


# COUNCIL COMMUNICATION

	Number:	<b>24-475</b>	Meeting:	<b>November 18, 2024</b>
	Agenda Item:	<b>35-I</b>	Roll Call:	<b>24-1586</b>
	Submitted by:	<b>Nickolas Schaul, Finance Director</b>		

**AGENDA HEADING:**

Approving tax increment needs for Fiscal Year (FY) 2025/2026, 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 2025/2026 request based on indebtedness by the City and the City Council’s TIF policy. The City of Des Moines’ TIF request is \$48,337,781 and uses an estimated 40% 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 \$48,337,781 of tax increment generated revenue for FY 2025/2026. 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 \$1,500,000 for the FY ending June 30, 2025, to be repaid with TIF revenues in FY ending June 30, 2026. This amount reflects a portion of the annual personnel costs for the Finance Department, Development Services Department, 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, 2024, 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 June 30, 2026, and submitted to the State of Iowa by December 1, 2024.

**FISCAL IMPACT:**

Amount: \$48,337,781 in TIF revenues needed, requiring TIF revenue certification

Funding Source: TIF Special Revenue Funds and Debt Service Fund:

38th and Grand	\$	778,049
Carpenter	\$	35,027
Central Place	\$	983,845
Drake	\$	167,341
Forest Avenue	\$	46,433

Hilltop	\$ 4,353
Ingersoll-Grand	\$ 2,827,754
Merle Hay	\$ 1,214,203
Metro Center	\$ 35,444,174
Northeast Gateway I	\$ 499,376
Oak Park-Highland Park	\$ 35,058
SE Agri Business	\$ 2,950,782
Southside	\$ 2,226,105
SW 42nd & Army Post Road	\$ 401,479
SW Gateway	\$ 723,802

**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 2025/2026 are composed of the following:

Debt Service Financing for the Urban Renewal Areas Listed Below	\$ 23,417,592
Debt Service Payments for Central Place	\$ 983,845
Debt Service Payments for Ingersoll-Grand	\$ 2,341,511
Debt Service Payments for Merle Hay	\$ 460,203
Debt Service Payments for Metro Center	\$ 18,114,851
Debt Service Payments for Southeast Agriculture Business Park	\$ 1,517,182

Cash Financing for the Projects Listed Below	\$ 24,920,189
--	---------------

District	Name	Amount
38th and Grand	3750 Grand LLC (TIF 1)	495,719
38th and Grand	3801 Grand Associates (TIF 2)	282,330
Carpenter	Merge	35,027
Drake	Home 2 Suites (Drake Hotel)	145,341
Drake	Canary Lofts (Nelson Multiuse)	22,000
Forest	Forest Ave Village	46,433
Hilltop	Hilltop III and IV	4,353
Ingersoll-Grand	2525 Grand (Terrace Hill)	109,000
Ingersoll-Grand	2801 Grand (Reagan Partners)	50,000
Ingersoll-Grand	2315 Grand (Grand Trees)	200,000
Ingersoll-Grand	Spot 515, LLC	57,000
Ingersoll-Grand	SSMID Backfill - Ingersoll	70,243

