funding, there is a \$64 million statewide shortfall through 2030. That statewide shortfall grows to \$77 million from 2031-2050.

If shortfalls in transit funding are not addressed, priority operating and capital investments cannot be supported.

DART Alternative Funding Advisory Committee Meeting

In order to address the funding shortfalls, the *Long Range Plan* identifies potential revenue sources. These potential revenue sources would benefit public transit agencies statewide, in addition to DART.

Figure 4.17: Potential revenue sources

Type of Financing	Description/Mechanism	Advantages	Disadvantages
Population Threshold for Regional Transit Districts (Iowa Code 28M.2)	Reduce population threshold for Regional Transit District (RTD) formation for counties from 175,000 to 90,000. The current RTD population threshold restricts regional districts to Polk County and contiguous counties in central Iowa and Linn County and contiguous counties in eastern Iowa. Reducing the population threshold would allow an additional seven counties to collaborate on transit funding through the formulation of a multi-city/county RTD to do so.	<ul style="list-style-type: none"> Increases the number of authorized RTDs. 	<ul style="list-style-type: none"> Requires modification to existing legislation.
Property Tax (Iowa Code 28M.5)	Increase the property tax cap from \$0.95 to \$1.45 per \$1,000 of taxable valuation for Regional Transit Districts and municipal transit levies. Two cities are currently capped (Iowa City and Windsor Heights), and more will reach the cap in the future.	<ul style="list-style-type: none"> Collection and administration process already in place. Broad coverage. 	<ul style="list-style-type: none"> Can be an equity issue when costs are passed on to homeowners. Generally unpopular with taxpayers.
Local Option Sales Tax (Iowa Code 422B)	Enable Regional Transit Districts (RTDs) to levy local option sales taxes to meet the public transportation needs of those who work and live in their district. This taxing authority can be used in conjunction with a number of infrastructure projects, but often is associated with transportation. Iowa RTDs, currently only available to counties with at least 175,000 residents, have the power to implement a property tax of up to 95 cents per \$1,000 of assessed value; municipalities also have this authority, but it cannot be used in conjunction with an RTD levy.	<ul style="list-style-type: none"> Collection and administration process already in place. Revenue generated locally and available for local public transit priorities. 	<ul style="list-style-type: none"> Not proportional to transit system usage. Fluctuates with economic cycles.

DART Alternative Funding Advisory Committee Meeting

Long Range Plan Potential Revenue Sources, continued

Type of Financing	Description/Mechanism	Advantages	Disadvantages
<p>Rebuild Iowa Infrastructure Fund (RIIF)</p> <p>(Iowa Code 8.57(5))</p>	<p>Sustain the Rebuild Iowa Infrastructure Fund (RIIF) to help with a variety of transit projects including maintenance facility improvements, construction of bus storage buildings, and repair of bus shelters. In the past, RIIF expenditures have been reduced or eliminated for some programs; sustaining this amount of funding would help ensure continued transit infrastructure improvements.</p>	<ul style="list-style-type: none"> • Collection and administration process already in place. 	<ul style="list-style-type: none"> • Not guaranteed • Used for several different competing purposes • Dependent on collection of gaming revenues
<p>State Transit Assistance (STA)</p> <p>(Iowa Code 321.145(2)(a) (1))</p>	<p>Increase State Transit Assistance (STA) standing appropriation from 4 percent to 5 percent (equivalent to the state sales tax) of the fees for new registration collected on sales of motor vehicle and accessory equipment to support public transportation. Most of this funding is distributed by the STA formula that is based on each transit system's performance during the previous year in terms of rides, miles, and local funding support. These formula funds are usable for support of any operating, capital, or planning expenses related to the provision of public passenger transportation.</p>	<ul style="list-style-type: none"> • Collection and administration process already in place. 	<ul style="list-style-type: none"> • Many competing needs.
<p>Vehicle Rental/Leased Car Sales Tax</p>	<p>Add vehicle rental/leased car sales tax to support public transit. Iowa currently devotes a portion of new vehicle registrations to fund public transit. Vehicle rental and lease taxation would place a premium on the usage of such personal transportation options compared to other more cost-effective modes of transit.</p>	<ul style="list-style-type: none"> • Collection and administration process already in place. • Provides revenue source based on ability to pay. • Proportional to cost of vehicle. 	<ul style="list-style-type: none"> • Requires enabling legislation • Not proportional to transit system usage. • May discourage rental/leasing of vehicles. • Fluctuates with economic cycles.
<p>TNC Tax</p>	<p>Establish Transportation Network Company tax. Research shows that TNCs increase the number of vehicle trips by users and draw riders away from alternative transit and mobility options, thus decreasing the operating revenue of the bus systems. Taxation of TNC usage would balance the return-on-investment of the public transportation infrastructure versus the net negative impacts of congestion and increased road surface deterioration.</p> <p>Additionally, TNC usage and ridership data would be shared with the state for planning purposes in order to more effectively analyze trends in transportation infrastructure and forecast future needs. Adequate planning becomes a challenge when vital transportation data is obscured or denied outright.</p>	<ul style="list-style-type: none"> • Discourages single-occupant vehicle usage. • Enables better data sharing of road usage by TNCs. 	<ul style="list-style-type: none"> • Requires enabling legislation. • Fluctuates with economic cycles.

DART Alternative Funding Advisory Committee Meeting



The *Iowa Public Transit 2050 Long Range Plan* can be found at:
<https://iowadot.gov/iowainmotion/Modal-Plans/Public-Transit-Plan>



THANK YOU



Kristin Haar
Iowa DOT
Public Transit Director
515-233-7875
kristin.haar@iowadot.gov

Des Moines Area Regional Transit Authority Alternative Funding Advisory Committee

Report to the Iowa General Assembly and Governor Kim Reynolds

Appendix D

Iowa Passenger Transportation Funding Study,
completed December 2009

See website:

https://iowadot.gov/transit/regulations/final_funding_study_report_12-15-09.pdf

Des Moines Area Regional Transit Authority Alternative Funding Advisory Committee

Report to the Iowa General Assembly and Governor Kim Reynolds

Appendix E

***Iowa Public Transit 2050 Long Range Plan,
completed July 2020***

See website:

<https://iowadot.gov/iowainmotion/Modal-Plans/Public-Transit-Plan>

Des Moines Area Regional Transit Authority Alternative Funding Advisory Committee

Report to the Iowa General Assembly and Governor Kim Reynolds

Appendix F

**October 7, 2022, Presentation: Overview of DART funding and
2017 study**



Iowa Regional Transit District Funding

Prepared for DART Alternative Funding Advisory Committee

DART CEO, Elizabeth Presutti, and DART CFO, Kent Farver

Friday, October 7, 2022

Agenda

- ▶ About DART
- ▶ 2017 Transit Funding Study
- ▶ Funding challenges
- ▶ Peer system funding analysis
- ▶ Funding scenarios



BONDURANT ON CALL



ALLEMAN ON CALL

GRANGER ON CALL

About DART

- ▶ Largest public transit agency in Iowa
- ▶ Serve 11 cities and Polk County
- ▶ Governed by a 12-member Board of Commissioners
- ▶ 145 buses and 1,600+ bus stops
- ▶ 70 RideShare vans
- ▶ #1 reason people ride is to get to work



30 + BUS
ROUTES



20 + FREE PARKING
LOCATIONS



DOOR-TO-DOOR
SERVICE



CAR AND VANPOOL
RESOURCES



BIKE RACKS ON
EVERY BUS



ALL BUSES ARE
ADA ACCESSIBLE



Workforce & Economic Development



Jobs



Medical appointments



Education



Fosters economic activity



Workforce recruitment and retention



Supports job creation



Hy-Vee and DART partner to extend bus route into Ankeny

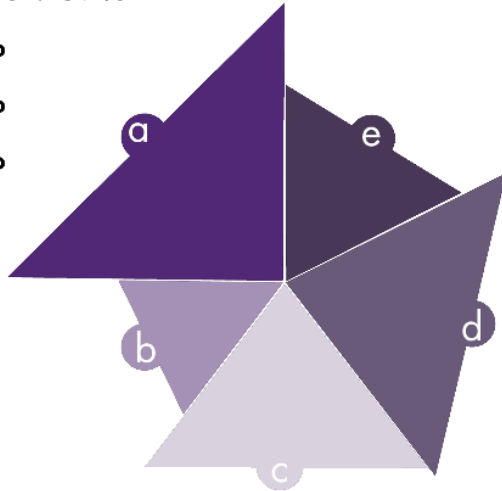


**“Iowa factory
needed workers
so badly it spent
\$60,000 on city
bus rides” – Des
Moines Register**

Who uses DART?

Age

- a 34 and under: **37%**
- b 35-44: **22%**
- c 45-54: **19%**
- d 55-64: **16%**
- e 65+: **6%**



Ethnicity

- Caucasian/White: **61%**
- African American/Black: **27%**
- Hispanic/Latino: **4%**
- Native American: **3%**
- Asian/Pacific Islander: **3%**
- Middle Eastern/North African: **0%**
- Other: **2%**



