



Agenda Item:

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COUNCIL COMMUNICATION City Manager's Office

GENERAL INFORMATION

Agenda Date: 12/06/04

Communication

No.: 04-612

Agenda Item Type: Resolution

Roll Call No.: 04-

Submitted by: Richard Clark, Deputy City Manager

SUBJECT—

Tax increment needs for fiscal year 2005-2006

SYNOPSIS—

The City is required to submit its tax increment financing (TIF) needs to the Polk County Auditor on an annual basis. Staff has computed the Fiscal Year (FY) 05-06 request based on existing commitments, Council resolutions and anticipated TIF expenditures. Based on the current assessed value information, the City of Des Moines TIF request is for \$19,925,577. This request uses 55.7 % of available TIF valuations.

The roll call on the November 22, 2004 Council agenda directs the City Manager or his designee to notify the County Auditor of the City's need for \$19,925,577 of tax increment-generated revenue for FY 05/06. The roll call also provides if there are subsequent reductions in tax increment valuations, the City Manager or his designee is authorized to decrease the TIF needs requirement so as to be in compliance with the Council's TIF policy.

FISCAL IMPACT—

Based on the projected TIF need, about 44.3% of taxable valuation generated in TIF areas will be returned to the taxing jurisdictions. Assuming the current property tax rates, the returned valuation will generate about \$20,039,000 in tax revenues of which about \$5,227,000 will be returned to the City of Des Moines' general fund. This proposed TIF request is about 10% less than last year's request and will return about 17% more in revenues to the City's general fund.

RECOMMENDATION—

Approval.

BACKGROUND—

The TIF needs total \$19,925,577. The request is in conformance with the Council’s adopted 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 05/06 are composed of the following:

1. Annual Principal and Interest

Payments.....\$14,540,268

(Based on annual payment for general obligation bond financing backed by TIF pledge of repayment of \$6,000,000 for MLK; \$1,250,000 for SW 8th St. Viaduct; \$1,300,000 for the new Central Library; \$2,000,000 for the Principal Riverwalk; \$835,000 for SE Ag Park; \$3,500,000 for Western Gateway; \$95,000 for Principal Park/Sec Taylor Stadium; \$80,000 for Skywalks; \$150,000 for Downtown Streets; \$10,000 for street markings and an annual debt payment of \$13,337,833 for previously existing debt.)

2. Cash Financing..... \$5,385,309

- Airport Business Park*
\$590,050
- Airport Commerce Park South*
\$461,685
- Airport Commerce Park West *
\$99,655
- Nesbit Grant Payment/Guthrie Ave.*
\$249,664
- Kemin/SE Agri-Business Park*
\$224,559
- Iowa Events Center*
\$450,000
- 600 East Locust St. Building*
\$20,461
- Temple for Performing Arts*
\$31,000
- Hubbell Riverpoint at SW 7th *
\$29,420
- Planning and
Administration** \$750,000
- Wells-Fargo*
\$896,425

Sec Taylor Stadium Debt Service**
\$212,030
Allied/Nationwide*
\$1,016,446
Kenyon Building - 301 Grand Avenue*
\$20,000
MLK Rise Loan Payment*
\$250,000
Development Opportunities
\$50,000
Ct. Ave. Partners- Housing*
\$33,914

* Is an obligation of a previous Council-approved agreement

** As per the adopted Operating Budget

Other

The Council adopted its current policy in 1999 (Roll Call No. 99-453) that provides a framework for staff to make its recommendations on using TIF to Council.