

 <h1 style="text-align: center;">Council Communication</h1> <p style="text-align: center;">Office of the City Manager</p>	<b>Date:</b>	November 19, 2012
	<b>Agenda Item No.</b>	<b>39B</b>
	<b>Roll Call No.</b>	<b><u>12-1794</u></b>
	<b>Communication No.</b>	<b><u>12-588</u></b>
	<b>Submitted by:</b>	<b>Scott E. Sanders, Finance Director</b>

**AGENDA HEADING:**

Approving tax increment needs for FY2013/2014, loan from the General Fund to the Tax Increment Fund, and approving the submittal of the Annual Urban Renewal Report.

**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 13/14 request based on indebtedness by the City and the City Council’s TIF policy. The City of Des Moines TIF request is \$29,402,673 and uses 59.4% of available TIF valuations. The total valuation available to TIF decreased by \$2.1 million from last year’s total of \$1.226 billion.

The roll call on the November 19, 2012 Council agenda, directs the City Manager, or his designee, to notify the Polk County Auditor of the City’s need for \$29,402,673 of tax increment generated revenue for FY13/14. 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.

One of the TIF obligations is to repay the General Fund for operating costs incurred in the General Fund for activities associated with TIF administration and planning. This amount has been conservatively established at \$300,000 for Fiscal Year Ending 2013 to be repaid with TIF revenues in Fiscal Year Ending 2014. This amount reflects only a portion of the nearly \$500,000 in annual personnel costs for the Office of Economic Development.

The Annual Urban Renewal Report is a new report required this year. It contains data on all existing TIF districts as of June 30, 2012 and all transactions including cash balances by TIF district. The report must be received and approved by the Council in order to certify the annual operating budget for the upcoming fiscal year (2014).

**FISCAL IMPACT:**

Amount: \$29,402,673 in TIF expenditures

Funding Source: TIF Special Revenue Funds (pages 42 and 98):

Accent	\$ 26,792
Metro Center	\$ 27,021,948
Central Place	\$ 14,118
Guthrie	\$ 20,803

SE Agrimergent Park	\$ 1,587,012
Fleur Drive	\$ 241,000
Beaverdale	\$ 50,000
Merle Hay	\$ 441,000

Based on the projected TIF need, 40.6% of taxable valuation created in TIF areas will be returned to the taxing jurisdictions. Assuming the current property tax rates, the returned valuation would generate \$17,692,255 of tax revenues of which \$5,794,900 will be available 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 FY13/14 are composed of the following:

Debt Service Payments	\$15,701,517
-----------------------	--------------

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

Cash Financing	\$13,701,156
----------------	--------------

Wells Fargo Expansion (Grant Agreement)	\$ 481,842
600 East Locust Building (Grant Agreement)	\$ 60,000
Temple for Performing Arts (Grant Agreement)	\$ 31,000
Hubbell Riverpoint at SW7th (Grant Agreement)	\$ 195,000
Soho (Grant Agreement)	\$ 141,000
Village Place (Grant Agreement)	\$ 105,000
Hawkeye Transfer (Grant Agreement)	\$ 161,788
Davis Brown Tower (Grant Agreement)	\$ 1,300,000
Parking System Debt Support	\$ 800,000
Wellmark (Grant Agreement)	\$ 1,929,400
Planning, Oversight, & Administration Reimbursement	\$ 300,000
Wells Fargo (Grant Agreement)	\$ 1,087,000
Allied (Grant Agreement)	\$ 1,395,000
Allied II (Grant Agreement)	\$ 1,400,000
InPlay (Grant Agreement)	\$ 187,500
Equitable/Liberty (Grant Agreement)	\$ 182,165
Hyatt Place Hotel	\$ 240,000
Court Avenue Partners (Grant Agreement)	\$ 62,710
Court Avenue Partners II (Grant Agreement)	\$ 57,414
1717 Ingersoll (Grant Agreement)	\$ 55,000
E5W	\$ 96,000
Aviva	\$ 200,000
Studio Block	\$ 50,000
Downtown SSMID	\$ 720,000
Botanical Gardens	\$ 200,000

Riverpoint West Section 108 Loan	\$ 688,937
Fleming Building	\$ 320,000
Waterfront Lodging (1/4 <sup>th</sup> of Grant reimbursement)	\$ 300,000
EMC	\$ 165,500
Chamberlain Building (Grant Agreement)	\$ 25,000
Life Care Services (Grant Agreement)	\$ 29,200
Simpson Law Firm (Grant Agreement)	\$ 2,700
Starbucks Fleur Drive (Grant Agreement)	\$ 11,000
Fleur Drive Phase 2 (Grant Agreement)	\$ 230,000
Joe's Square (Grant Agreement)	\$ 50,000
Merle Hay Mall (Grant Agreement)	\$ 400,000
3801 LLC (Grant Agreement)	\$ 41,000

**PREVIOUS COUNCIL ACTION(S):**

Date: November 21, 2011

Roll Call Number: [11-2010](#)

Action: [Tax](#) Increment needs for FY2012-13. ([Council Communication No. 11-726](#)). Moved by Mahaffey to adopt the recommendations contained in Council Communication No. 11-726 and to direct the City Manager or his designee to notify the County Auditor of the City of Des Moines' need for \$28,985,114 of tax increment revenue for FY 2012-13 and if there are subsequent reductions in tax increment valuations, the City Manager or his designee is authorized to decrease TIF needs requirement as to be in compliance with the Council's TIF policy. Motion Carried 7-0.

**BOARD/COMMISSION ACTION(S): NONE****ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE**

For more information on this and other agenda items, please call the City Clerk's Office at 515-283-4209 or visit the Clerk's Office on the second floor of City Hall, 400 Robert D. Ray Drive. Council agendas are available to the public at the City Clerk's Office on Thursday afternoon preceding Monday's Council meeting. Citizens can also request to receive meeting notices and agendas by email by calling the Clerk's Office or sending their request via email to [cityclerk@dmgov.org](mailto:cityclerk@dmgov.org).