


## COUNCIL COMMUNICATION

 CITY OF DES MOINES OFFICE OF THE CITY MANAGER	Number:	<b>19-025</b>	Meeting:	<b>January 14, 2019</b>
	Agenda Item:	<b>47</b>	Roll Call:	<b>19-0069</b>
	Submitted by:	<b>Scott E. Sanders, City Manager</b>		

### AGENDA HEADING:

Agreement for Sharing of Gaming Revenue with Polk County and Prairie Meadows.

### SYNOPSIS:

A new Agreement for Sharing of Gaming Revenue among Polk County (County), Prairie Meadows Racetrack and Casino, Inc. (Prairie Meadows) and the City of Des Moines has been negotiated. The current agreement was approved in 2011 and expired December 31, 2018. The new Agreement provides for gaming revenues to continue to be received by the City for the period extending to December 31, 2026. The amount of annual gaming funds to be received by the City is projected at about \$6 million for the current calendar year (2019) and is calculated using a formula that is essentially unchanged from the prior agreement with one (1) exception. Over the 8-year period of the agreement, the amount of funds received by the City cannot exceed \$48 million.

The reopener in the previous Agreement remains in the case of a significant economic downturn that results in decreased revenues in the first instance to Prairie Meadows or the County; 2/3 of the annual payment is paid by Prairie Meadows, and 1/3 is paid by the County. The City has used the money for funding maintenance and reconstruction of roads and bridges and it is understood that practice will continue.

### FISCAL IMPACT:

Annual gaming revenues provided to the City are projected to be \$6 million through 2026.

### ADDITIONAL INFORMATION:

- The new Agreement, like the previous, calls for the City to receive 5.1% of Adjusted Gross Receipts less taxes, Lease Payments and other contractual payments by Prairie Meadows to the County. Polk County Public Schools—including Des Moines Public Schools—receives .9% of the Adjusted Gross Receipts which equates to a projected annual payment for calendar year 2019 of slightly over \$1 million.
- If there is an economic downturn based on increased taxes, increased horse purses, or decreased gross receipts of 10% or more for two (2) consecutive quarters compared to prior years, then the Agreement would be reopened:

- In the case of Prairie Meadows, the parties would agree to negotiate equitable changes to payments.
  - If such negotiations fail, the matter is referred to a Polk County District court judge for an equitable resolution.
  - In the case of the County, upon reopening, the formula for sharing gaming revenues would change such that once the County has received enough to cover its already obligated debt service (approximately \$20.1 million), then the City and County would split anything which the County receives above that amount 50/50 (the current split roughly equates to 60% County and 40% City).
  - Once the amount returns to \$26 million received by the County, the City would receive its full percentage amount due from the County.
- All parties agree to renegotiate in good faith for an extension to the agreement in eight (8) years.

**PREVIOUS COUNCIL ACTION(S):**

Date: August 8, 2011

Roll Call Number: [11-1404](#)

Action: [Moved](#) by Coleman to receive, file and refer to the City Manager, to consider use of gaming revenues as part of the budget, for funding roads, bridges, maintenance, reconstruction and other purposes such as essential services and economic development. ([Council Communication No. 11-521](#)) Motion Carried 7-0.

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

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:**

It is expected that the Polk County Board of Supervisors and the Prairie Meadows Board will approve this agreement at their next regular meetings.

For more information on this and other agenda items, please call the City Clerk's Office at 515-283-4209 or visit the Clerk's Office on the first floor of City Hall, 400 Robert D Ray Drive. Council agendas are available to the public at the City Clerk's Office on Thursday afternoon preceding Monday's Council meeting. Citizens can also request to receive meeting notices and agendas by email by calling the Clerk's Office or sending their request via email to [cityclerk@dmgov.org](mailto:cityclerk@dmgov.org).