

Date June 24, 2013


MOTION TO RECEIVE AND FILE THE REPORT AND RECOMMENDATION OF THE PLAN AND ZONING COMMISSION REGARDING THE PETITION TO CONTINUE AND ADJUST THE BOUNDARIES OF THE DOWNTOWN DES MOINES SELF-SUPPORTED MUNICIPAL IMPROVEMENT DISTRICT

WHEREAS, on May 20, 2013, by Roll Call No. 13-0823, the City Council received a Petition to continue and adjust the boundaries of the Downtown Des Moines Self-Supported Municipal Improvement District (“SSMID”), and referred the Petition to the City Plan and Zoning Commission for preparation of an evaluative report for the Council on the merit and feasibility of the proposed SSMID as required by Iowa Code Chapter 386; and

WHEREAS, the City Plan and Zoning Commission has advised in the accompanying letter that at a public hearing held June 6, 2013, the members considered the Petition and an evaluative report on the merit and feasibility of continuation and adjustment of boundaries of the Downtown Des Moines Self-Supported Municipal Improvement District (SSMID) and voted 11-0-1 in support of a motion to recommend approval of the evaluative report and petition.

THEREFORE, it is MOVED by _____ to receive and file the report and recommendation of the Plan and Zoning Commission.

FORM APPROVED:


 Michael Kelley
 Assistant City Attorney

| 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

June 12, 2013

Date _____
Agenda Item 17A

Roll Call # _____

Honorable Mayor and City Council
City of Des Moines, Iowa

Members:

Communication from the City Plan and Zoning Commission advising that at their meeting held June 6, 2013, the following action was taken regarding the Downtown Des Moines Self-Supported Municipal Improvement District (SSMID).

COMMISSION RECOMMENDATION:

After public hearing, the members voted 11-0-1 as follows:

| Commission Action: | Yes | Nays | Pass | Absent |
|--------------------|-----|------|------|--------|
| Dory Briles | X | | | |
| JoAnne Corigliano | X | | | |
| Shirley Daniels | X | | | |
| Jacqueline Easley | X | | | |
| Tim Fitzgerald | | | | X |
| Dann Flaherty | X | | | |
| John "Jack" Hilmes | X | | | |
| Ted Irvine | | | X | |
| Greg Jones | X | | | |
| William Page | X | | | |
| Christine Pardee | X | | | |
| Mike Simonson | | | | X |
| CJ Stephens | | | | X |
| Vicki Stogdill | X | | | |
| Greg Wattier | X | | | |

APPROVAL of the evaluative report as amended and the petition to continue and adjust the boundaries of the Downtown Des Moines Self-Supported Municipal Improvement District (SSMID).

STAFF RECOMMENDATION TO THE P&Z COMMISSION

Staff recommends approval of the evaluative report as amended and the petition to continue and adjust the boundaries of the Downtown Des Moines Self-Supported Municipal Improvement District (SSMID).

STAFF REPORT

I. GENERAL INFORMATION

Property owners have submitted a petition to the City Council seeking to continue and adjust the boundaries of the Downtown Des Moines Self-



CITY PLAN AND ZONING COMMISSION
ARMORY BUILDING
602 ROBERT D. RAY DRIVE
DES MOINES, IOWA 50309 -1881
(515) 283-4182

ALL-AMERICA CITY
1949, 1976, 1981
2003

II. ADDITIONAL APPLICABLE INFORMATION

Pursuant to Section 386.3 of the Iowa Code, the Plan and Zoning Commission is to prepare an evaluative report for the City Council based on the "merit" and "feasibility" of the proposed Self-Supported Municipal Improvement District (SSMID). The Commission is to make recommendations to the City Council with respect to establishment of the SSMID. Further, the Commission is directed to determine the validity of the petition.

Staff has prepared an evaluative report for the Commission's review and consideration (see attached).

