


COUNCIL COMMUNICATION

 CITY OF DES MOINES OFFICE OF THE CITY MANAGER	Number:	23-525	Meeting:	November 20, 2023
	Agenda Item:	36A,B,C	Roll Call:	23-1633
	Submitted by:	Nickolas Schaul, Finance Director		

AGENDA HEADING:

Approving tax increment needs for Fiscal Year (FY) 2024/2025, 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 2024/2025 request based on indebtedness by the City and the City Council's TIF policy. The City of Des Moines' TIF request is \$55,457,000 and uses an estimated 53% 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 \$55,457,000 of tax increment generated revenue for FY 2024/2025. 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 \$900,000 for the FY ending June 30, 2024, to be repaid with TIF revenues in FY ending June 30, 2025. 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, 2023, 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, 2025, and submitted to the State of Iowa by December 1, 2023.

FISCAL IMPACT:

Amount: \$55,457,000 in TIF revenues needed, requiring TIF revenue certification.

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

38th and Grand	\$ 720,000
Central Place	\$ 1,350,000
Drake	\$ 350,000
Fleur Drive	\$ 190,000

Forest Avenue	\$	70,000
Hilltop	\$	2,000
Ingersoll-Grand	\$	2,975,000
Merle Hay	\$	1,195,000
Metro Center	\$	40,990,000
Northeast Gateway I	\$	225,000
Oak Park-Highland Park	\$	35,000
SE Agri Business	\$	5,250,000
Southside	\$	1,675,000
SW 42nd & Army Post Road	\$	430,000

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 2024/2025 are composed of the following:

Debt Service Financing for the Urban Renewal Areas Listed Below	\$	30,212,088
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Debt Service Payments for Central Place	\$	1,340,000
Debt Service Payments for Ingersoll-Grand	\$	2,625,333
Debt Service Payments for Merle Hay	\$	429,500
Debt Service Payments for Metro Center	\$	22,231,229
Debt Service Payments for Southeast Agriculture Business Park	\$	3,586,026

Cash Financing for the Projects Listed Below	\$	25,244,912
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38th and Grand

3750 Grand LLC	\$	400,000
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3801 Grand Associates	\$	320,000
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Central Place

Maintenance	\$	10,000
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Drake

Home 2 Suites (Drake Hotel)	\$	179,000
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Canary Lofts (Nelson Multiuse)	\$	171,000
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Fleur Drive

Hy-Vee	\$	160,500
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Panera	\$	29,500
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Forest Avenue		
Forest Ave Village	\$	70,000
Hilltop		
Hilltop III and IV	\$	2,000
Ingersoll-Grand		
2801 Grand (Reagan Partners)	\$	50,000
2315 Grand (Grand Trees)	\$	200,000
Spot 515, LLC	\$	60,000
SSMID Backfill - Ingersoll	\$	39,667
Merle Hay		
Merle Hay Mall Phase I	\$	325,500
3801 Merle Hay Road	\$	40,000
Douglas/MH (Merle Hay Phase 3A & 3B)	\$	400,000
Metro Center		
Allied Grant Payments - 1100 Locust St	\$	697,500
Masonic Temple- (Downtown Preservation Partners)	\$	31,000
Court Avenue Partners Housing 302-310 Court	\$	62,710
Village Place 521 E Locust Street	\$	105,000
Court Ave Partners II 410 Court Ave	\$	57,415
Davis Brown Tower (LB Properties) 215 10th Street	\$	549,000
Botanical Center	\$	400,000
Riverpoint West Section 108 Loan - Sherman Portion	\$	161,714
Riverpoint West Section 108 Loan - City Portion	\$	447,939
Riverpoint West Section 108 Loan - PILOT from Krause	\$	450,480
Parking System Subsidy	\$	800,000
Planning and Administration	\$	900,000
SSMID backfill-DOWNTOWN	\$	934,048
SSMID backfill-SHERMAN HILL	\$	12,047
Wilkins Building 713 Walnut Street Tea Room Component	\$	69,725
Wilkins Building 713 Walnut Street Commercial Component	\$	243,000
Waterfront Lodging 200 Water Street	\$	330,001
Randolph Apartments (202 4th St) George Sherman and Associates	\$	192,500
Iowa Machine Shed Co. (AC Marriott Hotel) 401 East Grand Ave	\$	264,000
420 Court Ave (Hy-Vee/Knapp)	\$	236,000
Locust Street Investments 1420-1430 Locust	\$	63,000
130 East 3rd (Market One) Advance Rumely Building	\$	249,000
Cityville	\$	209,000
Principal Financial Campus - 600 7th Property	\$	545,000
Principal Financial Campus - 801 Grand Property	\$	472,000
Principal Financial Campus - 711 High Street Property	\$	1,012,000

