

Date..... September 14, 2009

RESOLUTION CLOSING PUBLIC HEARING ON THE PROPOSED
THIRD AMENDMENT TO THE URBAN RENEWAL PLAN FOR THE
GUTHRIE AVENUE BUSINESS PARK URBAN RENEWAL AREA,
AND APPROVING SAME

WHEREAS, on August 15, 1988, by Roll Call No. 88-4238, the City Council adopted the Urban Renewal Plan for the Guthrie Avenue Business Park Urban Renewal Project, and such Plan has been amended twice (the urban renewal plan as so amended is herein referred to as the "Plan"); and,

WHEREAS, the Guthrie Avenue Business Park Urban Renewal Project Area is bounded on the west by E. 17th Street, on the south by E Washington Avenue, on the east by the railroad right-of-way, and on the north by Guthrie Avenue and includes parcels north of and fronting on Guthrie Avenue; and,

WHEREAS, on August 10, 2009, by Roll Call No. 09-1444, the City Council resolved that a public hearing on the proposed Third Amendment to the Plan be held on September 14, 2009, at 5:00 p.m., in the City Council Chambers; and,

WHEREAS, the purpose of the proposed Third Amendment to the Plan, attached hereto as Exhibit "A", is to:

- a) Extend the date for termination of the Plan from September 28, 2009, to September 30, 2019.
- b) Provide a Financial Consultation Report on the use of tax increment financing generated by this urban renewal project.

WHEREAS, the Urban Design Review Board reviewed the proposed Third Amendment to the Plan at its regular meeting on August 18, 2009, and recommends approval of the proposed amendment; and,

WHEREAS, the City Plan and Zoning Commission reviewed the proposed Third Amendment to the Plan at its regular meeting on August 20, 2009, and has submitted its report and recommendation under separate resolution and roll call; and,

(continued)

Date..... September 14, 2009

WHEREAS, notice of this public hearing in the form attached hereto as Exhibit "B" was published in the Des Moines Register on August 27, 2009, which notice sets forth the information required by Section 403.5(3) of the Iowa Code; and,

WHEREAS, a copy of the notice was sent by ordinary mail to the Des Moines Public School District, Des Moines Area Community College, and Polk County, and they were invited to a consultation meeting held in the Naucalpan Conference Room, at City Hall, at 1:30 p.m. on August 17, 2009; and,

WHEREAS, the City has received no requests from the Des Moines Public School District, Des Moines Area Community College, or Polk County for any modification of the proposed division of revenue from the tax increment generated within the Guthrie Avenue Business Park Urban Renewal Area; and,

WHEREAS, the public hearing has now been opened and all persons and organizations desiring to be heard regarding the proposed Third Amendment to the Plan have been given the opportunity to be heard; NOW THEREFORE,

BE IT RESOLVED, by the City Council of the City of Des Moines, Iowa, as follows:

1. The public hearing on the proposed Third Amendment to the Urban Renewal Plan for the Guthrie Avenue Business Park Urban Renewal Area is hereby closed.
2. Upon consideration of the recommendations of the City Plan and Zoning Commission, the Urban Design Review Board, and all other recommendations and statements from all other interested parties and organizations, the City Council finds that the Third Amendment conforms to the Des Moines 2020 Community Character Land Use Plan, as amended, for the development of the City as a whole.
3. The Urban Renewal Plan for the Guthrie Avenue Business Park Urban Renewal Area is hereby amended as set forth in the Third Amendment the Plan attached hereto as Exhibit "A". The Urban Renewal Plan for the Guthrie Avenue Business Park Urban Renewal Area, as amended by the Third Amendment thereto, is hereafter in full force and effect.

(continued)

★ **Roll Call Number**

Agenda Item Number

60

Date September 14, 2009

4. The City Clerk is directed to cause the Third Amendment and a certified copy of this resolution to be recorded in the land records of the Polk County Recorder.

(Council Communication No. 09- *626*)

MOVED by _____ to adopt.

