

**CITY COUNCIL COMMUNICATION 98-032
JANUARY 26, 1998 AGENDA**

SUBJECT:

**PROPOSED SE AGRIBUSINESS
URBAN RENEWAL AREA**

SUBMITTED BY:

**JAMES GRANT
COMMUNITY DEVELOPMENT DIRECTOR**

SYNOPSIS –

In June 1997, the City Council directed staff to create an urban renewal area and tax increment finance (TIF) district for the southeast area of Des Moines which contains many underutilized and vacant properties that contribute minimally to the City's tax base and have not generated significant employment opportunities. The purpose of the plan is to facilitate new investment with an emphasis on attracting and expanding value-added agribusinesses and to create new quality employment opportunities. Staff drafted the necessary documents for action by the Council at this time.

On the January 26, 1998, agenda are several roll calls regarding the creation of the SE AgriBusiness Urban Renewal Area:

Roll Call to Create SE AgriBusiness Urban Renewal Area:

This urban renewal plan creates the SE AgriBusiness Urban Renewal Area, describes objectives and provides a list of activities the City may conduct, a plan termination date of December 31, 2018, and maps including the boundary area and current and proposed land use and zoning.

Roll Call to Approve Resolution of Necessity for the SE AgriBusiness Urban Renewal Area:

As part of the Code of Iowa process to declare an urban renewal area, information on how the proposed area meets the statutory requirements must be approved by the City Council. The Planning Director's Report, attached to the Resolution of Necessity, details the existing conditions in the SE AgriBusiness Area and makes the determination that based on blight and economic development potential, the area meets the Code of Iowa requirements to be declared an urban renewal area.

Roll Call to Approve Termination of Overlapping Urban Renewal Areas - Vandalia Acres Urban Renewal Area and Southeast Prime Service Urban Renewal Areas:

It is necessary to terminate the urban renewal plans for the Vandalia Acres Relocation Project and Southeast Prime Service Area. These plans were created approximately 20 years ago for

acquisition of residential properties in these industrial areas. The Vandalia Acres Relocation Project and a majority of the Southeast Prime Service Area overlap the proposed boundaries of the SE AgriBusiness Urban Renewal Plan. Existing tax abatement is unaffected by the termination of these plans.

Roll Call to Approve First Reading of Ordinance to Designate the SE AgriBusiness Urban Renewal Area as a TIF District:

In conjunction with the designation of the SE AgriBusiness Urban Renewal Area, the area will also be designated a TIF district.

FISCAL IMPACT –

Several activities, which are detailed in the urban renewal plan, are eligible to utilize tax increment revenues from the urban renewal area. It is projected that up to \$10 million of tax increment revenues will be generated over the 20-year span of the urban renewal plan. At this time, the only specific project that is proposed to use TIF revenue is Kemin Industries, 2100 Maury Street, which Council will be requested to approve in February 1998.

RECOMMENDATION –

Staff recommends approval of:

- a) Termination of the Vandalia Acres and Southeast Prime Service Area Urban Renewal Plans;**
- b) Resolution of Necessity (Planning Director' s Report);**
- c) SE AgriBusiness Urban Renewal Plan; and**
- d) First reading of the ordinance to designate the area as a TIF district.**

BACKGROUND –

Key Components of the Urban Renewal Plan: The SE AgriBusiness Urban Renewal Plan provides general guidelines as to the City' s intent regarding future development in the area which is to encourage development of value-added manufacturing and research industries. It proposes to target City activities for an area to be known as the Des Moines AgriBusiness Park east of SE 30th Street. This area has a large amount of vacant land.

The boundaries of the urban renewal area, which contains about 3,150 acres and is the largest urban renewal area in Des Moines, are generally described as :

North: Maury Street (between SE 14th and SE 18th Streets), Dean Avenue (between SE 18th and SE 30th Streets), and Scott Avenue (between SE 30th and SE 43rd Streets);

East: SE 43rd Street (City limits);

South: the Des Moines River; and

West: SE 14th Street.

Other key components:

- Does not designate any properties for acquisition or disposition at this time.
- Provides a termination date of December 31, 2018, for the urban renewal plan.

Urban Renewal Plan Review: This proposed urban renewal plan has been reviewed by several City boards and commissions and other organizations since the December 22, 1997 City Council meeting when the date of the public hearing was set.

