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Date March 25, 2013

**RESOLUTION SETTING DATE OF PUBLIC HEARING ON THE PROPOSED
SECOND AMENDMENT TO THE URBAN RENEWAL PLAN FOR THE
SOUTHSIDE ECONOMIC DEVELOPMENT DISTRICT URBAN RENEWAL AREA**

WHEREAS, on December 6, 2010, by Roll Call No. 10-2020, the City Council approved the Southside Economic Development District Urban Renewal Plan (the "Plan") for the area (the "Urban Renewal Area") bounded on the north by Army Post Road and E. Army Post Road, on the east by SE 14th Street, on the south by the Polk County line, and on the west by SW 9th Street, and such Plan seeks to enhance private development of the Urban Renewal Area through provision of economic development financial assistance that will be provided in part with tax increment financing revenues to be generated in the Urban Renewal Area; and,

WHEREAS, on June 25, 2012, by Roll Call No. 12-1029, the City Council approved the First Amendment to the Plan to add slum and blight as a basis for the designation of such area as an urban renewal area; and,

WHEREAS, the purpose of the proposed Second Amendment to the Plan, which is on file and available for inspection in the office of the City Clerk, is to: (a) incorporate a description of approved economic development and redevelopment activities within Urban Renewal Area; (b) supplement text relating to planning, administration and oversight of the Urban Renewal Area and Plan; and, (c) to update the Financial Condition Report; and,

WHEREAS, the Urban Design Review Board is scheduled to review the proposed Second Amendment at its regular meeting on April 2, 2013, 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 Second Amendment to the Southside Economic Development District Urban Renewal Plan at 5:00 p.m. on April 22, 2013, in the City Council Chambers, at City Hall, 400 Robert D. Ray Drive, Des Moines, Iowa.
2. The City Clerk is authorized and directed to publish notice of said public hearing in the form attached hereto as Exhibit "B" in the Des Moines Register on April 11, 2013.
3. The proposed Second Amendment is hereby submitted to the Urban Design Review Board for its review and recommendation, with said written recommendation requested to be received by the City Council prior to the date of public hearing.

Date March 25, 2013

4. 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 Second Amendment (Exhibit "A"), and a copy of the Notice of Public Hearing (Exhibit "B") to be mailed to each such affected taxing entity.

MOVED by _____ to adopt.

FORM APPROVED:

Roger K Brown

Roger K. Brown

Assistant City Attorney

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Exhibits:

A - First Amendment to Urban Renewal Plan

B - Notice of Public Hearing

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
COWNIE				
COLEMAN				
GRIESS				
HENSLEY				
MAHAFFEY				
MEYER				
MOORE				
TOTAL				

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.

MOTION CARRIED

APPROVED

Mayor

City Clerk

Prepared by: Rita Conner, Office of Economic Development – City of Des Moines, 400
Robert D. Ray Drive, Des Moines, Iowa 50309 515-283-4019
Return to: City Clerk - City of Des Moines, 400 Robert D. Ray Drive, Des Moines,
Iowa 50309

Related Documents: Southside Economic Development District Urban Renewal Plan
recorded on January 6, 2012, in Book14115, commencing at Page 1.

**Second Amendment
to the
Southside Economic Development District
Urban Renewal Plan**

Approval Proceedings:

Reviewed by Urban Design Review Board on April 2, 2013

Taxing Entities Consultation on April 4, 2013

Approved by City Council by Roll Call No. 13-_____ passed April 22, 2013

HISTORY

The Urban Renewal Plan for the Southside Economic Development District Urban Renewal Area was adopted December 6, 2010 by Roll Call 10-2020.

