



Date April 20, 2020

**RESOLUTION HOLDING PUBLIC HEARING AND APPROVING PROPOSED  
TWELFTH AMENDMENT TO THE URBAN RENEWAL PLAN FOR THE  
SE AGRIBUSINESS URBAN RENEWAL AREA**

WHEREAS, on January 26, 1998, by Roll Call No. 98-275, the City Council adopted the Urban Renewal Plan for the SE AgriBusiness Urban Renewal Project, and such Plan has been amended eleven times (the urban renewal plan as amended is hereinafter referred to as the "Plan"); and

WHEREAS, the SE AgriBusiness Urban Renewal Project Area encompasses an irregularly shaped area generally located between S.E. 14th Street and SE 43rd Street, and between Dean Avenue and the Des Moines River; and

WHEREAS, the purpose of the proposed Twelfth Amendment to the Plan, which is on file and available for inspection in the office of the City Clerk, is to:

- Amend Appendix A – Approved Economic Development and Redevelopment Activities to approve the provision of financial assistance from tax-increment revenues in the SE AgriBusiness Urban Renewal Area for the employment, redevelopment, renovation and/or improvement of:
  - Des Moines Cold Storage – 60,000-square foot expansion, and any additional similar expansion, to an existing building to receive a 75% TIF rebate until the expiration of the development agreement (assessment year 2032; calendar year 2034).
  - Des Moines Transloading Facility – Development, construction and operation of a transloading facility. Updated provision of financial assistance.
- Amend Appendix B - Approved Public Improvements, Public Buildings and Street Projects to add the land acquisition funding from tax-increment revenues for the second phase of the Richard A. Clark Municipal Service Center.
- Update Exhibit A - Financial Condition Report to reflect the new projects and material amendments to existing projects.
- Amend Maps as needed; and

WHEREAS, on February 24, 2020, by Roll Call No. 20-0338, the City Council resolved that a public hearing on the proposed Twelfth Amendment be held on March 23, 2020, at 5:00 p.m., in the Council Chambers; and

WHEREAS, on March 23, 2020, by Roll Call No. 20-0585, the City Council continued said public hearing to the City Council meeting on April 20, 2020; and

WHEREAS, the Urban Design Review Board reviewed the proposed Twelfth Amendment at its meeting on March 31, 2020, and voted 8-0 to approve said Amendment; and



Date April 20, 2020

WHEREAS, notice of this public hearing was published in the Des Moines Register on March 20, 2020, which notice sets forth the information required by Section 403.5(3) of the Iowa Code; and

WHEREAS, a copy of the Twelfth Amendment and notice of this hearing was given by ordinary mail to the Des Moines Public School District, Polk County, Des Moines Area Community College, and Des Moines Area Regional Transit Authority, together with notice of a consultation meeting on the Twelfth Amendment which was held on March 19, 2020, by electronic teleconference; and

WHEREAS, the City has received no requests from the Des Moines Public School District, Polk County, Des Moines Area Community College, or Des Moines Area Regional Transit Authority for any modification of the proposed division of revenue from the tax increment of the Urban Renewal Project Area; and

WHEREAS, the public hearing has now been opened and all persons and organizations desiring to be heard regarding the proposed Twelfth 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 Twelfth Amendment to the Urban Renewal Plan for the SE AgriBusiness Urban Renewal Project is hereby closed.
2. Upon consideration of the recommendations of the Urban Design Review Board and all other recommendations and statements from all other interested parties and organizations, the City Council finds that the Twelfth Amendment conforms to the PlanDSM: Creating Our Tomorrow plan, as amended, for the development of the City as a whole.
3. The Urban Renewal Plan for the SE AgriBusiness Urban Renewal Project is hereby amended as set forth in the Twelfth Amendment. The Urban Renewal Plan for the SE AgriBusiness Urban Renewal Project, as amended by the Twelfth Amendment thereto, is hereafter in full force and effect.
4. The City Clerk is directed to cause the Twelfth Amendment and a certified copy of this resolution to be recorded in the land records of the Polk County Recorder.

( Council Communication No. 20- 161 )

FORM APPROVED: MOVED by \_\_\_\_\_ to adopt.