SUMMARY OF DISCUSSION

Mike Ludwig noted that staff had distributed an addendum to the evaluative report for Item #1. The addendum adds a 13th paragraph to the Section titled "Validity of the Petition" and describes how the proposed SSMID furthers the objectives of the Urban Renewal District for the Downtown and lists the statements from the Urban Renewal plan that are supportive of the SSMID proposal. He asked that the addendum be included in any motion made regarding Item # 1.

CHAIRPERSON OPENED THE PUBLIC HEARING

There was no one in the audience to speak in favor or in opposition of the applicant's request.

COMMISSION ACTION

JoAnne Corigliano moved staff recommendation to approve the evaluative report as amended and to approve the petition to continue and adjust the boundaries of the Downtown Des Moines Self-Supported Municipal Improvement District (SSMID).

Motion passed 11-0-1. (Ted Irvine abstained)

Respectfully submitted,



Michael Ludwig, AICP
Planning Administrator

MGL:clw

cc: File

Evaluation of Petition to Continue and to Adjust the Boundaries of the Downtown Des Moines Self-Supported Municipal Improvement District (SSMID) and Recommendation to City Council

Property owners have submitted a petition to the City Council to continue and adjust the boundary of the Downtown Des Moines Self-Supported Municipal Improvement District (SSMID). The overall purposes of the SSMID are:

- the undertaking of actions and the design and construction of any and all improvements authorized by the Act and the performance of administration, redevelopment, and revitalization of the District, as authorized by the Act, any and all of which actions and improvements are intended to benefit the property within the District

The petition includes a request to continue the "Downtown Des Moines Self-Supported Municipal Improvement District Operation Fund" by levying an annual operation tax on property within the district (excluding residentially assessed property) for the purposes of: (a) paying the administrative expenses of the District, as defined and authorized in the Act, or (b) paying part or all of the maintenance expenses of "improvements" or "self-liquidating improvements" as defined in the Act, with respect to the District. The SSMID and associated operation tax would exist for a period of 5 years, commencing with the levy of taxes for collection in the fiscal year beginning July 1, 2014, and continuing until June 30, 2019. The operation tax levy would not to exceed \$2.00 per thousand dollars of taxable valuation.

The petition includes a request to continue to hold and disburse all amounts collected in the Operation Fund for any one or more of the following purposes, at such times, in such amounts and under such conditions as shall be recommended to the City Council by the Downtown Des Moines Self-Supported Municipal Improvement District:

- a. Enhanced maintenance, cleaning and upkeep of public spaces within the District:
- b. Graffiti removal on public property and private buildings within the District.
- c. Enhanced public and property safety and crime prevention within the District, including the operation of a "Goodwill Ambassador" program as determined and operated from time to time by the Downtown Des Moines Self-Supported Municipal District.
- d. Development, marketing, promotion and management of activities and events within the District.
- e. Capital, physical or other improvements designed to enhance the image and appearance of the District, including but not limited to improvements to the skywalk system.
- f. Management and operation of public spaces within the District, including public parking facilities.
- g. Research and planning services benefiting the District.
- h. Parking and transportation management benefiting the District.
- i. Activities and operations benefiting the District under any agreements with the City of Des Moines or other public or quasi public entities.
- j. Recommendations regarding, and the promotion of, the District and the advancement of the District, including with respect to the use of public spaces within the District, the types of public spaces and services within the District, the services and improvements within the District, policies and practices for the District, business retention and attraction within the District, and activities and events within in the District.

- k. Other activities intended to benefit or further the purposes or interests of the District and the development and advancement of the District.

The petition states the intent to continue the operating agreement between the City of Des Moines and the Downtown Des Moines Self-Supported Municipal Improvement District with respect to managing and undertaking the services, improvements and activities described in the Petition and in the annual budget for such services, improvements and activities, and to appropriate and provide funds from the Operation Fund to Downtown Des Moines Self-Supported Municipal Improvement District for the purposes described in the Petition.

