


COUNCIL COMMUNICATION

	Number:	22-541	Meeting:	November 21, 2022
	Agenda Item:	43	Roll Call:	22-1814
	Submitted by:	Nickolas Schaul, Finance Director		

AGENDA HEADING:

Approving tax increment needs for Fiscal Year (FY) 2023/2024, 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 23/24 request based on indebtedness by the City and the City Council's TIF policy. The City of Des Moines' TIF request is \$42,916,725 and uses an estimated 47% 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 \$42,916,275 of tax increment generated revenue for FY 23/24. 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 2023 to be repaid with TIF revenues in FY ending 2024. 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, 2022, 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 2024 and submitted to the State of Iowa by December 1, 2022.

FISCAL IMPACT:

Amount: \$42,916,725 in TIF revenues needed, requiring TIF revenue certification.

Funding Source: TIF Special Revenue Funds (page 41) and Debt Service Fund (page 8):

Central Place	\$	781,344
Drake	\$	300,755
Fleur Drive	\$	181,210
Forest Avenue	\$	129,020
Ingersoll-Grand	\$	1,869,695

Merle Hay	\$	887,003
Metro Center	\$	34,674,239
Northeast Gateway I	\$	55,080
Oak Park-Highland Park	\$	20,000
SE Agri Business	\$	2,635,048
Southside	\$	1,006,722
SW 42nd & Army Post Road	\$	376,609

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 23/24 are composed of the following:

Debt Service Financing for the Urban Renewal Areas Listed Below	\$	16,833,802
Debt Service Payments for Central Place	\$	749,114
Debt Service Payments for Ingersoll-Grand	\$	1,715,356
Debt Service Payments for Merle Hay	\$	47,500
Debt Service Payments for Metro Center	\$	13,120,137
Debt Service Payments for Southeast Agriculture Business Park	\$	1,201,695
Cash Financing for the Projects Listed Below	\$	26,082,923
Central Place		
Maintenance	\$	10,000
1439 Michigan Street	\$	22,230
Drake		
Home 2 Suites	\$	300,755
Fleur Drive		
Hy-Vee	\$	161,210
Panera Bread	\$	20,000
Forest Avenue		
Forest Avenue Village	\$	129,020
Ingersoll-Grand		
2801 Grand (Reagan Partners)	\$	50,000
Spot 515, LLC	\$	68,681
SSMID Backfill – Ingersoll	\$	35,658
Merle Hay		
Merle Hay Mall Phase I	\$	400,000
3801 Merle Hay Road	\$	39,503
Douglas/Merle Hay (Merle Hay Phase 3A & 3B)	\$	400,000

Metro Center

101 East Grand Parking (Phase 2)	\$	300,826
130 East 3rd (Market One) Advance Rumely Building	\$	255,102
13th and Mulberry Phase I	\$	67,643
1417 Walnut Street (Bronson Partners)	\$	34,879
201 LLC, Hansen Real Estate (City Square - Staybridge Hotel)	\$	300,000
212 East 3rd Street (H. Glass Partners, LLC - Rypma)	\$	38,789
217 E 2nd Ave	\$	81,159
219 East Grand, LLC – commercial	\$	123,476
220 SE 6th (PDM Precast, Inc.) Parking License	\$	132,071
220 SE 6th (PDM Precast, Inc.) Project Generated TIF	\$	253,729
317 and 322 E Court LLC (Jake Christensen)	\$	44,424
418 E Grand (Phase I)	\$	346,440
420 Court Avenue (Hy-Vee/Knapp)	\$	276,454
440 E Grand (RE3)	\$	36,144
505 E Grand LLC (Raygun Building)	\$	110,025
611 5th Avenue - Knapp Properties	\$	307,337
Allied Grant Payments - 1100 Locust St	\$	857,523
American Republic Insurance - 601 6th Street	\$	336,033
Aust Real Estate - 1201 Keo Way	\$	40,744
Ballyard Lofts (350 SW 2nd Street) Hansen Real Estate	\$	55,000
Greater Des Moines Botanical Garden	\$	400,000
Center at 6 th	\$	300,000
Cityville	\$	100,000
College Hill (921 6th Avenue - Frank Levy)	\$	176,161
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)	\$	554,383
DICO	\$	250,000
Dilley Manufacturing (215 East 3rd Street)	\$	51,000
District at 6th (TWG)	\$	350,000
East Village Tower Partners - The Lyon	\$	89,250
Edna Griffin Building (319 7th Street)	\$	61,647
EMC (219 8th Street)	\$	519,755
EMC park stairs	\$	211,000
Fairfield Inn (207 Crocker)	\$	175,904
Federal Home Loan Bank (909 Locust)	\$	374,610
Global Atlantic (jobs grant)	\$	100,000
Gray's Station (Hubbell Realty Company)	\$	372,250
Gray's Station (Hubbell Realty Company)	\$	56,000
Hotel Fort Des Moines (Hawkeye Hotels Janssen Lodging)	\$	208,131
Iowa Machine Shed Co. (AC Marriott Hotel)	\$	337,990
Jarcor – Argonne Apartments (1723 Grand Avenue)	\$	19,466
JR Partners (401 E Court)	\$	33,914
Krause Gateway Center (1459 Grand Avenue)	\$	2,164,550
Landus Cooperative	\$	100,000
Locust Street Investments (1420-1430 Locust)	\$	54,768
Marel Meat Processing (401 SW 7 th)	\$	26,650
Masonic Temple – Downtown Preservation Partners	\$	31,000
Midland (206 6 th)	\$	282,306

