


## COUNCIL COMMUNICATION

	Number:	<b>19-119</b>	Meeting:	<b>March 25, 2019</b>
	Agenda Item:	<b>30</b>	Roll Call:	<b>19-0480</b>
	Submitted by:	<b>Erin Olson-Douglas, Economic Development Director</b>		

### AGENDA HEADING:

Resolution approving final terms of an Urban Renewal Development Agreement with Bell Avenue Properties, Inc. and acceptance of the Conceptual Development Plan for The Waldinger Corporation Office Headquarters and Production Facility project.

### SYNOPSIS:

The Waldinger Corporation, acting through an affiliated company known as Bell Avenue Properties, Inc., (represented by Tim Koehn, President, 2601 Bell Avenue, Des Moines, IA 50321), has purchased a 28-acre site located in the 4700 block of SW 63rd Street, south of Scout Trail and north of McKinley Avenue to construct a new 204,000-square-foot corporate headquarters office, production and warehouse facility that will be leased to The Waldinger Corporation. The project has grown in scope and is now anticipated to have a construction cost of \$32 million. Construction is anticipated to start in Spring 2019, with completion in the second half of 2020.

The Office of Economic Development has negotiated final terms of an Urban Renewal Development Agreement with Bell Avenue Properties, Inc. The project site is located within the Southwest Gateway Urban Renewal Area, and will provide for tax increment generated by the proposed project to serve as the instrument for responding to a financing gap presented by the developer. Additional information is provided in the fiscal impact section below.

This action will also provide acceptance of the Conceptual Development Plan for The Waldinger Corporation Office Headquarters and Production facility.

This approval is subject to the Plan and Zoning Commission's approval of the site plan for the project, which is slated for the April 4, 2019 hearing date.

### FISCAL IMPACT:

Amount: The project will be eligible to receive a 3-year, 100% Commercial Tax Abatement per the City's adopted Third Restated Urban Revitalization Plan. The project will also receive 100% of the new tax increment generated by the construction of improvements for an anticipated five (5) years to respond to the identified construction funding gap of \$2.3 million, which will commence once the term of the tax abatement has expired. The TIF assistance is estimated at 7.2% of total project costs, and the Tax Increment Finance (TIF) Economic Development Grant will be capped at a maximum total of \$2.3 million dollars.

There will also be an economic forgivable loan in the amount of the fair market value purchase price for the previously vacated Southwest Connector Roadway Easement that will need to be conveyed to accommodate this project.

Year	Estimated Taxes Received without Project*	Estimated Taxes Received with Project*	Estimated TIF Incentive Paid	Estimated Net Taxes Received
Sum 10 Years	\$16,121	\$6,477,520	\$2,300,000	\$4,177,520
Sum 20 Years	\$32,242	\$12,955,040	\$2,300,000	\$10,655,040

\*Taxes include all property taxing authorities (not just City property taxes).

\*Taxes received estimates used the following assumptions:

- 2.5% growth in reassessment years

Building and Land Valuation Assumptions at Completion of Construction:

- \$12 million building assessment
- \$47,990 current land assessment (includes agricultural tax exemption)

Funding Source: Project-generated tax increment in the new Southwest Gateway Urban Renewal Area as the sole source for the proposed assistance. The developer will also seek a 3-year, 100% tax abatement upon completion of the project.

#### **ADDITIONAL INFORMATION:**

- The Waldinger Corporation is a full-service mechanical, electrical and sheet metal contractor that designs, fabricates, installs, maintains and repairs HVAC, refrigeration, electrical, plumbing, piping and kitchen equipment systems for commercial, institutional and industrial facility customers with annual revenues around \$400 million. The company has a long-standing history in Des Moines dating back over 110 years.
- The company is headquartered at 2600 Bell Avenue in Des Moines, and employs over 2,000 professionals across the country, including 295 office and production jobs and 500-600 construction field and truck based service technicians in Central Iowa.
- Bell Avenue Properties, Inc. is proposing the development of a new 204,000-square-foot corporate office building, production and warehouse facility on currently undeveloped ground located in the 4701 block of SW 63rd Street at McKinley Avenue and Veteran's Parkway. The new facility will allow the company to continue their growth and expand into new markets around the United States, while solidifying their operations here in Des Moines. The project will have a total capital investment of \$32 million, and the company is anticipated to grow their office and production staff employees over time.
- As a component of the project, Bell Avenue Properties, Inc. will be reconstructing the adjoining segment of McKinley Avenue with an urban cross section and public sidewalk, which will be completed prior to the receipt of the Economic Development Grant. Public sidewalk is also required to be installed along the south side of Scout Trail.

