

## COUNCIL COMMUNICATION

	Number:	<b>20-391</b>	Meeting:	<b>September 14, 2020</b>
	Agenda Item:	<b>50</b>	Roll Call:	<b>20-1457</b>
	Submitted by:	<b>Erin Olson-Douglas, Economic Development Director</b>		

### AGENDA HEADING:

Approving amended district plan for the Iowa Convention and Entertainment Reinvestment District.

### SYNOPSIS:

The City of Des Moines is requesting an amendment to the existing boundaries of the Iowa Convention and Entertainment Reinvestment District and the addition of two (2) additional projects to this existing District: The Surety Hotel located on Mulberry and 6th Avenue; and the hotel proposed for the Financial Center. To keep the total area of the District under the 25-acre maximum, the boundary change removes some underutilized parcels and adds new parcels with existing buildings that are being redeveloped from office space to new hotels. Per the original application for Iowa Reinvestment Act funding, if approved, this new source would be utilized to pay down the debt on the Iowa Events Center Convention Hotel (Hilton), which is, in part, backed by Polk County and the City of Des Moines.

### FISCAL IMPACT:

Amount: There is no change to the total financial request; rather, the request is that the new tax rebates on the two (2) additional projects be utilized to accelerate the collection of funds previously approved. The City issued guarantees on the repayment of IRA bonds; if IRA funds are insufficient, the City (and County) will need to repay. This action adds to the sources of IRA revenues thereby reducing the likelihood of the City having to pay on the guarantees.

The Surety Hotel is slated to open later this year and is projected to generate \$16.8M in eligible rebates from the State's portion of the sales and excise taxes through the remaining life of the District. The hotel proposed for the Financial Center is in planning stages with opening planned for 2022 and is projected to generate \$14.4M in eligible rebates from the State's portion of the sales and excise taxes through the remaining life of the District.

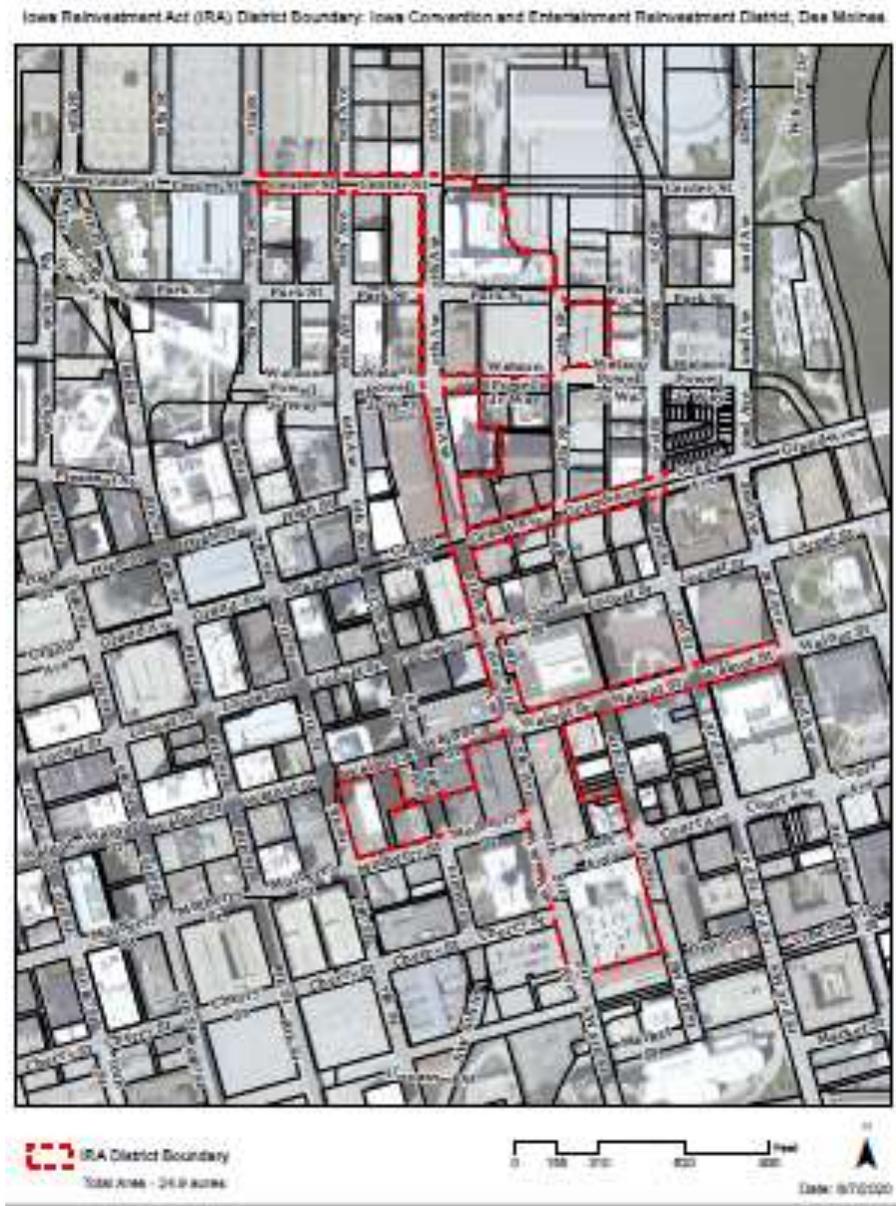
Funding Source: N/A

### ADDITIONAL INFORMATION:

- In 2013, the Iowa Legislature enacted the Iowa Reinvestment District Act which establishes a program administered by the Iowa Economic Development Authority (IEDA) that allows certain state hotel and motel, and sales and use tax revenues to be reinvested in designated

reinvestment districts. The IEDA Board funded projects that are most likely to improve the quality of life, create and enhance unique opportunities, and substantially benefit the municipality, the surrounding region, and the state as a whole.

- The proposed new district map is below:



**PREVIOUS COUNCIL ACTION(S):**

Date: January 25, 2016

Roll Call Number: [16-0164](#)

Action: On items regarding issuance of bonds: ([Council Communication No. 16-056](#)) .

(A) [Not](#) to exceed \$21,500,000 General Obligation Bonds, for Essential Corporate Urban Renewal Purposes. Moved by Gatto to adopt. Motion Carried 7-0.

(1) [Authorization](#) for additional action. Moved by Gatto to adopt. Motion Carried 7-0.

Date: February 23, 2015

Roll Call Number: [15-0269](#)

Action: Joint meeting with Polk County Board of Supervisors to discuss the Iowa Events Center Hotel.

A) [Approving](#) preliminary terms of agreement with IEC Hotel Corporation for financial assistance for development of a headquarters hotel connected to the Iowa Events Center and approving the final application to Iowa Economic Development Authority for funding from the Iowa Reinvestment Act for the Iowa Convention & Entertainment Reinvestment District. ([Council Communication No. 15-094](#)) Moved by Coleman to adopt, and to refer to the City Manager regarding: 1. Skill set necessary for members of the non-profit board of IEC Hotel Corporation. 2. How the City's interests are protected, and if refinancing takes place, how taxpayer's are protected. 3. Strategy for the City to have a reserve or "nest egg", funded by available hotel/motel taxes for use in the event the City is required to fund a shortfall in the reinvestment district revenues. Motion Carried 7-0.

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

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE**

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).