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Date May 21, 2012.....

Set Date of Public Hearing on the Thirteenth Amendment to the
Central Place Industrial Park Redevelopment Program Urban Renewal Plan
to Extend the Redevelopment Controls and Tax Increment District
Until June 30, 2020

WHEREAS, on May 20, 1985, by Roll Call No. 85-2388, the City Council of the City of Des Moines approved the Central Place Industrial Park Redevelopment Program Urban Renewal Plan (the "Central Place Urban Renewal Plan"), for an area (the "Central Place Urban Renewal Area") bounded on the north and east by the Des Moines River, on the west by 2nd Avenue, and on the south by University Avenue, and said Plan is scheduled to expire on June 30, 2012; and,

WHEREAS, by Ordinance No. 10,635 the City Council concurrently designated the Central Place Urban Renewal Area as a tax increment district to provide financial assistance in meeting the goals and objectives of the Plan; and,

WHEREAS, the goals and objectives proposed in the Central Place Urban Renewal Plan have not been achieved and it is appropriate to extend the duration of the Plan and the accompanying tax increment district designation to provide additional time and resources for redevelopment of the Central Place Urban Renewal Area; and,

WHEREAS, the proposed Thirteenth Amendment to the Central Place Urban Renewal Plan, herein attached as Exhibit "A", has been prepared to extend the duration of the Plan and the tax increment district designation to June 30, 2020; and,

WHEREAS, the City Plan and Zoning Commission may review the proposed Thirteenth Amendment at its regular meeting of June 7, 2012, and should be prepared to submit its report and recommendation to the City Council before the date proposed for public hearing by the City Council; and,

WHEREAS, the Urban Design Review Board may review the proposed Thirteenth Amendment at its regular meeting of June 5, 2012, and should be prepared to submit its report and recommendation to the City Council before the date proposed for public hearing by the City Council.

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

1. A public hearing shall be held before the City Council to consider the proposed Thirteenth Amendment to the Central Place Urban Renewal Plat at 5:00 p.m. on June 25, 2012, in the Council Chambers.

Date

2. The City Clerk is authorized and directed to publish notice of said public hearing in the form attached hereto as Exhibit "B". Said notice shall be published in the Des Moines Register on June 7, 2012.
3. The proposed Thirteenth Amendment is hereby submitted to the City Plan and Zoning Commission for its review and recommendation as to said Amendment's conformity to the Des Moines 2020 Community Character Land Use Plan as revised to date and with said written recommendation requested to be received prior to the date of the public hearing.
4. The Proposed Thirteenth Amendment is hereby submitted to the Urban Design Review Board for its review and recommendation with said written recommendation requested to be received prior to the date of the public hearing.
5. The City Manager or his designee is hereby designated as the City's representative to the consultation proceedings with the Des Moines Independent School District, Polk County and the Des Moines Area Community College. The consultation meeting shall be held at least 14 days prior to the date of public hearing at a time and location to be determined by the City Manager in accordance with Iowa Code Section 403.5(2). The City Manager shall cause notice of the consultation meeting, a copy of the Thirteenth Amendment (Exhibit "A"), and a copy of the Notice of Public Hearing (Exhibit "B") to be mailed to each such affected taxing entity.

(Council Communication No. 12- 247)

MOVED by _____ to adopt.

FORM APPROVED:

Roger K. Brown
 Roger K. Brown, Assistant City Attorney
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Exhibits: _____

"A" - Thirteenth Amendment
 "B" - Notice of Hearing

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
COWNIE				
COLEMAN				
GRIESS				
HENSLEY				
MAHAFFEY				
MEYER				
MOORE				
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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Exhibit "A"

After Recording Return To:

City of Des Moines - City Manager's Office / Office of Economic Development
400 Robert Ray Dr. Des Moines, Iowa 50309

Questions: Economic Development Division 515-283-4004



Central Place
Industrial Park
Redevelopment Program
Urban Renewal Plan

THIRTEENTH AMENDMENT

Urban Design Review Board :	/2012
Plan and Zoning Commission	/2012
Taxing Entities Consultation:	/2012
City Council Approval:	/2012

HISTORY

The urban renewal plan for the Central Place Industrial Park Redevelopment Program was adopted by the City Council of the City of Des Moines, Iowa on May 20, 1985 by Roll Call No. 2388 and is recorded in the records of the Polk County Recorder beginning at Book 5487, Page 45. The urban renewal plan has been previously amended twelve times as shown below.

