



Roll Call Number

Agenda Item Number

54A

Date December 21, 2015

COMMUNICATION FROM THE PLAN AND ZONING COMMISSION REGARDING THE PROPOSED URBAN RENEWAL PLAN FOR THE SE 42nd AND ARMY POST URBAN RENEWAL AREA

WHEREAS, the City Plan and Zoning Commission has advised that at a public hearing held on December 3, 2015, its members voted 12-0 in support of a motion to recommend that the proposed Urban Renewal Plan for the SW 42nd and Army Post Urban Renewal Area is in conformance with the Des Moines 2020 Community Character Plan.

MOVED by \_\_\_\_\_ to receive and file the attached communication from the Plan and Zoning Commission.

(Council Communication No. 15-646)

FORM APPROVED:

Roger K. Brown
Roger K. Brown, Assistant City Attorney
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Table with 5 columns: COUNCIL ACTION, YEAS, NAYS, PASS, ABSENT. Rows include COWNIE, COLEMAN, GATTO, GRAY, HENSLEY, MAHAFFEY, MOORE, and 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

Date \_\_\_\_\_

Agenda Item \_\_\_\_\_

Roll Call # \_\_\_\_\_



December 18, 2015

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 December 3, 2015, the following action was taken regarding a City initiated request for a determination as to whether the proposed SW 42nd and Army Post Urban Renewal Plan is in conformance with the Des Moines' 2020 Community Character Plan.

**COMMISSION RECOMMENDATION:**

After public hearing, the members voted 12-0 as follows:

<u>Commission Action:</u>	<u>Yes</u>	<u>Nays</u>	<u>Pass</u>	<u>Absent</u>
Dory Briles	X			
JoAnne Corigliano	X			
Jacqueline Easley				X
Tim Fitzgerald	X			
Jann Freed	X			
John "Jack" Hilmes	X			
Greg Jones	X			
Sasha Kamper	X			
Brian Millard	X			
William Page	X			
Jonathan Rosenbloom	X			
Mike Simonson				X
CJ Stephens	X			
Greg Wattier	X			

**APPROVAL** of staff recommendation to find proposed the SW 42<sup>nd</sup> and Army Post Urban Renewal Plan in conformance with the Des Moines' 2020 Community Character Plan.

**STAFF RECOMMENDATION TO THE P&Z COMMISSION**

Staff recommends that the Commission find the proposed SW 42<sup>nd</sup> and Army Post Urban Renewal Plan in conformance with the Des Moines' 2020 Community Character Plan.



## STAFF REPORT TO THE PLANNING COMMISSION

### I. APPLICABLE INFORMATION

Included in the Commission packet is the proposed SW 42<sup>nd</sup> and Army Post Urban Renewal with a Financial Conditions Report along with the Planning Directors Report. On September 14, 2015, City Council acted to approve the preparation of an Urban Renewal Plan and TIF District for the SW 42<sup>nd</sup> and Army Post area. The property is generally located south of Army Post Road, west of SW 42<sup>nd</sup> Street, east of Highway 28 and north of Highway 5. Property within the proposed urban renewal boundary is proposed for planned business park uses of an office or light industrial nature. The opportunity to activate development of this area through the up-front investment of the private sector will offer the City of Des Moines new taxable valuation, a defined presence along this important highway corridor, and the ability to plan and develop the area in a coordinated and uniform fashion.

The draft plan amendment does not propose any revision to the future land use for the subject Urban Renewal Area. It is currently designated as Planned Business Park. On September 27, 1999, by Ordinance No. 13,754, the City Council rezoned the eastern approximately 40 acres of the subject property to "PUD" Planned Unit Development in accordance with the City Gateway PUD Conceptual Plan. The City Council recently approved an amendment to the City Gateway PUD Conceptual Plan on September 28, 2015 to allow the site to be developed with light industrial and office uses as permitted and limited in the "M-1" Light Industrial District. A request for rezoning of the western approximately 16 acres of the Urban Renewal Area to PUD allowing for similar uses has been filed with the Community Development Department. Any proposal to make amendment to future land use or zoning within the area pursuant to a revised Urban Renewal Plan would be reviewed by the Plan and Zoning Commission.

