


COUNCIL COMMUNICATION

	Number:	20-512	Meeting:	November 23, 2020
	Agenda Item:	52	Roll Call:	20-1921
	Submitted by:	Nickolas Schaul, Finance Director		

AGENDA HEADING:

Approving tax increment needs for Fiscal Year (FY) 2021/2022, 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 21/22 request based on indebtedness by the City and the City Council's TIF policy. The City of Des Moines' TIF request is \$40,741,721 and uses an estimated 43% 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 \$40,741,721 of tax increment generated revenue for FY 21/22. 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 2021 to be repaid with TIF revenues in FY ending 2022. 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, 2020 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 2022 and submitted to the State of Iowa by December 1, 2020.

FISCAL IMPACT:

Amount: \$40,741,721 in TIF revenues needed, requiring TIF revenue certification.

Funding Source: TIF Special Revenue Funds (page 36) and Debt Service Fund (page 102):

Metro Center	\$	32,092,301
Ingersoll-Grand	\$	2,809,902
SE Agri Business Park	\$	1,906,487
Southside	\$	1,258,000

Merle Hay	\$	984,009
SW 42nd & Army Post Road	\$	684,854
Central Place	\$	663,500
Fleur Drive	\$	181,067
Forest Avenue	\$	124,061
Northeast Gateway	\$	37,540

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 21/22 are composed of the following:

Debt Service Financing for the Urban Renewal Areas Listed Below \$ 14,065,508

Debt Service Payments for Metro Center	\$	9,350,000
Debt Service Payments for Ingersoll-Grand	\$	2,746,296
Debt Service Payments for SE Agri Business Park	\$	1,369,212
Debt Service Payments for Central Place	\$	600,000

Cash Financing for the Projects Listed Below \$ 26,676,213

Metro Center

Allied I (Grant Agreement)	\$	857,523
Allied II (Grant Agreement)	\$	1,395,000
Wells Fargo I (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)	\$	1,799,699
Equitable/Liberty Parking Garage (Grant Agreement)	\$	182,165
Village Place (Grant Agreement)	\$	105,000
Court Avenue Partners II (Grant Agreement)	\$	57,415
Davis Brown Tower (Grant Agreement)	\$	660,016
Botanical Center (Grant Agreement)	\$	200,000
Riverpoint West (108 Loan)	\$	445,547
Chamberlain Building (Grant Agreement)	\$	25,000
Wilkins Building Tea Room (Grant Agreement)	\$	153,959
Wilkins Building Commercial (Grant Agreement)	\$	290,534
Waterfront Lodging (Grant Agreement)	\$	438,615
Randolph Apartments (Grant Agreement)	\$	410,000
Ballyard Lofts (Grant Agreement)	\$	75,000
Parking System Subsidy	\$	800,000
Planning and Oversight Costs Incurred in FY21	\$	800,000
Downtown SSMID TIF	\$	820,138

Sherman Hill SSMID TIF	\$ 12,600
AC Marriott Hotel (Grant Agreement)	\$ 328,074
420 Court Avenue (Grant Agreement)	\$ 265,744
Locust Street Investments (Grant Agreement)	\$ 42,756
Market One - Advance Rumely Building (Grant Agreement)	\$ 255,102
Cityville (Grant Agreement)	\$ 100,000
Principal Financial (Grant Agreement)	\$ 2,205,573
American Republic Insurance (Grant Agreement)	\$ 327,837
Miesblock (Grant Agreement)	\$ 200,000
City Square (Grant Agreement)	\$ 400,000
Marel Meat Processing (Grant Agreement)	\$ 26,650
505 E Grand LLC - Raygun Building (Grant Agreement)	\$ 104,723
East Village Tower Partners (Grant Agreement)	\$ 89,250
PDM Precast (Grant Agreement)	\$ 370,622
Dilley Manufacturing (Grant Agreement)	\$ 67,999
Grays Station Auxiliary Fund Payback	\$ 90,000
Grays Station (Grant Agreement)	\$ 428,250
EMC (Grant Agreement)	\$ 495,915
R&T Lofts (Grant Agreement)	\$ 370,000
219 East Grand, LLC (Grant Agreement)	\$ 118,681
Krause Gateway Center (Grant Agreement)	\$ 2,768,560
1417 Walnut Street (Grant Agreement)	\$ 33,199
317 and 322 E Court LLC (Grant Agreement)	\$ 41,862
College Hill (Grant Agreement)	\$ 166,000
Hotel Fort Des Moines (Grant Agreement)	\$ 488,453
H. Glass Partners (Grant Agreement)	\$ 37,585
Federal Home Loan Bank (Grant Agreement)	\$ 360,063
101 East Grand Parking (Grant Agreement)	\$ 292,000
District at 6th (Grant Agreement)	\$ 350,000
Rowat (Grant Agreement)	\$ 320,000
Fairfield Inn (Grant Agreement)	\$ 203,000
7 & Grand Ramp Developer (Grant Agreement)	\$ 131,890
440 E Grand (Grant Agreement)	\$ 25,000
418 E Grand (Grant Agreement)	\$ 83,750
Lauridsen Skate Park Grant	\$ 300,000
 Central Place	
Marketing	\$ 10,000
Property Maintenance	\$ 10,000
Commonwealth Electric (Grant Agreement)	\$ 43,500
 Fleur Drive	
Starbucks Fleur Drive (Grant Agreement)	\$ 15,000
Fleur Drive Phase 2 - Hy Vee (Grant Agreement)	\$ 126,067
Fleur Drive Phase 3 - Panera (Grant Agreement)	\$ 40,000
 Forest Avenue	
Forest Avenue Village (Grant Agreement)	\$ 124,061

Ingersoll-Grand		
Ingersoll-Grand SSMID TIF	\$	63,606
Merle Hay		
Merle Hay Mall (Grant Agreement)	\$	984,009
Northeast Gateway		
Thompson Properties (Grant Agreement)	\$	37,540
SE Agri Business Park		
Helena Industries (Grant Agreement)	\$	37,275
Land Acquisition	\$	500,000
Southside		
Macerich Southridge Mall (Grant Agreement)	\$	590,000
Fort Des Moines (Grant Agreement)	\$	170,000
MV - Southridge Senior Lofts (Grant Agreement)	\$	44,000
TWG -Southridge (Grant Agreement)	\$	454,000
SW 42nd & Army Post Road		
Electro Management (Grant Agreement)	\$	684,854

PREVIOUS COUNCIL ACTION(S):

Date: November 18, 2019

Roll Call Number: [19-1871](#), [19-1872](#) and [19-1873](#)

Action: Items regarding Annual Urban Renewal Report (AURR) and Tax Increment Financing (TIF)
Certification: ([Council Communication No. 19-502](#))

- (A) [Advance](#) of funds to the Metro Center Urban Renewal Project for planning, oversight and administration, \$800,000. Moved by Coleman to adopt. Motion Carried 7-0.
- (B) [Recommendation](#) from the City Manager regarding TIF needs for FY 2020-2021 and certification of TIF indebtedness. Moved by Coleman to adopt the recommendations contained in Council Communication No. 19-502 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 \$43,168,169 of tax increment financing revenue for FY 2020-2021 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. Motion Carried 7-0.
- (C) [Urban](#) Renewal Reports for Urban Renewal Plans and Areas within the City of Des Moines. Moved by Coleman to adopt. 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.