<i>Urban Renewal Plan Amendment</i>	<i>Date Approved</i>	<i>Roll Call No.</i>	<i>Recorded at Book/Page</i>
First Amendment	June 23, 1986	Roll Call No. 3002	5588/755
Second Amendment	April 18, 1988	Roll Call No. 88-1667	5845/176
Third Amendment	September 12, 1988	Roll Call No. 88-3983	6101/277
Fourth Amendment	May 22, 1989	Roll Call No. 89-2231	6105/13
Fifth Amendment	March 19, 1990	Roll Call No. 90-1162	6216/107
Sixth Amendment	September 24, 1990	Roll Call No. 90-4268	6289/893
Seventh Amendment	March 18, 1991	Roll Call No. 91-1019	6350/960
Eighth Amendment	October 21, 1991	Roll Call No. 91-4508	6452/807
Ninth Amendment	March 15, 1993	Roll Call No. 93-966	6740/683
Tenth Amendment	December 8, 1997	Roll Call No. 97-3912	7789/678
Eleventh Amendment	March 6, 2000	Roll Call No. 00-691	8444/578
Twelfth Amendment	February 20, 2006	Roll Call No. 06-46	11517/778

PURPOSE OF THIS AMENDMENT

The purpose of the Thirteenth Amendment to the Central Place Industrial Park Redevelopment Program Urban Renewal Plan is to amend the Plan's Section IV to extend the urban renewal plan and its redevelopment controls to June 30, 2020 from its current expiration date of June 30, 2012 and update the Financial Condition Report to reflect the extension of the tax increment financing available to the area.

Thirteenth AMENDMENT

1. Replace **Section IV. Duration of Redevelopment Controls** of the Central Place Industrial Park Redevelopment Program Urban Renewal Plan with the following text:

Section IV. Duration of Redevelopment Controls

The regulations and controls contained in this Urban Renewal Plan for the Central Place Industrial Park Redevelopment Program shall be maintained and continued in effect until June 30, 2020.

2. Replace **Section VI . B - Financial Condition Report** of the Central Place Industrial Park Redevelopment Program Urban Renewal Plan with the following attached text.

Section VI-B. FINANCIAL CONDITION REPORT

Introduction

This report has been prepared for use in the tax increment financing consultation process as directed by Code of Iowa, Chapter 403-Urban Renewal which 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. The proposed Thirteenth Amendment to the Central Place Urban Renewal Plan has been distributed in advance of the consultation meeting with representatives of Polk County, the Des Moines Independent School District and the Des Moines Area Community College.

General Background

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

The Central Place Urban Renewal Area was found to meet both conditions -- the area containing slum/blighted areas as well as presenting opportunities for future economic development -- in its 1985 urban renewal area designation by the City of Des Moines City Council. As part of the designation, the city council adopts an urban renewal plan. The plan text 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 (skywalk bridges, sewers, parks), 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 is offered prior to the public hearing. This document has been prepared in response to this consultation requirement.

Central Place Industrial Park Development Area Urban Renewal Project

In 1985, the Central Place Industrial Park Development Area Urban Renewal Project was created for projects located in a light industrial area directly north of downtown Des Moines.

Redevelopment has been oriented to providing reasonably priced sites for sale to owner-operators of small and mid-sized businesses. Major projects undertaken in this area include:

- Installation of improved storm sewer system on Second Ave.
- Construction of new storm water pump station at Franklin Ave.
- New street pavement and curb installation on various streets

With its proximity to the downtown, the interstate system and the U.S. Post Office as well as having

M-1 zoning, the area 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 by the City. The Central Place urban renewal project has provided public funds, funded through tax increment financing as well as other federally-funded grants, to provide needed infrastructure to leverage new private redevelopments.