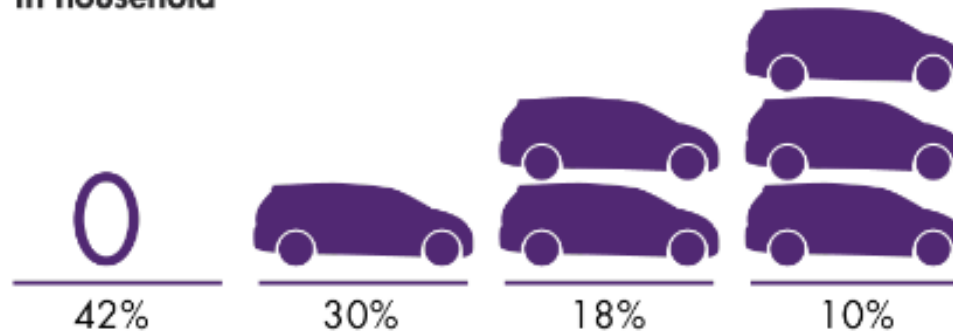
Valid driver's license

NO
46%

YES
54%



Working vehicles in household



Total household income*

\$75,000 and up

6%

\$50,000 - \$74,999

6%

\$25,000 - \$49,999

30%

Less than \$24,999

58%



FY 23 Budget

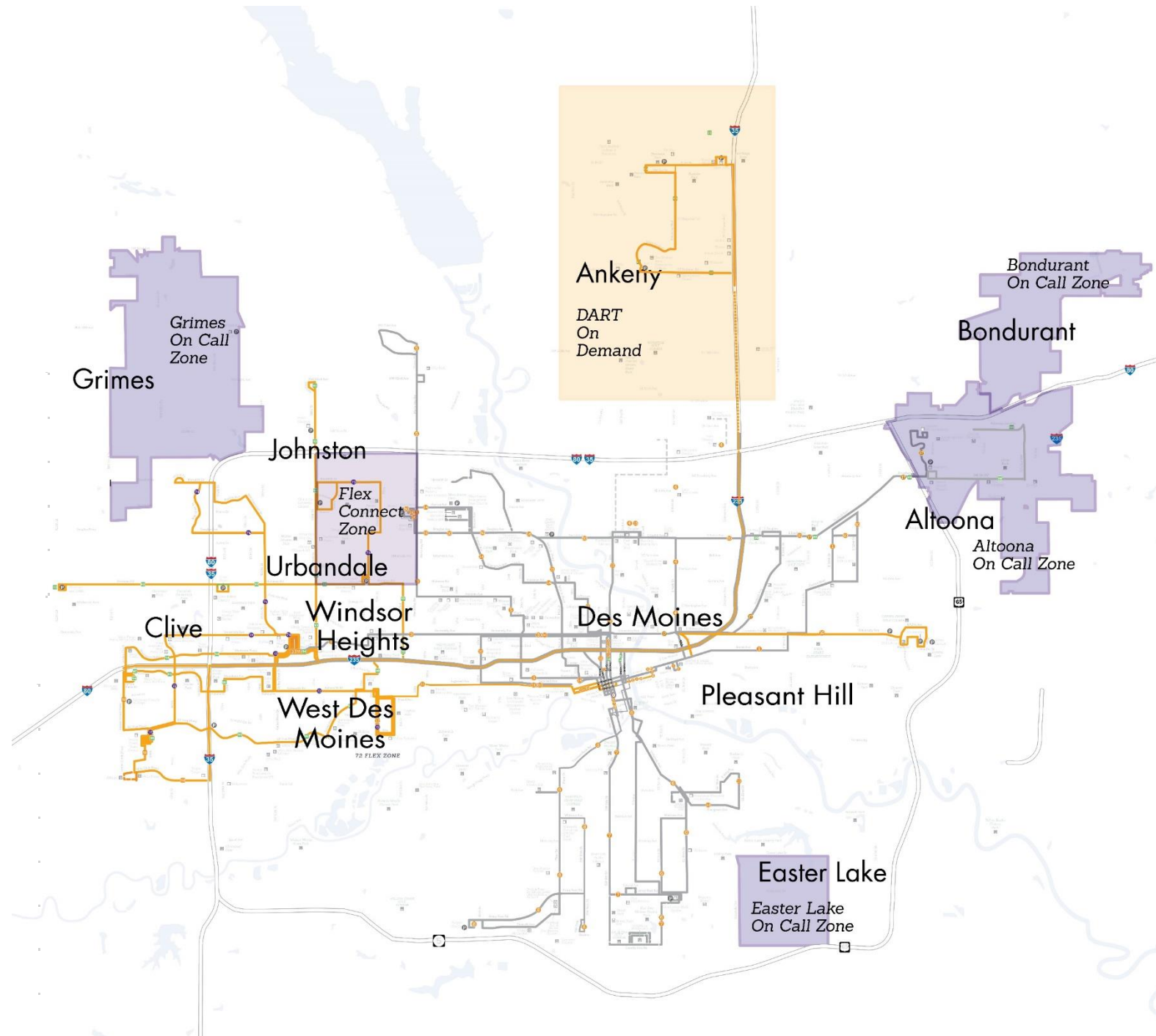
\$40.4 million

FY 2023 Revenues

62% Local Property Taxes
12% Fares & Contracts
19% Federal Funding
4% State Funding
3% Other

FY 2023 Expenses

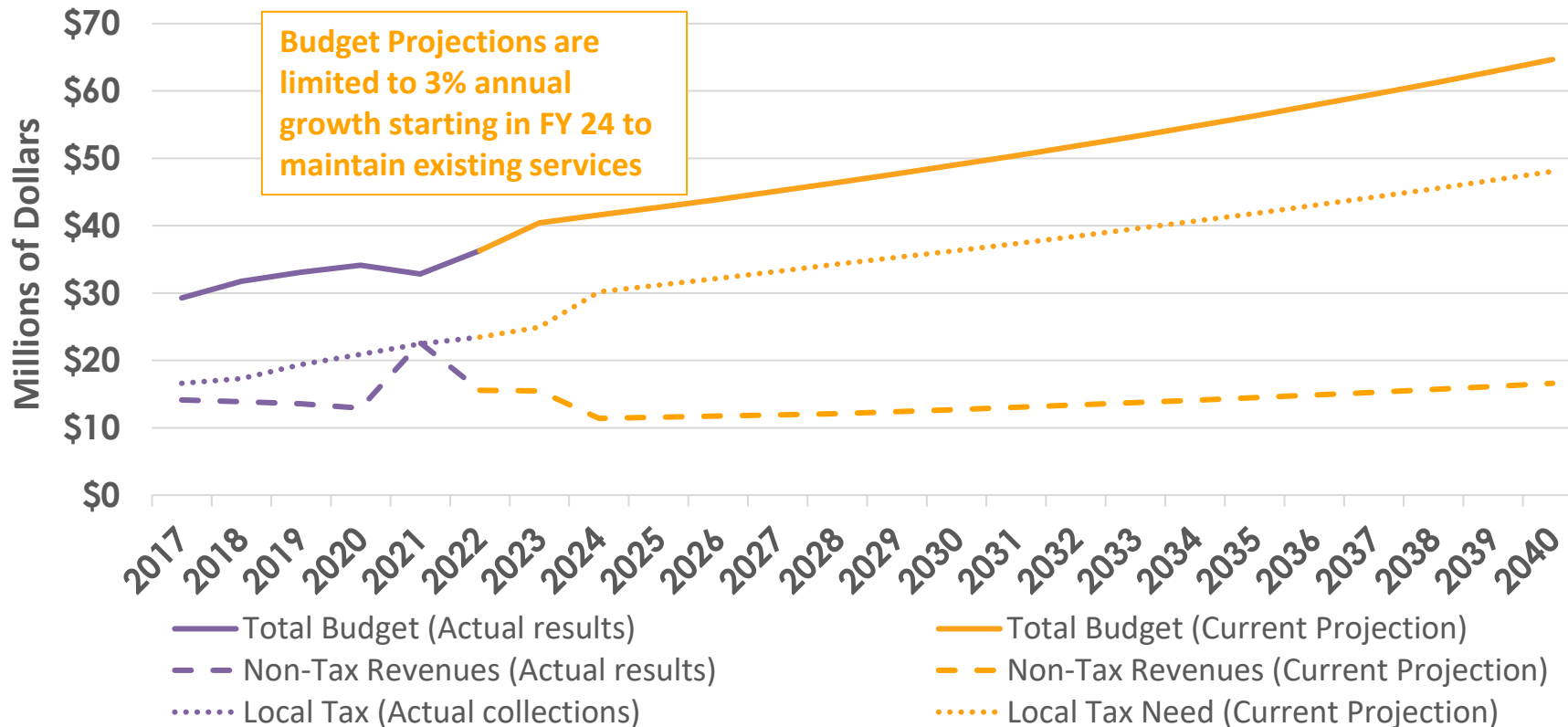
65% Salaries, Wages & Fringe
11% Services
6% Fuels & Lubricants
4% Equipment Repair & Parts
5% Local Match
3% Insurance
6% Other Expenses



Why are we here today?

- ▶ DART operating revenue is flat, driving increase in property taxes
- ▶ Property tax levy cap is \$0.95/\$1,000

Projected and Actual Results, FY 2017 - FY 2040




















If alternative funding is not available DART will have a funding gap of \$4.7M in FY 25



Keeping Central Iowa moving...

2017 Transit Funding Study

\$	Funding Mechanism	Permissible for Transit in IA	Reliability	Sustainability	Recent Growth (2015-2019)	Annualized Growth	Equitable Source	
	Sales Tax			Medium	High	12.6%	3.7%	Medium
	Income Tax			Medium	High	45.4%*	4.6%	Medium
	Payroll Tax			Medium	High	15.0%	4.3%	High
	Parking Tax			Medium	Low	49.4%	7.8%	Low
	Hotel-Motel Tax			Medium	High	17.8%	6.6%	Medium
	Vehicle Tax			High	Medium	5.4%	1.8%	Low
	Rental Car			Medium	Medium	34.6%	7.2%	Medium
	Fuel Tax			Medium	Low	9.1%	1.3%	Low

Funding Sources Further Evaluated

Potential Funding Source	Implementation Options
Sales Tax	<ul style="list-style-type: none">■ Voter referendum and agreement between cities/county and DART to split new revenue, OR■ Modify state law to allow dedicated DART tax
Vehicle Tax	<ul style="list-style-type: none">■ Voter referendum and agreement between county and DART to split new revenue, OR■ Modify state law to allow dedicated DART tax
Hotel/Motel Tax	<ul style="list-style-type: none">■ Agreement with cities to redirect existing tax revenue to DART, OR■ Modify state law to raise 7% cap and/or allow dedicated DART tax
Property Tax	<ul style="list-style-type: none">■ Modify state law to increase \$0.95 cap

Funding Scenarios and Stakeholder Feedback

- ▶ Four types of funding scenarios tested:
 - ▷ Scenario 1: Baseline (no new funding source)
 - ▷ Scenario 2: Prolong the existing property tax
 - ▷ Scenario 3: Supplement the property tax with new revenue
 - ▷ Scenario 4: Property tax relief with new revenue

WHICH FUNDING TYPE IS THE BEST APPROACH FOR DART?

52% Supplement Existing Property Tax

WHICH SUPPLEMENT TAX FUNDING OPTION IS PREFERRED?

55% Sales Tax

Current Funding Challenges

Funding Challenges

- ▶ Structural deficit, compounded by lost revenue
- ▶ Estimated annual revenue impact:
 - ▷ Backfill *(\$800,000)*
 - ▷ Multi-Residential Rollback *(\$730,000)*
 - ▷ Contracted Medicaid trips *(\$1.2 M)*
 - ▷ Lost fare revenue from pandemic *(\$1.2 M)*



Structural Deficit FY 24-28 (Projected)

	FY 24	FY 25	FY 26	FY 27	FY 28
Total Operating Revenue	\$5,786,476	\$5,986,992	\$6,195,893	\$6,413,543	\$6,640,324
Total Operating Expenses	41,576,524	42,724,566	43,910,217	45,134,825	46,399,792
Non-Operating Revenue	31,314,762	32,049,335	32,809,736	33,595,709	34,408,021
Excess/(Deficit)	(\$4,475,287)	(\$4,688,239)	(\$4,904,587)	(\$5,125,572)	(\$5,351,446)

Peer System Funding Analysis



Agencies Evaluated

- ▶ Des Moines, IA (DART)
- ▶ Omaha, NE (Metro)
- ▶ Kansas City, MO/KS (KCATA, JCT, UGT)
- ▶ Akron, OH (METRO)
- ▶ Dayton, OH (Dayton RTA)
- ▶ Grand Rapids, MI (The Rapid)
- ▶ Tulsa, OK (MTTA)
- ▶ Little Rock, AR (Rock Region METRO)
- ▶ Corpus Christi, TX (CCRTA)
- ▶ Columbus, OH (COTA)
- ▶ Oklahoma City, OK (EMBARK)
- ▶ Spokane, WA (STA)
- ▶ Indianapolis, IN (IndyGo)
- ▶ Madison, WI (Metro)

