



**Council**  
**Communication**  
 Office of the City Manager

<b>Date</b>	September 28, 2009
<b>Agenda Item No.</b>	<b>30</b>
<b>Roll Call No.</b>	<b><u>09-</u></b>
<b>Communication No.</b>	<b><u>09-699</u></b>
<b>Submitted by: Richard A. Clark, City Manager</b>	

**AGENDA HEADING:**

Recommendation from City Manager on process to review tax abatement within the Airport Crossroads development.

**SYNOPSIS:**

On August 14, 2009, Bill Lillis sent a letter on behalf of Mike Barnes asking for expansion of tax abatement for retail uses, including convenience stores and fast foods establishments, for the Airport Crossroads Business Park located in the vicinity of Fleur Drive, Crossroads Drive and SW 22nd Street, immediately north of County Line Road. *(Map at end of this communication)*

Staff recommends denial of the request. However, if a specific development plan is presented in the future, revision of the tax abatement requirements can be considered based on its conformance with objectives of the Planned Business Park zoning criteria and intent. The roll call provides for the denial of the request to amend the tax abatement at this time and provides for a process to evaluate the use of tax abatement when a future specific development for the property is identified.

**FISCAL IMPACT: NONE**

Amount: N/A, at this time

Funding Sources: N/A

**ADDITIONAL INFORMATION:**

Michael Barnes, the property owner, formally agreed to the tax abatement restrictions. These are the same restrictions that are in place for the adjacent business parks, Airport Commerce Park South and Airport Business Park. The abatement permits hotel, offices, light manufacturing and research facilities with related accessory uses such as a restaurant or coffee shop inside the building. The Council approved tax abatement for the Airport Crossroad development with those restrictions in place.

The owner is now asking to allow tax abatement for a wide variety of commercial uses including convenience stores and fast food establishments as stand-alone developments.

Staff does not recommend approval of this request as currently proposed for several reasons:

- It is not desirable to proceed with this request without a specific development proposal.

- There are negative implications in expanding commercial tax abatement to this area because of its long-reaching impact on City finances. Whatever decision the Council makes here is likely to set the policy for much of the Highway 5 corridor and the adjacent business parks; it is not advisable to financially assist convenience and fast food stores.

- This land is valuable due to its infrastructure and excellent roadway access that the City has provided major funding for in the past decade. Having convenience stores and fast food uses on this property for the next 20 years does not provide the higher and longer term rate of return on our investment that a business park use would create.

- An adjacent property owned by another business was built in 2009 for a convenience store without tax abatement.

- Allowing tax abatement for general retail uses, including convenience and fast food stores, provides a competitive advantage for this property over other commercial property, especially along Fleur Drive, in attracting commercial tenants. Approving this request could increase the number of vacant buildings at other locations in Des Moines.

We recommend the owner submit a specific development proposal before taking action on the tax abatement request. Staff will keep an open mind to allowing tax abatement for uses that are consistent with the intent of the plan for the area, although not expressly permitted today.

#### **PREVIOUS COUNCIL ACTION(S):**

Date: August 10, 2009

Roll Call Number: 09-1481

Action: From William Lillis, 317 6<sup>th</sup> Avenue, Ste. 300, on behalf of Fleur Properties, L.C. requesting tax abatement for property in the vicinity of Fleur Drive, Crossroads Drive and SW 22<sup>nd</sup> Street. Moved by Hensley to refer to City Manager to review correspondence and report back on options in 30 days. Motion Carried 7-0.

Date: December 8, 2008

Roll Call Number: 08-2117

Action: Approving tax abatement for medical office buildings in Airport Commerce Park South and Airport Business Park. (Council Communication No. 08-715) Moved by Vlassis to adopt. Motion Carried 7-0.

Date: February 28, 2005

Roll Call Number: 05-475 and 05-476

Action: City Plan Commission recommendation regarding the 15th Amendment to the City-Wide Urban Revitalization Plan, expanding the Airport Commerce Park sub-area to include an additional 40 acres

extending south to County Line Road west of Fleur Drive. Moved by Kiernan to receive and file. Motion Carried 6-1. Absent: Vlassis.

