

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date:	November 18, 2013
	Agenda Item No.	43B
	Roll Call No.	<u>13-1827</u>
	Communication No.	<u>13-572</u>
	Submitted by:	Scott E. Sanders, Finance Director

AGENDA HEADING:

Approving tax increment needs for fiscal year (FY) 2014/2015, 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 1st for the subsequent FY. Staff has computed the FY14/15 request based on indebtedness by the City and the City Council’s TIF policy. The City of Des Moines TIF request is \$27,318,599 and uses 64.2% of available TIF valuations. The roll call on the November 18, 2013 Council agenda directs the City Manager or his designee, to notify the Polk County Auditor of the City’s need for \$27,318,599 of tax increment generated revenue for FY14/15. 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 FY ending 2014 to be repaid with TIF revenues in FY ending 2015. This amount reflects only a portion of the annual personnel costs for the Office of Economic Development and other City staff working on TIF projects.

The Annual Urban Renewal Report is required by legislation passed in 2012. It contains data on all existing TIF districts as of June 30, 2013 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 FY2015 and submitted to the State of Iowa by December 1, 2013.

FISCAL IMPACT:

Amount: \$27,318,599 in TIF expenditures requiring TIF revenue certification

Funding Source: TIF Special Revenue Funds (pages 39 and 99):

Metro Center	\$ 24,835,420
Guthrie	\$ 41,614
SE Agrimergent Park	\$ 1,753,565
Fleur Drive	\$ 196,000
Beaverdale	\$ 50,000
Merle Hay	\$ 442,000

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 three (3) airport area TIF districts (Airport Commerce Park West, Airport Commerce Park South and Airport Business Park) have paid all remaining obligations for infrastructure construction. These districts have created nearly \$200,000,000 in new total taxable valuation and over \$9,000,000 in annual taxes that is now available to all taxing authorities. These valuations did not exist prior to the creation of the TIF districts.

The Central Place and Accent TIF districts have sufficient fund balances to fully repay remaining obligations and no funding requests are anticipated for this upcoming year.

The tax increment uses for FY14/15 are composed of the following:

Debt Service Payments from Current TIF Revenue	\$ 13,394,207
Debt Service Payments from Existing Fund Balances	\$ 40,799

These amounts reflect principal and interest payments on bonds and notes.

Cash Financing for Projects Listed Below	\$ 13,924,392
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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 SW 7 th (Grant Agreement)	\$ 224,250
Soho (Grant Agreement)	\$ 141,000
Village Place (Grant Agreement)	\$ 105,000
Hawkeye Transfer (Grant Agreement)	\$ 161,788
Davis Brown Tower (Grant Agreement)	\$ 1,356,005
Parking System Debt Support	\$ 1,200,000
Wellmark (Grant Agreement)	\$ 1,370,000
Planning, Oversight, & Administration Reimbursement	\$ 300,000
Wells Fargo (Grant Agreement)	\$ 750,000
Allied (Grant Agreement)	\$ 1,395,000
Allied II (Grant Agreement)	\$ 1,437,524
InPlay (Grant Agreement)	\$ 187,500
Equitable/Liberty (Grant Agreement)	\$ 482,165
Court Avenue Partners (Grant Agreement)	\$ 62,710
Court Avenue Partners II (Grant Agreement)	\$ 57,414
1717 Ingersoll (Grant Agreement)	\$ 55,000
E5W (Grant Agreement)	\$ 96,000
Aviva (Grant Agreement)	\$ 200,000
Studio Block (Grant Agreement)	\$ 39,301
Downtown SSMID	\$ 750,000
Botanical Gardens (Grant Agreement)	\$ 200,000
Riverpoint West Section 108 Loan	\$ 465,230
Fleming Building (Grant Agreement)	\$ 160,000
Waterfront Lodging (Grant Agreement)	\$ 813,811

EMC (Grant Agreement)	\$ 76,560
Chamberlain Building (Grant Agreement)	\$ 25,000
Life Care Services (Grant Agreement)	\$ 29,200
Simpson Law Firm (Grant Agreement)	\$ 2,700
Younkers Building (Grant Agreement)	\$ 156,667
Civic Center, Cowles Plaza (Grant Agreement)	\$ 100,000
Randolph Building (Grant Agreement)	\$ 215,000
Ballyard Lofts (Grant Agreement)	\$ 25,000
Starbucks Fleur Drive (Grant Agreement)	\$ 11,000
Fleur Drive Phase 2 (Grant Agreement)	\$ 185,000
Joe's Square (Grant Agreement)	\$ 50,000
Merle Hay Mall (Grant Agreement)	\$ 400,000
3801 LLC (Grant Agreement)	\$ 42,000
Central Iron and Wire (Grant Agreement)	\$ 23,725

PREVIOUS COUNCIL ACTION(S):

Date: November 19, 2012

Roll Call Number: [12-1794](#), [12-1796](#), and [12-1797](#)

Action: Items regarding Tax Increment Financing (TIF) and Urban Renewal areas in Des Moines:

(B) [Recommendation](#) from City Manager regarding TIF needs for FY 2013-2014. ([Council Communication No. 12-588](#)) Moved by Hensley to adopt the recommendations contained in Council Communication No. 12-588 and to direct the City Manager or his designee to notify the County Auditor of the City of Des Moines' need for \$29,402,673 of tax increment revenue for FY 2013-2014 and to make the necessary certifications of TIF indebtedness for each urban renewal area in accordance with Iowa Code Section 403.19 and if there are subsequent reductions in tax increment valuations prior to certification, 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. The City Manager will provide a status report on all the projects, and whether all are in compliance with the agreements with the City. Motion Carried 7-0.

(C) Advance of funds for planning, oversight and administration of the following:

- (1) ~~SE Agribusiness Urban Renewal Project, \$30,000.~~
- (2) [Metro](#) Center Urban Renewal Project, \$300,000. Moved by Hensley to adopt. Motion Carried 7-0.

(D) [Urban](#) Renewal Reports for Urban Renewal Plans and Areas in Des Moines. Moved by Hensley to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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