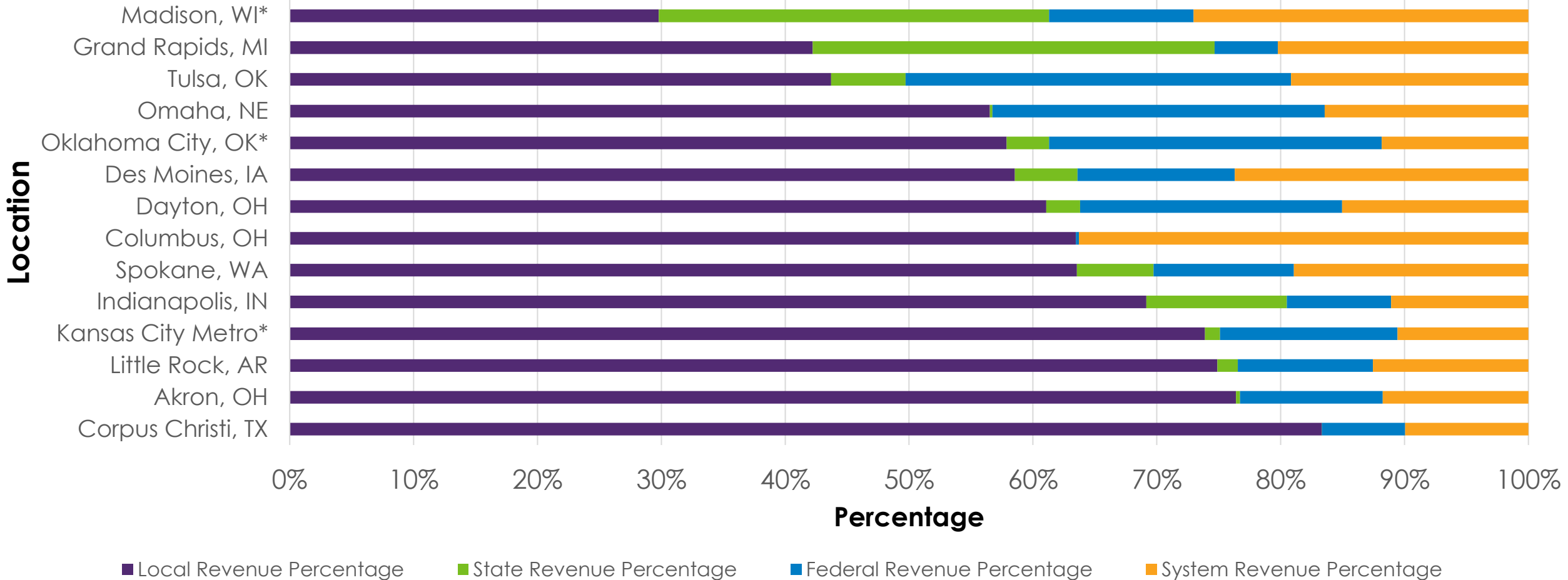
Local Funding Source

*Municipal System

Location	Primary Local Funding Source	Funding Type
DART	Property Tax - Levy rate determined by DART Commission	Dedicated, agency sets rates
Omaha, NE	Property Tax – Fixed Millage Rate collected by the City of Omaha	Part fixed rate (millage), part annual appropriations
Kansas City, MO/KS*	Sales Tax – ½ cent Sales Tax through City of Kansas City, 3/8 cent sales tax directly to KCATA.	Part fixed rate (KCMO 3/8 tax), part annual appropriations
Akron, OH	Sales Tax – ½ cent Sales Tax in Summit and Stark Counties	Dedicated, fixed rate
Dayton, OH	Sales Tax – ½ cent Sales Tax in Montgomery County	Dedicated, fixed rate
Grand Rapids, MI	Property Tax – Levy determined by Transit Authority	Dedicated, agency sets rate
Tulsa, OK	City of Tulsa Local Funds – Various Sales Taxes	Annual appropriation by city
Little Rock, AR	Local Government Funding – Sales and Use Taxes	Annual appropriation by cities
Columbus, OH	Sales Tax – Permanent 0.25% Sales Tax, Temporary 0.25% Sales Tax	Part fixed rate, part negotiated
Corpus Christi, TX	Sales Tax – ½ cent Sales and Use Tax	Dedicated, fixed rate
Oklahoma City, OK*	City of Oklahoma City General Fund – Principally funded by Property Tax	Annual appropriation by city
Spokane, WA	Sales Tax – Levy determined by PTBA Board (jurisdiction representatives)	Dedicated, agency sets rate
Madison, WI*	City of Madison General Fund – Principally funded by property taxes	Annual appropriation by city
Indianapolis, IN	Income Tax & Property Tax – Income Tax Rate of 0.25%, Property Tax must be approved by board	Part fixed, Part agency sets rate

Agency Operating Funding by Source (Percent)

2019 O&M Data via NTD



*Municipal System

Funding Scenarios

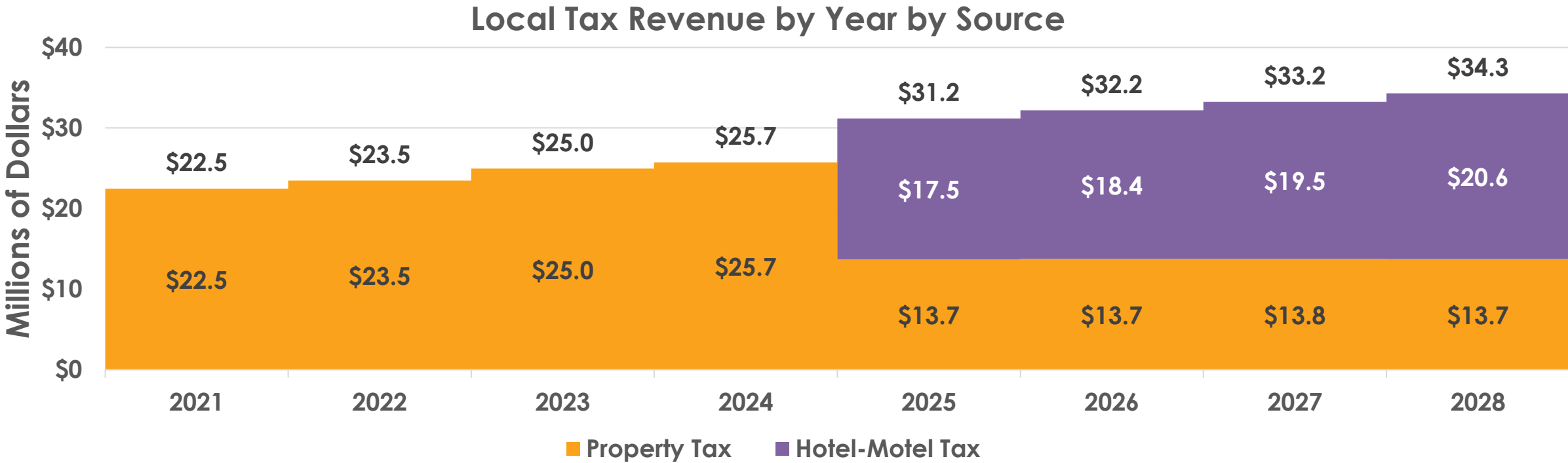


Alternative Funding Scenarios

- ▶ Supplement or replace property tax with alternative local funding sources:
 - ▷ Scenario 1: 5% hotel-motel tax
 - ▷ Scenario 2: Sales tax; reduce property tax by half
 - ▷ Scenario 3: Sales tax; eliminate property tax
- ▶ Scenario parameters
 - ▷ Assume new local funding source becomes available in FY 25
 - ▷ FY 25 local tax revenue: \$31.2 million

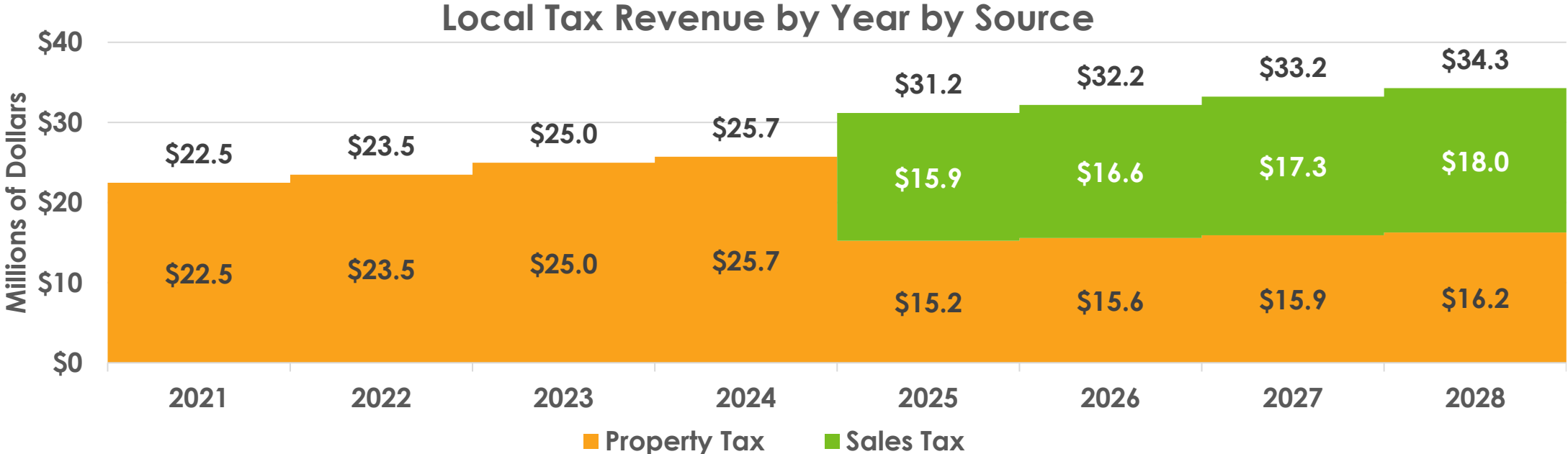
Scenario 1: 5% Hotel-Motel Tax

- ▶ Property tax levy rate declines by around half
- ▶ All member communities below \$0.95 cap