### II. ADDITIONAL INFORMATION

City Council has approved the preliminary terms of an Urban Renewal Development Agreement with Electro Management Corp and Electrical Power Products, Inc. (EP2, Britt Baker, 1800 East Hull Avenue Des Moines, Iowa 50313) for the relocation and expansion of EP2, an east Des Moines company that provides power management systems for commercial and utility industries for power generation, transmission and distribution. Products and services include relay panels, modular control system buildings and wind farm equipment. The company has been in business for 25 years and employs approximately 300 people between full time and contract positions.

EP2 had previously proposed moving to City owned land in the SE Agrimergent Business Park near SE 43<sup>rd</sup> and Vandalia. Development plans and a financial assistance proposal were reviewed by the board and City Council for that location. The company has now determined that a location at SW 42<sup>nd</sup> and Army Post Road better meets the current and future needs of the business, which has prompted the development of this urban renewal plan for an estimated 61 acre area located just south of the Des Moines International Airport. Development plans and a financial assistance proposal for the new site are included on the board's agenda for this meeting.

The proposed SW 42<sup>nd</sup> and Army Post Urban Renewal area is directly adjacent to the airport, Highway 28 and Highway 5, and also to the existing Airport Business Park to the

east. The Airport Business Park, along with Airport Commerce Park South and Airport Commerce Park North, all contain a mix of office, light industrial and commercial buildings constructed as part of planned business park developments, similar to the planned business park intentions for the SW 42nd and Army Post area.

The current valuation of the approximately 61 acres in the proposed plan boundary is \$67,110. One parcel is under private ownership, and one is owned by the City of Des Moines and is under a 99 year lease to the airport. The plan's financial condition report anticipates a 1.5% annual growth in taxable valuation over the life of the plan, a conservative estimate that is consistent with other City of Des Moines Urban Renewal Plans. This estimated rate of growth does not account for taxable valuation that would be added by the EP2 project. The area is appropriate for economic development that will contribute new investment and taxable valuation to the City of Des Moines.

## **SUMMARY OF DISCUSSION**

Greg Jones asked if anyone was present to speak on this item. None were present or requested to speak.

## **COMMISSION ACTION:**

Dory Briles moved staff recommendation to find the proposed SW 42<sup>nd</sup> and Army Post Urban Renewal Plan in conformance with the Des Moines' 2020 Community Character Plan.

Motion passed 12-0. (Jacqueline Easley was not yet present)

Respectfully submitted,



Michael Ludwig, AICP  
Planning Administrator

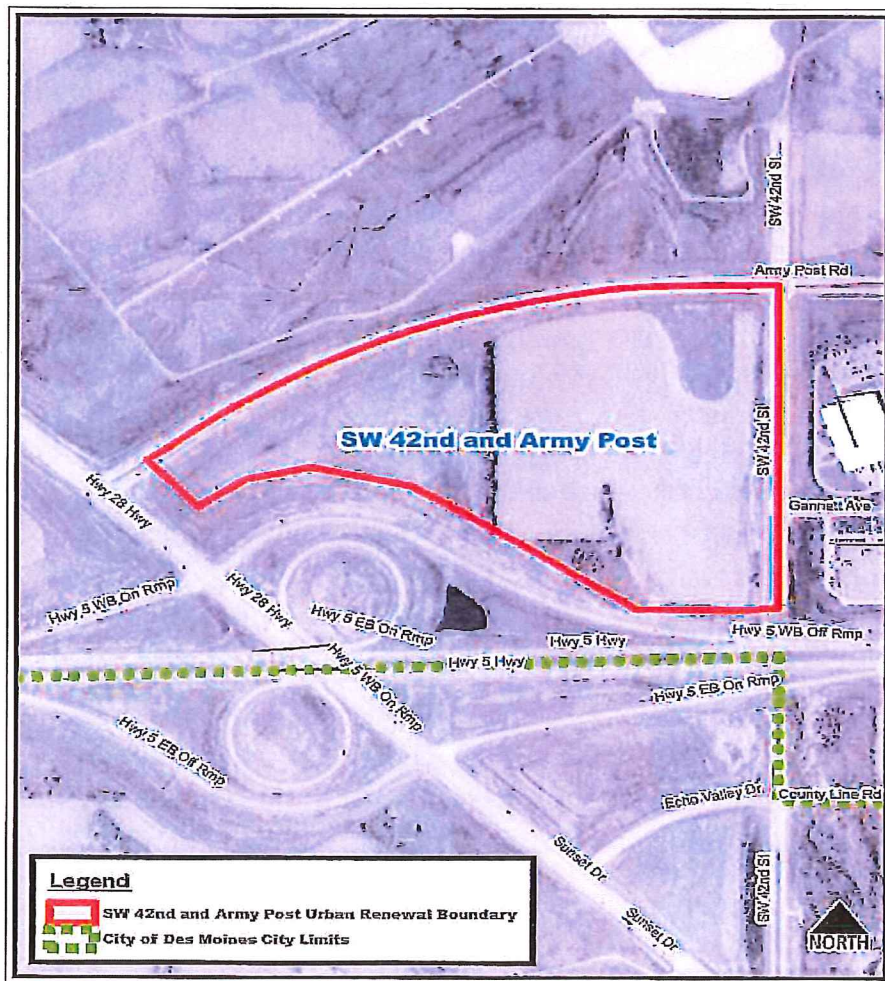
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Attachment



