

 <p style="text-align: center;"><b>Council</b> <b>Communication</b> Office of the City Manager</p>	<b>Date:</b>	November 20, 2017
	<b>Agenda Item No.</b>	<b>55</b>
	<b>Roll Call No.</b>	[ _____ ]
	<b>Communication No.</b>	<b><u>17-812</u></b>
	<b>Submitted by:</b>	<b>Bob Fagen, Finance Director</b>

**AGENDA HEADING:**

Approving tax increment needs for Fiscal Year (FY) 2018/2019, 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 FY. Staff has computed the FY18/19 request based on indebtedness by the City and the City Council’s TIF policy. The City of Des Moines’ TIF request is \$35,698,454 and uses an estimated 53% 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 \$35,698,454 of tax increment generated revenue for FY18/19. 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 2018 to be repaid with TIF revenues in fiscal year ending 2019. This amount reflects 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, 2017 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 2019 and submitted to the State of Iowa by December 1, 2017.

**FISCAL IMPACT:**

Amount: \$35,698,454 in TIF revenues needed, requiring TIF revenue certification.

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

Metro Center	\$ 31,133,083
SE Agri Bus Park	\$ 2,859,984
Fleur Drive	\$ 210,793
Ingersoll-Grand	\$ 397,269
Merle Hay	\$ 360,735
Southside	\$ 412,000
SW 42 <sup>nd</sup> & Army Post Road	\$ 324,590

**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 FY18/19 are composed of the following:

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

Debt Service Payments for Metro Center	\$ 14,972,202
Debt Service Payments for SE Agri Bus Park	\$ 2,039,101

## Cash Financing for Projects Listed Below \$ 18,687,151

## Metro Center:

Allied I (Grant Agreement)	\$ 857,524
Allied II (Grant Agreement)	\$ 1,395,000
Wells Fargo (Grant Agreement)	\$ 750,000
Wells Fargo II (Grant Agreement)	\$ 481,842
Masonic Temple (Grant Agreement)	\$ 31,000
Court Avenue Partners Housing (Grant Agreement)	\$ 62,710
Wellmark (Grant Agreement)	\$ 1,626,719
Equitable/Liberty Parking Garage (Grant Agreement)	\$ 182,165
In Play Polk County (Grant Agreement)	\$ 187,500
Hawkeye Transfer Lofts (Grant Agreement)	\$ 161,788
Village Place (Grant Agreement)	\$ 105,000
Court Avenue Partners II (Grant Agreement)	\$ 57,415
Davis Brown Tower (Grant Agreement)	\$ 1,325,265
Hyatt Hotel/Liberty (Grant Agreement)	\$ 136,084
E5W ST Development (Grant Agreement)	\$ 95,901
1717 Ingersoll (Grant Agreement)	\$ 55,000
Botanical Center (Grant Agreement)	\$ 200,000
Chamberlain Building (Grant Agreement)	\$ 10,555
Simpson Law Firm (Grant Agreement)	\$ 2,700
Waterfront Lodging (Grant Agreement)	\$ 393,209
Randolph Apartments (Grant Agreement)	\$ 335,000
Ballyard Lofts (Grant Agreement)	\$ 100,000
Planning and Oversight Costs Incurred in FY18	\$ 750,000
Parking System	\$ 1,500,000
Downtown SSMID TIF	\$ 810,118
Sherman Hill SSMID TIF	\$ 4,673
AC Marriot Hotel	\$ 302,729
420 Court Ave	\$ 256,744
Locust Street Investments (Grant Agreement)	\$ 61,050
Market One-Advance Rumley Building (Grant Agreement)	\$ 249,675
Cityville (Grant Agreement)	\$ 61,401
Principal Financial (Grant Agreement)	\$ 1,560,116
American Republic Insurance Company (Grant Agreement)	\$ 313,404
Miesblock	\$ 750,000

City Square (Grant Agreement)	\$ 400,000
Marel Meat Processing Inc (Grant Agreement)	\$ 24,032
505 East Grand LLC - Raygun Building (Grant Agreement)	\$ 99,996
East Village Towers Partners, LLC (Grant Agreement)	\$ 89,250
PDM Precast, Inc (Grant Agreement)	\$ 322,094
Dilley Manufacturing	\$ 53,222
SE Agri Bus Park:	
Helena Industries (Grant Agreement)	\$ 100,883
3800 Vandalia Road	\$ 720,000
Fleur Drive:	
Starbucks Fleur Drive (Grant Agreement)	\$ 6,454
Fleur Drive Phase 2 (Grant Agreement)	\$ 185,079
Fleur Drive Phase 3 (Grant Agreement)	\$ 19,260
Ingersoll-Grand:	
Beautification Program	\$ 200,000
Ingersoll Grand SSMID	\$ 197,269
Merle Hay:	
Merle Hay Mall (Grant Agreement)	\$ 360,735
Southside:	
Macerich Southridge Phase I (Grant Agreement)	\$ 412,000
SW 42 <sup>nd</sup> & Army Post Road:	
Electro Management (Grant Agreement)	\$ 324,590

**PREVIOUS COUNCIL ACTION(S):**

Date: November 21, 2016

Roll Call Number: [16-2025](#), [16-2026](#), and [16-2027](#)

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

Certification: ([Council Communication No. 16-650](#))

- (A) [Advance](#) of funds to the Metro Center Urban Renewal Project for planning, oversight and administration, \$750,000. Moved by Hensley to adopt; refer to the City Manager to create a process to evaluate actual funds used each year and make appropriate adjustments. Motion Carried 7-0.

- (B) [Recommendation](#) from the City Manager regarding TIF needs for FY 2017-2018. Moved by Hensley to adopt the recommendations contained in Council Communication No. 16-650 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 \$29,976,421 of tax increment revenue for FY2017-2018 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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