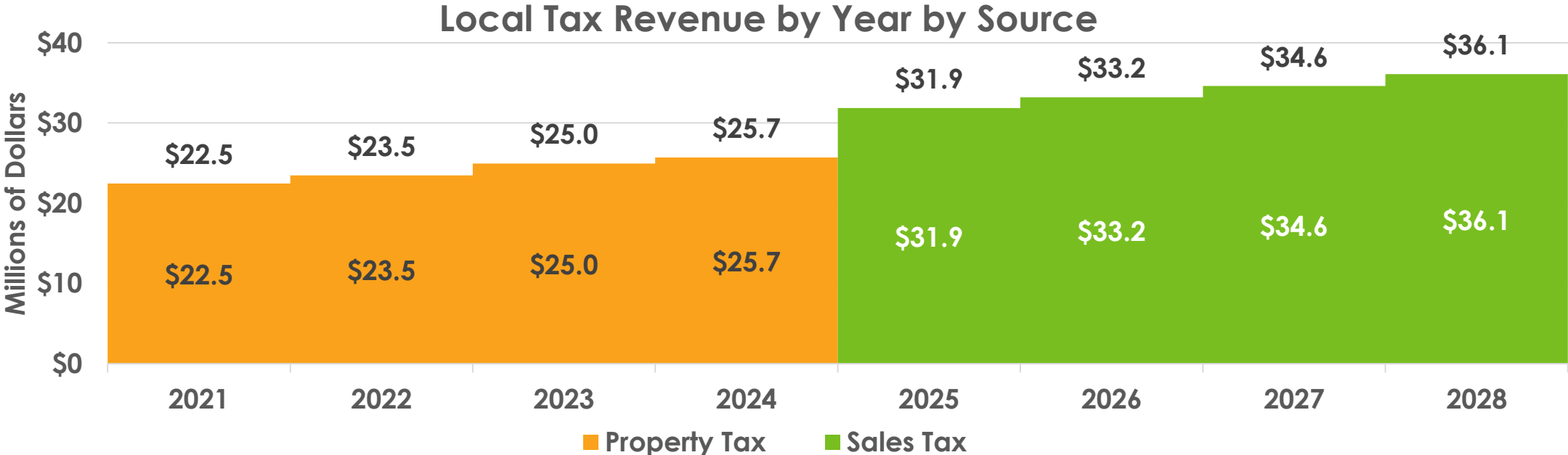
Scenario 2: Sales Tax, Reduce Property Tax by Half

- ▶ 0.125% (one eighth penny) sales tax
- ▶ Property tax levy rates approximately flat from FY 25 – FY 28



Scenario 3: Sales Tax, Eliminate Property Tax

- ▶ 0.25% sales tax
- ▶ Revenue grows slightly faster than DART budget, small surplus in future years (likely needed for rainy day/recession fund)



Summary

- ▶ FY 25 local tax revenue needed to sustain existing service: \$31.2M
- ▶ If no alternative funding is available, DART will have a funding gap of \$4.7M in FY 25, growing to \$5.4M in FY 28
- ▶ Goals:
 - ▷ Reduce reliance on property taxes
 - ▷ Maintain a critical public service for a growing region

Scenario	Amount generated in FY 25	Total collected from property tax levy
5% Hotel-Motel Tax	\$17.5M	\$13.7M
0.125% Sales Tax	\$15.9M	\$15.2M
0.25% Sales Tax	\$31.9M	\$0

Thank you

Des Moines Area Regional Transit Authority Alternative Funding Advisory Committee

Report to the Iowa General Assembly and Governor Kim Reynolds

Appendix G

***Greater Des Moines Transit Funding Study,
Completed November 2017***

See website:

**[https://www.dsmpartnership.com/filesimages/PDF/Publicpolicy/DS
M_TransitFundingStudy_FinalReport.pdf](https://www.dsmpartnership.com/filesimages/PDF/Publicpolicy/DS
M_TransitFundingStudy_FinalReport.pdf)**

Des Moines Area Regional Transit Authority Alternative Funding Advisory Committee

Report to the Iowa General Assembly and Governor Kim Reynolds

Appendix H

**November 18, 2022, DART Alternative Funding Advisory Committee
Meeting Agenda**

**Des Moines Area Regional Transit Authority Alternative Funding
Advisory Committee**

Meeting Agenda

Friday, November 18, 2022

Iowa State Capitol, Room 102

- 10:00 am Welcome and introductions - Scott Marler Director, Iowa Department of Transportation – Co-Chair and Kraig Paulsen, Director, Iowa Department of Revenue – Co-Chair
- 10:10 am Approval of October 7, 2022, Meeting Minutes – Scott Marler
- 10:15 am Local Option Sales Tax and Hotel/Motel Tax Overview – Tim Reilly, Policy Director Sales and Excise Tax, Iowa Department of Revenue
- 10:35 am Public survey results - Kristin Haar, Public Transit Director, Iowa DOT
- 10:45 am Discuss final report contents
- Noon Adjourn

Public website: <https://iowadot.gov/dartaltfunding>

See back page for Advisory Committee authorizing language and membership

Advisory Committee Authorizing Language

Sec. 19. DES MOINES AREA REGIONAL TRANSIT AUTHORITY ALTERNATIVE FUNDING ADVISORY COMMITTEE — REPORT.

1. The department of transportation shall establish a Des Moines area regional transit authority alternative funding advisory committee to study the most effective and efficient methods to increase funding for the Des Moines area regional transit authority that are alternative to an increase in property taxes.
2. The committee shall consist of five voting members and four ex officio, nonvoting members.
 - a. The voting members of the committee shall be composed of all of the following:
 - (1) The director of the department of transportation or a designee.
 - (2) The director of the department of revenue or a designee.
 - (3) A Polk county supervisor appointed by the governor.
 - (4) A member of a city council or mayor of a city in Polk county in which the Des Moines area regional transit authority operates, appointed by the governor.
 - (5) A representative of the Des Moines area regional transit authority appointed by the Des Moines area regional transit authority.
 - b. The ex officio, nonvoting members of the committee shall be two state representatives, one appointed by the speaker of the house of representatives and one by the minority leader of the house of representatives, and two state senators, one appointed by the majority leader of the senate and one by the minority leader of the senate.
3. Staffing services shall be provided by the department of transportation in coordination with the department of revenue.
4. The committee shall submit a report containing its findings and recommendations to the general assembly on or before December 15, 2022.
5. This section is repealed January 1, 2023.

Advisory Committee Membership

Voting

- Director Scott Marler, Iowa DOT, Co-Chair
- Director Kraig Paulsen, Iowa Department of Revenue, Co-Chair
- Supervisor Steve Van Oort, Polk County Board of Supervisors
- Councilperson Kelly Whiting, Ankeny City Council
- Mayor Paula Dierenfeld, City of Johnston (DART representative)

Ex-Officio

- Representative Brian Best, Iowa House District 12
- Representative Marti Anderson, Iowa House District 36
- Senator Brad Zaun, Iowa Senate District 20
- Senator Janet Petersen, Iowa Senate District 18

Des Moines Area Regional Transit Authority Alternative Funding Advisory Committee

Report to the Iowa General Assembly and Governor Kim Reynolds

Appendix I

**November 18, 2022, DART Alternative Funding Advisory Committee
Meeting Summary**

**DES MOINES AREA REGIONAL TRANSIT AUTHORITY ALTERNATIVE FUNDING
ADVISORY COMMITTEE
NOVEMBER 18, 2022**

The Meeting of the Des Moines Area Regional Transit Authority Alternative Funding Advisory Committee was called to order by Director Scott Marler at 10:02 a.m. on the 18th day of November 2022, in Room 102 in the State Capitol, 1007 East Grand Avenue, Des Moines, Iowa. Present were Director Scott Marler, Iowa DOT, Co-Chair, Director Kraig Paulsen, Iowa Department of Revenue, Co-Chair, Supervisor Steve Van Oort, Polk County Board of Supervisors, Councilperson Kelly Whiting, Ankeny City Council, and Mayor Paula Dierenfeld, City of Johnston (DART representative). Also in attendance were *Ex-Officios*, Brian Best, Iowa House District 12, and Senator Janet Petersen, Iowa Senate District 18. *Ex-Officios* Marti Anderson, Iowa House District 36 and Brad Zaun, Iowa Senate District 20 were absent.

WELCOME AND INTRODUCTIONS: Introductions were performed.

APPROVAL OF OCTOBER 7, 2022, MINUTES: Moved by Councilperson Whiting, seconded by Mayor Dierenfeld to approve the October 7, 2022, Minutes.
Vote on Motion: 5-0. Motion passed unanimously.

LOCAL OPTION SALES TAX AND HOTEL/MOTEL TAX OVERVIEW: Tim Reilly, Policy Director, Sales and Excise Tax, Iowa Department of Revenue explained he wanted to give a brief overview on Local Option Sales Tax and Hotel/Motel Tax. He stated that the information being presented was for general educational purposes only and nothing should be construed as legal advice.

Mr. Reilly explained that in 2018, changes were made to the Local Options Sales Tax. The Legislature agreed that a one percent local tax be applied to same transactions subject to state sales tax. The Local Option Sales Tax is completely administered by the Department of Revenue. In order to impose any Local Option Sales Tax, the request has to be put on a ballot proposition. The ballot proposition must name the approximate amount of LOST revenues that will be used for property tax relief and contain a statement as to the specific purpose or purposes for which the revenues shall otherwise be expended. Any LOST monies may be expended for any lawful purpose of the City of County and that includes but is not limited to expenses related to providing emergency medical services. Mr. Reilly mentioned that Ankeny and Polk County do not impose Local Options Sales Tax. A couple of examples (Des Moines and Johnston) were reviewed as to what language has to be included on a ballot to incorporate a Local Option Sales Tax. It was pointed out that on the Des Moines LOST expenditures table FY2022 was higher because the Department of Revenue made a \$19 million adjustment due to previous errors that were found within Polk County.

Mayor Dierenfeld commented that the Resolution for the city of Johnston stated at least 50% be used for property tax relief and the remainder for the public purposes specifically identified on the ballot, because it was important to the residents of Johnston to be clear on what the monies would be used for. She mentioned that it was important for the city of Johnston to be transparent.

It was asked if any of the ballots specifically stated that the funds would be used for public transportation. Mr. Reilly stated he did not see any. Director Paulsen stated that if public transportation fits within the description, then the funding could be used. Mr. Reilly stated that as long as it is stated in the resolution and cities can come back for an amendment.

Councilperson Whiting questioned if the initial 50% was required for property tax relief and if that portion would be applicable to DART funding. Mr. Reilly explained that the property tax relief is not defined, and he is not sure how the cities come up with their number.

Mr. Reilly then reviewed the Hotel/Motel Tax. He mentioned that local tax up to seven percent can be applied to the same transactions subject to state Hotel/Motel Tax. Any locally imposed Hotel/Motel Tax is in addition to the five percent state Hotel/Motel Tax (which is deposited in the States General Fund). Each city or county imposing a local Hotel/Motel Tax shall use at least fifty percent of revenue for “acquisition of sites for, or constructing, improving, or maintaining of recreation...or entertainment facilities...” It was mentioned that all 12 DART jurisdictions contribute portions of local Hotel/Motel Tax revenue to Bravo Greater Des Moines. It was brought up that the numbers to the Bravo Greater Des Moines have gone up throughout the years and maybe it was time to start shaving some of the amount.

Councilperson Whiting commented that the legislature explored options on taking over the Local Options Sales themselves instead of local cities having to. Legislature had discussed having a more uniform cost and how it was to be distributed. Mr. Reilly stated that if that was done it would cause a loss across the state, but it would eliminate the discrepancy for Ankeny.

PUBLIC SURVEY RESULTS: Iowa Department of Transportation (DOT), Public Transit Director Kristin Haar reviewed the results of the DART Funding Study survey that started October 7, 2022, and closed on November 4, 2022. There were 567 survey responses received. She explained that the questions for the survey were created by DOT and DART staff. The results of the survey can be found at [Documents and resources | DART alternative funding \(iowadot.gov\)](#). It was pointed out that the top three commented themes were to: 1) Increase passenger fares, 2) Car tag renewal/registration fee, and 3) Tax corporations/businesses/developers. Ms. Haar stated that a Board Member from the Iowa Hotel and Lodging Association sent an email in opposition of using the Hotel/Motel Tax for public transit.