The plan and its subsequent amendment have been recorded in the land records of the Polk County Recorder as follows:

<i>Amendment</i>	<i>Roll Call No.</i>	<i>Adopted Date</i>	<i>Recorded Book</i>	<i>Beginning at Page</i>
Urban Renewal Plan	10-2020	12/6/2010	14115	001
First Amendment	12-1029	6-25-2012		

PURPOSE

The purpose of this Second Amendment to the Southside Economic Development District Urban Renewal Plan is to:

- Supplement text related to planning, administration and oversight
- Approve the Southridge Redevelopment Project at SE 14th Street and Army Post Road for provision of financial assistance from tax increment revenues in the Southside Economic Development District Urban Renewal Area
- Include this project in a new Appendix A to the *Plan-Approved Economic and Redevelopment Activities*
- Update the Financial Condition Report to reflect the approved project and anticipated use of tax increment funds

AMENDMENT

1. Amend Subsection 1, of Section D, of the Southside Economic Development District Urban Renewal Plan to read as follows:

1. ~~Continued Planning Efforts~~ Continued planning, oversight and administration efforts

The City will utilize Office of Economic Development and Legal Department staff, in conjunction with additional available resources, to provide ongoing planning, oversight and administration of the Southside Economic Development District Urban Renewal Plan to achieve the Plan's objectives for economic development and the elimination of slum and blight conditions.

The City shall continue to evaluate the needs of the area, identifying issues and coordinating a response to these issues. A comprehensive approach will be taken to gathering input from landowners, prospective businesses and

development interests. The SuperBlock Master Plan and 2020 Community Character Plan will be amended and updated to reflect existing and proposed land uses within the District, as well as provide additional regulations and standards to achieve the highest level of quality possible in all development activities undertaken in the District.

2. Amend Subsection 6, of Section D, of the Southside Economic Development District Urban Renewal Plan to read as follows:

6. Activities Under Chapter 15 A

The City may as part of its action to carry out this Plan engage in economic development activities within the Southside Economic Development District Urban Renewal Area pursuant to Iowa Code Chapter 15 A for the creation of new jobs and income, and for the retention of existing jobs and income that would otherwise be lost, when such economic development activities are found by the City Council to further the objectives of the Plan. The City may solicit and or package such economic development activity proposals in the form of direct financial assistance through grants or loans. The economic development and redevelopment activities approved by City Council for provision of financial assistance are identified in Appendix A.

3. Amend Section H of the Southside Economic Development District Urban Renewal Plan to read as follows:

H. ATTACHMENTS

Attachment A - Legal Description for Area
Attachment B – Financial Condition Report
Map 1 - Plan Boundary
Map 2 – Existing Land Use Map
Map 3 – Future Land Use
Map 4 - Existing Zoning
Appendix A - Approved Economic Development and Redevelopment Activities

4. Add a new Appendix A to the Southside Economic Development District Urban Renewal Plat to read as follows:

APPENDIX A

Approved Economic Development and Redevelopment Activities

The following list identifies the projects currently approved by the Des Moines City Council for receipt of tax increment funds within the Southside Economic Development District Urban Renewal Plan Area:

Southridge Redevelopment Project

Redevelopment of the regional retail center formerly known as the Southridge Mall at SE 14th Street and Army Post Road for commercial retail and service uses, educational uses, and recreational uses in accordance with an Urban Renewal Development Agreement with Macerich Southridge Mall LLC and Southridge Adjacent, LLC approved by the City Council on May 7, 2012, by Roll Call No. 12-0745. The Development Agreement provides for an Economic Development Grant to be paid to Macerich Southridge Mall LLC in 30 semi-annual installments commencing on December 10, 2014. Each of the first 20 semi-annual installments shall be equal to one-half of the tax increment generated by the new taxable valuation added by the project in that fiscal year. Each of the last 10 semi-annual installments shall be equal to one-half of 75% of the tax increment generated by the new taxable valuation added by the project in that fiscal year.

Attachment B

FINANCIAL CONDITION REPORT

Urban Renewal History

Urban renewal was created by the federal government in the 1950's to assist cities in renewing their older central districts by providing for the removal of slum and blight conditions. It also proved to be a vital tool for redeveloping areas of cities where private sector interest had not responded, and where intervention was needed to appropriately plan and facilitate investment in new housing, businesses, and public infrastructure. Public and private partnerships have been achieved through the use of urban renewal, resulting in substantial increases in taxable valuation, employment, services and amenities that would have otherwise not occurred. With the evolution of cities in the last 50 years, urban renewal has been an invaluable tool to help local government respond to the need to broaden economic reinvestment in all sectors.

