


COUNCIL COMMUNICATION

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|  | Number: | 18-605 | Meeting: | 11/19/2018 |
| | Agenda Item: | 42 | Roll Call: | 18-1935 |
| | Submitted by: | Bob Fagen, Finance Director | | |

AGENDA HEADING:

Approving tax increment needs for Fiscal Year (FY) 2019/2020, internal loans to the Tax Increment Fund, and approving the submittal of the Annual Urban Renewal Report (AURR).

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 FY 19/20 request based on indebtedness by the City and the City Council's TIF policy. The City of Des Moines' TIF request is \$35,192,446 and uses an estimated 49% 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 \$35,192,446 of tax increment generated revenue for FY 19/20. 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 \$800,000 for the fiscal year ending 2019 to be repaid with TIF revenues in fiscal year ending 2020. 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, 2018 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 2020 and submitted to the State of Iowa by December 1, 2018.

FISCAL IMPACT:

Amount: \$35,192,446 in TIF revenues needed, requiring TIF revenue certification.

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

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| Metro Center | \$ 30,404,555 |
| SE Agri Bus Park | \$ 1,767,126 |
| Central Place | \$ 310,000 |
| Fleur Drive | \$ 211,581 |
| Forest Avenue | \$ 137,846 |

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| Guthrie | \$ 16,000 |
| Ingersoll-Grand | \$ 230,644 |
| Merle Hay | \$ 812,243 |
| NE Gateway | \$ 18,360 |
| Southside | \$ 781,000 |
| SW 42 nd & Army Post Road | \$ 503,091 |

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 FY19/20 are composed of the following:

Debt Service Financing for the Urban Renewal Areas Listed Below

| | |
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| Debt Service Payments for Metro Center | \$ 11,795,496 |
| Debt Service Payments for SE Agri Bus Park | \$ 1,692,576 |

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| Cash Financing for Projects Listed Below | \$ 21,704,374 |
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Metro Center:

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|--|-------------|
| Allied I (Grant Agreement) | \$857,523 |
| 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) | \$1,721,389 |
| Equitable/Liberty Parking Garage (Grant Agreement) | \$182,165 |
| 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) | \$1,348,309 |
| E5W ST Development (Grant Agreement) | \$95,901 |
| 1717 Ingersoll (Grant Agreement) | \$55,000 |
| Botanical Center (Grant Agreement) | \$200,000 |
| Riverpoint West (108 Loan) | \$205,438 |
| 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 |
| Randolph Apartments (Grant Agreement) | \$360,000 |
| Ballyard Lofts (Grant Agreement) | \$100,000 |
| Planning and Oversight Costs Incurred in FY19 | \$800,000 |

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| Downtown SSMID TIF | \$804,303 |
| Sherman Hill SSMID TIF | \$3,904 |
| AC Marriot Hotel (Grant Agreement) | \$225,000 |
| 420 Court Ave (Grant Agreement) | \$259,311 |
| Locust Street Investments (Grant Agreement) | \$61,050 |
| Market One-Advance Rumley Building(Grant Agreement) | \$249,675 |
| Cityville (Grant Agreement) | \$100,000 |
| Principal Financial (Grant Agreement) | \$1,585,116 |
| American Republic Insurance Company (Grant Agreement) | \$313,404 |
| Miesblock (Grant Agreement) | \$750,000 |
| City Square (Grant Agreement) | \$400,000 |
| Marel Meat Processing Inc (Grant Agreement) | \$26,650 |
| 505 East Grand LLC - Raygun Building (Grant Agreement) | \$99,996 |
| East Village Towers Partners, LLC (Grant Agreement) | \$89,250 |
| PDM Precast, Inc (Grant Agreement) | \$403,730 |
| Dilley Manufacturing (Grant Agreement) | \$54,552 |
| Gray's Station Auxiliary Fund Payback | \$90,000 |
| Gray's Station (Grant Agreement) | \$428,250 |
| EMC (Grant Agreement) | \$458,795 |
| R&T Lofts (Grant Agreement) | \$370,000 |
| Bronson Partners (Grant Agreement) | \$32,389 |
| Christensen (Grant Agreement) | \$90,629 |
| College Hill (Grant Agreement) | \$127,647 |
| Hotel Fort Des Moines (Grant Agreement) | \$330,520 |
| H. Glass Partners, LLC (Grant Agreement) | \$36,146 |
| The Fifth (Grant Agreement) | \$1,700,000 |
| SE Agri Bus Park: | |
| Helena Industries (Grant Agreement) | \$ 74,550 |
| Central Place: | |
| Property Preparation/Maintenance | \$ 35,000 |
| Marking | \$ 10,000 |
| Signage | \$ 40,000 |
| Storey Kenworthy (Grant Agreement) | \$ 225,000 |
| Fleur Drive: | |
| Starbucks Fleur Drive (Grant Agreement) | \$ 6,502 |
| Fleur Drive Phase 2 (Grant Agreement) | \$ 185,079 |
| Fleur Drive Phase 3 (Grant Agreement) | \$ 20,000 |
| Forest Avenue: | |
| Forest Ave Village (Grant Agreement) | \$ 137,846 |
| Guthrie: | |
| Central Wire and Iron (Grant Agreement) | \$ 16,000 |

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| Ingersoll-Grand: | |
| Beautification Program | \$ 200,000 |
| Pedestrian Crossing | \$ 30,644 |
| Merle Hay: | |
| Merle Hay Mall (Grant Agreement) | \$ 812,243 |
| NE Gateway: | |
| Thompson Properties, LC (Grant Agreement) | \$ 18,360 |
| Southside: | |
| Macerich Southridge Phase I (Grant Agreement) | \$ 400,000 |
| MV Southridge Senior Lofts (Grant Agreement) | \$ 95,000 |
| Fort Des Moines (Grant Agreement) | \$ 286,000 |
| SW 42 nd & Army Post Road: | |
| Electro Management (Grant Agreement) | \$ 503,091 |

PREVIOUS COUNCIL ACTION(S):

Date: November 20, 2017

Roll Call Number: [17-1999](#), [17-2000](#), and [17-2001](#)

Action: Items regarding Annual Urban Renewal Report and Tax Increment Financing (TIF)
Certification: ([Council Communication No. 17-812](#))

- (A) [Advance](#) of funds to the Metro Center Urban Renewal Project for planning, oversight and administration, \$750,000. Moved by Gatto to adopt. Motion Carried 7-0.
- (B) [Recommendation](#) from the City Manager regarding TIF needs for FY 2018-2019. Moved by Gatto to adopt the recommendations contained in Council Communication No. 17-812 for tax increment financing 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 \$35,698,454 of tax increment financing revenue for FY 2018-2019 and to make the necessary certifications of the amount of loans, advances, indebtedness or bonds which qualify for payment from TIF 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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