Director Paulsen inquired if any demographic information was obtained. Ms. Haar commented there was not as it was a non-scientific study.

DISCUSSION OF FINAL REPORT CONTENTS: Director Marler reminded the Committee that they were tasked by the legislature to establish this Advisory Committee. The legislature had given the committee two charges. One was to study methods to increase funding for DART that are an alternative to an increase in property taxes. The second charge was to submit a report to the legislature by December 15, 2022. He mentioned that there have been two meetings where a lot of information was gathered and listed all the ways information had been gathered. He commented that there was no need to recreate what has already been done and felt it would be appropriate to write a brief report regarding all the work that has been done and attach the various studies that were conducted to the report. Director Marler asked that the DOT and the Department of Revenue

staff summarize all the information into an addendum. The summary will serve as the Report to the General Assembly by December 15.

Mayor Dierenfeld stated that the issues discussed are challenging and believed staff have used their time well to gather together prior studies and additional information. Her concern was that in the two meetings that have been held there has not been enough time to analyze all the information and to come up with any specific recommendations. She agreed that the information should be provided to the legislature and that they be encouraged to review it and to continue the discussion. She said she believed that everyone can agree that there is a funding problem that needs to be fixed, but there is no easy solution. She concluded that she did not feel the committee was in a position to make any specific recommendations at this time.

Senator Petersen asked that the Medicaid information be included in the report to the legislature.

Director Paulsen agreed with everyone's comments and would be comfortable putting together a packet of the information gathered.

Supervisor Van Oort stated the information gathered and the history. He appreciated the outline of the local options sales tax. The information gathered was good and not too overwhelming.

Councilperson Whiting stated that while no specific recommendation could be made regarding hotel/motel tax as there is a difference in opinions; however, felt the committee could agree on the Medicaid funding issue. She suggested that there be a specific recommendation for Medicaid.

Moved by Mayor Dierenfeld, seconded by Van Oort, to provide the legislator with the Advisory Committee's finding and encourage the legislature to review them and continue to have a conversation, but to not make any recommendations at this time.

Vote on Motion: 5-0. Motion carried unanimously.

Representative Marti Anderson joined the meeting at 10:45 a.m.

ADJOURNMENT: 10:47 a.m.

Des Moines Area Regional Transit Authority Alternative Funding Advisory Committee

Report to the Iowa General Assembly and Governor Kim Reynolds

Appendix J

**November 18, 2022, Presentation: Local Option Sales Tax and
Hotel/Motel Tax overview**



Local Option Sales Tax & Hotel and Motel Tax



Tim Reilly

Policy Director, Sales and Excise Taxes

DART Alternative Funding Advisory Committee
November 18, 2022

Disclaimer

This presentation is intended for general educational purposes only, nothing should be construed as legal advice. The Iowa Department of Revenue could take a contrary position in the future to one stated in this presentation.

Any oral or written opinion by Department personnel not pursuant to a Petition for Declaratory Order under Iowa Administrative Code rule 701—7.24 is not binding upon the Department.



Local Option Sales Tax

Local Option Sales Tax (LOST) Overview

- One percent local tax applied to same transactions subject to state sales tax
 - Iowa Code §§ 423B.1(5)(d), 423B.5
- May be imposed by any county for unincorporated areas or any municipal jurisdiction through ballot proposition
- The ballot proposition must name the approximate amount of LOST revenues that will be used for property tax relief and contain a statement as to the specific purpose or purposes for which the revenues shall otherwise be expended.
 - Iowa Code § 423B.5(b)

Iowa Code § 423B.7(7): Use of Funds

- LOST moneys may be expended *for any lawful purpose* of the city or county.
 - Includes but is not limited to expenses related to providing emergency medical services within the applicable city or county.
- Each jurisdiction for which the LOST imposition was approved on or after January 1, 2019 shall use *not less than fifty percent* of the moneys received for property tax relief.

DART Cities and LOST Imposition

City	Date	City	Date
Altoona	07/01/2019	Johnston	01/01/2020
Bondurant	01/01/2020	Polk Co (Unincorporated)	No LOST
Clive	01/01/2020	Urbandale	01/01/2020
Des Moines	07/01/2019	West Des Moines	07/01/2019
Grimes	01/01/2020	Windsor Heights	07/01/2019

Des Moines Ballot Language

(a) 50% allocation for property tax relief -

- (i) \$0.60 reduction to the total tax levy rate for the City per \$1,000 valuation on regular property; and
- (ii) The City Council acknowledges that the City Manager has identified the additional financial resources that are necessary to maintain acceptable levels of City services and neighborhood investments which, without the availability of local option sales and services tax revenues, would require an additional increase to the total tax levy rate for the City on regular property of \$1.50 per \$1,000 valuation; and
- (iii) This City Council acknowledgment reflects City Council's intent to stabilize the total tax levy rate for the City on regular property and avoid any such increase.

Des Moines Ballot Language (continued)

(b) 50% allocation for lawful purposes of the City -

- *(i) Street improvements and flood prevention*
 - Accelerating completion of street improvements under the five-year street maintenance improvement plan. Streets improvements initially identified for the accelerated completion include, but are not limited to Fleur Drive, Pennsylvania Avenue and East Court Avenue.
 - Accelerating completion of storm water improvements to reduce the impact of future flooding including, but not limited to Four Mile Creek, Closes Creek, Yeader Creek, and other areas susceptible to flooding.
- *(ii) Neighborhood improvements*
 - Establish a Blitz on Blight effort involving a significant investment for removing blight in neighborhoods throughout the City.
 - Other substantial improvements to neighborhoods throughout the City including, but not limited to, streets, sidewalks, parks as required to meet and maintain community standards for condition and use.
 - Expansion of requirements for rental housing in neighborhoods with stronger enforcement.
 - Expand hours of operation for libraries.
- *(iii) Public safety improvements and expenditures*
 - Fire station improvements throughout the City.
 - Provide ongoing funding for 13 firefighter positions for which federal funding expired in December 2018.
 - Modernize public safety equipment and expand training.
 - Provide additional support for mobile crisis services to accommodate youth

Des Moines LOST Expenditures

Area	FY 2020	FY 2021	FY 2022
Total Revenue	\$30,103,466	\$34,481,569	\$65,557,733
Property Tax Relief - 50% State Mandate			
• Property Tax Relief	\$19,060,857	\$17,240,905	\$32,778,866

Johnston Ballot Language

Resolution 19-87:

- Not less than fifty percent (50%) to be allocated for property tax relief, applied first to reduce the debt service levy before being applied to other levies, and,
- The remainder of revenue to be applied directly to public safety expenditures, public infrastructure, public parks, sports and recreational facilities and trails, and public library uses.

Note: Johnston used approximately 65% of LOST funds for property tax relief in FY 2021 and FY 2022.

- See [FY 2021 budget memo](#) from City Administrator

DART Cities and LOST Distributions: FY 2022

City	Payments	City	Payments
Altoona	\$3,655,357.20	Johnston	\$4,409,948.11
Bondurant	\$1,325,812.92	Pleasant Hill	\$2,137,498.62
Clive (Dallas Co.)	\$1,412,085.75	Urbandale (Dallas Co.)	\$2,197,558.11
Clive (Polk Co.)	\$1,759,344.54	Urbandale (Polk Co.)	\$6,455,689.57
Des Moines (Polk Co.)	\$55,217,166.14	West Des Moines (Dallas Co.)	\$4,275,686.38
Des Moines (Warren Co.)	\$23,129.80	West Des Moines (Polk Co.)	\$7,073,095.07
Grimes (Dallas Co.)	\$5,967.42	West Des Moines (Warren Co.)	\$24,549.52
Grimes (Polk Co.)	\$2,959,640.23	Windsor Heights	\$1,278,277.95
		Total:	\$541,878,156.67



Hotel and Motel Tax

Hotel and Motel Tax (HMT) Overview

- Local tax up to seven percent applied to same transactions subject to state HMT
 - Iowa Code § 423A.4(1)
- May be imposed by any city, county, or land use district
- No specific statutory ballot requirements similar to LOST
- Locally imposed HMT is in addition to the 5% state HMT
 - Deposited in state general fund

Iowa Code § 423A.7: Use of Funds

- Each city or county imposing local HMT shall use at least fifty percent of revenue for “acquisition of sites for, or constructing, improving,... or maintaining of recreation...or entertainment facilities...” including payments on bonds for such facilities.
 - Land use districts must use all local HMT for this purpose.
- The remaining fifty percent may be spent for *any city or county operations authorized by law* as a proper purpose for the expenditure.
- All twelve DART jurisdictions contribute portions of local HMT revenue to [Bravo Greater Des Moines](#)

DART Cities and Local HMT Distributions: FY 2022

City	Payments	City	Payments
Altoona (7%)	\$1,831,495.76	Johnston (7%)	\$348,351.91
Ankeny (7%)	\$1,734,499.47	Pleasant Hill (7%)	\$142,754.69
Bondurant (7%)	\$1,810.13	Polk County (Unincorporated) (7%)	\$356,803.24
Clive (7%)	\$873,267.20	Urbandale (7%)	\$2,054,470.37
Des Moines (7%)	\$7,610,216.15	West Des Moines (7%)	\$4,660,363.58
Grimes (7%)	\$74,542.87	Windsor Heights (7%)	\$10,737.30
Total:			\$19,699,312.67

Des Moines Area Regional Transit Authority Alternative Funding Advisory Committee

Report to the Iowa General Assembly and Governor Kim Reynolds

Appendix K

November 18, 2022, Presentation: Public survey results



DART Alternative Funding
Advisory Committee Meeting
November 18, 2022

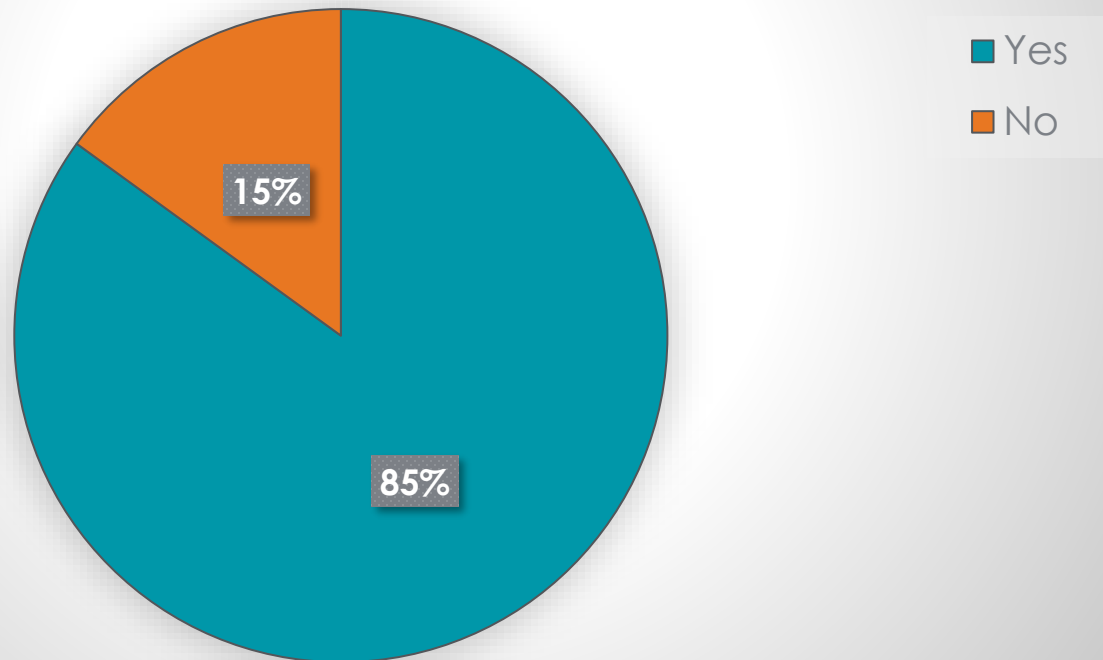


DART Funding Study Survey

- Survey started October 7, 2022, and closed November 4, 2022
- <https://iowadot.gov/dartaltfunding/Take-the-DART-funding-study-survey>
- 567 survey responses received

