

Analysis of Alternative Development Options and Funding to Use of Tax Increment Revenues for Public Buildings

Alternative development and funding options for a potential building¹ project, including improvements and repairs to a project, in the Metro Center Urban Renewal Area would be for the City to delay the project and fund it with accumulated general fund cash savings or to go through a process that could result in the issuance of general obligation bonds to fund the project. General fund cash financing requires stockpiling funds for several years to meet the significant capital costs of a public building project. Often the deferral of needed improvements and repairs to a public building will significantly increase the costs and magnitude of such needed improvements and repairs and potentially increase the risk of degradation of structural integrity of the public building. Further the costs of deferred improvements and repairs to public buildings are subject to inflationary increases.

The ability to issue general obligation debt for a public building project payable from the debt service levy is limited. The State of Iowa constitutional debt limit of 5% of assessed property valuation limits available financing for public building projects to the City's capacity of \$4 per \$1,000 of taxable valuation. This results in very limited available bonding capacity – about 1/10 of what is available through tax increment revenues in the Metro Center Urban Renewal Area. Without use of tax increment funds for the building projects described below, the ability to fund other vital projects within the Metro Center Urban Renewal Area would be substantially restricted thereby limiting the growth of the downtown area for the benefit of the entire metropolitan area.

The above-listed options are less feasible than the use of tax increment funds because they would result in the City bearing the entire burden of financing the projects that benefit all affected taxing entities including Polk County and the Des Moines Independent Community School District.

The urban renewal projects described below will benefit Polk County employees and residents/taxpayers and Des Moines Independent Community School District employees and patrons/taxpayers. Accordingly the use of tax increment is the most appropriate funding mechanism since it is fairer for the County and the school district to share in the costs for the projects. Additionally, the improvements and repairs to such building projects will contribute to the redevelopment and orderly expansion of downtown Des Moines commercial districts, thus increasing the property tax base and thereby benefitting the City of Des Moines, Polk County and the Des Moines Independent Community School District. As improvements and repairs to the building projects continue, the City also intends to consider the use of other funding sources such as state, federal and/or local grants, private foundations and other available revenues.

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The City will make necessary improvements to Principal Park Stadium including the installation of new elevators. Principal Park Stadium provides many benefits for area

residents and taxpayers. The stadium serves as an important centrally located cultural and entertainment amenity, along with the Iowa Events Center and the Des Moines Civic Center, for the entire metropolitan area. The stadium accommodates the Iowa Cubs, a triple A minor league affiliate, and acts as an important attraction that fosters economic development including the location of new businesses and creation and retention of employment within the region. It further serves to attract visitors to the region providing for increased expenditures at hotels, restaurants and retail businesses in the metropolitan area.

The City will make necessary repairs to the 9th and Locust Parking Structure to prevent corrosion to its steel structural components. The parking structure is a necessary and integral part of the City's parking system which serves area residents and taxpayers. The City will demolish the obsolete 5th and Walnut Parking Structure which will no longer provide vehicle parking in a safe and efficient manner. The demolition of this parking structure will allow for construction of a new parking facility that will be a necessary and integral part of the parking system which serves area residents and taxpayers. The parking system accommodates the creation and retention of businesses which provide for the expansion of employment and tax base in the metropolitan area. The parking system ensures adequate parking for employees and patrons residing throughout the region of downtown companies and government offices. The parking system directly serves the patrons of downtown Polk County offices and courts as well as the patrons and employees of the downtown schools and School District administrative offices.

¹ For the purposes of this document, "public buildings" are defined by the Iowa Code (Chapter 403.5 ".....including but not limited to a police station, fire station, administration building, swimming pool, hospital, library, recreational building, city hall, or other public building that is exempt from taxation, including the grounds of, and the erection, equipment, remodeling, or reconstruction of, and additions or extensions to, such a building,"