

**CITY COUNCIL  
COMMUNICATION:**

**03-490**

**AGENDA:**

OCTOBER 6, 2003

**SUBJECT:**

ESTABLISHMENT  
OF HIGHLAND  
PARK SELF-  
SUPPORTED  
MUNICIPAL  
IMPROVEMENT  
DISTRICT

**TYPE:**

RESOLUTION  
**ORDINANCE**  
RECEIVE/FILE

**SUBMITTED BY:**

RICHARD CLARK  
DEPUTY CITY  
MANAGER

**ITEM** \_\_\_\_\_

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

**SYNOPSIS —**

On the October 6, 2003 Council agenda is an ordinance to establish the Highland Park Self-Supported Municipal Improvement District (SSMID). Also, as directed by the City Council, the City Manager seeks authorization to negotiate an agreement for Council approval with the Parks Area Foundation regarding the operation of the Highland Park SSMID.

**FISCAL IMPACT —**

The monies received through the creation of the SSMID will fund the operation and maintenance expenses of the proposed Highland Park Streetscape Project, which is scheduled for installation in Spring 2004. Based on 2001 assessments and the maximum initial levy of \$1.75 per \$1,000 of taxable value, the SSMID will generate \$10,230 per year. If the SSMID goes into effect on July 1, 2004, the 2003 assessments will be used, which should increase revenues by about 6 percent. The current cost estimate for operation and maintenance of the streetscape project that will be attributed to the SSMID is \$9,342. Any excess revenue will be retained in the SSMID account and used for future SSMID related expenses. It is the intent that the SSMID will fund all SSMID expenses that are outlined in this communication.

**RECOMMENDATION —**

**Approval of the ordinance and authorization for the City Manager to negotiate an agreement for Council approval with the Parks Area Foundation regarding the operation of the Highland Park SSMID.**

**BACKGROUND —**

On June 23, 2003, by Roll Call No. 03-1413, the City Council received the Petition to Establish the Highland Park SSMID and referred it to the Plan and Zoning Commission for preparation of a report on the merit and feasibility of the proposed project, as required by Iowa Code Chapter 386.

On July 28, 2003, by Roll Call No. 03-1735, the City Council received the final report and recommendation from the Plan and Zoning Commission and, by Roll Call No. 03-1734, set a public hearing on the matter for August 25, 2003.

On August 25, 2003, by Roll Call No. 03-2019, the City Council approved a resolution to close the public hearing on and approve the Petition to Establish the Highland Park SSMID, and directed the City Manager and Legal Department to report on proposed makeup of the Board. By law, the City

Council must wait 30 days after the close of the public hearing before it may adopt an ordinance establishing the District.

Since that time, staff from the City Manager's Office, Community Development, Legal, and Finance Departments have met to discuss the concerns that were brought up by the Council regarding the creation and makeup of a board to oversee the SSMID.

The creation of an official SSMID oversight board is not required by Iowa Code Chapter 386. An advisory board made up of property owners within the SSMID will make recommendations to the Council on the SSMID budget and levy. Because a SSMID is a self-imposed tax that supports a capital improvement that requires long-term sustainability, the creation of a formal advisory structure is in the best interest of both the City and the SSMID property owners. A SSMID advisory board will create a formal partnership between the City and SSMID property owners and will create an opportunity for property owners to have input in the process.

Community Development staff have also had an initial conversation with the Parks Area Foundation, a non-profit corporation which seeks to promote and market the commercial, business, economic, residential, cultural, education, tourist, and civic development of the Highland Park, Oak Park, and Union Park areas of Des Moines, and has been the lead group in the development of both the Highland Park Streetscape Project and Highland Park SSMID.

Staff is requesting City Council approval to negotiate an agreement with the Parks Area Foundation regarding the operation of the Highland Park Streetscape Project and the Highland Park SSMID based on the principles outlined below. The agreement would be brought back to the City Council for approval at the October 20, 2003 meeting, along with the second reading of the ordinance establishing the Highland Park SSMID.