Question #1

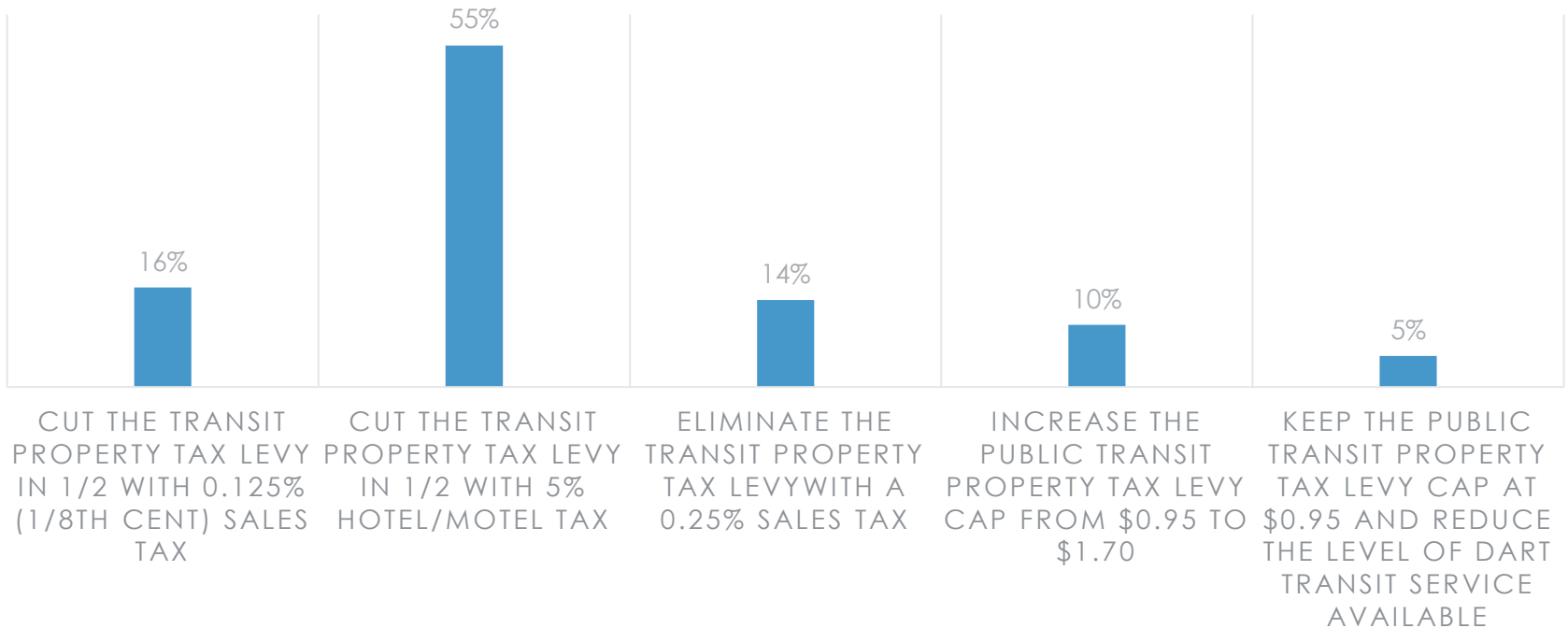
Do you support identifying an alternate revenue source to fund DART and public transit in Iowa in order to reduce the amount of property taxes levied for this purpose?



DART Alternative Funding Advisory Committee Meeting

Question #2

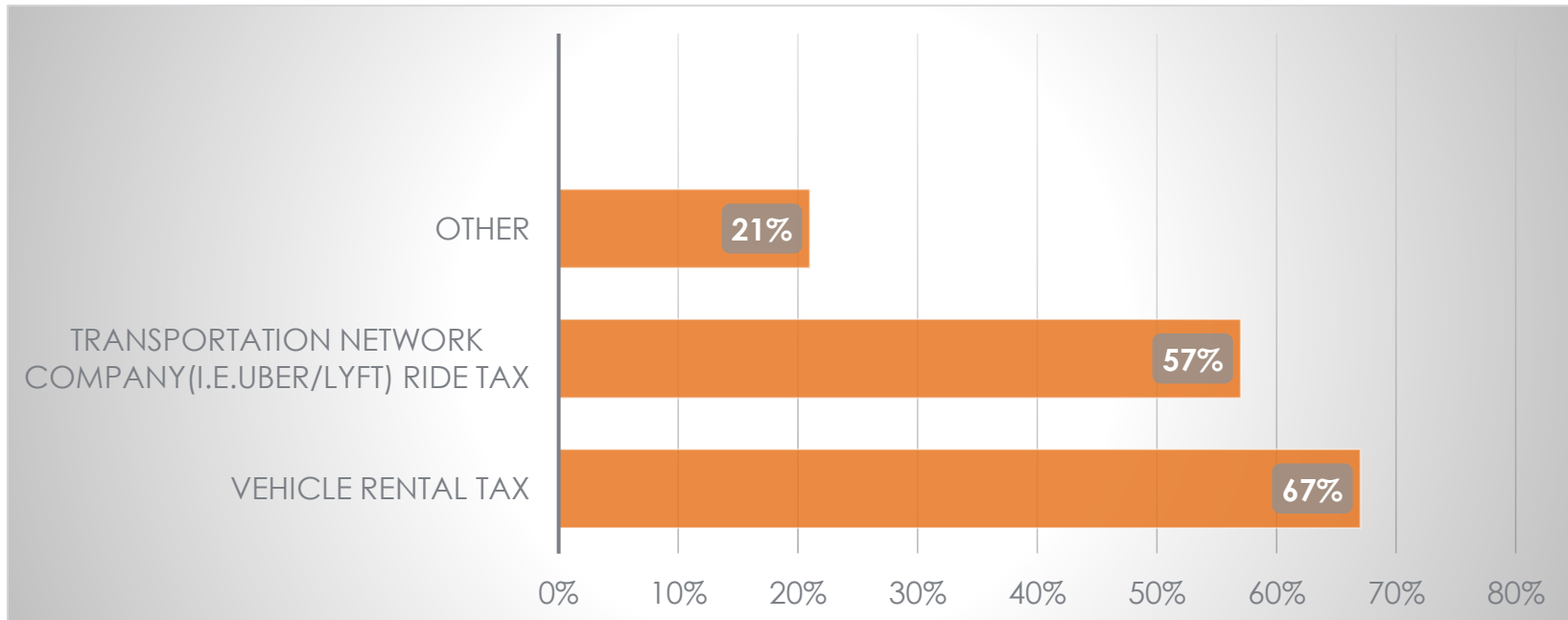
With the funding shortage expected in the next few years, the following scenarios have been estimated by DART to resolve their funding gap. If your answer to question #1 was yes, if the Iowa legislature authorizes an alternate source of funding for DART and public transit, what funding source would you support?



DART Alternative Funding Advisory Committee Meeting

Question #3

While it is not known to what degree the following options cover DART's expected funding shortfall in the next few years, these two additional funding sources were identified in the Iowa Public Transit 2050 Long Range Plan as potential funding solutions. If allowed under Iowa law, which of the following mechanisms would you support to generate increased local funding for DART and public transit in Iowa? Check all that apply.



DART Alternative Funding Advisory Committee Meeting

Other comment themes

- Increase passenger fares (11)
- Car tag renewal/registration fee (10)
- Tax corporations/businesses/developers (9)
- State general funds/surplus (8)
- Cut or right-size DART services (8)
- Gas tax (7)
- Property tax (6)
- Hotel/motel tax (6)
- Sales tax (5)
- Parking fees (5)
- Close DART (4)
- Lottery/gambling revenue (4)
- Transportation Network Company (i.e. Uber/Lyft) tax (3)
- Cigarette tax (3)
- Income tax (2)
- Medical/Medicaid funding (2)
- Use smaller vehicles (2)
- Electric vehicle tax (2)
- Marijuana tax (2)
- Federal highway dollars (2)

Other public input

From a board member of the Iowa Hotel & Lodging Association, voicing opposition to use of the hotel/motel tax for public transit, explained the negative impacts to hotel owners through direct and indirect costs of the hotel/motel tax and the negative impact of increasing on the hotel/motel tax on traveling lowans.

DART Alternative Funding Advisory Committee Meeting

Other comments

05% payroll tax on businesses that receive economic development incentives that don't meet or exceed a minimum wage of \$13 an hour.

Airport Parking Tax

Annual car tag renewal tax

A few ideas: 1, A .10% or a .25% corporate tax on businesses operating in Dart's service area. These are the businesses that profit from the labor Dart brings them. 2, A 2–5-dollar surcharge on vehicle registrations in the counties Dart serves. 3, Create an endowment through public and private grants. Perhaps a pilot program from federal transportation dept. For example, a ten-million-dollar fund relatively conservatively invested. Every year half the interest is reinvested, the other half goes to Dart's budget. It wouldn't do much at first but in 20 years it would be substantial revenue not derived from any future taxes.

As so many Des Moines City Streets have been very expensively converted to accommodate bicycle lanes, there could be a very small, very reasonable bicycle tax. A dollar a bike a year, just issue a sticker like you would a car.

Additional tax on taxicab rides

Big corporations

Adjustments to get fuller reimbursement for medical/medicaid riders

Busses are so 2010... Install vacuum tubes everywhere... Ffffthoom!

Apartment renter tax

Cigarette tax


 DART Alternative Funding Advisory Committee Meeting

Other comments

A surcharge on tags paid annually. The idea of a sales tax increase is an insult to the people who need to ride public transit and a windfall to those wealthy enough to own property to store multiple cars. I do not support a hotel//motel tax, either. The fact that there is no 'none of the above' option, while requiring a response on that question is one example of how fraud in elections could occur. Moreover, I bought a house in a high-levy district specifically so I could have access to DART instead of driving. The so-called service improvements over the past decade mean I am paying higher taxes with no way to use the service in a practical manner. Go back to the drawing board on this funding options.
(Des Moines resident)

Businesses and contractors that build retail and housing in an area should provide additional funds toward public transportation, sidewalks, bike lanes and crosswalk infrastructure. This increased accessibility to their property's benefits consumers, workers and business owners.