<b>District</b>	<b>Name</b>	<b>Amount</b>
Merle Hay	Merle Hay Mall Phase I	315,000
Merle Hay	3801 Merle Hay Road	39,000
Merle Hay	Douglas/MH (Merle Hay Phase 3A & 3B)	400,000
Metro Center	Parking System Subsidy	800,000
Metro Center	Planning and Administration	1,500,000
Metro Center	SSMID backfill-DOWNTOWN	1,130,422
Metro Center	SSMID backfill-SHERMAN HILL	15,200
Metro Center	Allied II Grant Payments - 1200 Locust St	697,500
Metro Center	Court Avenue Partners Housing 302-310 Court	62,710
Metro Center	Village Place 521 E Locust Street	105,000
Metro Center	Court Ave Partners II 410 Court Ave	57,415
Metro Center	Botanical Center	400,000
Metro Center	Riverpoint West Section 108 Loan - TIF Request	638,141
Metro Center	Riverpoint West Section 108 Loan - Payment to Sherman	408,284
Metro Center	Fleming Building - 218 6th Avenue	235,000
Metro Center	Wilkins Building (remaining portion of Younkens) 713 Walnut Street Tea Room Com	69,725
Metro Center	Wilkins Building (remaining portion of Younkens) 713 Walnut Street Commercial Co	234,000
Metro Center	Waterfront Lodging 200 Water Street	318,000
Metro Center	Iowa Machine Shed Co. (AC Marriott Hotel) 401 East Grand Ave	254,000
Metro Center	420 Court Ave (Hy-Vee/Knapp)	235,000
Metro Center	Locust Street Investments 1420-1430 Locust	60,000
Metro Center	130 East 3rd (Market One) Advance Rumely Building	142,000
Metro Center	Cityville	158,000
Metro Center	Principal Financial Campus - 600 7th Property	527,000
Metro Center	Principal Financial Campus - 801 Grand Property	456,000
Metro Center	Principal Financial Campus - 711 High Street Property	974,000
Metro Center	American Republic Insurance - 601 6th Street	308,000
Metro Center	Miesblock (665 Grand Avenue) Nelson Construction	67,000
Metro Center	201, LLC (201 East Locust St) Hansen Real Estate (City Square - Staybridge Hotel)	300,000
Metro Center	Marel Meat Processing 401 SW 7th	8,500
Metro Center	505 E Grand LLC (Raygun Building)	98,000
Metro Center	East Village Tower Partners - The Lyon	89,250
Metro Center	220 SE 6th (PDM Precast, Inc.) Parking License	141,676
Metro Center	220 SE 6th (PDM Precast, Inc.) Project Generated TIF agreement (FY20)	199,000
Metro Center	Dilley Manufacturing 215 East 3rd Street, LLC	59,000
Metro Center	Grays Station (Hubbell Realty Company) - 7.4M	190,000
Metro Center	101 East Grand Parking (Phase 2)	250,000
Metro Center	EMC (219 8th Street)	25,000
Metro Center	College Hill (921 6th Ave - Frank Levy)	158,000
Metro Center	R&T Lofts (DM Register Bldg) 717 Locust and 421 8th	370,000
Metro Center	219 East Grand, LLC - commercial	121,000
Metro Center	1417 Walnut Street (Bronson Partners)	27,000
Metro Center	Krause Gateway Center - Kum and Go (1459 Grand Avenue)	2,087,000
Metro Center	317 and 322 E Court LLC (Jake Christensen)	29,000
Metro Center	Hotel Fort Des Moines (Hawkeye Hotels Janssen Lodging) 1000 Grand	296,000
Metro Center	212 East 3rd Street (H. Glass Partners, LLC - Rypma)	36,000
Metro Center	District at 6th (TWG)	350,000
Metro Center	Federal Home Loan Bank (909 Locust)	258,000
Metro Center	Rowat Lofts	200,000
Metro Center	440 E Grand (RE3)	20,000
Metro Center	418 E Grand (Phase I)	70,000
Metro Center	The Edna Griffin Bldg (319 7th Street)	76,000
Metro Center	Fairfield Inn (207 Crocker)	224,000
Metro Center	DICO	250,000

District	Name	Amount
Metro Center	Midland (206 6th)	220,000
Metro Center	Jarcor (Argonne Apartments - 1723 Grand Ave)	1,000
Metro Center	Hubbell Bridge District - Level Apartments	250,000
Metro Center	611 5th Ave - Knapp Properties	161,000
Metro Center	Aust Real Estate - 1201 Keo Way	52,000
Metro Center	JR Partners (401 E Court)	9,000
Metro Center	217 E 2nd Ave	79,000
Metro Center	13th and Mulberry Phase I	12,000
Metro Center	Stapek Partners - 112 SE 4th St	40,000
Metro Center	Landus Cooperative	50,000
Metro Center	Crescent Chevy (KG Store 543 LLC)	177,000
Metro Center	Onespeed DSM	88,500
Metro Center	FJ Management, Inc	25,000
Metro Center	North Des Moines Town Hall LP (1601 6th Ave )	380,000
Northeast Gateway 1	Thompson Properties, LC (Heating and Cooling Supply - warehouse)	123,000
Northeast Gateway 1	ILEX Group (OPUS)	376,376
Oak Park-Highland	3523 6th Ave	27,058
Oak Park-Highland	3610 6th Ave (Chucks)	8,000
SE Agri Business	Helena	33,600
SE Agri Business	Transload	1,000,000
SE Agri Business	Cold Storage	249,038
SE Agri Business	Cold Storage Expansion	150,962
Southside	Macerich Southridge Mall, LLC Phase I	225,000
Southside	Macerich Southridge Phase II (Unity Point)	75,000
Southside	Macerich VA Clinic	214,000
Southside	Fort Des Moines	106,000
Southside	MV - Southridge Senior Lofts	86,000
Southside	TWG -Southridge (Southridge Apartments Partners)	245,000
Southside	Genesis	1,275,105
SW 42nd & Army Post	EP2 and Expansion	401,479
SW Gateway	Bell Avenue Properties (Walldinger)	723,802

**PREVIOUS COUNCIL ACTION(S):**

Date: November 20, 2023

Roll Call Number: [23-1633](#), [23-1634](#), and [23-1635](#)

Action: Items regarding tax increment needs for Fiscal Year (FY) 2024/2025, internal loans to the Tax Increment Fund, and approving the submittal of the AURR: ([Council Communication No. 23-525](#))

- (A) [Advance](#) of funds to the Metro Center Urban Renewal Project for planning, oversight, and administration, \$900,000. Moved by Gatto to adopt. Second by Boesen. Motion Carried 7-0.
- (B) [Communication](#) from the City Manager on TIF needs for FY 2024/2026 and certification of [TIF](#) indebtedness. Moved by Gatto to adopt the recommendations contained in Council Communication No. 23-525 for 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 \$55,457,000 of tax increment financing revenue for FY 2024/2025 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 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. Second by Boesen. 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. Second by Boesen. 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).