FORM APPROVED:

Roger K Brown
 Roger K. Brown
 Assistant City Attorney
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Exhibits:
 A - Third Amendment
 B - Notice

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
COWNIE				
COLEMAN				
HENSLEY				
KIERNAN				
MAHAFFEY				
MEYER				
VLASSIS				
TOTAL				

MOTION CARRIED

APPROVED

.....
Mayor

CERTIFICATE

I, DIANE RAUH, City Clerk of said City hereby certify that at a meeting of the City Council of said City of Des Moines, held on the above date, among other proceedings the above was adopted.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal the day and year first above written.

 City Clerk

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After Recording Return To:
City Clerk - City of Des Moines
400 Robert D. Ray Drive
Des Moines, Iowa 50309

Prepared by: Andrea Hauer, Economic Development – City of Des Moines 515-237-1350



Third Amendment

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to the Urban Renewal Plan
for the
Guthrie Avenue Business Park Urban Renewal Area

Urban Renewal Board Action:	, 2009
Plan and Zoning Commission Action	, 2009
Taxing Entities Consultation:	, 2009
City Council Approval:	, 2009

HISTORY

The Guthrie Avenue Business Park Urban Renewal Area was created in 1988. The Guthrie Avenue Business Park Urban Renewal Plan and its subsequent amendments have been recorded in the land records of the Polk County Recorder as follows:

<i>Amendment</i>	<i>Date Adopted</i>	<i>Roll Call No.</i>	<i>Polk Co. Recorder's Office at</i>	
			<i>Book</i>	<i>Beginning at Page</i>
Urban Renewal Plan	09/26/88	88-4238	5958	44
First Amendment	07/16/90	90-3173	6263	983
Second Amendment	02/15/93	93-510	6750	414

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PURPOSE

The purpose of this Third Amendment to the Urban Renewal Plan for the Guthrie Avenue Business Park Urban Renewal Area is to:

- Extend the term of the plan to September 30, 2019.
- Provide a Financial Condition Report on the use of tax increment in this urban renewal area as required by state law.

Third Amendment

Amend the Urban Renewal Plan for the Guthrie Avenue Business Park Urban Renewal Area as follows:

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1. Delete **Section III. C - Redevelopment Requirements: Duration of Redevelopment Controls** which provides that the plan shall be maintained and continued in effect until September 28, 2009.

2. Add a new **Section IV. Duration of Redevelopment Controls** stating as follows:
The regulations and controls contained in the Urban Renewal Plan for the Guthrie Avenue Business Park Urban Renewal Area shall be maintained and continued in effect until September 30, 2019.

3. Add a new **Section V. Financial Condition Report – Guthrie Avenue Business Park Urban Renewal Project** in the form attached.

Section V: Financial Condition Report – Guthrie Avenue Business Park Urban Renewal Project

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I. Introduction

The Code of Iowa, Chapter 403-Urban Renewal, requires cities to undertake a consultation with other governmental entities receiving property tax revenues from an urban renewal area that utilizes tax increment financing when the urban renewal plan is created or amended.

This report has been prepared for use in the consultation process for the proposed Guthrie Avenue Business Park Urban Renewal Plan by the City of Des Moines, Iowa. It has been distributed in advance of the consultation meeting with Polk County, the Des Moines Independent School District and the Des Moines Area Community College representatives.

II. General Background

Urban renewal was created by the federal government in the 1950s to assist cities in “renewing” their older central areas by removing slum and blight. In many cases, the federal government provided significant financial assistance with the costs associated with acquisition, demolition, and construction of new streets and utility lines. In 1959, Des Moines created the River Hills Urban Renewal Area, the first in Iowa. Since that date, additional urban renewal areas have been created in the downtown, neighborhood and business areas.

The concept of urban renewal has changed over time. It started as urban ‘removal’ in which everything in a large area was demolished with the sale of the property to one developer. Today, it is urban ‘revitalization’ in which projects are done on a selective basis over time with a number of developers. The federal assistance has disappeared with cities now responsible for costs.

