

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date:	November 23, 2015
	Agenda Item No.	31
	Roll Call No.	<u>15-1973</u>
	Communication No.	<u>15-616</u>
	Submitted by:	Dan E. Ritter, Finance Director

AGENDA HEADING:

Approving tax increment needs for Fiscal Year (FY) 2016/2017, 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 FY16/17 request based on indebtedness by the City and the City Council’s TIF policy. The City of Des Moines’ TIF request is \$27,950,003 and uses 55.0% of available TIF valuations. The roll call on the November 23, 2015 Council agenda directs the City Manager or his designee, to notify the Polk County Auditor of the City’s need for \$27,950,003 of tax increment generated revenue for FY2016/17. 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 (1) 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 \$750,000 for FY ending 2016 to be repaid with TIF revenues in FY ending 2017. 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, 2015 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 FY2017 and submitted to the State of Iowa by December 1, 2015.

FISCAL IMPACT:

Amount: \$27,950,003 in TIF expenditures requiring TIF revenue certification

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

Metro Center	\$ 24,833,331
Guthrie	\$ 24,032
SE Agrimergent Park	\$ 1,924,101
Fleur Drive	\$ 207,265
Beaverdale	\$ 67,912
Merle Hay	\$ 417,825

Ingersoll/Grand	\$	225,000
Southside	\$	250,537

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 FY2016/17 are composed of the following:

Debt Service Payments from Current TIF Revenue	\$ 13,728,411
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The Debt Service amounts reflect principal and interest payments on bonds and notes.

Cash Financing for Projects Listed Below	\$ 14,221,592
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Allied I (Grant Agreement)	\$ 857,524
Allied II (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)	\$ 1,532,000
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)	\$ 57,415
Davis Brown Tower (Grant Agreement)	\$ 1,224,193
Hyatt Hotel (Grant Agreement)	\$ 240,000
E5W (Grant Agreement)	\$ 95,901
1717 Ingersoll (Grant Agreement)	\$ 55,000
Botanical Gardens (Grant Agreement)	\$ 200,000
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
Wilkins Building (Grant Agreement)	\$ 153,959
Waterfront Lodging (Grant Agreement)	\$ 366,603
Civic Center, Cowles Plaza (Grant Agreement)	\$ 100,000
Randolph Building (Grant Agreement)	\$ 285,000
Ballyard Lofts (Grant Agreement)	\$ 25,000
Parking System (Debt Support)	\$ 1,500,000
Planning, Oversight, & Administration Reimbursement	\$ 750,000
Downtown SSMID	\$ 749,320
Sherman Hill SSMID	\$ 4,040
Locust Street Investments (Grant Agreement)	\$ 3,458

Advance Rumely Building (Grant Agreement)	\$ 253,600
Cityville (Grant Agreement)	\$ 8,215
Principal Financial Group (Grant Agreement)	\$ 552,888
Central Iron and Wire (Grant Agreement)	\$ 24,032
Joe's Square (Grant Agreement)	\$ 67,912
Merle Hay Mall (Grant Agreement)	\$ 385,588
3801 LLC (Grant Agreement)	\$ 32,237
Starbucks Fleur Drive (Grant Agreement)	\$ 8,600
Fleur Drive Phase 2 (Grant Agreement)	\$ 198,665
Ingersoll Grand Beautification Program	\$ 225,000
Macerich Southridge Phase I (Grant Agreement)	\$ 250,537

PREVIOUS COUNCIL ACTION(S):

Date: November 17, 2014

Roll Call Number: [14-1779](#), [14-1780](#), and [14-1781](#)

Action: Items regarding Annual Urban Renewal Report and Tax Increment Financing (TIF)
Certification: ([Council Communication No. 14-549](#))

- (A) [Advance](#) of funds to the Metro Center Urban Renewal Project for planning, oversight and administration, \$500,000. Moved by Gatto to adopt. Motion Carried 7-0.
- (B) [Recommendation](#) from the City Manager regarding TIF needs for FY 2015-2016. Moved by Gatto to adopt the recommendation contained in Council Communication No. 14-549 and to direct the City Manager or his designee to notify the County Auditor of the City of Des Moines' need for \$27,164,580 of tax increment revenue for FY 2015-2016 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 7-0.
- (C) [Urban](#) Renewal Reports for Urban Renewal Plans and Areas within the City of Des Moines. Moved by Gatto to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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