Urban Renewal Board: The Board reviewed the urban renewal plan and related items at its January 20, 1998 meeting and recommended approval.

Plan & Zoning Commission: The original SE AgriBusiness Urban Renewal Plan proposed an amendment to the City's Comprehensive Land Use Plan map that involved changing land use from "Residential" to "Commercial" in an area south of Dean Avenue on the east side of SE 30th Street. This proposed amendment reflects the current zoning. The Commission considered this amendment at its January 15, 1998 meeting. Although the Commission voted 8-2 in favor of the change, the amendment did not pass because of a lack of 10 "yes" votes (2/3 of the Commission membership). As a result, the urban renewal plan does not propose amending the Comprehensive Land Use Plan map. The proposed urban renewal plan and adopted land use plan are in conformance with each other.

Neighborhood Revitalization Board: On January 7, 1998, the Board received an informational presentation on the proposed urban renewal plan.

General Meeting: On January 12, 1998, a general meeting was held at the Botanical Center to discuss the urban renewal plan with residents.

TIF Jurisdiction Meeting: The City held a consultation meeting on the proposed use of tax increment funds in the urban renewal area on January 8, 1988, with Polk County, the Des Moines School District, and the Des Moines Area Community College. As of January 20, 1998, no written comments have been received from any of these entities.

Good Neighbor Policy: At the September 22, 1997 meeting, the Council requested input on enacting a "Good Neighbors Program". This concept provides for a contract between a business requesting tax abatement in the State AgriBusiness Enterprise Zone and representatives from neighborhoods in and surrounding the Zone. The contract addresses the steps the business will take to minimize environmental impacts to the surrounding area, especially in residential areas, and to encourage employment.

This voluntary program was recently enacted by the state as part of the Code of Iowa. This law states if an enforceable contract is executed between a business requesting economic development assistance and a community group(s) which requires the business to adhere to agreed-upon standards such as environmental, labor, or other social or community requirements, it will receive additional points in competitive economic assistance programs administered by the

state.

On December 18, 1997, Council Member Gene Phillips informed Council members that in the near future he plans to establish an ad hoc committee comprised of neighborhood representatives that adjoin the AgriBusiness Enterprise Zone. The purpose of the committee is to provide recommendations on public policy initiatives and boundaries of the proposed AgriBusiness Park.

Brownfields Grant - Update: In September 1997, the City received a \$100,000 grant from the Environmental Protection Agency (EPA) to conduct Phase I and II environmental assessment work in the proposed Des Moines AgriBusiness Park (generally Scott Avenue to the north, the Burlington Northern Railroad right-of-way to the south, SE 43rd Street to the east, and SE 30th Street to the west). The purpose of the Phase I environmental assessment is to ascertain environmental conditions from prior and existing land uses. This information will assist the City in determining the feasibility of developing the area as an AgriBusiness Park.

Stanley Consultants (100 Court Avenue, Des Moines) has begun the Phase I analysis which includes a historical review of public records, interviews of current property owners and visual inspections of property with permission from owners. Based on their research, Stanley Consultants will recommend sites that warrant further investigation. The Phase I environmental assessment does not involve collection of soil or groundwater samples. The Phase I work is anticipated to be completed in early spring 1998.

The City will evaluate the consultant's recommendations and select about five sites for on-site soil and groundwater sampling during a Phase II environmental assessment. This is expected to start in summer 1998. Sites will be chosen on the threat to public health and where risk-based corrective action may be warranted because of potential environmental contamination. The City has not preselected sites or targeted salvage yards for testing.

Salvage Yards: No property is proposed for acquisition at this time in the urban renewal plan. The City has identified an area east of SE 30th Street as an area in which it will focus its efforts for new development with vacant land anticipated to be the priority for initial redevelopment. There are five major salvage yard operations which comprise about 180 acres in this focus area. Although no property is proposed for acquisition currently, salvage yards and other property may be acquired in the future because it is the urban renewal plan's intent to create more intensively developed areas with higher tax values and greater livable wage employment opportunities.

In order to implement any acquisition, the City Council must approve an urban renewal plan amendment. The acquisition process requires the City to accommodate business relocation needs. One of the major issues involves identifying a new location for these salvage operations. The Plan & Zoning Commission is forming a subcommittee, which will include City staff and salvage yard businesses, to address this issue promptly. Staff will work with salvage yard operators to make them compatible with new businesses in the immediate future.