American Republic Insurance - 601 6th Street	\$	320,000
Miesblock (665 Grand Avenue) Nelson Construction	\$	136,000
201, LLC (201 East Locust St) Hansen Real Estate (City Square - Staybridge Hotel)	\$	300,000
Marel Meat Processing 401 SW 7th	\$	10,000
505 E Grand LLC (Raygun Building)	\$	119,000
East Village Tower Partners - The Lyon	\$	89,250
220 SE 6th (PDM Precast, Inc.) Parking License	\$	139,442
220 SE 6th (PDM Precast, Inc.) Project Generated TIF agreement	\$	207,000
Dilley Manufacturing 215 East 3rd Street, LLC	\$	62,000
Grays Station (Hubbell Realty Company) - 7.4M	\$	149,000
Grays Station (Hubbell Realty Company) - 800K	\$	56,000
101 East Grand Parking (Phase 2)	\$	261,000
EMC (219 8th Street)	\$	450,000
College Hill (921 6th Ave - Frank Levy)	\$	181,000
R&T Lofts (DM Register Bldg) 717 Locust and 421 8th	\$	370,000
219 East Grand, LLC - commercial	\$	127,000
1417 Walnut Street (Bronson Partners)	\$	29,000
Krause Gateway Center - Kum and Go (1459 Grand Avenue)	\$	2,160,000
317 and 322 E Court LLC (Jake Christensen)	\$	36,000
Hotel Fort Des Moines (Hawkeye Hotels Janssen Lodging) 1000 Grand	\$	309,000
212 East 3rd Street (H. Glass Partners, LLC - Rypma)	\$	42,000
District at 6th (TWG)	\$	350,000
Federal Home Loan Bank (909 Locust)	\$	269,000
Global Atlantic (Accordia Life and Annuity Co)	\$	100,000
Rowat Lofts	\$	200,000
440 E Grand (RE3)	\$	29,000
418 E Grand (Phase I)	\$	74,000
The Edna Griffin Bldg (319 7th Street)	\$	84,000
Fairfield Inn (207 Crocker)	\$	230,000
DICO	\$	250,000
Midland (206 6th)	\$	230,000
Jarcor (Argonne Apartments - 1723 Grand Ave)	\$	2,000
Hubbell Bridge District - Level Apartments	\$	550,000
611 5th Ave - Knapp Properties	\$	162,000
Aust Real Estate - 1201 Keo Way	\$	52,000
JR Partners (401 E Court)	\$	11,000
217 E 2nd Ave	\$	83,000
13th and Mulberry Phase I	\$	14,000
Stapek Partners - 112 SE 4th St	\$	44,000
Landus Cooperative	\$	50,000
Crescent Chevy (KG Store 543 LLC)	\$	193,000
North Des Moines Town Hall LP (1601 6th Ave)	\$	460,000
FJ Management, Inc	\$	25,000
Open Loop	\$	250,000

Northeast Gateway 1	
Thompson Properties, LC (Heating and Cooling Supply - warehouse)	\$ 225,000
Oak Park – Highland Park	
3523 6th Ave	\$ 26,000
3610 6th Ave (Chucks)	\$ 9,000
Southeast Agriculture Business Park	
Helena	\$ 33,600
Land Acquisition - Additional properties	\$ 750,000
Kemin	\$ 500,000
Cold Storage	\$ 249,038
Cold Storage Expansion	\$ 131,336
Southside	
Macerich Southridge Mall, LLC Phase I	\$ 260,100
Macerich Southridge Phase II (Unity Point)	\$ 53,795
Macerich VA Clinic	\$ 200,000
Fort Des Moines	\$ 81,370
MV - Southridge Senior Lofts	\$ 100,386
TWG -Southridge (Southridge Apartments Partners)	\$ 244,105
Genesis	\$ 710,244
Native Business	\$ 25,000
SW 42nd & Army Post	
EP2	\$ 327,021
EP2 Expansion	\$ 102,979

PREVIOUS COUNCIL ACTION(S):

Date: November 21, 2022

Roll Call Number: [22-1814](#), [22-1815](#), and [22-1816](#)

Action: Items regarding AURR and TIF Certification: ([Council Communication No. 22-541](#))

- (A) [Advance](#) of funds to the Metro Center Urban Renewal Project for planning, oversight, and administration, \$800,000. Moved by Gatto to adopt. Seconded by Voss. Motion Carried 6-1. Absent: Sheumaker.
- (B) [Communication](#) from the City Manager on TIF needs for FY 2023-2024 and certification of TIF indebtedness. Moved by Gatto. Second by Voss to adopt the recommendations contained in Council Communication No. 22-541 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 \$42,916,725 of TIF revenue for FY 2023-2024 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 6-1. Absent: Sheumaker.

- (C) [Urban](#) Renewal Reports for Urban Renewal Plans and Areas within the City of Des Moines. Moved by Gatto to adopt. Seconded by Voss. Motion Carried 6-1. Absent: Sheumaker

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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