The petition states the intent to require the Downtown Des Moines Self-Supported Municipal Improvement District, as a condition to the disbursement of funds from the Operation Fund, to submit to the Des Moines City Council, no later than December 1 of each year, a budget showing, in general terms, the proposed expenditures of such funds for the fiscal year beginning on the next July 1.

The petition states the intent that all taxes levied and collected on behalf of the District shall be expended for new, additional or enhanced services implemented within the District after the District was originally established, and that the City shall not diminish the type and extent of governmental services described in this Petition that existed at the time the District was originally established, with the intention of transferring the cost of providing such services from the City budget to the Operation Fund.

The District is located within the boundaries of Tax Increment Finance Districts which have been created by the City. Notwithstanding that fact, it is the further intent of the Petition that an amount of funds which would be derived from the annual levy of the Operation Tax against property within the District if the District were not located within such Tax Increment Finance Districts shall be made available annually for the services, improvements and activities set out in this Petition. It is requested that the City take all actions necessary to accomplish this purpose, including allocation to these services, improvements and activities of a portion of the incremental property taxes which are attributable to properties within the District. The Petitioners represent and warrant to the City Council that the continuation of the District and the undertaking of the services, improvements and activities described are considered essential to the petitioners' efforts to create new jobs and income in the City of Des Moines and to retain jobs and income in the City that would otherwise be lost.

Finally, the petition requests that the City take no action which would make it impossible or illegal for Downtown Des Moines Self-Supported Municipal Improvement District to receive voluntary contributions from tax exempt properties within the District or from any other properties which may benefit from or contract for services from the Downtown Des Moines Self-Supported Municipal Improvement District.

Plan and Zoning Commission Role

The City Council has referred the petition to the Plan and Zoning Commission in accordance with Section 386.3 of the Iowa Code. The Plan and Zoning Commission is to prepare an evaluative report for the City Council addressing the "merit" and "feasibility" of the proposed District. Further, it would be appropriate for the Commission to make a recommendation on the validity of the petition. After the Plan and Zoning Commission has evaluated the petition, the City Council will set a time and place for the public hearing at which the City Council will consider the establishment of the District. If the City Council decides that it is appropriate to establish the District, the City Council must wait another 30

days after that hearing before it may adopt an ordinance establishing the District.

Validity of the Petition

The petition submitted to the City Council and referred to the Plan and Zoning Commission has been evaluated for the following:

1. The SSMID District meets all the criteria set forth in Section 386.3(1) of the Iowa Code including:
 - a. The SSMID is comprised of contiguous property wholly within the boundaries of the City of Des Moines. It is comprised only of property in districts which are zoned for commercial or industrial uses.
 - b. The SSMID has been given a descriptive name: "Downtown Des Moines Self-Supported Municipal Improvement District."
 - c. The property in the District as expanded and contracted, comprises the downtown core area of the City. All property is zoned "C-3" Central Business District, "C-3A" Central Business Support Commercial District, "C-3B" Central Business Mixed Use District, "C-3R" Central Business Mixed Residential, "D-R" Downtown Riverfront, "NPC", Neighborhood Pedestrian Commercial, "C-1" Neighborhood Retail Commercial, "C-2" General Retail and Highway Oriented Commercial, "M-1" Light Industrial District or "M-2" Heavy Industrial District. All property within the SSMID Boundary is also subject to the Downtown Overlay District zoning and site plan requirements. Accordingly, the property in the District is similarly related so that the present and potential use or enjoyment of the property is benefited by the condition, performance of administration, redevelopment, revitalization and maintenance of the District. Further, the owners of property in the District have a present and potential benefit from the condition, performance of administration, redevelopment, revitalization and maintenance of the District. The petitioners represent and warrant to the City Council the continuation of the District and the undertaking of the services, improvements and activities described in the petition are considered essential to the petitioners' efforts to create new jobs and income in the City of Des Moines and to retain jobs and income in the City that would otherwise be lost.
2. The petition contains signatures from more than 25% of all owners of property within the proposed District. As of May 28, 2013, the petition has been signed by 38.8% of all owners of property within the district (391 of 1009 owners) representing ownership of 33.5% of all parcels within the district (947 of 2,823 parcels). The signatures also represent ownership of property with an assessed value of 25% or more of the assessed value of all of the property in the District. As of May 28, 2013, the signatures represent ownership of property with an assessed value of 77% of the assessed value of all property in the District (\$950,662,410 of \$1,233,529,270).
3. The petition provides a valid map and legal description for the boundaries of the proposed Downtown SSMID District. The existing Downtown Des Moines SSMID boundary is expanded to include parcels fronting Ingersoll Avenue east of MLK Jr. Parkway, property on both sides of Keo Way north of Center Street, properties between Crocker and Center Street