December 7, 2015

To the Honorable Mayor and City Council for the City of Des Moines:

RE: PLANNING ADMINISTRATOR'S REPORT ON DESIGNATION OF PROPOSED SW 42<sup>nd</sup> and ARMY POST URBAN RENEWAL AREA The City of Des Moines is proposing to designate an urban renewal area with a tax increment finance district component located at SW 42<sup>nd</sup> Street and Army Post Road, south of the Des Moines International Airport, shown on the map below.



The purpose of this urban renewal plan is to enhance private development of commercial and industrial enterprises within this area through provision of infrastructure and related public improvements and economic development financial assistance that will be financed, in part, with the tax increment revenues generated in the urban renewal area.

The SW 42<sup>nd</sup> and Army Post Urban Renewal Plan acres are currently valued at approximately \$67,110. The construction of new business uses of an office or light industrial nature would add substantial taxable valuation and also promote the addition and/or retention of jobs within the city of Des Moines.

It is appropriate to designate SW 42<sup>nd</sup> and Army Post as an Urban Renewal Area based on its economic development potential for commercial and light industrial uses, and the need to facilitate and guide new investment. The creation of this Urban Renewal Area will allow for the use of tax increment financing to assist with infrastructure improvements and economic development financial assistance as needed. This will result in new business opportunities and employment, benefit the area, and provide increased tax base for the City of Des Moines.

**SUMMARY**

The SW 42<sup>nd</sup> and Army Post Urban Renewal Plan has the ability to attract high quality new commercial and industrial development for this area. The adoption of this plan and the implementation of its goals and objectives will provide the framework, guidelines and incentives needed for this to occur.

  
Michael G. Ludwig  
Planning Administrator

## TABLE OF CONTENTS

<b>B. INTRODUCTION</b>	<b>PAGE 3</b>
1. Authority to Adopt and Implement an Urban Renewal Plan	
2. Purpose of the Plan	
3. Description of the Area	
<b>C. BACKGROUND INFORMATION</b>	<b>PAGE 4</b>
1. History	
2. General Condition of the Area	
3. Existing Land Use and Zoning	
4. Appropriateness for Economic Development	
<b>D. URBAN RENEWAL PLAN ELEMENTS</b>	<b>PAGE 5</b>
1. Goals and Objectives	
2. Public Purpose Activities	
3. Land Use /Development Requirements	
<b>E. URBAN RENEWAL PLAN IMPLEMENTATION</b>	<b>PAGE 7</b>
1. Continued Planning Efforts	
2. Technical Assistance	
3. Funding /Economic Development Assistance	
4. Public Improvements	
5. Responsibility of Developers	
6. Activities Under Chapter 15 A	
<b>F. DURATION OF APPROVED URBAN RENEWAL PLAN</b>	<b>PAGE 10</b>
<b>G. SEVERABILITY</b>	<b>PAGE 10</b>
<b>H. AMENDMENT OF APPROVED URBAN RENEWAL PLAN</b>	<b>PAGE 10</b>
<b>I. ATTACHMENTS</b>	<b>PAGE 10</b>
1. Legal Description	Attachment A
2. Area Map	Attachment B
3. Existing Land Use Map	Attachment C
4. Proposed Land Use Map	Attachment D
5. Existing Zoning Map	Attachment E
<b>J. APPENDICES</b>	
1. Financial Condition Report	<b>PAGE 16</b>



- A. Guidance of the development of the area in a manner that is consistent with the Comprehensive Plan, and that provides for the physical and economic enhancement of the area.
- B. Providing for planned and unified development of industrial, commercial and business park and office uses.
- C. Creation of a safe and attractive physical environment through the construction and installation of necessary infrastructure and other public improvements or actions supportive of the area.
- D. Creation of financial incentives as necessary to encourage new and existing businesses to invest in the area
- E. Retention and creation of quality permanent employment opportunities for residents.
- F. Expansion of the property tax base of the area, and subsequently contributing to the economic betterment of the full City of Des Moines.

