

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date: February 28, 2011
	Agenda Item No. 17 Roll Call No. <u>11-0301</u> Communication No. <u>11-102</u> Submitted by: Phil Delafield, Community Development Director

AGENDA HEADING:

Approval of one tax abatement application for improvements to property located at 2101 De Wolf Street completed in 2009. The improvements made to the property were construction of a new building for use as commercial office/warehouse for Central Wire and Iron.

SYNOPSIS:

Approval of the application to apply retroactively, as if the application had been timely filed by February 1, 2010. The project was an approved relocation of the business by the City of Des Moines and tax abatement was part of the relocation package. However, the application for tax abatement was not filed in a timely manner. It has now been filed (by February 1, 2011) and is recommended to be approved by City Council.

FISCAL IMPACT:

Amount: Abatement upon property with a claimed value of \$600,000.

Funding Source: Taxes will only be generated from the land value while tax abatement is in effect. Taxes on the \$600,000 improvement value will be forthcoming when the improvement value comes on the tax rolls after abatement ends.

ADDITIONAL INFORMATION:

Benjamin and Louis Zenti, owners of Central Wire and Iron, have submitted application for tax abatement for improvements added to 2101 De Wolf Street. The improvements consist of a 10,000 square foot light industrial building that was constructed to house the Zentis' business, following relocation to this site from SE 4th Street. The relocation was necessary due to the SE Connector project. Several City departments worked diligently with the Zentis to successfully complete the relocation and purchase of land in the Guthrie Avenue Business Park in order to retain the business in the City of Des Moines. In conjunction with the relocation and land purchase, the City entered into an Urban Renewal Development Agreement with the Zentis to provide economic incentives to assist the business. A three-year tax abatement and a seven-year rebate of taxes through tax increment were approved by Council. Inadvertently, the Zentis did not make application as required for the three-year tax abatement, understanding that the terms of the development agreement would take care of the rebating of taxes for the first three years, as with the last seven years of the assistance.

Staff recommends the approval of the application retroactive to January 2010 for the tax abatement to be consistent with the approved development agreement and to avoid unnecessary penalty to the Zentis.

PREVIOUS COUNCIL ACTION(S): NONE

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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