


COUNCIL COMMUNICATION

	Number:	21-497	Meeting:	November 15, 2021
	Agenda Item:	29	Roll Call:	21-1737
	Submitted by:	Nickolas Schaul, Finance Director		

AGENDA HEADING:

Approving tax increment needs for Fiscal Year (FY) 2022/2023, 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 22/23 request based on indebtedness by the City and the City Council's TIF policy. The City of Des Moines' TIF request is \$45,218,475 and uses an estimated 50% 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 \$45,218,475 of tax increment generated revenue for FY 22/23. 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 City 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 2022 to be repaid with TIF revenues in FY ending 2023. This amount reflects a portion of the annual personnel costs for the Finance Department, Development Services, 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, 2021, and all transactions including cash balances by TIF district. The report must be received and approved by the City Council to certify the annual operating budget for the upcoming FY ending 2023 and submitted to the State of Iowa by December 1, 2021.

FISCAL IMPACT:

Amount: \$45,218,475 in TIF revenues needed, requiring TIF revenue certification.

Funding Source: TIF Special Revenue Funds (page 37) and Debt Service Fund (Page 88):

Central Place	\$	567,843
Drake	\$	293,388
Fleur Drive	\$	192,964
Forest Avenue	\$	117,521
Ingersoll-Grand	\$	1,694,365

Merle Hay	\$	890,582
Metro Center	\$	37,786,933
Northeast Gateway I	\$	42,868
SE Agri Business Park	\$	2,281,241
Southside	\$	880,636
Southwest Gateway	\$	140,972
SW 42nd & Army Post Road	\$	329,162

ADDITIONAL INFORMATION:

- The request is in conformance with the City 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 22/23 are composed of the following:

Debt Service Financing for the Urban Renewal Areas Listed Below \$ 17,341,127

Debt Service Payments for Central Place	\$	557,843
Debt Service Payments for Ingersoll-Grand	\$	1,647,909
Debt Service Payments for Merle Hay	\$	61,547
Debt Service Payments for Metro Center	\$	13,561,225
Debt Service Payments for SE Ag Business Park	\$	1,512,603

Cash Financing for the Projects Listed Below \$ 27,877,348

38th and Grand
 3801 Grand Associates \$ 4,305,893

Central Place
 Maintenance \$ 10,000

Drake
 Home 2 Suites \$ 293,388

Fleur Drive
 Hy-Vee \$ 166,320
 Panera Bread \$ 20,000
 Starbucks \$ 6,644

Ingersoll-Grand
 SSMID Backfill – Ingersoll \$ 46,457

Merle Hay
 Merle Hay Mall Phase I \$ 390,000
 3801 Merle Hay Road \$ 39,035
 Douglas/MH (Merle Hay Phase 3A & 3B) \$ 400,000

Metro Center

101 East Grand Parking (Phase 2)	\$	296,380
130 East 3rd (Market One) Advance Rumely Building	\$	255,102
1417 Walnut Street (Bronson Partners)	\$	34,029
201 LLC, Hansen Real Estate (City Square - Staybridge Hotel)	\$	300,000
212 East 3rd Street (H. Glass Partners, LLC - Rypma)	\$	38,182
219 East Grand, LLC - commercial	\$	121,055
220 SE 6th (PDM Precast, Inc.) Parking License	\$	127,814
220 SE 6th (PDM Precast, Inc.) Project Generated TIF	\$	248,754
317 and 322 E Court LLC (Jake Christensen)	\$	43,553
418 E Grand (Phase I)	\$	339,572
420 Court Ave (Hy-Vee/Knapp)	\$	273,717
440 E Grand (RE3)	\$	25,000
505 E Grand LLC (Raygun Building)	\$	107,341
Allied Grant Payments - 1100 Locust St	\$	857,523
Allied II Grant Payments - 1200 Locust St	\$	1,395,000
American Republic Insurance - 601 6th Street	\$	336,033
Ballyard Lofts (350 SW 2nd St) Hansen Real Estate	\$	75,000
Botanical Center	\$	350,000
Chamberlain Building - 1408 Locust Street (Hatch Development)	\$	25,000
Cityville	\$	100,000
Cognizant (jobs grant)	\$	58,216
College Hill (921 6th Avenue - Frank Levy)	\$	172,706
Court Ave Partners II 410 Court Avenue	\$	57,415
Court Avenue Partners Housing 302-310 Court	\$	62,710
Davis Brown Tower (LB Properties) 215 10th Street	\$	557,482
DICO	\$	1,791,000
Dilley Manufacturing 215 East 3rd Street, LLC	\$	67,999
District at 6th (TWG)	\$	350,000
East Village Tower Partners - The Lyon	\$	89,250
EMC (219 8th Street)	\$	507,688
Equitable/Liberty Parking Garage	\$	182,165
Fairfield Inn (207 Crocker)	\$	204,094
Federal Home Loan Bank (909 Locust)	\$	367,264
Gray's Station (Auxiliary Fund Payback)	\$	1,030,000
Gray's Station (Hubbell Realty Company)	\$	372,250
Grays Station (Hubbell Realty Company)	\$	56,000
Hotel Fort Des Moines (Hawkeye Hotels Janssen Lodging)	\$	488,453
Iowa Machine Shed Co. (AC Marriott Hotel) 401 East Grand Avenue	\$	332,995
Jarcor (Argonne Apartments - 1723 Grand Avenue)	\$	19,178
Krause Gateway Center - Kum and Go (1459 Grand Avenue)	\$	2,897,420
Locust Street Investments 1420-1430 Locust	\$	43,825
Marel Meat Processing 401 SW 7th	\$	26,650
Masonic Temple- (Downtown Preservation Partners)	\$	31,000
Midland (206 6th)	\$	280,902
Miesblock (665 Grand Avenue) Nelson Construction	\$	200,000
Planning and Administration (City)	\$	800,000
Principal Financial Campus - 600 7th Property	\$	619,942
Principal Financial Campus - 711 High Street Property	\$	1,185,493
Principal Financial Campus - 801 Grand Property	\$	513,874