Tax Increment Financing

At the time each of these areas was created as an urban renewal area, it has also been designated as a Tax Increment Financing district (TIF).

Tax increment funding is *only* available in designated urban renewal areas. It is the difference between the property assessment at the time the TIF District is created and today's assessment. The City can use the tax revenue created by 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.

TIF works best in areas where development will occur after the TIF designation. Tax increment bonds have been issued in each of these urban renewal areas since their creation. The indebtedness is backed by the property tax increment proceeds 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 TIF funds are then used to pay off the bonds. If the city does not use the revenue for paying off TIF bonds or for other eligible expenses incurred in the urban renewal area, the 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 increment revenues are then available for distribution to the various property taxing entities.

This financial condition report will summarize the bonds issued to date, outstanding and contracted-for indebtedness, and the retirement periods of these bonds for the Central Place Urban Renewal Area.

Current TIF Bonding and Outstanding Indebtedness

The following chart shows the projected annual debt payment for bonds and other contractual debt issued for the Central Place Urban Renewal projects

Overall, the City of Des Moines has about \$360 million in general obligation debt. Of this debt, approximately \$109 million is being serviced with tax increment revenues for specific urban

renewal areas. Central Place Industrial Park Urban Renewal Area currently has about \$85,000 in bonded debt with its payoff currently scheduled for 2018. The State of Iowa Constitutional debt-ceiling limit for general debt obligations by the City of Des Moines is about \$558.2 million.

Property Tax Assessments and Revenues

When the Central Place urban renewal area was created, it was also designated as Tax Increment Financing (TIF) districts. At that time of designation, the property tax assessments were “frozen.” Any additional increase in the property tax assessment may be “captured” for use in the TIF district by the City. The total “frozen” property tax assessment base, adjusted annually for the mandated State of Iowa equalization rollbacks, is about \$15.1 million for the entire urban renewal area and the total 2011/12 tax year property tax assessment value is slightly over \$32.9 million, thus providing an increment of about \$17.8 million or an annual tax increment revenue of about \$720,000.

Future Financial Condition

It is anticipated property values will increase as new projects come on-line and “shed” tax abatement. The City will continue to undertake future projects in conjunction with the private sector to enhance specific sites.

Shown below is a table that projects estimated property tax revenues from the Central Place Industrial Park Urban Renewal Area. The estimated revenues are based on an average .05

% annual growth rate in assessment values and a property tax levy rate of \$38.50 /\$1,000 available after payment of various mandated debt and instructional levy expenses.

The “Total TIF Valuation” figure is based on the 2011 values as certified by the Polk County Assessor’s Office.

<i>FY YR</i>	<i>Assessed Valuation for TIF</i>	<i>TIF Valuation Used</i>	<i>Prop. Tax Revenue from Area</i>	<i>TIF Rev. used by the City</i>	<i>TIF Valuation Return</i>
12 / 13	\$31,946,938	\$344,092	\$6,482,019	\$13,935	\$16,492,776
13 / 14	\$31,946,938	\$366,702	\$6,448,219	\$14,118	\$16,470,166
14 / 15	\$32,266,407	\$365,714	\$660,519	\$14,080	\$16,790,623
15 / 16	\$32,589,071	\$370,104	\$660,519	\$14,249	\$16,786,233
16 / 17	\$32,914,962	\$374,312	\$672,942	\$14,411	\$17,104,689
17 / 18	\$33,244,112	\$374,727	\$672,942	\$14,427	\$17,104,689
18 / 19	\$33,576,553	\$0	\$685,488	\$0	\$17,104,689
19 / 20	\$33,912,318	\$0	\$685,488	\$0	\$17,804,892
20 / 21	\$34,251,442	\$0	\$692,343	\$0	\$18,351,442

This table 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, including any actions authorized by 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.

Urban Renewal Plan Amendment Activities

The proposed Thirteenth Amendment to this urban renewal plan proposes continuation of the tax increment designation until June 30, 2020 and activities as permitted by the urban renewal plan

Funding for these activities will most likely be provided from one or more of the following sources: general obligation bonds, available cash, federal funding and/or TIF funding.