from 10th Street to 7th Street , and properties along 7th Street from Center Street to I-235. The proposed boundary is reduced to exclude properties between E. 4th Street and E. 6th Street north of Des Moines Street and a majority of properties between E. 6th Street and Pennsylvania Avenue north of Lyon Street.

4. The petition states that the SSMID shall exist for a period of 5 years, commencing with the levy of taxes for collection in the fiscal year beginning July 1, 2014, and continuing for 4 additional years (through June 30, 2019). The petition also states that the maximum rate of the operation tax shall not to exceed \$2.00 per thousand dollars of taxable valuation.

5. The petition states that the purpose of the SSMID is the undertaking of actions and the design and construction of any and all improvements authorized by the Act and the performance of administration, redevelopment, and revitalization of the District, as authorized by the Act, any and all of which actions and improvements are intended to benefit the property within the District.

6. The petition proposes to continue an operation fund with respect to the District to be known as the "Downtown Des Moines Self-Supported Municipal Improvement District Operation Fund" (the "Operation Fund"), and levy an annual tax (the "Operation Tax") upon the property, as defined in the Act (provided, however, that parcels of property assessed as residential property for property tax purposes are exempt from the Operation Tax) within the District (the "Property") for the purposes of:
 - a. Paying the administrative expenses of the District, as defined and authorized in the Act, or
 - b. Paying part or all of the maintenance expenses of "improvements" or "self-liquidating improvements" as defined in the Act.

7. The petition proposes to continue to hold and disburse all amounts collected in the Operation Fund to be utilized for any one or more of the following purposes, at such times, in such amounts and under such conditions as shall be recommended to the City Council by the Downtown Des Moines Self-Supported Municipal Improvement District:
 - a. Enhanced maintenance, cleaning and upkeep of public spaces within the District.
 - b. Graffiti removal on public property and private buildings within the District.
 - c. Enhanced public and property safety and crime prevention within the District, including the operation of a "Goodwill Ambassador" program as determined and operated from time to time by the Downtown Des Moines Self-Supported Municipal District.
 - d. Development, marketing, promotion and management of activities and events within the District.
 - e. Capital, physical or other improvements designed to enhance the image and appearance of the District, including but not limited to improvements to the skywalk system.
 - f. Management and operation of public spaces within the District, including public parking facilities.
 - g. Research and planning services benefiting the District.
 - h. Parking and transportation management benefiting the District.

