

**CITY COUNCIL
COMMUNICATION:**

03-553

AGENDA:

NOVEMBER 21,
2003

SUBJECT:

TAX INCREMENT
NEEDS FOR FISCAL
YEAR 2004-2005

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

SUBMITTED BY:

RICHARD CLARK
DEPUTY CITY
MANAGER

ITEM _____

**OFFICE OF THE CITY MANAGER
CITY OF DES MOINES, IOWA**

SYNOPSIS —

The City is required to submit its tax increment financing (TIF) needs to the Polk County Auditor on an annual basis. Staff has computed the Fiscal Year (FY) 2004-2005 request based on existing commitments, Council resolutions and anticipated TIF expenditures. Based on the current assessed value information, the City of Des Moines TIF request is for \$21,955,033; this request utilizes 62 percent of available TIF valuations. The 62 percent figure is based on current assessed values; the County Auditor's Office has indicated at least 39 parcels in the Metro Center Urban Renewal Area are seeking court action to reduce their current assessed valuations. If the court orders lower assessments, the percentage of TIF funding used as a portion of the urban renewal areas' assessment will change and then may exceed the Council-adopted policy of using no more than 75 percent of the annual aggregated tax increment revenues generated after January 1, 1996 (with the unexpended increment revenues distributed to the various property taxing entities).

The roll call on the November 21, 2003 Council agenda directs the City Manager or his designee to notify the County Auditor of the City's need for \$21,955,033 of tax increment generated revenue for FY2004-2005. The roll call also provides if there are subsequent reductions in tax increment valuations, the City Manager or his designee is authorized to decrease the TIF needs requirement so as to be in compliance with the Council's TIF policy.

FISCAL IMPACT —

Based on the projected TIF need, about 38 percent of taxable valuation generated in TIF areas will be returned to the taxing jurisdictions. Assuming the current property tax rates, the returned valuation will generate about \$17,820,000 in tax revenues of which about \$2,740,000 will be returned to the City of Des Moines' general fund.

RECOMMENDATION —

Approval.

BACKGROUND —

The TIF needs total \$21,955,033. The request is in conformance with the Council's adopted policy on use of tax increment funds and is based on the Polk County Auditor's preliminary taxable valuation figures which, when finalized, will be certified to the State of Iowa.

The tax increment uses for FY2004-2005 are composed of the following:

- Annual Principal and Interest Payments.....**\$12,806,579**
(Includes new projects of Development Opportunities - \$1,500,000; Gateway - \$4,500,000; Sec Taylor Stadium - \$75,000; Skywalks - \$211,000; Downtown Streets - \$150,000; Street Markings - \$10,000; Martin Luther King, Jr. Parkway (MLK) - \$5,925,000; and MLK from 2nd Street to 6th Avenue - \$125,000 plus \$310,579 of previously existing debt repayment.)
 - Cash Financing.....
\$9,148,454
- | | |
|--|-------------|
| Airport Business Park (Grant Agreement) | \$593,106 |
| Airport Commerce Park South (Grant Agreement) | |
| \$433,809 | |
| Airport Commerce Park West (Grant Agreement) | |
| \$1,234,643 | |
| Nesbit Grant Payment (Guthrie) | \$18,238 |
| SE Agri-Business Park | \$178,070 |
| Iowa Events Center (28E Agreement) | \$450,000 |
| Development Opportunities | \$2,325,000 |
| 600 East Locust Building (Iowa State Bank Grant Agreement) | |
| \$13,640 | |
| Temple for Performing Arts (Grant Agreement) | \$31,000 |
| Hubbell Riverpoint at SW 7 th (Grant Agreement) | |
| \$22,136 | |
| Planning and Administration | \$750,000 |
| Wells-Fargo (Grant Agreement) | \$807,066 |
| Sec Taylor Stadium Debt Service | \$212,030 |
| Allied/Nationwide (Grant Agreement) | \$897,748 |
| Kenyon Building - 301 Grand Avenue (Grant Agreement) | |
| \$20,000 | |
| Federal Home Loan Bank (FHLB) | \$131,000 |
| Locust Street Mall (Grant Agreement) | \$100,000 |
| MLK Rise Loan Payment | \$555,968 |
| Art District | \$375,000 |

Other

The Council adopted its current policy in 1999 (Roll Call No. 99-453) that provided a framework for staff to make its recommendations on using TIF to Council.



