

**CITY COUNCIL
COMMUNICATION:**

03-444

AGENDA:

SEPTEMBER 8, 2003

SUBJECT:

SETTING DATE OF
PUBLIC HEARING
ON ECONOMIC
DEVELOPMENT LOAN

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

SUBMITTED BY:

RICHARD CLARK
DEPUTY CITY
MANAGER

MERRILL R. STANLEY
FINANCE DIRECTOR

ITEM _____

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

SYNOPSIS —

Setting the date of a public hearing regarding a short-term loan up to \$2,500,000 for the purchase of properties for future development.

FISCAL IMPACT —

Loan repayment will be scheduled for approximately three years, using land sale proceeds and Tax Increment Funds.

RECOMMENDATION —

Approval.

BACKGROUND —

Dewey Ford's relocation to Ankeny last year presented a unique opportunity in the revitalization of the Eastern Gateway. If redeveloped with planning and forethought, the properties will contribute greatly to the area. If redeveloped in a piecemeal fashion, however, the properties could become a detriment to the area.

In April 2002, Council directed staff to complete preliminary acquisition activities including appraisal, environmental, title, and other related work. These activities were required to determine the feasibility of acquiring the properties for redevelopment. Staff was also directed to proceed with amending the Metro Center Urban Renewal Plan to designate the properties as acquisition and disposition parcels. Amendment Five to the Metro Center Urban Renewal Plan, which designated 11 parcels in the Eastern Gateway as acquisition and disposition parcels, was approved in June 2002.

In November 2002 and April 2003, Council directed staff to move forward with the acquisition of three of the identified parcels—the former Dewey Ford Showroom, the Used Car Lot, and the Collision Center. Staff has negotiated with the current owners of these properties to reach an agreement on purchase price. It is in the City's best interest to acquire the properties in the near future.

Funds for the property acquisition are currently unavailable, so possible sources of borrowing have been reviewed. These include a loan through Fannie Mae and a short-term note marketed to local banks or other investors. Staff is working with PFM, the City's financial advisors, to select

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the best alternative at the time the loan is brought to market.

The roll call sets the date of September 22, 2003 for a public hearing. Because of our desire to remain flexible until we are closer to the issue date, the hearing notice does not address specifics of the loan. The notice and hearing satisfy the legal requirements for a hearing prior to the issuance of debt.