By Iowa Code, Chapter 403, urban renewal areas are required to contain one or more of the following conditions:

- Slum and/or blighted areas
- Economic Development Opportunities

The Southside Economic Development District Urban Renewal Plan has been prepared and approved by City Council to acknowledge that both conditions exist in the plan area

Tax Increment Financing

Tax increment financing (TIF) is an economic development tool available only in designated urban renewal areas. A tax increment is basically the property tax revenue generated by the cumulative general ad valorem tax levy on the difference between the taxable value of all property in the TIF district at the base valuation date, and the taxable value of the properties in any subsequent year. The base valuation date is January 1 of the calendar year immediately preceding the calendar year that the municipality first certifies an indebtedness to be paid by the tax increment revenue.

The municipality may use the tax revenue created by the tax increment for financing the objectives and projects identified in the urban renewal plan, such as land acquisition and the provision of new infrastructure improvements.

Utilization of TIF is most effective in areas where development and creation of new tax increment will occur after the designation of the district. TIF can only be used for activities or items in the urban renewal plan. For example, a municipality may issue bonds to up-front the costs of constructing needed infrastructure. The tax increment from the district could then be used to pay off the bonds. This can also be accomplished through a development agreement where a private entity provides the infrastructure and receives financial assistance for their overall project from the City funded by the

incremental tax revenues created by their investment. If the revenues are not utilized for any of these eligible costs, the increment is returned to general revenues of the several taxing entities.

A tax increment finance district, necessary for utilizing the tax increment in the District, was created for the Southside Economic Development District Urban Renewal Area to facilitate the objectives of the Plan.

This financial condition report summarizes the anticipated growth in revenues from, and expenditures anticipated for the Southeast Economic Development District Urban Renewal Area.

Indebtedness and Bonding

The current general obligation debt for the City of Des Moines is \$394,000,000. The State of Iowa Constitutional debt ceiling limit for general debt obligations by the City of Des Moines is approximately \$542,000,000.

No bonds are currently anticipated for this plan area. The preferred methodology for economic development assistance to projects will be to have the private sector up-front the costs of their development, and negotiate financial assistance to be paid by the City from the future incremental tax revenue created when additional taxable value is added to the District. The future revenues of the district have been projected conservatively, using existing valuation. Individual projects will be evaluated based on costs of extending improvements, anticipated new increment to be added, and the amount and timeframe of the expected increment to be realized.

Property Tax Assessments and Revenue

The City anticipates designating January 1, 2012 as the base valuation date for the Southeast Economic Development District Urban Renewal Area prior to December 31, 2012. Any increase in the property tax assessment over the existing assessment on the base valuation date may be captured for use in the Southeast Economic Development District by the City.

The total Southside Economic Development District property tax assessment for the area is approximately \$74 million as of January 1, 2010. The base value will be formally determined by the Polk County Assessor's Office after the first certification of indebtedness for the District.

All taxes levied by the other taxing jurisdictions on the tax assessment base will continue to be distributed to them in the ordinary course. A portion of the future taxes upon any increased valuation created within the District may be drawn upon by the City to fund urban renewal activities under this Plan. If the adoption and implementation of this Plan serves its intended purpose of accelerating the rate of development and redevelopment in the area, the loss of a portion of that growth in the tax base will be largely offset by an increase in the rate of the growth. Therefore, it is expected that the creation of the Southside Economic Development District Urban Renewal Area should

have no material detrimental impact on the provision of services by each of the affected taxing entities.