R&T Lofts - 717 Locust and 421 8th	\$	370,000
Randolph Apartments (202 4th St) George Sherman and Associates	\$	435,000
Riverpoint West Section 108 Loan - City Portion	\$	279,465
Riverpoint West Section 108 Loan - Sherman Portion	\$	726,873
Rowat Lofts	\$	320,000
SSMID backfill – Downtown	\$	912,022
SSMID backfill – Sherman Hill	\$	11,993
The Edna Griffin Building (319 7th Street)	\$	56,797
Urban Campus Apartments (Hatch Development)	\$	164,000
Village Place (521 E Locust Street)	\$	105,000
Waterfront Lodging (200 Water Street)	\$	447,388
Wells Fargo - (800 Walnut)	\$	750,000
Wells Fargo II - (801 Walnut)	\$	481,842
Wilkins Building - 713 Walnut Street (Commercial Component)	\$	296,344
Wilkins Building - 713 Walnut Street (Tea Room Component)	\$	153,959
Northeast Gateway 1		
Thompson Properties, LC (Heating and Cooling Supply - warehouse)	\$	42,868
SE Ag Business		
Helena	\$	18,368
Land Acquisition - additional properties	\$	750,000
Southside		
Macerich Southridge Mall, LLC Phase I	\$	357,000
Macerich Southridge Phase II (Unity Point)	\$	45,500
Fort Des Moines	\$	173,400
MV - Southridge Senior Lofts	\$	50,000
TWG - Southridge Apartments Partners	\$	254,736
SW 42nd & Army Post		
EP2	\$	329,162
SW Gateway		
EP2	\$	140,972

PREVIOUS COUNCIL ACTION(S):

Date: November 23, 2020

Roll Call Number: [20-1921](#), [20-1922](#), and [20-1923](#)

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

Certification: ([Council Communication No. 20-512](#))

- (A) [Advance](#) of funds to the Metro Center Urban Renewal Project for planning, oversight and administration, \$800,000. Moved by Westergaard to adopt. Motion Carried 7- 0.
- (B) [Recommendation](#) from the City Manager regarding TIF needs for FY 2021-2022 and certification of TIF indebtedness. Moved by Westergaard to adopt the recommendations

contained in Council Communication No. 20-512 for tax increment financing (TIF) 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 \$40,741,721 of tax increment financing revenue for FY 2021-2022 and to make the necessary timely certifications of the amount of loans, advances, indebtedness or bonds including interest negotiated on such loans, advances, indebtedness or bonds which qualify for payment from TIF for each urban renewal area in accordance with Iowa Code Sections 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; refer to the City Manager to work with the Economic Development Department to get some type of development going in the Accent Neighborhood and other Ward II areas. Motion Carried 7-0.

(C) [Urban](#) Renewal Reports for Urban Renewal Plans and Areas within the City of Des Moines. Moved by Westergaard to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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