A. Hearing on the 15<sup>th</sup> Amendment to the Restated Urban Revitalization Plan for the City-wide Urban Revitalization area known as the Airport Crossing development. (Council Communication No. 05-076) Moved by Kiernan to adopt. Motion Carried 6-1. Absent: Vlassis.

Date: November 22, 2004

Roll Call Number: 04-2525

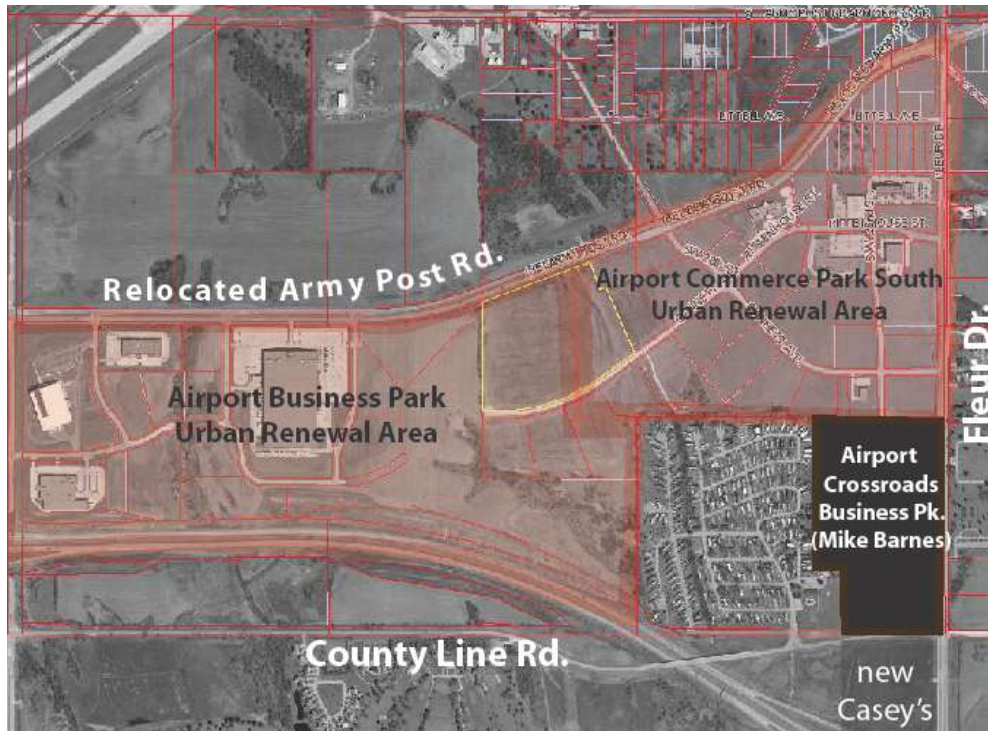
Action: Regarding request from Barnes Properties that commercial tax abatement be extended to the "Airport Crossroads" development area located north of County Line Road on the west side of Fleur Drive, south of the Airport Commerce Park South Urban Renewal Area. (Council Communication No. 04-603) Moved by Vlassis to approve and direct City Manager and City Attorney to draft the necessary documents to extend commercial tax abatement for this area with similar development requirements and limitations that are imposed on the adjacent Airport Commerce Park South area. Motion Carried 6-1. Nays: Brooks.

**BOARD/COMMISSION ACTION(S): NONE**

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:**

A revised proposal, including a site plan, will be evaluated by the City Manager and Community Development Department based on the Planned Business Park zoning criteria in formulating a recommendation to the City Council on whether to recommend an amendment to the current tax abatement restrictions for this property.

The Planned Business Park zoning encourages large-scale and quality development pursuant to a unified building and site development plan. The intent of the PBP zoning district is to accommodate the management, environmental, research, design, marketing and production needs of professional commerce enterprises which comply with the performance standards for the abatement of obnoxious, detrimental and other generally unacceptable qualities.



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