

 <p style="text-align: center;"><b>Council Communication</b> Office of the City Manager</p>	<b>Date:</b>	November 21, 2016
	<b>Agenda Item No.</b>	<b>49</b>
	<b>Roll Call No.</b>	<b><u>16-2025 16-2026</u></b>
	<b>Communication No.</b>	<b><u>16-650</u></b>
	<b>Submitted by:</b>	<b>Dan E. Ritter, Finance Director</b>

**AGENDA HEADING:**

Approving tax increment needs for Fiscal Year (FY) 2017/2018, 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<sup>st</sup> for the subsequent fiscal year (FY). Staff has computed the FY17/18 request based on indebtedness by the City and the City Council’s TIF policy. The City of Des Moines’ TIF request is \$29,976,421 and uses an estimated 58% of available TIF valuations. The roll call directs the City Manager or his designee to notify the Polk County Auditor of the City’s need for \$29,976,421 of tax increment generated revenue for FY2017/18. The roll call also provides if there are substantial adjustments in tax increment valuations between now and December 1<sup>st</sup> 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 the fiscal year ending 2017 to be repaid with TIF revenues in fiscal year ending 2018. 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, 2016 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 ending 2018 and submitted to the State of Iowa by December 1, 2016.

**FISCAL IMPACT:**

Amount: \$29,976,421 in TIF revenues needed, requiring TIF revenue certification.

Funding Source: TIF Special Revenue Funds (page 40) and Debt Service Fund (page 94):

Metro Center	\$ 27,196,434
SE Agrimergent Park	\$ 1,967,353
Fleur Drive	\$ 173,514
Merle Hay	\$ 364,489
Southside	\$ 274,631

**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 FY2017/18 are composed of the following:

## Debt Service Financing for the Urban Renewal Areas Listed Below

Debt Service Payments for Metro Center	\$ 12,466,290
Debt Service Payments for SE Agrimergent	\$ 1,967,353

Cash Financing for Projects Listed Below \$ 15,542,778

## Metro Center:

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)	\$ 1,869,637
Equitable/Liberty (Grant Agreement)	\$ 182,165
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
Chamberlain Building (Grant Agreement)	\$ 25,000
Simpson Law Firm (Grant Agreement)	\$ 2,700
Waterfront Lodging (Grant Agreement)	\$ 366,603
Civic Center, Cowles Plaza (Grant Agreement)	\$ 100,000
Randolph Building (Grant Agreement)	\$ 310,000
Ballyard Lofts (Grant Agreement)	\$ 55,000
Parking System (Debt Support)	\$ 1,500,000
Planning, Oversight, & Administration Reimbursement	\$ 750,000
Downtown SSMID	\$ 736,958
Sherman Hill SSMID	\$ 4,040
Locust Street Investments (Grant Agreement)	\$ 56,600
Advance Rumely Building (Grant Agreement)	\$ 235,500
Cityville (Grant Agreement)	\$ 100,000
Principal Financial Group (Grant Agreement)	\$ 844,761
City Square/Staybridge Hotel (Grant Agreement)	\$ 170,869

Marel Meat (Grant Agreement)	\$ 24,200
505 East Grand (Grant Agreement)	\$ 95,800
The Lyon (Grant Agreement)	\$ 89,250
American Republic Insurance (Grant Agreement)	\$ 305,188
PDM Precast 220 SE 6 <sup>th</sup> (Grant Agreement)	\$ 200,000
Carbon 550 (Grant Agreement)	\$ 500,000
Merle Hay	
Merle Hay Mall (Grant Agreement)	\$ 364,489
Fleur Drive	
Starbucks Fleur Drive (Grant Agreement)	\$ 8,473
Fleur Drive Phase 2 (Grant Agreement)	\$ 165,041
Southside:	
Macerich Southridge Phase I (Grant Agreement)	\$ 274,631

**PREVIOUS COUNCIL ACTION(S):**

Date: November 23, 2015

Roll Call Number: [15-1974](#), [15-1975](#), and [15-1976](#)

Action: Items regarding Annual Urban Renewal Report and Tax Increment Financing (TIF)

Certification: ([Council Communication No. 15-616](#))

- (A) [Advance](#) of funds to the Metro Center Urban Renewal Project for planning, oversight and administration, \$750,000. Moved by Hensley to adopt. Motion Carried 7-0.
- (B) [Recommendation](#) from the City Manager regarding TIF needs for FY 2016-2017. Moved by Hensley to adopt the recommendations contained in Council Communication No. 15-616 for tax increment needs for each urban renewal area and to direct the City Manager or his designee to notify the County Auditor of the City of Des Moines' need for a total of \$27,950,003 of tax increment revenue for FY 2016-2017 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 Hensley to adopt. Motion Carried 7-0.

**BOARD/COMMISSION ACTION(S): NONE**

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE**

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