Urban renewal is one of the few ways an Iowa municipality can undertake and financially assist community revitalization and economic development. In Des Moines, especially in the older areas with very limited redevelopment opportunities, urban renewal is an important way to connect the public and private sectors to revitalize slum and blighted areas.

Urban renewal can provide flexibility in phasing development over a long-term period. In addition, the City can convey the property at a “write down” sales price, reflecting the requirements the City has imposed on the developer. The requirements typically address building and site design, building materials, and/or employment standards. The City’s requirements are like a master plan that guarantees quality projects for the neighborhood. In Iowa, a city may designate an “urban renewal area” by following the requirements specified in Chapter 403, Code of Iowa. Chapter 403 requires the area to contain one or more of the following conditions:

- Slum and/or Blighted areas
- Economic development opportunity

An urban renewal area must be designated by the city council. As part of the designation, the city council adopts an urban renewal plan. The plan includes a legal description and map of the area; a description of existing land uses and conditions; the actions the city proposes to undertake in the area such as public improvements, public services, and the sale or purchase of property; and other conditions the city may want to impose on the development projects.

If the city wants to undertake an action not specified in the urban renewal plan, it must adopt the proposed change by an amendment. Before it can be adopted by the city council, a notice of a public hearing on the amendment must be published in the newspaper. In addition, if the urban renewal area uses tax increment financing, a consultation and comment period with other taxing entities must be offered prior to the public hearing. This document has been prepared in response to this consultation requirement.

III. Guthrie Avenue Business Park Area Urban Renewal Area

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In 1988, the Guthrie Avenue Business Park Development Area Urban Renewal Area was created for small to medium scale light business projects located in an area served by railroad directly west of I-235 and near the junction of Interstates 35 and 80. The area was characterized by numerous salvage yards and significant blighted and vacant space.

Redevelopment has been oriented to providing reasonably priced sites for sale to owner-operators of small and mid-sized businesses. Redevelopment achieved within the project area includes Moss Distribution, Library Binding Services now known as LBS, and Nesbitt Distribution now operated by Doll Distributing LLC.

Major public infrastructure projects undertaken in this area include:

- Construction of new storm water pump station and stormwater storage in the area's southeast corner fronting Washington Avenue.
- New street pavement and curb installation on various streets.

With the area's proximity to the interstate system and its M-1 zoning, it has strong appeal to businesses that would have otherwise located outside of Des Moines. Its orientation to owner-operators of businesses serves a market niche that was otherwise not being addressed in the City. The Guthrie Avenue Business Park Urban Renewal Project has utilized public funds, funded through tax increment financing as well as other federally-funded grants, to provide needed infrastructure to leverage new private redevelopments.

IV. Tax Increment Financing

At the time this area was created as an urban renewal area, it was also designated as a Tax Increment Financing (TIF) district.

Tax increment financing is *only* available in designated urban renewal areas. The tax increment is the difference between the amount of tax revenue that would have been generated if the current property tax levy (exclusive of debt levies) was imposed upon the taxable value of all the property in the TIF district at the time it was created, and the tax revenue generated by the current property tax levy (exclusive of debt levies). The City can use the tax increment for financing the projects identified in the urban renewal plan such as acquisition of land, cleanup of pollution contamination and new infrastructure. Tax increment financing works best in areas where taxable development will occur after the TIF designation. Tax increment bonds can be issued in reliance repayment from the future property tax increment to be received from the urban renewal area.

TIF *has* to be used for the activities or items in the urban renewal plan; for example, the city can issue TIF bonds to "front-end" the costs of constructing needed infrastructure. The tax increment is then used to repay the bonds. If the city does not use the tax increment for paying off TIF bonds or for other eligible expenses incurred in the urban renewal area, the tax increment is released back to general revenues. On March 24, 1997, the City Council adopted a policy that the City may expend up to 75% of the annual aggregated tax increment revenues generated after January 1, 1996; the unexpended tax increment revenues will be available for distribution to the various property taxing entities.

