

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date:	November 17, 2014
	Agenda Item No.	28
	Roll Call No.	<u>14-1778</u>
	Communication No.	<u>14-549</u>
	Submitted by:	Dan E. Ritter, Interim Finance Director

AGENDA HEADING:

Approving tax increment needs for Fiscal Year (FY) 2015/2016, 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 FY15/16 request based on indebtedness by the City and the City Council’s TIF policy. The City of Des Moines TIF request is \$27,137,788 and uses 56.2% of available TIF valuations. The roll call on the November 17, 2014 Council agenda directs the City Manager or his designee, to notify the Polk County Auditor of the City’s need for \$27,164,580 of tax increment generated revenue for FY2015/16. 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 \$500,000 for FY ending 2015 to be repaid with TIF revenues in FY ending 2016. 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, 2014 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 FY2016 and submitted to the State of Iowa by December 1, 2014.

FISCAL IMPACT:

Amount: \$27,137,788 in TIF expenditures requiring TIF revenue certification

Funding Source: TIF Special Revenue Funds (pages 37 and 91):

Metro Center	\$ 24,710,365
Guthrie	\$ 29,001
SE Agrimergent Park	\$ 1,684,214
Fleur Drive	\$ 244,000
Beaverdale	\$ 52,000
Merle Hay	\$ 445,000

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 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 FY2015/16 are composed of the following:

Debt Service Payments from Current TIF Revenue	\$ 12,066,068
Debt Service Payments from Existing Fund Balances	\$ 41,290

The Debt Service amounts reflect principal and interest payments on bonds and notes.

Cash Financing for Projects Listed Below	\$ 15,030,430
Allied II (Grant Agreement)	\$ 857,524
Allied (Grant Agreement)	\$ 1,395,000
Wells Fargo (Grant Agreement)	\$ 750,000
Wells Fargo Expansion (Grant Agreement)	\$ 481,842
Temple for Performing Arts (Grant Agreement)	\$ 31,000
Court Avenue Partners (Grant Agreement)	\$ 62,710
Wellmark (Grant Agreement)	\$ 1,516,000
Equitable/Liberty (Grant Agreement)	\$ 482,165
Soho (Grant Agreement)	\$ 141,000
InPlay (Grant Agreement)	\$ 187,500
Hawkeye Transfer (Grant Agreement)	\$ 161,788
Village Place (Grant Agreement)	\$ 105,000
Court Avenue Partners II (Grant Agreement)	\$ 57,414
Davis Brown Tower (Grant Agreement)	\$ 1,287,832
Hyatt Hotel (Grant Agreement)	\$ 240,000
Aviva (Grant Agreement)	\$ 200,000
Studio Block (Grant Agreement)	\$ 36,351
E5W (Grant Agreement)	\$ 96,000
1717 Ingersoll (Grant Agreement)	\$ 55,000
Botanical Gardens (Grant Agreement)	\$ 200,000
Riverpoint West (Section 108 Loan)	\$ 466,044
Fleming Building (Grant Agreement)	\$ 160,000
Life Care Services (Grant Agreement)	\$ 29,200
Chamberlain Building (Grant Agreement)	\$ 25,000
Simpson Law Firm (Grant Agreement)	\$ 2,700
Waterfront Lodging (Grant Agreement)	\$ 482,241
Civic Center, Cowles Plaza (Grant Agreement)	\$ 100,000
Randolph Building (Grant Agreement)	\$ 240,000
Ballyard Lofts (Grant Agreement)	\$ 25,000
Artisan Row LLC (Grant Agreement)	\$ 266,000
Parking System (Debt Support)	\$ 3,014,000
Planning, Oversight, & Administration Reimbursement	\$ 500,000

Downtown SSMID	\$ 679,471
Central Iron and Wire (Grant Agreement)	\$ 23,730
Joe's Square (Grant Agreement)	\$ 50,000
Merle Hay Mall (Grant Agreement)	\$ 400,000
3801 LLC (Grant Agreement)	\$ 42,000
Starbucks Fleur Drive (Grant Agreement)	\$ 10,591
Fleur Drive Phase 2 (Grant Agreement)	\$ 170,327

PREVIOUS COUNCIL ACTION(S):

Date: November 18, 2013

Roll Call Number: [13-1826](#), [13-1827](#), and [13-1828](#)

Action: Items regarding Annual Urban Renewal Report and TIF Certification:

- (A) [Advance](#) of funds to the Metro Center Urban Renewal Project for planning, oversight and administration. Moved by Coleman to adopt. Motion Carried 6-0.
- (B) [Recommendation](#) from the City Manager regarding TIF (Tax Increment Financing) needs for FY 2014-2015. ([Council Communication No. 13-572](#)) Moved by Coleman to adopt the recommendations contained in Council Communication No. 13-572 and to direct the City Manager or his designee to notify the County Auditor of the City of Des Moines' need for \$27,318,599 of tax increment revenue for FY 2014-2015 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. Motion Carried 6-0.
- (C) [Urban](#) Renewal Reports for Urban Renewal Plans and Areas within the City of Des Moines. Moved by Coleman to adopt. Motion Carried 6-0.

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

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