


COUNCIL COMMUNICATION

	Number:	19-502	Meeting:	November 18, 2019
	Agenda Item:	54	Roll Call:	19-1871
	Submitted by:	Bob Fagen, Finance Director		

AGENDA HEADING:

Approving tax increment needs for Fiscal Year (FY) 2020/2021, 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 20/21 request based on indebtedness by the City and the City Council's TIF policy. The City of Des Moines' TIF request is \$43,168,170 and uses an estimated 52% 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 \$43,168,170 of tax increment generated revenue for FY 20/21. 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 FY ending 2020 to be repaid with TIF revenues in FY ending 2021. 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 AURR is required by legislation passed in 2012. It contains data on all existing TIF districts as of June 30, 2019 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 FY ending 2021 and submitted to the State of Iowa by December 1, 2019.

FISCAL IMPACT:

Amount: \$43,168,170 in TIF revenues needed, requiring TIF revenue certification.

Funding Source: TIF Special Revenue Funds (page 41) and Debt Service Fund (page 106):

Metro Center	\$ 35,749,095
SE Agri Bus Park	\$ 1,914,080
Central Place	\$ 645,000
Fleur Drive	\$ 152,542
Forest Avenue	\$ 131,873
Guthrie	\$ 25,815

Ingersoll-Grand	\$ 2,046,473
Merle Hay	\$ 812,969
NE Gateway	\$ 27,540
Southside	\$ 1,159,692
SW 42nd & 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 FY 20/21 are composed of the following:

Debt Service Financing for the Urban Renewal Areas Listed Below

Debt Service Payments for Metro Center	\$ 11,213,302
Debt Service Payments for SE Agri Bus Park	\$ 1,858,167
Debt Service Payments for Central Place	\$ 600,000
Debt Service Payments for Ingersoll-Grand	\$ 2,046,473

Cash Financing for Projects Listed Below \$ 27,450,228

Metro Center:

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
Village Place (Grant Agreement)	\$105,000
Court Avenue Partners II (Grant Agreement)	\$57,414
Davis Brown Tower (Grant Agreement)	\$658,667
E5W ST Development (Grant Agreement)	\$95,901
1717 Ingersoll (Grant Agreement)	\$55,000
Botanical Center (Grant Agreement)	\$200,000
Riverpoint West (108 Loan)	\$953,515
Chamberlain Building (Grant Agreement)	\$25,000
Simpson Law Firm (Grant Agreement)	\$2,700
Wilkins Building (Grant Agreement)	\$354,562
Waterfront Lodging (Grant Agreement)	\$366,603
Randolph Apartments (Grant Agreement)	\$385,000
Ballyard Lofts (Grant Agreement)	\$100,000
Parking System Subsidy	\$1,440,000
Planning and Oversight Costs Incurred in FY 19	\$800,000

Downtown SSMID TIF	\$849,972
Sherman Hill SSMID TIF	\$3,904
AC Marriot Hotel (Grant Agreement)	\$225,000
420 Court Ave (Grant Agreement)	\$269,102
Locust Street Investments (Grant Agreement)	\$63,855
Market One-Advance Rumley Building(Grant Agreement)	\$254,776
Cityville (Grant Agreement)	\$100,000
Principal Financial (Grant Agreement)	\$1,640,620
American Republic Insurance Company (Grant Agreement)	\$327,452
Miesblock (Grant Agreement)	\$200,000
City Square (Grant Agreement)	\$400,000
Marel Meat Processing Inc (Grant Agreement)	\$26,650
505 East Grand LLC - Raygun Building (Grant Agreement)	\$104,590
East Village Towers Partners, LLC (Grant Agreement)	\$89,250
PDM Precast, Inc (Grant Agreement)	\$427,882
Dilley Manufacturing (Grant Agreement)	\$67,912
Gray's Station Auxiliary Fund Payback	\$90,000
Gray's Station (Grant Agreement)	\$428,250
EMC (Grant Agreement)	\$484,429
R&T Lofts (Grant Agreement)	\$370,000
219 East Grand (Grant Agreement)	\$116,354
Krause Gateway Center (Grant Agreement)	\$2,773,081
1417 Walnut Street (Grant Agreement)	\$32,389
317 & 322 E Court LLC (Grant Agreement)	\$92,510
College Hill (Grant Agreement)	\$169,868
Hotel Fort Des Moines (Grant Agreement)	\$330,520
H. Glass Partners, LLC (Grant Agreement)	\$36,996
Federal Home Loan Bank (Grant Agreement)	\$353,003
The Fifth (Grant Agreement)	\$1,700,000
District at 6 th (Grant Agreement)	\$350,000
440 E Grand (Grant Agreement)	\$34,806
418 E Grand (Grant Agreement)	\$323,732
Griffin (Grant Agreement)	\$51,233
7 & Grand Ramp Developer (Grant Agreement)	\$666,666
SE Agri Bus Park:	
Helena Industries (Grant Agreement)	\$ 55,913
Central Place:	
Property Preparation/Maintenance	\$ 35,000
Marking	\$ 10,000
Fleur Drive:	
Starbucks Fleur Drive (Grant Agreement)	\$ 6,635
Fleur Drive Phase 2 (Grant Agreement)	\$ 125,907
Fleur Drive Phase 3 (Grant Agreement)	\$ 20,000

Forest Avenue:	
Forest Ave Village (Grant Agreement)	\$ 131,873
Guthrie:	
Central Wire and Iron (Grant Agreement)	\$ 25,815
Merle Hay:	
Merle Hay Mall (Grant Agreement)	\$ 812,969
NE Gateway:	
Thompson Properties, LC (Grant Agreement)	\$ 27,540
Southside:	
Macerich Southridge Phase I (Grant Agreement)	\$ 359,510
MV Southridge Senior Lofts (Grant Agreement)	\$ 94,582
Fort Des Moines (Grant Agreement)	\$ 286,272
TWG – Southridge (Grant Agreement)	\$ 419,328
SW 42 nd Street & Army Post Road:	
Electro Management (Grant Agreement)	\$ 503,091

PREVIOUS COUNCIL ACTION(S):

Date: November 19, 2018

Roll Call Number: [18-1935](#), [18-1936](#), and [18-1937](#)

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

Certification: ([Council Communication No. 18-605](#))

- (A) [Advance](#) of funds to the Metro Center Urban Renewal Project for planning, oversight and administration, \$800,000. Moved by Gatto to adopt. Motion Carried 6-1. Absent: Westergaard.
- (B) [Recommendation](#) from the City Manager regarding TIF needs for FY 2019-2020 and certification of TIF indebtedness. Moved by Gatto to adopt the recommendations contained in Council Communication No. 18-605 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 \$35,192,446 of tax increment financing revenue for FY 2019-2020 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 6-1. Absent: Westergaard.
- (C) [Urban](#) Renewal Reports for Urban Renewal Plans and Areas within the City of Des Moines. Moved by Gatto to adopt. Motion Carried 6-1. Absent: Westergaard.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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