

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date: July 28, 2014
	Agenda Item No. 49 Roll Call No. <u>14-1181</u> Communication No. <u>14-353</u> Submitted by: Matthew A. Anderson, Assistant City Manager

AGENDA HEADING:

Actions relating to the request from Coppola Enterprises to create an urban renewal area utilizing tax increment financing for the Echo Valley Development Area, to initiate negotiations of preliminary terms of agreement for development of the area using project generated tax increment and authorizing use of special legal counsel.

SYNOPSIS:

The Office of Economic Development has been working with Coppola Enterprises, Inc. to plan their next south Des Moines investment. Echo Valley, located west of Fleur Drive on the Warren County side of Des Moines, is being evaluated for its ability to stimulate new economic investment, create new taxable valuation for the City, provide executive level housing opportunities as well as entry level workforce multifamily housing, and offer prime commercial development sites directly adjacent to Highway 65/5 (Purple Heart Highway), which is currently being promoted for designation as a formal part of the Interstate system.

Staff is recommending that City Council approve actions necessary to create an economic development focused urban renewal area for Echo Valley, including the preparation of an urban renewal plan, scheduling taxing entities consultation, coordinating board and commission review process, and conducting informational meetings with adjacent property owners and other organizations.

Additionally, staff recommends that City Council direct the City Manager to negotiate terms of an urban renewal development agreement with Coppola Enterprises for Echo Valley, and to approve the retention of special legal counsel to assist in the development agreement negotiation process, which is proposed to include the creation of a low to moderate housing set-aside fund to be utilized in areas of need elsewhere in the City. Cost for the special legal counsel will be paid by Coppola Enterprises. The basis for the development agreement is proposed to be the development of Echo Valley for residential and commercial uses, including the construction of streets and utilities, with tax increment from the new taxable valuation created in Echo Valley to fund economic development grant payments on a schedule approved by City Council.

FISCAL IMPACT:

The creation of an urban renewal plan and tax increment financing (TIF) district for the Echo Valley development area can provide a source of funding for public and private improvements. Public improvements would typically include sanitary sewer, water, street construction and stormwater infrastructure, streetscape improvements, green infrastructure, sidewalks, and trail amenities. Private improvements would typically include the construction of new buildings and facilities for commercial,

residential or light industrial business use, and related recreational amenities generating new taxable valuation and jobs for the community.

Based on currently assessed property valuation, the base value of the proposed TIF area will be determined. Annual tax increment revenues for this area will be estimated using an anticipated increase in value of 1.5% per year.

ADDITIONAL INFORMATION:

Echo Valley is located directly south of Highway 65/5, west of Fleur Drive, north of Beardsley Street and east of Highway 28. The Des Moines International Airport is less than a 10 minute drive from the development area, as is the future site of the expansion of Microsoft in the City of West Des Moines. The full Master Plan for the Echo Valley development includes acres within both the City of Des Moines and the City of Norwalk. To date, development has occurred only on the Norwalk side of Echo Valley, including a plat that is currently being featured in the 2014 Home Show Expo.

There are approximately 154 acres on the Des Moines side of the Echo Valley Development area with an estimated total assessed valuation of only \$195,300. The Master Plan for the undeveloped acres proposes a mix of single family homes, multifamily housing and commercial development sites. Projected new valuation for the area when fully developed will be included in the analysis and provided to City Council as part of the financial condition report of the urban renewal plan.

The Office of Economic Development (OED) will prepare a draft urban renewal plan and conduct required meetings with area taxing entities regarding the proposed use of TIF in the Echo Valley area. Staff will also work directly with Coppola Enterprises, City legal and special legal counsel to negotiate terms of an urban renewal development agreement based on the developer's up-front investment in the construction of streets and public utilities to serve the development area. Proposed economic development assistance will be from new property tax increment generated by the Echo Valley project. OED staff also proposes that development of a low- to moderate-income set aside fund from the new revenue be evaluated, with the funds to be utilized for assistance in areas of the City where housing revitalization needs may exist.

The new economic investment planned for Echo Valley is a positive culmination of numerous past efforts and investments and will create new taxable valuation for the City of Des Moines. It can also provide the ability to set a tone for City of Des Moines development in Warren County following the 2009 finalization of the annexation process that began in 1998.

Des Moines has worked with the cities of Norwalk, West Des Moines, Carlisle, Pleasant Hill, and Altoona, as well as Polk and Warren County, over the last seven (7) years to promote new economic investment along the Highway 65/5 corridor. This multi-jurisdictional partnership, titled the Purple Heart Highway Collaborative, has utilized grants to fund work by a marketing firm for the last three (3) years. The firm has developed and hosted a website featuring properties along the corridor, provided support to the Des Moines Area Metropolitan Planning Organization for the interstate highway designation study and collaborated on an interactive map feature hosted by City of Des Moines Geographic Information Systems (GIS).

These efforts have been designed to promote new investment along the highway corridor, augmenting substantial investment in the construction of Highway 65/5, sanitary sewer improvements by the Des Moines Wastewater Reclamation Authority, water system upgrades by Des Moines Water Works

and Warren Rural Water, and planning efforts by Des Moines and other jurisdictions under the Iowa Highway 5/North River Plan.

PREVIOUS COUNCIL ACTION(S): NONE

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

Upon Council receipt of the draft proposed urban renewal plan and TIF district, the Council will direct these documents to the Urban Design Review Board, Plan & Zoning Commission and to the tax consultation entities as required by law. Informational meetings will be held with applicable neighborhood organizations and adjacent property owners.

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