


## COUNCIL COMMUNICATION

	Number:	<b>21-373</b>	Meeting:	<b>August 23, 2021</b>
	Agenda Item:	<b>26ABC</b>	Roll Call:	<b>21-1333</b>
	Submitted by:	<b>Erin Olson-Douglas, Development Services Department Director</b>		

### AGENDA HEADING:

Resolution approving the First Amendment to the Urban Renewal Development Agreement with Bell Avenue Properties, LLC (Waldinger), setting date of hearing to the Southwest Gateway Urban Renewal Plan (for October 4, 2021), and approval of a supplemental economic development grant from the city's Economic Development Enterprise Account to be reimbursed by the Southwest Gateway Urban Renewal Area.

### 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 completed construction a new 204,000-square-foot corporate headquarters office, production and warehouse facility located on a 28-acre site located at 6200 Scout Trail that has been leased to The Waldinger Corporation.

After occupancy of the building in 2020, a seasonal water pressure issue was identified that affected the significant plumbing and fire suppression systems for the building. The solution to remedy the water pressure issue was to install a booster system and fire pump for the building with total costs in excess of \$120,000. After further research by the property owner, the project design team was supplied with incorrect water flow information for the site prior to development. Had the developer known that this was a necessary expense to adequately serve the property during the due diligence phase, this extraordinary cost of development would have been incorporated into the financing gap requested when negotiating tax increment financing (TIF) within the development agreement. To assist with defraying the cost of this necessary expense and to retain a good working relationship with The Waldinger Corporation, the city has negotiated a proposed cost share of \$40,000 provided in the form of a supplemental economic development grant.

The recommended approval of this item has three (3) separate actions:

1. Approving the First Amendment to the Southwest Gateway Urban Renewal Development Agreement with Bell Avenue Properties, Inc.
2. Approval of a reimbursement resolution that allows for Southwest Gateway Tax Increment Financing District cash revenues to be used to reimburse the City's Economic Development Enterprise Account in the amount of \$40,000, the amount negotiated to assist with reimbursement of the costs to add necessary water pressure boosting systems to the building.
3. Setting the date of public hearing on the proposed Second Amendment to the Southwest Gateway Urban Renewal Plan for October 4, 2021.

**FISCAL IMPACT:**

Amount: \$40,000

Funding Source: Initially to be funded from the Economic Development Enterprise Account and reimbursed from the Southwest Gateway Tax Increment Financing District cash revenues.

**ADDITIONAL INFORMATION:**

- On March 25, 2019, by Roll Call No. 19-0480, the City Council approved an economic development agreement with Bell Avenue Properties, Inc., represented by Thomas Koehn, President, for the development of a new \$32 million office, production, and warehouse facility for occupancy by The Waldinger Corporation
- The facility was finished in 2019 and the City Council approved issuance of the Certificate of Completion on January 25, 2021, by Roll Call No. 21-0110.
- Upon occupancy, seasonal water pressure issues were discovered that significantly impacted the plumbing fixtures and fire suppression system within the building. After further study and discussions with the City of Des Moines and the Des Moines Water Works, it was discovered that incorrect water flow information was provided to the project design team prior to construction.
- To remedy the water pressure issue after construction, a domestic water booster and fire pump system was installed with total costs in excess of \$120,000. The City has negotiated a partial cost share of the improvements in the amount of \$40,000. Had the water flow issue been known and addressed during the design phase of the project, the expense to install the equipment would've been an extraordinary cost of development that would have likely been negotiated into the gap financing amount requested within the economic development agreement.
- Payment of a \$40,000 supplemental economic development grant will necessitate the First Amendment to the Urban Renewal Development Agreement with Bell Avenue Properties, Inc., the City, and consented to by Bankers Trust Company as collateral assignee of the agreement.
- Upon approval of this item, the supplemental economic development grant will be paid to Bell Avenue Properties, Inc. from the City's Economic Development Enterprise Account and is proposed to be reimbursed by the tax revenues collected in the Southwest Gateway Urban Renewal Area in FY 2023/2024.
- To allow the economic development grant reimbursement, the First Amendment to the Southwest Gateway Urban Renewal Plan is necessary. This action will set the date of hearing for the First Amendment to the plan on October 4, 2021 at the City Council meeting and authorize the required consultation meeting with representatives from Polk County, Des Moines Public Schools, Des Moines Area Community College, and the Des Moines Area Regional Transit Authority in the interim.

**PREVIOUS COUNCIL ACTION(S):**

Date: January 25, 2021

Roll Call Number: [21-0110](#)

Action: [Issuance](#) of Certificate of Completion to Bell Avenue Properties, Inc. for the redevelopment of property located in the vicinity of the intersection of SW McKinley Avenue and SW 63<sup>rd</sup> Street. Moved by Boesen to adopt. 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: April 4, 2019

Resolution Number: N/A

Action: Plan and Zoning Commission voted 10-2 in support to approve the submitted Preliminary Plat and Site Plan subject to compliance with conditions.

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: NONE**

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