/s/Glenna K. Frank
Glenna K. Frank, Assistant City Attorney

Table with 5 columns: COUNCIL ACTION, YEAS, NAYS, PASS, ABSENT. Rows include COWNIE, BOESEN, GATTO, GRAY, MANDELBAUM, VOSS, WESTERGAARD, and TOTAL.

MOTION CARRIED APPROVED

CERTIFICATE

I, P. KAY CMELIK, 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.

Mayor

City Clerk

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Return Address: City Clerk – City Hall, 400 Robert D. Ray Drive, Des Moines, IA 50309  
Taxpayer: No change  
Title of Document: Twelfth Amendment to the SE AgriBusiness Urban Renewal Plan  
Grantor/Grantee: City of Des Moines, Iowa

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**Twelfth Amendment**  
*to the*  
**Urban Renewal Plan**  
*for the*  
**SE AgriBusiness Urban Renewal Area**

Urban Design Review Board Action:	03/31/2020
Taxing Entities Consultation:	03/19/2020
City Council Approval:	04/20/2020

**HISTORY**

The Urban Renewal Plan for the SE AgriBusiness Urban Renewal Project was adopted on January 26, 1998 by Roll Call No. 98-275. The SE AgriBusiness 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>Roll Call No.</i>	<i>Adopted Date</i>	<i>Recorded Book</i>	<i>Beginning at Page</i>
Urban Renewal Plan	98-275	01/26/1998	7817	399
First Amendment	99-756	03/15/1999	8167	460
Second Amendment	02-1589	06/17/2002	9200	260
Third Amendment	08-1882	10/27/2008	12281	340
Fourth Amendment	11-2007	11/21/2011	14077	668
Fifth Amendment	13-0254	02/11/2013	14661	630
Sixth Amendment and Restated Plan	14-0436	03/10/2014	15147	570
Seventh Amendment	16-1088	06/27/2016	16082	24
Eighth Amendment	17-0621	04/03/2017	16441	125
Ninth Amendment	17-1785	10/09/2017	16690	321
Tenth Amendment	18-0355	04/09/2018	16887	843
Eleventh Amendment	18-1551	09/10/2018	17088	251

**PURPOSE**

The purpose of this Twelfth Amendment to the Urban Renewal Plan for the SE AgriBusiness Urban Renewal Project is to:

- Amend text in Section II, BACKGROUND and Section VI, PROJECT PROPOSALS to reflect updated information regarding the second phase of the Municipal Services Center (“MSC”).
- Amend Appendix A - Approved Economic Development and Redevelopment Activities to approve the provision of financial assistance from tax-increment revenues in the SE AgriBusiness Urban Renewal Area for the employment, redevelopment, renovation and/or improvement of:
  - o Des Moines Cold Storage, Inc. - 60,000 square foot expansion to existing building to receive a grant of 75% project-generated tax increment rebate until the expiration of the development agreement (assessment year 2032, fiscal year 2034)
  - o Des Moines Transloading Facility – Development, construction and operation of a transloading facility. Updated provision of financial assistance.
- Amend Appendix B - Approved Public Improvements, Public Buildings and Street Projects to add the land acquisition for the second phase of the Richard A. Clark Municipal Service

Center.

- Update *Exhibit A* - Financial Condition Report to reflect the new projects and material amendments to existing projects.
- Amend Map 6 – Acquisition Map, Map 7 – Disposition Parcels, and Map 8 – Public Facilities and Improvements.

### **Twelfth Amendment to the SE AgriBusiness Urban Renewal Plan**

1. **Amend Section II, BACKGROUND**, by deleting the text under the heading “Municipal Service Center Master Plan” and by adding the following new text:

*Municipal Services Center Master Plan:* In 2011, the City Council approved the Municipal Services Center Park Master Plan which provides recommendations, guidelines and plans for the future development of various facilities and space needs to house and deliver various City services in an efficient and effective manner. The location of the first phase facilities was selected in 2011 with construction anticipated to start in 2012; the initial facility is anticipated to cost over \$18 million.

The City has been coordinating the planning, design and development of the second phase of the Richard A. Clark Municipal Service Center to accommodate the relocation of the City Public Works and vehicle fleet facilities.