### 3.) Description of the Plan Area

The plan area contains approximately 61 acres, and is located south of Army Post Road, west of SW 42<sup>nd</sup> Street, north of Iowa Highway 5 and east of Iowa Highway 28. The boundaries of the area are delineated on the SW 42<sup>nd</sup> and Army Post Urban Renewal Plan Area map (Attachment B). They are more specifically described in the accompanying legal description (Attachment A). The area shall consist of the real property legally included in the legal description and all adjacent public rights-of-way.

The City of Des Moines reserves the right to modify the boundaries of the plan area at some future date. Any amendments to the Urban Renewal Plan will be completed in accordance with Iowa Code Chapter 403, Urban Renewal.

## **B. BACKGROUND INFORMATION**

### 1. Current Land Use, Zoning and Conditions

The area is currently zoned partly as Planned Unit Development, and partly as R1-80 and is currently undeveloped. Public utilities including sanitary sewer and water are available to the area. There is ability to create a uniform economic development plan that is structured to respond to the existing conditions and provide resources to facilitate new investment in the area, providing for the highest and best possible uses of land.

### 2. Proposed Land Use and Zoning

The City of Des Moines *2020 Community Character Plan* shows the area as Planned Business Park. In conjunction with this urban renewal plan, additional planning



To meet the objectives of this plan, the City of Des Moines is prepared to initiate and support development and redevelopment of the area through, among other things, the following public purpose activities:

1. Provision of technical support in furtherance of the Plan;
2. Evaluation of area's potential for development and redevelopment purposes, including but not limited to activities such as appraisals and architectural, engineering and environmental studies;
3. Acquisition and disposition of property for public improvements and for private development and redevelopment;
4. Demolition and clearance of deteriorated, obsolescent and blighting structures and other improvements;
5. Preparation of building sites for development and redevelopment purposes through activities that include but are not limited to grading, filling and landscaping;
6. Improvement, installation, construction and reconstruction of streets, utilities, and other public improvements and rights-of-way;
7. Enforcement of applicable local, state and federal laws, codes and regulations; and
8. Use of tax increment financing, loans, grants and other appropriate financial tools in support of eligible public and private development and redevelopment efforts.

All public purpose activities shall be conditioned upon and shall meet the restrictions and limitations placed upon the area by the Plan.

### 3. Land Use and Development Requirements

The intent of this Plan is to promote the quality development of industrial, commercial, business park and office uses. All land uses shall be regulated by the zoning district regulations established for the area.

Land use and zoning maps identify the existing and the proposed land uses within the area (Attachments C, D and E).

The planning and design criteria to be used to guide the physical development of the area are those standards and guidelines contained within the City of Des Moines **2020 Community Character Plan**, the City of Des Moines' Zoning Ordinance and other applicable local, state and federal codes and ordinances.

Tax increment financing will provide a long-term payback in overall increased tax base for the City, County and School District. The initial public investment required to generate new private investment will ultimately increase the taxable value of the area well beyond its existing base value.

Tax increment reimbursement may be sought for, among other things, the following costs to the extent they are incurred by the City:

- a. Planning and administration of the Plan;
  - b. Construction of public infrastructure improvements and facilities within the plan area;
  - c. Acquisition, installation, maintenance and replacement of public investments throughout the plan area;
  - d. The development or redevelopment of buildings or facilities within the plan area to be sold or leased to qualifying entities;
  - e. Loans or grants to qualified industries and businesses, including debt service payments on any bonds issued to finance such loans or grants, for purposes of expanding the business or activity, or other qualifying loan programs established in support of the Plan; and
  - f. Providing the matching share for a variety of local, state and federal grants and loans.
2. Review and Submittal Requirements for Requests for Financial Assistance for Economic Development Projects

The intent of these requirements is to ensure that public funds are invested in high quality development projects that meet the goals and objectives for furtherance of the plan.