Future Financial Condition

It is anticipated that the property values will increase in this urban renewal area, primarily due to the anticipated economic development activity. The City will undertake future projects in cooperation with the private sector to enhance this area, which may include public infrastructure and development financial assistance as warranted and negotiated through the City Manager and the Office of Economic Development. It is anticipated that all development agreements will be reviewed and approved by the City Council. The terms of such agreements will be constructed to maximize the ability to successfully implement the objectives of the Plan, provide for quality building construction and site development, the construction of public improvements necessary for the development of commercial and light industrial uses and the creation of jobs. Performance standards and objectives will be incorporated into all agreements that must be satisfied before any use of public revenues. All use of tax increment financing will be subject to annual cash flow from the district.

Property valuations and revenues for the next twenty years have been estimated for a 20 year time frame. The estimates are based on the following assumptions:

- 1.5% annual growth rate in the area's land and building assessments after any current tax abatements are taken into account.
- A \$38/1000 levy rate, after the protected certified debt service levy is subtracted from the overall tax rate.
- Follow Council policy adopted 3-24-97 that allows the City to expend up to 75% of the annual aggregated tax increment revenues from all TIF areas generated after January 1, 1996.
- The base value of the area is based upon the January 1, 2010, valuations, assuming that the City will certify debt for collection in FY2012-2013
- The District boundary includes a substantial amount of publically owned and non taxable land; new valuation added to taxable areas would alter the projected TIF revenues, which have been conservatively estimated using the current base valuation.

Below is a table that projects the growth in estimated property valuation, the available tax increment revenues and estimated tax increment usage from the Southside Economic Development District based upon these assumptions. The actual expenditure of tax increment for undertakings pursuant to this Plan may occur at an earlier or later date than is shown in this table, subject economic conditions and the rate new development occurs in the District.

Projected TIF Revenues for Southside Economic Development District

Valuation Date	Total Tax Valuation (74,811,137 base)	Fiscal Year of Collection	Accumulated Increment Added	Projected TIF Revenues	Projected TIF Usage
1-1-2012	74,811,137	FY2013/14	n/a	n/a	n/a
1-1-2013	75,933,304	FY2014/15	1,122,167	43,607	32,705
1-1-2014	77,072,304	FY2015/16	2,261,167	87,869	65,902
1-1-2015	78,228,388	FY2016/17	3,417,251	132,794	99,596
1-1-2016	79,401,814	FY2017/18	4,590,677	178,394	133,795
1-1-2017	80,592,841	FY2018/19	5,781,704	224,677	168,508
1-1-2018	81,801,734	FY2019/20	6,990,597	271,655	203,741
1-1-2019	83,028,760	FY2020/21	8,217,623	319,337	239,503
1-1-2020	84,274,191	FY2021/22	9,463,054	367,734	275,801
1-1-2021	85,538,304	FY2022/23	10,727,167	416,858	312,643
1-1-2022	86,821,379	FY2023/24	12,010,242	466,718	350,039
1-1-2023	88,123,699	FY2024/25	13,312,562	517,326	387,995
1-1-2024	89,445,555	FY2025/26	14,634,418	568,694	426,520
1-1-2025	90,787,238	FY2026/27	15,976,101	620,831	465,623
1-1-2026	92,149,047	FY2027/28	17,337,910	673,751	505,313
1-1-2027	93,531,282	FY2028/29	18,720,145	727,465	545,599
1-1-2028	94,934,252	FY2029/30	20,123,115	781,984	586,488
1-1-2029	96,358,265	FY2030/31	21,547,128	837,321	627,991
1-1-2030	97,803,639	FY2031/32	22,992,502	893,489	670,117
1-1-2031	99,270,694	FY2032/33	24,459,557	950,498	712,874
1-1-2032	100,759,754	FY2033/34	25,948,617	1,000,836	756,273

Note - The table above is subject to change prior to the public hearing. The taxable valuation identified in the table above for January 1, 2013 is estimated. If the actual taxable valuation for January 1, 2013 (subject to appeals), is received from the Polk County Assessor prior to the public hearing on April 22, 2013, the table above will be amended to insert such value, and all future values will be adjusted by applying the assumptions identified above to the new valuation for January 1, 2013.