Corporate tax and/or funding from general state funds

Create a trust fund with state surplus

Cut services, no increase in any revenue

Enact a business tax on businesses that make more than a certain amount per FY

Cut expenses, routes and smaller vehicles

DART Alternative Funding Advisory Committee Meeting

Other comments

Concerns: 1. Please avoid cutting property tax levy by so much that this problem doesn't get solved, and taxpayers are asked soon once again to increase funding -- not sure cutting it in half is a workable amount for long term solution 2. Other funding sources should include both hotel/motel tax and sales tax -- diversify funding in these ways as well as with vehicle rental tax and transportation network company ride tax so no one source is overburdened -- truly diversify thanks

Cutting legislative salaries

DART can spend less

Eliminate services that are not regularly utilized at a level of at least 50% capacity. OR start offering later evening services from downtown to the suburbs on the weekends.

Finance through bus ticket prices

Don't put the burden on the lower income with an increase in sales tax. Tax richer sources of funds. Hotel motel tax might work better than sales tax.

Fuel tax

Get rid of DART

Gasoline tax

Don't tax Uber or Lift as they are the best alternative to DART. DART should be funded by taxing corporations and business in the area because that's who makes profit off of DART riders - business and shopping destinations and employees going to work. Don't hurt the folks living here (via prop taxes) who may never use DART.

Other comments

Cut the transit property tax levy in half with a 0.125% (1/8th cent) sales tax — we should not discount either this option or the 5% hotel/motel tax option but consider implementing *both*. In fact, having participated in a regional task force discussion a few years ago about diversifying DART revenue, I urge you to recommend multiple new funding sources to ensure this issue does not reappear in the not-so-distant future. Please don't go for a short-term fix. Here's the opportunity to solve the problem sufficiently so that property owners no longer have to subsidize to such an unreasonable extent a needed service. Thank you for your work

Dart should NOT move away from a primarily property-tax based funding model. Instead, it should supplement its property tax model with additional usage tax bases. Focusing the majority of Dart's revenue in non-property tax revenues will leave the agency vulnerable to recessions and downturns in whatever industry an additional tax is levied on. Consider the implications if DART relied primarily (or even in some part) from vehicle rental tax, hotel tax, or rideshare taxes during the COVID pandemic: the revenue stream would have been very dry for several months. Property tax levies offer stability and ensure that the burden of funding the agency is passed on to those who can stably support it, rather than passing the costs onto consumers via consumption taxes.

DART Alternative Funding Advisory Committee Meeting

Other comments

Fee on vehicle registrations. Use a percentage of collected parking fees to support transit. Need to disincentivize private vehicle travel while incentivizing transit use.

Fundraise in-house (employee led, especially higher-level executives with 6 figure incomes)

Figure out a way to tax corporate profits...

For low-capacity routes trade large buses for smaller less expensive ones. Match the bus seat supply to the rider demand. It seems unnecessary to have a 40-seat bus moving 5 people.

Has to be more creative options

I would not like my taxes to increase at all!

Gas tax - to encourage ride share options

Get rid of dart

hotel motel tax

Go after more federal funds and use Ames as a model

Have a special license plate color or design that supports Public Transit - that way even those who don't use Public Transit may help pay for others to use it

Parking meter revenue

I do not support any funding to DART.

I would also support the 5% hotel/motel tax, but secondarily to the 1/8 cent solution

 DART Alternative Funding Advisory Committee Meeting

Other comments

How would TNC tax be divided up among transit in the state? There are many areas where no TNC exists, and those local systems need revenue assistance. It is hard to understand the proposed solution with the limited information provided in this survey, how much additional revenues would be generated with a vehicle rental tax? How would those revenues be divided among the state?

I think it's the time to think outside of the box and review non-traditional funding sources

I don't support an increase in taxes. Property values have skyrocketed, therefore by definition the income for DART will increase accordingly. I firmly believe more needs done to manage expenses vs. increasing taxes. Every option to increase taxes hurts taxpayers and those taxes NEVER decrease - taking a larger and larger percentage of income. Every local option sales tax, or other proposal has become permanent once approved and taxpayers are quite literally being nickel and dimed to death.

Increase vehicle registration and gasoline taxes

I don't want to see people that need a Transportation Network Company, or Rental Vehicle saddled with additional tax for DART. The reason many people use Uber/Lyft and rental vehicles is because there are very limited options for DART in the suburbs.

Increase property tax on empty lots

Increase rider fares

DART Alternative Funding Advisory Committee Meeting

Other comments

I actually think that we should be contributing MORE property taxes to DART. They portion of the current "property tax dollar" DART receives is very small--it's like the second or third from the bottom, if I recall correctly. We can raise it above \$1.70. I also think that the state should kick in more operating support for DART. I know it's unpopular in the Governor's office and the Legislature, but reducing car dependence and increasing/improving transit service is essential for reducing carbon emissions and improving community health. Other states fund transit at higher levels than Iowa. We should join them. I do NOT support seeking "alternative" funding sources (aside from state and federal operating support) if it's just going to be used to offset property tax reductions. This will NOT improve and increase transit service in central Iowa, it will NOT solve DART's fiscal problems. In fact, I fear it will worsen them by making DART more reliant on less predictable revenue sources.

Iowa plans to reduce taxes. They should rethink this and recognize the need to support things such as public schools and public transportation. These and others for the common good should be a priority,

Income, sales, and tobacco taxes

Neither of those.
Especially not Uber

Increase the trip charges so that the people using DART are the only ones paying for it! I have never used DART and I never will, so I shouldn't have to pay for any of its budget!!!!

Other comments

Increase the fares paid by riders. Increase the contribution of federal highway dollars provided to the state towards public transit service in metropolitan areas. Increased public transit ridership reduces roadway congestion and the need for roadway improvements and repairs, reduces emissions and improves traffic flow. The state should provide more funding towards paratransit services from Medicare and Medicaid funding.

I've lived in many places. Metro Des Moines has the least public transit of any town or city I know, large or small. I support getting money from property taxes, corporate taxes, the general levy, etc. if it will increase and improve this service. Public transit is a common social good and should be expanded, not reduced.

I'm fortunate that Principal Financial Group provides my bus usage fare and I count that as a valuable employee benefit. There are several large employers downtown that offer a similar benefit, Wondering about options to increase the fares for Express Commuter routes? Post Covid I'm in the office 2 days a week vs. 5 previously. So, there's lost revenue for the 3 days each week I used to take the bus..

It's in the first question, increase public transit property tax levy

Increased appropriation from the State of Iowa.

DART Alternative Funding Advisory Committee Meeting

Other comments

Just keep taxing Polk county residents to death...

Neither option is a good idea

Legalize marijuana and use part of that money for this. Where is the additional sports betting money going?

Not sure what but neither of these two options trip my trigger.

Neither is really viable as they both fluctuate. And will likely reduce in use in coming years

No increase

None

Not sure

Need explanation of Transportation Network Company and other options

Parking meter revenue

raise fares

raise user fees

None - raise the rates to ride the bus to pay for it. If public transportation can't exist without subsidies, maybe it's time to end public transportation. It's not near as vital as it was 20+ years ago.

None abolish DART or raise rider fares to make itself sustainable. It should not fall on the back of taxpayers

No dart wanted in Ankeny. Just separated the city into two cities and don't force Ankeny into the next Des Moines disaster area

Raise Prices of the service to be more self sufficient.

Neither Option!

DART Alternative Funding Advisory Committee Meeting

Other comments

Parking lot tax for venues, lots, and garages that charge for parking. Revenue from parking fines or traffic violations. Lottery revenue.

Raise rates and reduce services

Personal Vehicle Tax increases to encourage those with vehicles to park and ride to reduce a larger carbon footprint

perhaps an additional tax on casinos including gambling and horse racing

Please do not consider additional sales taxes. Sales taxes disproportionately hurt lower-income earners and would place a higher burden on many of the individuals who rely on DART to make ends meet

Reduce Dart routes since they only operate with 5-6 people riding on them

seek legislative appropriation. its in the state's best interests to have public transit options in the 13 most populous counties

Please don't cut property taxes. I would rather taxes increase for better services. I do not care where the taxes come from.

Some possible funding from the state such as a small percentage on the gas tax or some small part of the state highway/transportation funding

Road Use Taxes

STOP LETTING PEOPLE RIDE FOR FREE

 DART Alternative Funding Advisory Committee Meeting

Other comments

Rental cars and Uber are expensive enough and affect people without vehicles more than those with vehicles, although rentals probably affect the affluent more. How about a tax on secondary/tertiary vehicles that a person owns? So, if a person owns more than one vehicle, they have to pay a consumption tax on the extra vehicles that they own. That would target people who can afford to own more than one vehicle and who are contributing more to the cause of congestion and pollution

Sell bonds to the public

tax the casino 5%

State income tax increase if investment is put towards light rail transit in Des Moines and between Des Moines and Osceola Amtrak.

Stop funding a failing system. Put that money into building something better like a rail system from Ames down through dsm to west side

Smaller buses on longer routes like Ankeny Express therefore using less gas

Take the funding from the state tax reserve

Stop taxing people to fund DART. If DART is not able to maintain service with their current funding sources, they should reduce service or shut down DART

DART Alternative Funding Advisory Committee Meeting

Other comments

Strongly encourage electric-only vehicles be taxed at a rate that subsidizes DART. A regional electric only tax rate would be beneficial.

Tax on cigarettes and alcoholic beverages

Support and promote Public-Private Partnership opportunities for public space infrastructure and other transit services as a means of reducing overall capital investment and annual operating expenses.

Vehicle Registration

Taxation is theft

Support cutting transit property tax levy with hotel motel but then need to redistribute current hotel motel not just add additional hotel motel tax. Also, do not take a portion of existing hotel motel that goes to cities, all that does is cut city funding which is almost entirely from property tax. Hotel motel is one of the only ways to diversity city funding pools currently and shouldn't be taken from further.

Supportive of a Plug-In Electric Vehicle fee to support public transport in addition to other fees already assessed on Plug-In Electric Vehicles.

Tax the rich

Uber

This problem was created because of the increased wage demands that people have been catering too. Focus on public transit that is benign heavily used and thin out the ones that are rarely used

Vehicle Registration

Use sports betting money or cannabis tax

Other comments

Tell the legislature to lift the .95 cap on DART funding. The legislature's various caps on local property taxes, along with their lack of state funding, endangers larger local governments in Iowa and is intrusive. Add more state general revenue funding to assist with local mass transit. Get rid of recent state income tax cuts. They were a bad idea. The legislature wants us to rely on regressive local option sales taxes.

Uber

The vast majority of DART patrons are not taxpayers. They tend to victimize actual taxpayers who try to use DART services, and as a result, DART is generally unusable by the majority of taxpaying citizens. Since DART patrons don't pay taxes and obtain most of their needs at the expense of the taxpayer, taxpaying Iowans should not be held responsible for any shortfalls. Talk to United Way or another charity.

Unknown, but we should not penalize people who rent vehicles or take Uber. Those services are attractive because the bus does not go everywhere. Why should I pay a bus tax when I use Uber to go someplace the bus doesn't go? That's not right.