- All development must conform to the adopted land use and development requirements specified for the area, including attention to scale, architectural materials (75% or greater use of masonry materials on all building facades, with trademark architectural designs being individually evaluated), landscaping, massing and setbacks. Use of masonry materials in a compatible mix with non-masonry materials and the function of the proposed business will be taken into consideration in the review process.
- All development assisted with tax increment financing under the SW 42<sup>nd</sup> and Army Post Urban Renewal Plan is subject to review and recommendation from the Urban Design Review Board for the City of Des Moines.
- All development projects requesting financial assistance must coordinate with the Office of Economic Development and provide all requested information to demonstrate the public benefit of the proposed project, in conjunction with presenting the project for review by the Urban Design Review Board.



#### **E. DURATION OF APPROVED URBAN RENEWAL PLAN**

This Plan shall continue in effect until terminated by the City Council; provided, however, that the collection of tax increment revenues from properties located in the plan area shall be limited to twenty (20) years from the calendar year following the calendar year in which the City first certifies to the County Auditor the amount of any loans, advances, indebtedness or bonds which qualify for payment from the division of tax increment revenue provided for in Iowa Code Chapter 403 (tax increment financing.)

The Development and Redevelopment Requirements established, or as amended from time to time by the City of Des Moines Zoning Ordinance, shall remain in effect in perpetuity.

#### **F. SEVERABILITY**

In the event one or more provisions contained in this Plan shall be held for any reason to be invalid, illegal, unauthorized or unenforceable in any respect, such invalidity, illegality, unauthorized or unenforceability shall not affect any other provision of this Plan and this Urban Renewal Plan shall be construed and implemented as if such provision had never been contained herein.

#### **G. AMENDMENT OF APPROVED URBAN RENEWAL PLAN**

This Plan may be amended from time to time to respond to development opportunities. Any such amendment shall conform to the requirements of Iowa Code Chapter 403. Any change effecting any property or contractual right can be effectuated only in accordance with applicable state and local law.

#### **H. ATTACHMENTS**

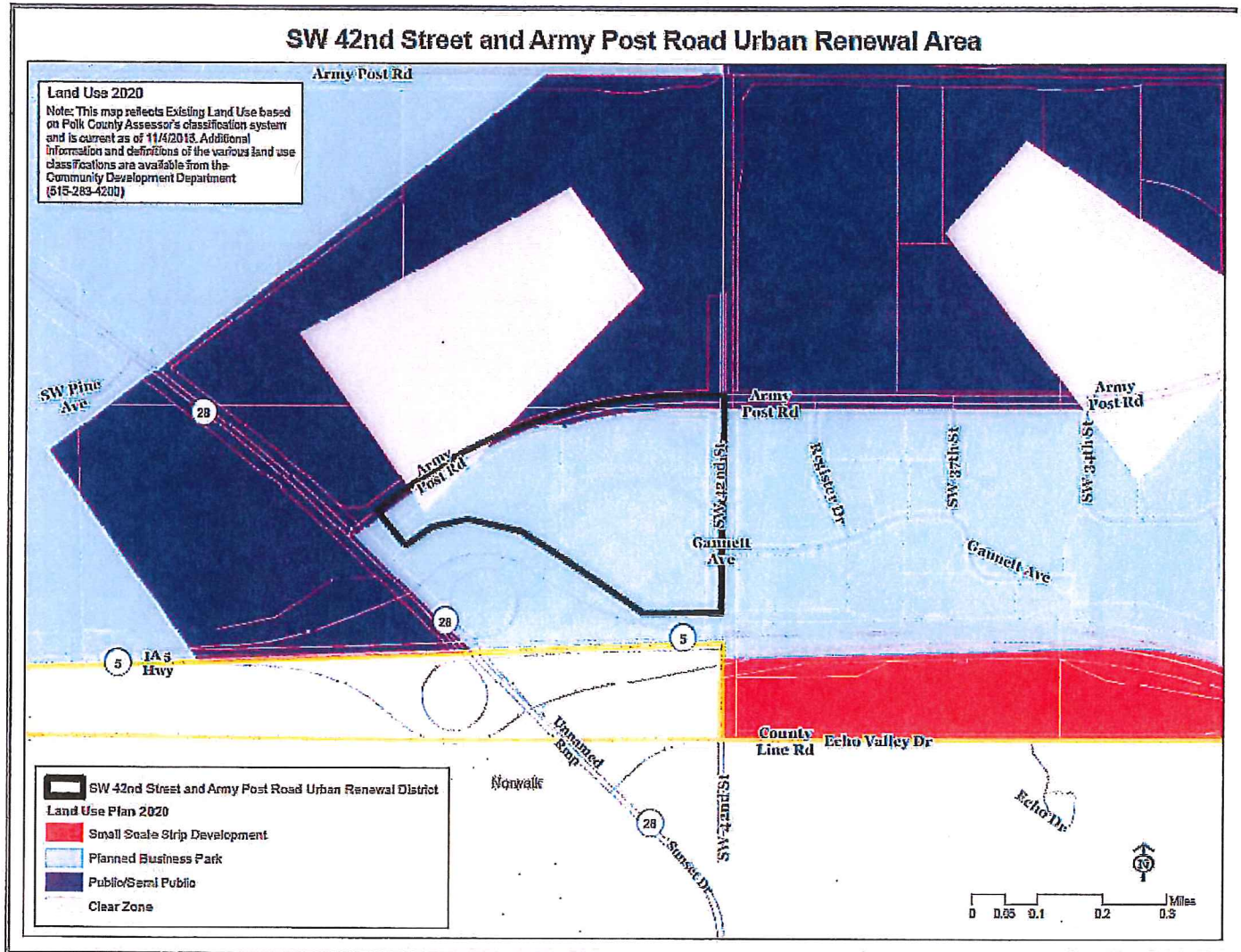
- A Legal Description for Area
- B Area Map
- C Existing Land Use Map
- D Proposed Land Use Map
- E Existing Zoning Map