In 2018, the MSC Phase 2 project was put on hold until funding could be secured for the construction of the project. In January 2020, the City Council restarted the project with a modified scope to proceed with a single-phased project and include Public Works as part of the initial construction. This will result in all Public Works and City Fleet functions currently located in the Market District to be relocated to the new facility. Total estimated costs for MSC Phase 2 are approximately \$66.4 million with less covered and interior parking than originally designed.

2. **Amend Section VI, PROJECT PROPOSALS**, by deleting the text in subsection (A) (9) (e) and replacing it to read as follows:

Acquisition, Construction and Equipping of a Municipal Services Center to provide cost-effective facilities for materials, equipment, storage, maintenance, offices and related functions in a single location that allows the City to operate more efficiently in its delivery of various City services by the Public Works, Engineering and Park and Recreation Departments and with sufficient space to accommodate expansion and allow for a comprehensive long-term approach for future space needs. This proposed facility will be located on property currently used for auto salvage operations as identified on Map 6-Acquisition Map and Map 8-Public Facilities and Specific Public Improvements. Such proposed facility shall have an attractive appearance that will improve the surrounding area and establish activity and an employee presence at the site on a daily basis.

Planning, design, construction and developing of the second phase of the Richard A. Clark Municipal Service Center to provide for the relocation of the City Public Works and vehicle fleet facilities to cost-effective facilities for materials, equipment, storage maintenance, offices and related functions in a location(s) adjacent or in the immediate vicinity of the existing first phase of the Municipal Service Center. The second phase will further the City's efforts to coordinate and operate more efficiently in its delivery of all City services. This proposed second phase will be located generally south of the existing first phase of the Municipal Service Center as approximately shown on Map 8-Public Facilities and Specific Public Improvements. Such second phase shall have an attractive appearance that will improve the surrounding area and establish activity and an employee presence at the site on a daily basis. The proposed facility will consist of:

Approximately 215,000-square-foot building, 311 vehicle parking spaces accommodated in department parking – a portion of which are to be with indoor storage. On site Fleet staging is to be planned for 60 vehicles in the east staging area and another 48 in north staging area. 350 employee parking spaces are planned for a new lot south of Maury street. The facility will house Fleet Services, Solid Waste, Public Works, Radio Services, covered vehicle fueling point, and a 3-wash bay facility. The building will provide vehicle/equipment storage, shop, repair, and maintenance areas, as well as office space, locker rooms, and a break area.

The City's rights to exercise eminent domain related to this second phase public improvement project are based on the general public purposes of the City that are reasonable and necessary as an incident to the general powers and duties of the City. The project cost for the second phase will not exceed \$80 million and the City's goal for completion of Phase 2 is Spring 2022. It is anticipated that essential corporate purpose urban renewal general obligation bonds will be issued to fund the planning, design, construction and development work for the second phase and that some portion of costs will be funded with applicable City enterprise funds. No funding from tax increment revenues will be utilized for the second phase project.

### **3. Amend Appendix A**

*Delete:* Appendix A: Approved Economic Development and Redevelopment Activities (11th Amendment)

*Replace with:* The accompanying Appendix A: Approved Economic Development and Redevelopment Activities (12th Amendment).

### **4. Amend Appendix B**

*Delete:* Appendix B: Approved Public Improvements, Public Buildings and Street Projects (11th Amendment).

*Replace with:* The accompanying Appendix B: Approved Public Improvements, Public Buildings and Street Projects (12th Amendment).

### **5. Financial Condition Report**

**Delete:** Exhibit A - Financial Condition Report – SE AgriBusiness Urban Renewal Plan (11th Amendment).

**Replace With:** The accompanying Exhibit A - Financial Condition Report – SE AgriBusiness Urban Renewal Plan (12th Amendment).

**6. Amend Map 6 – Acquisition Parcels, Map 7 – Disposition Parcels and Map 8 – Public Facilities and Improvements**

**Delete:** Map 6 – Acquisition Parcels, Map 7 – Disposition Parcels and Map 8 – Public Facilities and Improvements, all previously adopted by Tenth Amendment to the SE AgriBusiness Urban Renewal; and

**Replace With:** The accompanying Map 6 – Acquisition Map, Map 7 – Disposition Parcels and Map 8 – Public Facilities and Improvements.

