

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date:	September 28, 2015
	Agenda Item No.	31
	Roll Call No.	<u>15-1616</u>
	Communication No.	<u>15-523</u>
	Submitted by:	Matthew A. Anderson, Assistant City Manager

AGENDA HEADING:

Resolution approving preliminary terms of agreement with United Properties Investment Company Inc. and Echo Valley Investment Company, L.C.

SYNOPSIS:

On July 28, 2014, by Roll Call No. 14-1181, City Council directed the City Manager to initiate actions to create an urban renewal area utilizing tax increment financing for the Echo Valley development area, and to initiate negotiations of preliminary terms of agreement for development of the area using project generated tax increment. On September 15, 2015, by Roll Call No. 15-1564, the City Council approved the Echo Valley Urban Renewal Plan, and by Ordinance No. 15, 403, the City Council authorized the use of tax increment financing within the Echo Valley Urban Renewal Area.

The Office of Economic Development has negotiated preliminary terms of an urban renewal development agreement with United Properties Investment Company, Inc. and Echo Valley Investment Company, L.C. (Michael Coppola, Resident Agent, 4521 Fleur Drive, Suite C, Des Moines, Iowa 50321) for a series of economic development grants to be funded with the incremental tax revenues generated by the taxable valuation added by the Developer’s improvements to approximately 150 acres of land. The improvements will consist of both housing and commercial development. However, the City will participate in only the commercial aspects of the project. All aspects of the development will be high quality projects constructed in a phased manner pursuant to an approved Conceptual Development Plan, with the upfront investment in street infrastructure, public utilities, and other site preparation being the responsibility of the Developer. Each phase of the development will undergo review by the Urban Design Review Board, and be subject to Planned Unit Development (PUD) guidelines and review. No tax increment payments will be issued to the Developer that exceed the documented eligible costs for the horizontal and vertical improvements to commercial property.

FISCAL IMPACT:

Amount: 100% of the increment generated by office development, 100% of the increment generated by hotel development, and 85% of the increment generated by retail development. Office, hotel and retail development increment will be applied in payment of the economic development grant installments for 20 years. 75% of the increment generated by apartment development shall be so applied for 15 years. 75% of the increment generated for residential development shall be so applied for five (5) years followed by 50% of such increment being so applied for an additional five (5) years. The total City incentives shall not exceed the documented eligible costs for the horizontal and vertical improvements to commercial property. None of the project generated tax increment will be used to construct or to assist in the construction of residential development or public infrastructure to support residential development.

Funding Source: Project generated tax increment in the Echo Valley Urban Renewal Area.

ADDITIONAL INFORMATION:

Echo Valley is located directly south of the Warren/Polk County line, west of Fleur Drive, north of Beardsley Street, and east of SW 28th Street (also known as 80th Avenue in unincorporated Warren County). 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 Conceptual Plan boundary 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 was featured in the 2014 Home Show Expo.

Mr. Coppola has owned the land in this area for more than 45 years. Careful timing, willingness to make substantial upfront investment, taking risks on an untested market, and a commitment to quality development has resulted in the addition of nearly \$45 million in new valuation on the west side of Echo Valley through a development agreement with the city of Norwalk. The City has been interested in developing an agreement with Mr. Coppola to direct that same level of investment and quality development to the east, to the Des Moines side of Echo Valley. This will require significant upfront funding by the Developer for necessary infrastructure improvements, and initiating work in another untested market.

The goals of entering into the development agreement are: (1) to stimulate new economic investment for the City, (2) create new taxable valuation for the City, (3) offer prime commercial, retail and office development sites directly adjacent to Highway 65/5. Final terms of the agreement, including a proposed Conceptual Development Plan, will be presented to City Council following review by the Urban Design Review Board.

PREVIOUS COUNCIL ACTION(S):

Date: September 14, 2015

Roll Call Number: [15-1564](#)

Action: Items regarding Echo Valley Urban Renewal Area:

- (C) [Hearing](#) on adoption of the proposed Echo Valley Urban Renewal Area. ([Council Communication No. 15-497](#)) Moved by Hensley to adopt. Motion Carried 7-0.

Date: July 28, 2014

Roll Call Number: [14-1181](#)

Action: [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 increment and authorizing use of special counsel. ([Council Communication No. 14-353](#)) Moved by Hensley to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

The Office of Economic Development will work to finalize terms of agreement with the Developer, and present the proposal with a Conceptual Development Plan for review to the City's Urban Design Review Board. The Board's recommendation will be brought back to City Council.

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