**Proposed Highland Park SSMID Board**

The City and the Parks Area Foundation would enter into an agreement that would stipulate that the Parks Area Foundation is the appropriate body to assist the City in the operation of the SSMID and the preparation of the annual SSMID budget and levy. The Parks Area Foundation would appoint a committee of not less than seven members made up of property and business owners located within the SSMID boundaries. This committee, to be known as the Highland Park SSMID Board, would annually review and provide comment to the City Council upon the proposed SSMID budget and levy for the next fiscal year. All property owners within the SSMID would be notified of this annual meeting.

As part of this agreement, the Parks Area Foundation would also agree to:

- Upon initial installation, install, maintain, and remove all planting materials.
- Pay for all energy costs associated with the electrical receptacles located on the light poles and tree grates.

- Notify the City of any maintenance concerns related to the Highland Park Streetscape Project.
- Encourage patrons, visitors, and neighborhood residents to utilize streetscape elements appropriately.

The City would agree to:

- Prepare a budget and levy for the SSMID to present to the Highland Parks SSMID Advisory Board for their review and comment at least 90 days prior to consideration of the budget and levy by the City Council.
- Provide quarterly statements to the Parks Area Foundation itemizing receipts and expenditures for the SSMID.
- Promptly respond to maintenance requests and other concerns regarding the operation of the SSMID.
- Endeavor to donate or attempt to locate a source for the donation of plants and materials necessary to maintain the landscaping components of the Highland Park Streetscape Project.

#### **SSMID Background Information**

The concept for the Highland Park SSMID came out of a need to create a funding source for the operation and maintenance of the Highland Park Streetscape Project. The Highland Park Streetscape Project, which has been in development since 1999, includes enhancements to the public rights-of-way in the vicinity of the intersection of 6<sup>th</sup> and Euclid Avenues. The enhancements (please see map attached to roll call) that are planned include vintage-style street and pedestrian lighting, new sidewalks and curbs, a new street overlay, street furnishings, plantings, and a decorative entry arch over 6<sup>th</sup> Avenue (which should be installed within the next six weeks), among other elements. The creation of a SSMID to fund the operation and maintenance costs was proposed from the very beginning of the project's development.

The SSMID (please see map attached to roll call) includes all commercially zoned property that fronts Euclid from 2<sup>nd</sup> Avenue to a half-block west of 6<sup>th</sup> Avenue and on 6<sup>th</sup> Avenue from Ovid Avenue to Seneca Avenue. Iowa Code Chapter 386 requires that all properties included in a SSMID be contiguous and either commercially or industrially zoned, or in a duly designated historic district. This SSMID includes only commercially zoned property. There are several properties, however, that are commercially zoned, but residentially assessed that are included in the SSMID to make it contiguous.

The maximum levy for the SSMID is \$1.75 per \$1,000 of taxable value for the tax years 2004/05 to 2008/09. The maximum levy then increases to \$2 per \$1,000 of taxable value for the tax years 2009/10 to 2013/14, and increases again to \$2.25 per \$1,000 of taxable value in tax years 2014/15 and later. The maximum levy is the highest rate at which the levy can be imposed. The City Council can decide to decrease the levy below the maximum rate if budget projections warrant. Conversely, the maximum rate can be levied, and the

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excess revenue can be used to purchase additional or replacement streetscape elements.

The current cost estimate for the operation and maintenance expenses to be paid by the SSMID (as determined by the Engineering, Park and Recreation, Public Works, and Community Development Departments) is \$9,342. A large portion of this amount can be attributed to the operation and maintenance of the new street and pedestrian lights. The total cost to operate and maintain the lights is estimated to be \$9,762, which includes an estimated City contribution of \$802, or the amount that the City currently pays to operate the existing streetlights in the project area. \$1,020 of the light costs will be paid by the Parks Area Foundation for the energy costs associated with the electrical outlets on the light poles and tree grates that will only be operational at the discretion of the Parks Area Foundation. Additional costs to be paid by the SSMID include \$600 for maintenance of the benches and trash receptacles.

An additional operation and maintenance expense for the project is the trellis system and flowerbeds. The Parks Area Foundation has tentatively agreed to assume responsibility for these elements. The cost estimate for the trellis system and flowerbeds is \$7,000, which would require the SSMID levy to nearly double.