This financial condition report summarizes bonds issued to date, outstanding and contracted-for indebtedness and the bond retirement periods for the Guthrie Avenue Business Park Urban Renewal Area.

V. Current TIF Bonding and Outstanding Indebtedness

Overall, the City of Des Moines has about \$363 million in general obligation debt. Of this debt, approximately \$125 million is being serviced with tax increment revenues for specific urban renewal areas. The State of Iowa

Constitutional debt-ceiling limit for general debt obligations by the City of Des Moines is about \$524 million. Currently the Guthrie Avenue Business Park Urban Renewal Area has no outstanding debt or interest to pay off.

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VI. Property Tax Assessments and Revenues

When the Guthrie Avenue Business Park Urban Renewal Area was created, it was also designated as a Tax Increment Financing (TIF) district. At that time of designation, the property tax base within the TIF district was effectively "frozen". Any increase in the property tax revenues generated by the increase in taxable value above this frozen base may be "captured" for use in the TIF district by the City. The total "frozen" property tax base, adjusted annually for the mandated State of Iowa equalization rollbacks, is about \$3.6 million for the entire urban renewal area. The total property tax base within the Guthrie Avenue Business Park Urban Renewal Area for the 2008 tax year is about \$37.7 million, providing an increment valuation of about \$33.1 million.

VII. Future Financial Condition

Shown below is a table that projects estimated property tax revenues and expenditures from the Guthrie Avenue Business Park Urban Renewal Area.

The estimated revenues are based on an average 1.5% annual growth rate in assessment values and a property tax levy rate of \$40/\$1,000. This levy rate reflects the tax levy rate after subtracting payment of the 'protected debt levy' (various mandated debt expenses collected as part of the property tax levy.) It is assumed that property values will increase as new projects come on-line and "shed" tax abatement.

The projected expenditures reflect previously approved projects by the Des Moines City Council; the projects and actual expenditures for the proposed projects must specifically be approved by the City Council before disbursement can occur.

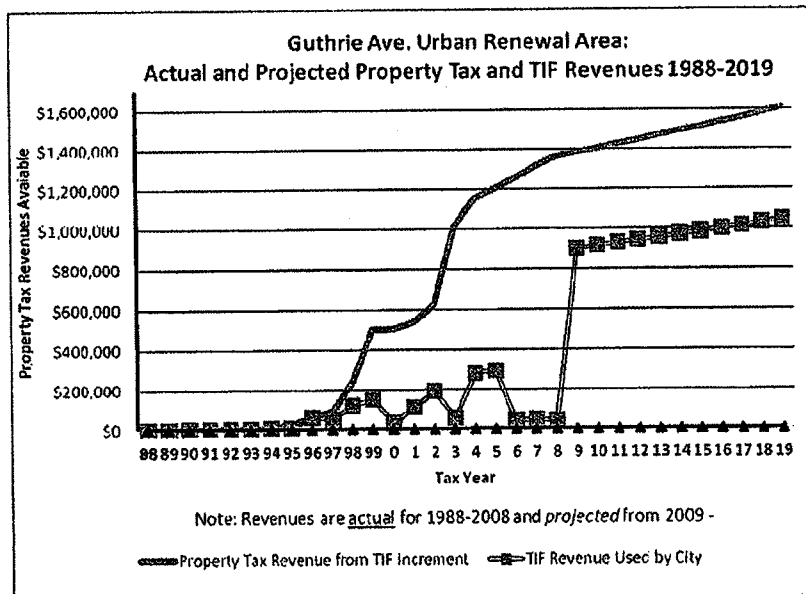
<i>Tax Yr.</i>	<i>Base Valuation</i>	<i>New Valuation Available for TIF</i>	<i>TIF Valuation Used</i>	<i>Property Tax Revenue from TIF increment</i>	<i>TIF Revenue Used by City</i>	<i>TIF Valuation Returned</i>
1988	\$3,731,851	\$0	\$0		\$0	\$0
1989	\$3,731,851	\$0	\$0		\$0	\$0
1990	\$3,676,511	\$11,702	\$11,702	\$468	\$436	\$0
1991	\$3,672,011	\$19,396	\$19,396	\$776	\$757	\$0
1992	\$3,675,111	\$20,349	\$20,349	\$814	\$802	\$0
1993	\$3,659,161	\$27,380	\$27,380	\$1,095	\$1,098	\$0
1994	\$3,652,365	\$130,025	\$130,025	\$5,201	\$5,067	\$0
1995	\$3,535,857	\$690,483	\$150,000	\$27,619	\$5,822	\$540,483
1996	\$3,649,661	\$1,522,798	\$1,500,000	\$60,912	\$59,223	\$22,798
1997	\$3,548,881	\$2,337,952	\$1,250,000	\$93,518	\$50,784	\$1,087,952
1998	\$3,678,711	\$5,891,075	\$2,960,000	\$235,643	\$117,880	\$2,931,075
1999	\$3,495,481	\$12,436,828	\$3,825,000	\$497,473	\$150,100	\$8,611,828
2000	\$3,680,001	\$12,514,606	\$800,000	\$500,584	\$31,553	\$11,714,606

