

 <h1 style="text-align: center;">Council Communication</h1> <p style="text-align: center;">Office of the City Manager</p>	Date:	November 21, 2011
	Agenda Item No.	50A
	Roll Call No.	[_____]
	Communication No.	<u>11-726</u>
	Submitted by:	Scott E. Sanders, Finance Director

AGENDA HEADING:

Approving tax increment needs for FY2012/2013

SYNOPSIS:

The city is required to submit its tax increment financing (TIF) needs to the Polk County Auditor annually by December 1 for the subsequent fiscal year. Staff has computed the Fiscal Year 12/13 request based on indebtedness by the City and the City Council’s TIF policy. The City of Des Moines TIF request is \$28,985,114 and uses 57.9% of available TIF valuations. The total valuation available to TIF decreased by \$16.8 million from last year’s total of \$1.226 billion.

The roll call on the November 21, 2011 Council agenda directs the City Manager, or his designee, to notify the Polk County Auditor of the City’s need for \$28,985,114 of tax increment generated revenue for FY12/13. The roll call also provides if there are substantial adjustments in tax increment valuations between now and December 1st, the City Manager, or his designee, is authorized to adjust the TIF needs requirement so as not to violate the Council’s TIF policy.

FISCAL IMPACT:

Amount: \$28,878,636 in TIF expenditures

Funding Source:

SP370 FIN909101	Accent (page 120)	\$ 26,445
SP370 FIN9091	Airport Industrial Business Park (page 120)	\$ 158,747
SP370 FIN909105	Metro Center(page 120)	\$ 26,682,884
SP370 FIN909106	Central Place (page 120)	\$ 13,935
SP370 FIN909107	Guthrie (page 120)	\$ 31,960
SP370 FIN909108	SE Agrimergent Park (page 120)	\$ 1,308,845
SP370 FIN909109	Fleur Drive (page 120)	\$ 255,820
SP370 FIN909110	Beaverdale (page 120)	\$ 50,000
SP370 FIN909111	Merle Hay (new)	\$ 350,000

Based on the projected TIF need, 42.1% 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 \$21,132,825 of tax revenues of which \$6,442,500 will be returned to the City of Des Moines’ general operations.

ADDITIONAL INFORMATION:

The request is in conformance with the Council’s 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 FY12/13 are composed of the following:

Debt Service Payments \$15,555,414

This amount reflects principal and interest payments on bonds and notes.

Cash Financing	\$ 13,323,222
Civic Center Improvements (Grant Agreement)	\$ 100,000
Wells Fargo Expansion (Grant Agreement)	\$ 481,842
600 East Locust Building (Grant Agreement)	\$ 54,562
Temple for Performing Arts (Grant Agreement)	\$ 31,000
Hubbell Riverpoint at SW7th (Grant Agreement)	\$ 167,417
Soho (Grant Agreement)	\$ 141,000
Village Place (Grant Agreement)	\$ 105,000
Hawkeye Transfer (Grant Agreement)	\$ 161,788
Davis Brown Tower (Grant Agreement)	\$ 1,205,758
Eighth and Mulberry Garage (Lease Purchase Agreement)	\$ 1,400,000
Merle Hay Mall (Grant Agreement)	\$ 350,000
Wellmark (Grant Agreement)	\$ 1,386,000
Planning, Oversight, & Administration Reimbursement	\$ 500,000
Wells Fargo (Grant Agreement)	\$ 1,099,181
Allied (Grant Agreement)	\$ 1,395,000
Allied II (Grant Agreement)	\$ 1,365,590
InPlay (Grant Agreement)	\$ 187,500
Equitable/Liberty (Grant Agreement)	\$ 182,165
Hyatt Place Hotel	\$ 240,000
MLK Rise Loan Payment	\$ 555,968
Court Avenue Partners (Grant Agreement)	\$ 62,710
Court Avenue Partners II (Grant Agreement)	\$ 57,414
1717 Ingersoll (Grant Agreement)	\$ 55,000
Starbucks Fleur Drive (Grant Agreement)	\$ 11,000
E5W	\$ 417,500
Aviva	\$ 100,000
Studio Block	\$ 50,000
Fleur Drive Phase 2 (Grant Agreement)	\$ 244,820
Joe’s Square (Grant Agreement)	\$ 50,000
Downtown SSMID (change in tax collections)	\$ 646,035
EMC	\$ 121,500
Airport Business Park	\$ 158,747
Botanical Gardens	\$ 200,000
Riverpoint West Section 108 Loan	\$ 38,725

The Downtown SSMID amount reflects a change by the County Auditor in that they will now remove TIF increment valuation from their calculation of SSMID revenues much like the operating levies of the local governments. This will cause a shortfall in SSMID revenues of \$646,035 and the Metro Center TIF will collect additional revenues in the same amount due to including the SSMID tax rate in TIF collections.

PREVIOUS COUNCIL ACTION(S):

Date: November 29, 2010

Roll Call Number: [10-1943](#)

Action: [Tax](#) Increment needs for FY 2011-2012. ([Council Communication No. 10-691](#)) Moved by Hensley to adopt the recommendations contained in Council Communication No. 10-691 and to direct the City Manager or his designee to notify the County Auditor of the City of Des Moines' need for \$24,257,482 of tax increment revenue for FY 2011/2012 and if there are subsequent reductions in tax increment valuations, the City Manager or his designee is authorized to decrease the TIF needs requirement as to be in compliance with the Council's TIF policy. Motion Carried 6-1.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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