- i. Activities and operations benefiting the District under any agreements with the City of Des Moines or other public or quasi public entities.
 - j. Recommendations regarding, and the promotion of, the District and the advancement of the District, including with respect to the use of public spaces within the District, the types of public spaces and services within the District, the services and improvements within the District, policies and practices for the District, business retention and attraction within the District, and activities and events within in the District.
 - k. Other activities intended to benefit or further the purposes or interests of the District and the development and advancement of the District.
8. The petition proposes to continue the operating agreement between the City of Des Moines and Downtown Des Moines Self-Supported Municipal Improvement District with respect to managing and undertaking the services, improvements and activities described in the Petition and in the annual budget for such services, improvements and activities, and to appropriate and provide funds held from time to time in the Operation Fund to Downtown Des Moines Self-Supported Municipal Improvement District to be utilized for the purposes described in the petition.
9. The petition proposes to require Downtown Des Moines Self-Supported Municipal Improvement District, as a condition to the disbursement of funds from the Operation Fund, to submit to the Des Moines City Council, no later than December 1 of each year, a budget showing, in general terms, the proposed expenditures of such funds for the fiscal year beginning on the next July 1.
10. The petition states the intent that all taxes levied and collected on behalf of the District shall be expended for new, additional or enhanced services implemented within the District after the District was originally established, and that the City shall not diminish the type and extent of governmental services described in this Petition that existed at the time the District was originally established, with the intention of transferring the cost of providing such services from the City budget to the Operation Fund.
11. The petition states that the District is located within the boundaries of Tax Increment Finance Districts which have been created by the City. Notwithstanding that fact, it is the further intent of the Petition that an amount of funds which would be derived from the annual levy of the Operation Tax against property within the District if the District were not located within such Tax Increment Finance Districts shall be made available annually for the services, improvements and activities set out in this Petition, and that the City shall take all actions necessary to accomplish this purpose, including, if necessary and to the extent permitted by applicable law, allocation to these services, improvements and activities of a portion of the incremental property taxes which are attributable to properties within the District.
12. The petition requests that the City take no action which would make it impossible or illegal for Downtown Des Moines Self-Supported Municipal Improvement District to receive voluntary contributions from tax exempt properties within the District or from any other properties which may benefit from or contract for services from the Downtown Des Moines Self-Supported Municipal Improvement District.

13. The services and activities identified in the purposes of the SSMID further the objectives of the Metro Center Urban Renewal Project particularly:

General

- a. Preserve and create an environment which will protect the health, safety, and general welfare of city residents and maintain and expand taxable values of property within the area.

Economic Development

- a. Provide for orderly expansion of downtown Des Moines as a retail, financial, business, administrative, governmental, and cultural center of the metropolitan area and the region.
- b. Encourage and support development which will enhance and make the best possible use of riverfront, cultural, and other public facilities, resources and investments.
- c. Ensure that the area is adequately serviced with public utilities and services to support contemporary development requirements.

Further the services and activities identified under the purposes of the SSMID are consistent with the economic development activities identified in the Metro Center Urban Renewal Project plan and further the economic development public purposes defined in Iowa Code Chapter 15A. As represented and warranted in the SSMID petition, the activities, improvements and services provided by the Downtown SSMID are essential to the City's efforts to create new jobs and income in the City and to retain jobs and income in the City that would otherwise be lost.

Feasibility of the Project

In fiscal year 2014/15 through 2018/19 the maximum aggregate tax levy of \$2.00 per \$1000 of taxable assessed value allowed by the petition would generate revenues of approximately \$2,286,506 annually based on assessed values as of March 20, 2013. The taxable assessed value of properties could fluctuate during this term, including but not limited to changes caused by recent legislation approved by the Iowa Legislature. The actual levy will be set annually by the City Council. The Downtown Des Moines Self-Supported Municipal Improvement District will submit to the Des Moines City Council, no later than December 1 of each year, a budget showing, in general terms, the proposed expenditures of such funds for the fiscal year beginning on the next July 1.

17A

Recommendation

The petition to continue and adjust the boundaries of the "Downtown Des Moines Self-Supported Municipal Improvement District" meets the criteria as outlined in Chapter 386 of the Iowa Code for such districts. The petition is valid and the Downtown Des Moines SSMID has merit and is feasible. The Plan and Zoning Commission forwards this report to City Council on June 24, 2013, at which time the City Council may set the date of public hearing for July 15, 2013 to consider continuation of and adjustment to the boundaries of the District.