- The project is expected to be constructed of durable, high quality materials such as insulated precast concrete panels and energy efficient insulated glass panels.
- The existing land valuation subject to the roadway easement as of January 1, 2018 is \$47,990, with the property currently receiving an agricultural tax exemption.
- The purpose of the Southwest Gateway Urban Renewal Plan is to encourage commercial and industrial development of the site due to the site's appropriateness for commercial or industrial enterprises in accordance with Chapter 403 of the Code of Iowa. The urban renewal area consists of three (3) parcels and adjacent rights-of-way, encompassing approximately 45.5-acres. There is one (1) project identified within the Plan: a commercial and industrial project that will be built by Bell Avenue Properties, Inc. The duration of the urban renewal plan is limited by Iowa law to 20 years from the calendar year in which the City first certifies the amount of any loans, advances, indebtedness, or bonds which qualify for payment from the division of property tax revenue within the urban renewal area. It is anticipated that the urban renewal plan will expire on June 30, 2044.

Vicinity Map

**PREVIOUS COUNCIL ACTION(S):**

Date: September 24, 2018

Roll Call Number: [18-1576](#), [18-1577](#), and [18-1578](#)

Action: [Approving](#) preliminary terms of an Urban Renewal Development Agreement with Bell Avenue Properties, Inc. for the new construction of an office and production building for the Waldinger Corporation. ([Council Communication No. 18-476](#)) Moved by Mandelbaum to receive and file and to authorize the City's Office of Economic Development to negotiate a final agreement with Bell Avenue Properties, Inc., upon terms consistent with the preliminary terms, for future consideration by City Council. Motion Carried 7-0.

- (A) [On](#) vacation of roadway easement for Southwest Connector right-of-way located east of SW 63rd Street and conveyance to Bell Avenue Properties, Inc, \$170,950, (10-8-18). Moved by Mandelbaum to adopt. Motion Carried 7-0.
- (B) [On](#) adoption of an Urban Renewal Plan for the Southwest Gateway Urban Renewal Area, (10-22-18). Moved by Mandelbaum to adopt. Motion Carried 7-0.

Date: July 9, 2018

Roll Call Number: [18-1186](#), [18-1187](#) and [18-1188](#)

Action: [On](#) request from Waldinger Corporation to rezone the 4701 block of SW 63rd Street from Ltd. "C-2" (General Retail) to Ltd. "M-1" (Light Industrial) to allow the development for the headquarters and warehouse/distribution center for a mechanical, electrical and sheetmetal contractor. Moved by Mandelbaum to adopt. Motion Carried 7-0.

- (A) [First](#) consideration of ordinance above. Moved by Mandelbaum that this ordinance be considered and given first vote for passage. Motion Carried 7-0.
- (B) [Final](#) consideration of ordinance above (waiver requested by applicant), requires six votes. Moved by Mandelbaum that the rule requiring that an ordinance must be considered and voted on for passage at two Council meetings prior to the meeting at which it is to be finally passed be suspended, that the ordinance be placed upon its final passage and that the ordinance do now pass, #15,683. Motion Carried 7-0.

## **BOARD/COMMISSION ACTION(S):**

Board: Urban Design Review Board

Date: March 12, 2019

Resolution Number: N/A

Action: A consensus of the members present recommend approval of the final design and the proposed financial assistance package.

Board: Plan and Zoning Commission

Date: March 7, 2019

Resolution Number: N/A

Action: Plan and Zoning Commission voted 9-2-1 (one abstention) to continue the public hearing for Belle Avenue Properties, Inc. until April 4, 2019.

Board: Urban Design Review Board

Date: September 25, 2018

Resolution Number: N/A

Action: Motion to recommend approval of the preliminary design as presented noting the Board comments by Weisenbach. Seconded by Nagle. Motion carried. Yes – 6, No – 0, Abstain – 0, Absent – 4.

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:**

Approval of final subdivision plat for Airport Industrial Park Plat 3, approving Certificate of Completion upon completion of the development project.

For more information on this and other agenda items, please call the City Clerk's Office at 515-283-4209 or visit the Clerk's Office on the first floor of City Hall, 400 Robert D Ray Drive. Council agendas are available to the public at the City Clerk's Office on Thursday afternoon preceding Monday's Council meeting. Citizens can also request to receive meeting notices and agendas by email by calling the Clerk's Office or sending their request via email to [cityclerk@dmgov.org](mailto:cityclerk@dmgov.org).