# Attachment B – SW 42nd and Army Post Urban Renewal Area Map





## Attachment D – Proposed Land Use



## 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 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 able to help local government respond to the need to broaden economic reinvestment in all sectors.

A tax increment finance district, necessary for utilizing the revenue in the plan area, will be created for the SW 42<sup>nd</sup> and Army Post Urban Renewal Area to facilitate the objectives of the plan.

### 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 best in areas where development and creation of new increment will occur after the designation of the district. TIF can only be used for activities or items in the urban renewal plan. An example of an activity would be where the municipality issues TIF bonds to up front the costs of constructing needed infrastructure. The proceeds of the district are then used to pay off the bonds. This could also be accomplished through a development agreement where a private entity provided the infrastructure and then had all or a portion of the costs rebated back to them through the new valuation that was added from their investment. If the revenues are not utilized for any of these eligible costs, the increment is returned to general revenues.

This financial condition report will summarize the anticipated growth in revenues from, and expenditures anticipated for the SW 42<sup>nd</sup> and Army Post Urban Renewal Area.



- 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.
- The plan boundary consists of vacant land and anticipates the additional taxable valuation to be added through the EP2 project

Below is a table that projects the growth in estimated property valuation, the available tax increment revenues and estimated tax increment usage from the SW 42<sup>nd</sup> and Army Post area 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.

Fiscal Year	Taxable Valuation	Projected Increment Above Base Value on 1-1-2016 Projected Increment Above Base Value on 1-1-2016	Total Amount of TIF Revenue Available	TIF Revenue Expenditure
2017-2018	\$60,298	Base Value		
2018-2019	\$4,060,196	\$3,999,898	\$159,996	\$159,996
2019-2020	\$8,060,496	\$8,000,198	\$320,008	\$320,008
2020-2021	\$8,181,403	\$8,121,105	\$324,844	\$324,844
2021-2022	\$8,304,124	\$8,243,826	\$329,753	\$329,753
2022-2023	\$8,428,686	\$8,368,388	\$334,736	\$334,736
2023-2024	\$8,555,117	\$8,494,819	\$339,793	\$339,793
2024-2025	\$8,683,443	\$8,623,145	\$344,926	\$172,463
2025-2026	\$8,813,695	\$8,753,397	\$350,136	\$175,068
2026-2027	\$8,945,900	\$8,885,602	\$355,424	\$177,712
2027-2028	\$9,080,089	\$9,019,791	\$360,792	\$180,396
2028-2029	\$9,216,290	\$9,155,992	\$366,240	\$183,120
2029-2030	\$9,354,535	\$9,294,237	\$371,769	\$185,885
2030-2031	\$9,494,853	\$9,434,555	\$377,382	\$188,691
2031-2032	\$9,637,275	\$9,576,977	\$383,079	\$191,540
2032-2033	\$9,781,835	\$9,721,537	\$388,861	\$194,431
2033-2034	\$9,928,562	\$9,868,264	\$394,731	\$197,365
2034-2035	\$10,077,491	\$10,017,193	\$400,688	\$200,344
2035-2036	\$10,228,653	\$10,168,355	\$406,734	
2036-2037	\$10,382,083	\$10,321,785	\$412,871	