Use the state's budget surplus. Apparently, we won't spend it on education

We don't need more taxes. This is a service used by few paid for by many

Other comments

Vehicle-miles traveled tax on non-public transit vehicles; Increased vehicle registration tax (based on vehicle weight and fuel efficiency); Tax on personal automobile insurance (could be covered by sales tax); Road use tax or tolls; Tax parking through parking lots, parking structures, and parking meters; Tax on vehicle sales; Tax on title transfers; Tax on gasoline/fuel sales

What is being done to right size the cost side of the DART equation. Many empty buses drive around DSM metro for most of the day

We have to make it more efficient. Too many buses are running empty (no passengers) or very few. Do we need that many buses? Bus passengers have to carry more of the burden of their fare. I don't use bus service and should not have to pay for those that do. No one pays for my gas or vehicle maintenance.



THANK YOU



Kristin Haar
Iowa DOT
Public Transit Director
515-233-7875
kristin.haar@iowadot.gov

Des Moines Area Regional Transit Authority Alternative Funding Advisory Committee

Report to the Iowa General Assembly and Governor Kim Reynolds

Appendix L

**Supplemental Information: Iowa Public Transit Association survey of
public transit Medicaid losses**

Transit Name	Estimate Loss in Revenue from Medicaid Rides Since FY17
Regional Transit Authority(RTA8)	\$1,882,190
DART	\$4,078,332
SWITA (Region 13)	\$3,00,000
On Board Transit/Iowa Northland	
Regional Transit Commission	\$236,689
Marshalltown Municipal Transit	\$0
MuscaBus - City of Muscatine	\$900,214
Regional Transit Authority-RIDES	\$2,500,000
Southern Iowa Trolley	\$156,202
Region6/Peoplerides	\$184,457
Western Iowa Transit	\$204,228
River Bend Transit	\$469,250
Sioux City Transit	\$2,500,000
Region 2 Transit System	\$3,363,369
Totals	\$13,455,838

Transit Name	Name	FY17 SCL Revenue	FY21 SCL Revenue	FY17 NEMT Revenue (if blank combined with SCL Revenue)	FY21 NEMT Revenue (if blank combined with SCL Revenue)	Estimate Loss in Revenue from Medicaid Rides Since FY17
Regional Transit Authority(RTA8)	Stacie Scott	\$1,002,163	\$293,477	\$129,290	\$310,032	\$1,882,190
DART	Erin Hockman	\$1,191,490	\$122,966.48	\$0		\$4,078,332
SWITA (Region 13)	Mark Lander	\$2,267,468	\$526,979	\$232,436	\$175,207	\$3,00,000
On Board Transit/Iowa Northland						
Regional Transit Commission	Brian Schoon	\$61,860	\$65,084	\$302,771	\$409,328	\$236,689
Marshalltown Municipal Transit	Kevin Pigors	0	\$21,323	\$0	\$21,323	\$0
MuscaBus - City of Muscatine	Amy Fortenbacher	\$276,517	\$0	\$0	\$23,046	\$900,214
Regional Transit Authority-RIDES	Hugh Lively	\$1,253,739	\$101,566	\$487,743	\$430,676	\$2,500,000
Southern Iowa Trolley	Leesa Lester	\$89,406	\$27,977	\$485,335	\$248,258	\$156,202
Region6/Peoplerides	LeAnn Lynch	\$455,965	\$271,508	\$0	\$0	\$184,457
Western Iowa Transit	Matt Cleveland	\$470,108	\$265,820	\$234,119	\$272,014	\$204,288
River Bend Transit	Sherli Childers	\$716,151	\$256,111	\$152,195	\$143,345	\$469,250
Sioux City Transit	Mike Collett					\$2,500,000
Region 2 Transit System	Kevin Kramer	\$758,356	\$16,881	\$93,484	\$314,014	\$3,363,369
Totals		\$4,683,639	\$1,386,599	\$1,197,569	\$1,174,161	\$13,455,898

Abbreviations, defined:

SCL Supported Community Living
NEMT Non-Emergency Medical Transportation

Des Moines Area Regional Transit Authority Alternative Funding Advisory Committee

Report to the Iowa General Assembly and Governor Kim Reynolds

Appendix M

Supplemental Information: Medicaid and DART paratransit impacts

MEDICAID AND DART PARATRANSIT IMPACTS

▶ DART Paratransit

DART Paratransit is a door-to-door and wheelchair accessible service provided for senior citizens and persons with disabilities living in Polk County who are unable to independently use regular DART bus service. This service is significantly impacted by Iowa Medicaid reimbursements.

DART operates three distinct paratransit services:

- ▶ **BusPlus:** \$3.50 rider fare, required through the Americans with Disabilities Act and subsidized through the local property tax levy. The federal government requires that these trips be offered within the Fixed Route service area and that the cost cannot exceed more than twice the Fixed Route fare, which is currently \$1.75.
- ▶ **Medicaid Services:** No rider fare, reimbursed by Medicaid or managed care organizations (MCO) at a rate of about \$25 per one-way trip.
- ▶ **Polk County Services:** No rider fare, reimbursed by Polk County at similar rates as Medicaid services.

▶ Managed Care Impacts on DART

The State of Iowa moved to a privatized Medicaid managed care model in 2016 followed by an administrative change to the program that reimbursed Medicaid waiver providers through a tiered rate structure.

Prior to the change to managed care, DART worked directly with Medicaid to recover the full cost of a Paratransit trip, which was about \$25 per one-way trip. DART has had to manage reimbursements in a new manner under managed care, presenting two significant challenges:

Increased administrative burden:

DART has had to increase staff time and resources allocated to completing paperwork in order to bill MCOs and conduct what is often multiple rounds of follow-up. This is compounded each time a provider exits the system and a new provider enters, which has happened multiple times since the adoption of a managed care system.

Net Revenue	Medicaid Revenue	Loss Compared to FY 2015
FY 2015	\$1,191,490.09	
FY 2016	\$1,011,150.30	\$180,339.79
FY 2017	\$902,740.06	\$288,750.03
FY 2018	\$525,269.74	\$666,220.35
FY 2019	\$321,301.85	\$870,188.24
FY 2020	\$187,180.02	\$1,004,310.07
FY 2021	\$122,966.48	\$1,068,523.61
Cumulative Loss		\$4,078,332.09

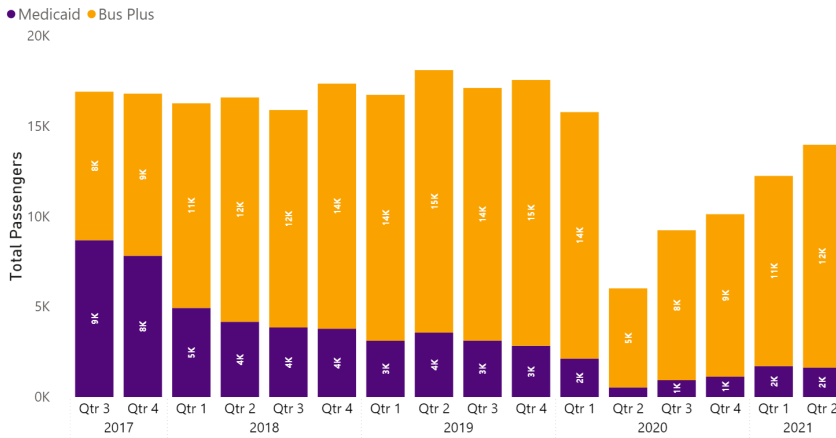
Significant revenue loss:

DART Medicaid revenue has decreased from \$1.2 million in fiscal year (FY) 2015 to about \$180,000 in FY2021. This means that between FY 2016 and FY 2021, DART has experienced a cumulative loss of nearly \$4 million in estimated Medicaid revenue based on an average year prior to the transition to managed care.

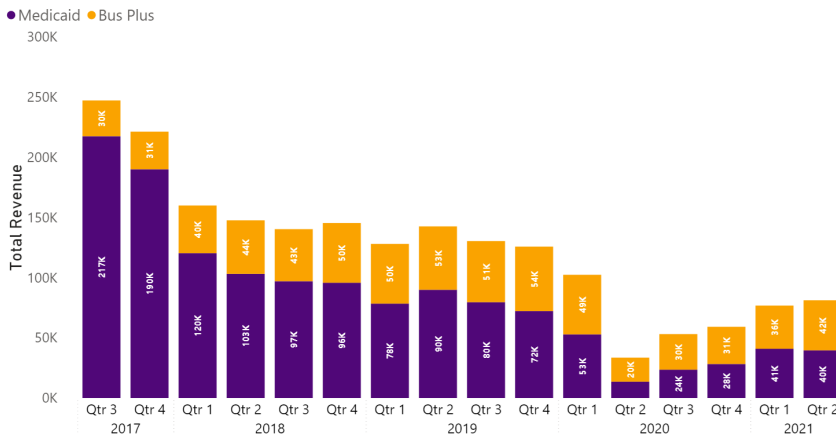
- ▶ **Background:** The State of Iowa introduced a tiered-rate system for benefit providers, bundling different services (housing, food, transportation, etc.) into one flat rate. Now, providers often allocate funds towards other necessities over transportation.

- ▶ **Reliance on ADA Bus Plus instead of Medicaid Reimbursement:** MCOs and providers have taken advantage of DART's ADA program, having riders pay \$3.50/trip instead of reimbursing DART at the Medicaid rate.
- ▶ **Result:** DART had to increase its property tax levy in FY2020 to cover the loss in revenue. This means local taxpayers are paying state taxes for Medicaid as well as paying more in local property taxes.

▶ Paratransit Total Trips



▶ Estimated Paratransit Revenue by Source



▶ Questions?

Please contact:

Erin Hockman

Chief External Affairs Officer, DART

620 Cherry Street Des Moines, IA 50309

Direct: 515-283-8132 | Cell: 515-499-3069

What's Next

▶ Ongoing Discussions:

DART continues to discuss its concerns with Iowa Medicaid regarding appropriate reimbursement and use of the ADA program. DART has discussed its concerns with Iowa Medicaid regarding the lack of coordination of coordination and the use of the ADA program for Medicaid trips and the use of the ADA program for Medicaid trips. We believe this is transferring Medicaid transportation costs to local transit authorities and onto local property taxpayers. This is especially challenging at a time when the backfill is being eliminated and an operator shortage is driving an increase in operating costs for public transit. DART is also continuing to work with legislators and federal officials on this issue.

▶ Proposed Solutions:

- ▶ Carve out transportation from the tiered rate structure to ensure adequate reimbursement to support ongoing transportation services.
- ▶ Improve coordination of trips, including a renewed focus on innovation and technology to ensure providers and brokers combine like trips. This could include providing public transit systems with the first right of refusal on all trips to leverage transit systems' trip-planning technology.
- ▶ Work with Medicaid providers to ensure they understand how combining trips makes the system more efficient and how leveraging the ADA program instead of paying the Medicaid rate for a trip strains the long-term ability to provide transportation services.
- ▶ Conduct a study of systemic needs similar to other states such as Minnesota to identify how to better support Medicaid recipients through transportation services.



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