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Tax Yr.	Base Valuation	New Valuation Available for TIF	TIF Valuation Used	Property Tax Revenue from TIF increment	TIF Revenue Used by City	TIF Valuation Returned
2001	\$3,280,091	\$13,359,129	\$2,800,000	\$534,365	\$110,898	\$10,559,129
2002	\$3,621,740	\$15,599,550	\$4,800,000	\$623,982	\$191,492	\$10,799,550
2003	\$3,420,200	\$25,331,180	\$1,375,000	\$1,013,247	\$56,144	\$23,956,180
2004	\$3,617,106	\$28,785,420	\$7,000,000	\$1,151,417	\$282,862	\$21,785,420
2005	\$3,370,940	\$29,971,810	\$7,120,000	\$1,198,872	\$291,856	\$22,851,810
2006	\$3,628,838	\$31,333,270	\$945,000	\$1,253,331	\$38,226	\$30,388,270
2007	\$3,618,036	\$32,842,680	\$1,147,513	\$1,313,707	\$46,418	\$31,695,167
2008	\$3,618,036	\$34,085,850	\$939,579	\$1,363,434	\$38,007	\$33,146,271
2009*	\$3,618,036	\$34,597,138	\$2,488,140	\$1,383,886	\$899,526	\$12,108,998
2010	\$3,618,036	\$35,116,095	\$2,825,462	\$1,404,644	\$913,018	\$12,290,633
2011	\$3,618,036	\$35,642,836	\$2,167,844	\$1,425,713	\$926,714	\$12,474,993
2012	\$3,618,036	\$36,177,479	\$2,515,361	\$1,447,099	\$940,614	\$12,662,118
2013	\$3,618,036	\$36,720,141	\$2,868,092	\$1,468,806	\$954,724	\$12,852,049
2014	\$3,618,036	\$37,270,943	\$2,226,113	\$1,490,838	\$969,045	\$13,044,830
2015	\$3,618,036	\$37,830,007	\$2,589,505	\$1,513,200	\$983,580	\$13,240,503
2016	\$3,618,036	\$38,397,457	\$2,958,347	\$1,535,898	\$998,334	\$13,439,110
2017	\$3,618,036	\$38,973,419	\$2,332,722	\$1,558,937	\$1,013,309	\$13,640,697
2018	\$3,618,036	\$39,558,020	\$2,712,713	\$1,582,321	\$1,028,509	\$13,845,307
2019	\$3,618,036	\$40,151,391	\$2,098,404	\$1,606,056	\$1,043,936	\$14,052,987

* Figures shown from Tax Year 2009 and onward and shaded in brown on this table, are estimated figures; the 2009-onward revenues shown as being used are not-to-exceed figures. The actual expenditures will be shown in the City's annual request to the Polk County Assessor and be available at the City of Des Moines Finance Department.

