

## COUNCIL COMMUNICATION

	Number:	<b>21-422</b>	Meeting:	<b>October 4, 2021</b>
	Agenda Item:	<b>50</b>	Roll Call:	<b>21-1517</b>
	Submitted by:	<b>Erin Olson-Douglas, Development Services Department Director</b>		

### AGENDA HEADING:

Hold public hearing on the Second Amendment to the Southwest Gateway Urban Renewal Plan.

### SYNOPSIS:

Open and close public hearing on the proposed Urban Renewal Plan amendments for the Second Amendment to the Southwest Gateway Urban Renewal Plan. The required taxing entities meeting was held September 14, 2021. No comments were received.

The Waldinger Corporation, acting through an affiliated company known as Bell Avenue Properties, Inc., (Tim Koehn, President, 2601 Bell Avenue, Des Moines, IA 50321), has completed construction of a new 204,000-square-foot corporate headquarters office, production and warehouse facility. The facility is located on a 28-acre site 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.

To provide payment of the grant utilizing TIF dollars, the Southwest Gateway Urban Renewal Plan must be amended to show this as an eligible activity.

### 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:**

The purpose of this Second Amendment to the Southwest Gateway Urban Renewal Plan is to:

- Amend Section F. Activities Under Chapter 15A, of ARTICLE IV. URBAN RENEWAL PLAN IMPLEMENTATION to include the following activity: payment of a supplemental economic development grant in the amount of \$40,000 to be paid to the developer (Bell Avenue Properties, Inc.) for the partial reimbursement of costs for installation of additional water pressure boosting equipment necessary to service the building addressed as 6200 Scout Trail, occupied by The Waldinger Corporation and related entities, as its new corporate headquarters and production facility. Said supplemental economic development grant shall be paid to developer from City Economic Development Enterprise Funds, which funds will thereafter be reimbursed with project-generated TIF.
- Update Exhibit C - Financial Condition Report to reflect the new projects and material amendments to existing projects.

**PREVIOUS COUNCIL ACTION(S):**

Date: August 23, 2021

Roll Call Number: [21-1333](#), [21-1334](#), and [21-1335](#)

Action: Items related to first amendment to Urban Renewal Development Agreement with Bell Avenue Properties, Inc. for property located north of SW McKinley and east of SW 63<sup>rd</sup> Street and proposed Second Amendment to Southwest Gateway Urban Renewal Plan, as follows: ([Council Communication No. 21-373](#))

- (A) [Approving](#) First Amendment to Urban Renewal Development Agreement (Southwest Gateway Urban Renewal Area) with Bell Avenue Properties, Inc. (Thomas Koehn, President). Moved by Gatto to adopt. Motion Carried 7-0.
- (B) [Setting](#) date of hearing on proposed Second Amendment to the Southwest Gateway Urban Renewal Plan, (10-4-21). Moved by Gatto to adopt. Motion Carried 7-0.
- (C) [Approving](#) advance of funds to the Southwest Gateway Urban Renewal Project for the payment of reimbursement to the City's Economic Development Enterprise Account related to Bell Avenue Properties, Inc. Supplemental Grant. Moved by Gatto to adopt. Motion Carried 7-0.

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

Board: Urban Design Review Board

Date: September 21, 2021

Resolution Number: N/A

Action: Recommend approval of the amendment as presented by Ward. Seconded by Hielkema. Motion carried. Yes – 6, No – 0, Absent – 4, Abstain – 0.

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE**

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