

COUNCIL COMMUNICATION

	Number:	22-067	Meeting:	February 21, 2022
	Agenda Item:	29	Roll Call:	22-0244
	Submitted by:	Erin Olson-Douglas, Development Services Department Director		

AGENDA HEADING:

Approving Chapter 28E Agreement between the City of Des Moines (City), Polk County (County), and Invest DSM, Inc. for funding and operation of Invest DSM, Inc.

SYNOPSIS:

Recommend approval of a 28E Agreement with the City, County, Iowa and Invest DSM, Inc. for the purposes of coordinating the implementation of neighborhood revitalization plans. The term of the 28E Agreement is five (5) years, and the Agreement specifies funding levels, board representation, reporting, and how City and County funds can be used by Invest DSM, Inc.

FISCAL IMPACT:

Amount: \$5,000,000 Fiscal Year End (FYE) 2023; \$5,000,000 FYE 2024; \$5,000,000 FYE 2025; \$5,000,000 FYE 2026; \$5,000,000 FYE 2027.

Funding Source: Local Options Sales and Services Tax (LOSST).

ADDITIONAL INFORMATION:

- In June 2019, the Des Moines City Council and Polk County Board of Supervisors authorized creating a new non-profit organization, Invest DSM, Inc., to coordinate the implementation of neighborhood revitalization plans (Roll Call No. 19-1048).
- In August 2019, the Des Moines City Council approved a Chapter 28E Agreement by and between the City, County, and Invest DSM, Inc. to facilitate the amount and use of funding to be provided by the City and County to Invest DSM, Inc. for three (3) years from August 1, 2019 until July 31, 2022, and with said funding to be used by Invest DSM, Inc. for operating expenses and program and project activities associated with Revitalization Plan implementation (Roll Call No. 19-1346).
- Invest DSM, Inc., has since operated in four (4) pilot areas identified by the City of Des Moines and known as Special Investment Districts (SIDs). The four (4) SIDs are located at Oak Park / Highland Park, Drake, Franklin Area, and Columbus Park.

- Invest DSM, Inc. is in the process of finalizing its 2021 annual report, which will be shared with Council during the requisite semi-annual reporting. A few highlights of the organization's work include:
 - In 2020, Invest DSM, Inc.'s first round of Block Challenge grants prompted nearly \$1.1 million of investment into the exterior of homes in all four (4) SIDs. For every dollar Invest DSM, Inc. contributed, property owners invested \$1.51.
 - In 2021, an additional 290 residential and commercial projects were completed with the help of Invest DSM, Inc. funds. Those completed projects include over \$1.69 million of investment by Invest DSM, Inc., leveraging over \$5.93 million in private investment. Many more projects are underway for completion in 2022.
 - In the Oak Park / Highland Park business district, between projects that have been completed or have funds committed to them for future construction, has contributed over \$1.6 million, leveraging over \$9.5 million in private investment.
 - Invest DSM, Inc. is also actively redeveloping residential property and has acquired 40 properties since 2020. Of those, 18 have rehabilitation work in progress and the remainder will be lots for new infill construction.
- The existing 28E Agreement expires on July 31, 2022, and the City, County, and Invest DSM, Inc. desire to enter a new and updated Chapter 28E Agreement, which will be effective on August 1, 2022.
- Said Agreement is expected to be considered for approval by the Polk County Board of Supervisors and Invest DSM, Inc. in February-April 2022.
- The term of the new 28E Agreement is five (5) years, from August 1, 2022 until July 31, 2027.
- The City will provide \$5,000,000 to Invest DSM, Inc. in FY 2023, and \$5,000,000 in each FY thereafter for the duration of the Agreement or annual notice of funding commitment for each FY thereafter for the duration of the Agreement.
- The County will provide \$5,000,000 to Invest DSM, Inc. in FY 2023, and annual notice of funding commitment for each FY thereafter for the duration of the Agreement.
- Failure by the City or the County, respectively, to provide notice or to provide funding in an amount equal to or greater than \$1,250,000 in any FY constitutes default.
- Invest DSM, Inc. may use up to 10% of the annual funding provided to cover operating expenses. The remainder must be used to pay expenses related to program and project activities associated with Revitalization Plan implementation for the SIDs previously designated by the City.
- It is anticipated that new SIDs will be added during the term of this agreement. New Districts will be designated by the Invest DSM, Inc. Board of Directors and approved by the City Council.
- The City and County each have representation on the Invest DSM, Inc. Board of Directors on a tiered basis with three (3) representatives each for contributing \$5,000,000 annually, two (2) representatives each for contributing between \$2,500,000 and \$4,999,999 annually, one (1) representative each for contributing between \$1,250,000 and \$2,499,999 annually, and no representatives for contributions less than \$1,250,000 annually.
- Invest DSM, Inc. will provide a progress report to the City and County every six (6) months for the duration of the Agreement.

PREVIOUS COUNCIL ACTION(S):

Date: September 14, 2020

Roll Call Number: [20-1451](#)

Action: [First](#) Amendment to initial operating contract with Invest DSM, Inc. ([Council Communication No. 20-412](#)) Moved by Gatto to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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