This table and the graph below show the projected aggregate net annual payments on outstanding debt (including TIF-backed bonds and other contractual debt) of this urban renewal area, including an estimate of the obligations proposed to be incurred as part of this urban renewal plan.



The actual disbursement of the estimated expenditures may occur at a later date than is shown in this table, subject to the progress of the individual project which can be impacted by weather, construction, etc. Future projects are subject to the urban renewal amendment process with individual review of each amendment and projects by the City Council and other authorities as directed by the Code of Iowa.

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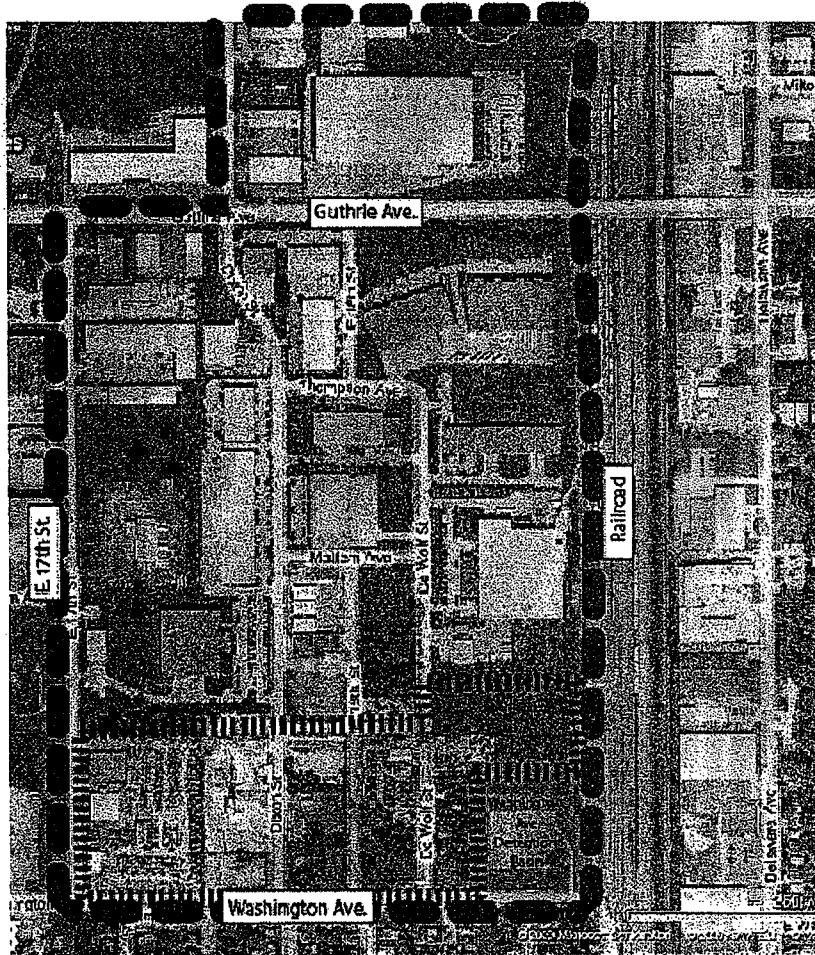
VIII. New or Expanded Urban Renewal Plan Activities



This Financial Report reflects the potential future expenditure of a not-to-be-exceeded amount shown in the above-graph column titled "*TIF Revenue Used by City*" for the property tax revenues received from Tax Year 2009 and onward.

These funds will be used to acquire properties shown for acquisition and related acquisition activities as detailed in the Guthrie Avenue Business Park Urban Renewal Plan on Map No. 8 - Acquisition and Rights-of-Way Vacation and to prepare property for disposition as shown on Map No. 9 - Disposition Parcels and Utility Easements.

Funding for these new or expanded activities and previously designated Plan activities will be provided from one or more of the following sources: available TIF revenues, TIF backed general obligation bonds, TIF-backed loan from Polk County, advances to be repaid with TIF, and/or other sources of funding.

Guthrie Ave. Business Park Urban Renewal Area



-  Urban Renewal Area
-  Area to be redeveloped