Miesblock – Nelson Construction (665 Grand Avenue)	\$	200,000
Parking System Subsidy	\$	1,250,000
Planning and Administration	\$	800,000
Principal Financial Campus (600 7th Property)	\$	635,440
Principal Financial Campus (711 High Street Property)	\$	1,185,493
Principal Financial Campus (801 Grand Property)	\$	513,874
R&T Lofts – DM Register Building (717 Locust and 421 8 th)	\$	370,000
Randolph Apartments (202 4th Street) George Sherman and Associates	\$	460,000
Riverpoint West Section 108 Loan - City Portion	\$	358,602
Riverpoint West Section 108 Loan - PILOT from Krause	\$	450,480
Riverpoint West Section 108 Loan - Sherman Portion	\$	225,585
Rowat Lofts	\$	320,000
SSMID backfill – Downtown	\$	1,003,439
SSMID backfill – Sherman Hill	\$	14,519
Stapek Partners (112 SE 4th Street)	\$	46,097
Village Place (521 E Locust Street)	\$	105,000
Waterfront Lodging (200 Water Street)	\$	408,843
Wells-Fargo - 800 Walnut	\$	750,000
Wells-Fargo II - 801 Walnut	\$	481,842
Wilkins Building - 713 Walnut Street (Commercial Component)	\$	302,271
Wilkins Building - 713 Walnut Street (Tea Room Component)	\$	153,959
Northeast Gateway 1		
Thompson Properties, LC (Heating and Cooling Supply - warehouse)	\$	55,080
Oak Park – Highland Park		
Chucks (3610 6 th Avenue)	\$	20,000
Southeast Agriculture Business Park		
Cold Storage	\$	245,358
Cold Storage Expansion	\$	129,395
Helena	\$	33,600
Land Acquisition - additional properties	\$	750,000
NMPD Holdings	\$	275,000
Southside		
Macerich Southridge Mall, LLC Phase I	\$	255,000
Macerich Southridge Phase II (Unity Point)	\$	53,000
Macerich VA Clinic	\$	200,000
Fort Des Moines	\$	79,000
MV Residential Development LLC - Southridge Senior Lofts	\$	53,200
TWG Development- Southridge Apartments Partners	\$	226,000
Genesis	\$	140,522
SW 42nd & Army Post		
EP2	\$	322,189
EP2 Expansion	\$	54,420

PREVIOUS COUNCIL ACTION(S):

Date: November 15, 2021

Roll Call Number: [21-1737](#), [21-1738](#), and [21-1739](#)

Action: Items regarding Annual Urban Renewal Report (AURR) and Tax Increment Financing (TIF)
Certification: ([Council Communication No. 21-497](#))

- (A) [Advance](#) of funds to the Metro Center Urban Renewal Project for planning, oversight, and administration, \$800,000. Moved by Gatto to adopt. Motion Carried 7-0.
- (B) [Recommendation](#) from the City Manager regarding TIF needs for FY 2022-2023 and certification of TIF indebtedness. Moved by Gatto to adopt the recommendations contained in Council Communication No. 21-497 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 \$45,218,475 of tax increment financing revenue for FY 2022-2023 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. 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. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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