



**CITY COUNCIL
COMMUNICATION:**

ITEM _____

**OFFICE OF THE CITY MANAGER
CITY OF DES MOINES, IOWA**

00-522

SYNOPSIS -

AGENDA:

NOVEMBER 6, 2000

On the November 6, 2000 Council agenda is a resolution to open and close the hearing on the proposed Second Amendment to the Metro Center Urban Renewal Plan; the Council previously set the hearing date at its October 2, 2000 meeting.

SUBJECT:

SECOND
AMENDMENT -
METRO CENTER
URBAN RENEWAL
PLAN

The amendment will enable the Wells-Fargo corporate headquarter project to proceed forward. More specifically, the Second Amendment to the Metro Center Urban Renewal Plan proposes:

TYPE:

- Acquisition of the block bounded by Cherry, Mulberry, 8th and 9th Streets, and the ½ block bounded by Walnut, Mulberry, 8th and 9th Streets by the City; the sale of such land together with a parcel of property located south of Cherry Street in the vicinity of SW 11th Street for private redevelopment; and expenditure, as needed, of Tax Increment Financing (TIF) funds for these activities.

RESOLUTION
ORDINANCE
RECEIVE/FILE

In addition, the amendment also permits expenditure of TIF funds for the following projects:

SUBMITTED BY:

- The relocation of SW 11th and SW 12th Streets between Cherry and Vine Streets to accommodate a new intersection with the planned Martin Luther King, Jr. Parkway.

RICHARD CLARK
DEPUTY CITY
MANAGER

- The expansion of a City parking facility to be constructed and operated on land south of Cherry Street and west of SW 11th Street.

- The acquisition, construction, and operation of a City parking facility on land south of Market Street between SW 9th -11th Streets.

As a procedural requirement, the amendment also designates the Masonic Temple property (1011 Locust Street) as a disposition parcel in accordance with the City Council action directing staff to prepare a request for development proposals for purchase of the property. This action allows the Council to proceed with the Request for Proposal (RFP) for the Masonic Temple property. The decision to sell or retain the property will be made by the Council in the future.

FISCAL IMPACT -

The proposed TIF amendments set limits for the use of TIF dollars related to the proposed project, but the amendment does not represent a commitment to expend funds.

RECOMMENDATION -

Approve the Second Amendment.

BACKGROUND -

Wells-Fargo Financial, Inc. (formerly known as Norwest Financial, Inc.) is proposing an expansion of its corporate headquarters in downtown Des Moines.

The proposed \$80 million expansion (with a minimum taxable assessment of \$41.45 million) includes:

- A new 336,000 square foot office building located directly north of its existing 225,000 square foot corporate office building at 206 Eighth Street.
- A new 1,575 space parking garage on the block directly south of the existing corporate headquarters.

The company currently employs about 1,750 people downtown. Of these employees, about 700 work in the corporate headquarters building with the rest of the employees in several downtown locations. The proposed expansion project will allow Wells-Fargo Financial to consolidate most of its existing employees into the downtown complex and provide space for additional employment growth.

The decision to expand the Wells-Fargo Financial, Inc. headquarters is a dynamic project for the downtown core. Des Moines is one of the strongest economic generators in the state of Iowa. However, the high cost of land and structured parking in the downtown make it increasingly difficult to compete for new development such as the Wells-Fargo expansion project. To address these competitive disadvantages, Council approved a preliminary agreement with the following major elements:

- The City will provide \$750,000 annually as an economic development grant for 20-years (funded by tax increment revenues generated by the project) to offset the cost of the structured parking.
- Tax abatement will not be available on the office building. Tax abatement combined with supplemental economic development grants equivalent to 100% of the new incremental taxes generated on the parking garage will be available for ten years.
- The City will purchase and sell the parking garage property to Wells-Fargo Financial, Inc. for \$1.7 million.
- It is anticipated that the project will be eligible for benefits under the State of Iowa Enterprise Zone program that includes rebate of sales tax on construction materials; the benefits are estimated at about \$1.0 million.
- The City will vacate and convey at fair market value to Wells-Fargo Financial the east-west alley located directly north of their existing corporate headquarters for use in the construction of the new office building.
- It is anticipated that Wells-Fargo Financial will permanently lose about 200 parking spaces resulting from the construction of the Martin Luther King, Jr. Parkway and the new 11th-12th Street Connector. The City will undertake the construction of replacement surface parking and the sale of parking lot to Wells-Fargo Financial in exchange for all property and easements owned by Wells-Fargo Financial that is needed by the City for the construction of Martin Luther King, Jr. Parkway and the 11th-12th Street Connector. The parking lot containing about 150 parking spaces to be constructed by the City will be located east of the new 11th-12th Street Connector, between Cherry and Vine Streets, including the 11th Street right-of-way between Cherry and Vine.