## **Appendix A: Approved Economic Development and Redevelopment Activities (12th Amendment)**

*Shading indicates new and/or amended text*

The following alphabetical listing provides a summary of projects approved by the Des Moines City Council for receipt of tax increment funding in accordance with the terms and conditions contained in the specific project development agreement. Text added by the 12th Amendment is highlighted below.

Projects marked with “\*” are planned for upcoming consideration by the Des Moines City Council. This information is updated when the City Council approves the applicable project.

### **3800 Vandalia Road - Acquisition and clearance of land**

Acquisition by voluntary sale of approximately 13 acres of land in the vicinity of 3800 Vandalia Road, and the clearance and preparation of such land for future redevelopment at an estimated cost not to exceed \$850,000.

### **Des Moines Cold Storage, Inc., Crossroads Cold Storage, LLC/vicinity of 3800 Vandalia Road**

Relocation and expansion of Des Moines Cold Storage/Crossroads Cold Storage refrigeration and processing company. The company has been in Des Moines since 1910 and has over 500 current customers, providing storage for meat, vegetables, seafood, frozen meals and juice. They also provide value added services such as specialized boxing, order picking and international export processing via rail and truck. The project will include multiple phases with an estimated total cost for Phase I, an 111,913-square foot building and rail track extension, at \$18,000,000 and be constructed in accordance with an Urban Renewal Development Agreement between the City, Des Moines Cold Storage, Inc. and Crossroads Cold Storage, L.L.C. proposed for approval by the City Council on June 27, 2016 by Roll Call No. 16-1087.

The Development Agreement provides for:

- Sale of 22.87 acres of land to Crossroads Cold Storage, LLC and the sale of an option for an additional 18.91 acres of land.
- An Economic Development grant in an amount equal to 75% of the project generated tax increment on the Phase I 113,900 square foot building to be paid out over 11 years, estimated as \$2,229,279, in the event that the project is eligible for and receives State of Iowa Industrial Tax Exemption under Chapter 427 B of the Iowa Code. If the project is not eligible for the State of Iowa Industrial Tax Exemption, the City will provide an Economic Development Grant equal to 75% of the project generated tax increment for ten years and 50% for five years, estimated at \$2,239,222.
- Provision of an in-kind Economic Development Grant of 90,000 cubic yards of fill material from City-owned land, valued at \$900,000, for use in filling, grading and improving the property and preparing the property for the Phase I improvements, and reservation of an additional 135,000 cubic yards of fill available to the developer for future grading needs related to the project.

### **\*Des Moines Cold Storage, Inc., Crossroads Cold Storage, LLC/vicinity of 3800 Vandalia Road (Amendment #1 to Development Agreement)**

Expansion of Des Moines Cold Storage/Crossroads Cold Storage refrigeration and processing company. Amendment #1 to the Development Agreement allows for any additional expansion to the existing 110,000 square foot building to receive a grant of 75% of the project generated tax increment until the



expiration of the development agreement, which is assessment year 2032, fiscal year 2034. The currently planned expansion to the existing building will be 60,000-square feet and is estimated to cost about \$12,000,000. The expansion(s) to the existing building will be constructed in accordance with the 1<sup>st</sup> Amendment to the existing Urban Renewal Development Agreement between the City, Des Moines Cold Storage, Inc., and Crossroads Cold Storage, LLC.

Amendment #1 to the Development Agreement provides for:

- An Economic Development grant in an amount equal to 75% of the project generated tax increment on the 60,000-square foot expansion (Phase 1-A) to be paid out over 12 years, estimated at \$1,272,331 on a net-present-value basis with 4.5% discount rate.
- An Economic Development grant in an amount equal to 75% of the project generated tax increment on further expansions (Phase 1-B), if any, of the Des Moines Cold Storage corporate headquarters and service delivery operations as related to and incorporated into the Phase I and Phase I-A improvements, to be paid on the same schedule as the Phase I and Phase I-A Improvements and with final payment due no later than May 1, 2034.

### **Des Moines Transloading Facility**

Development, construction and operation of a multi-modal transloading facility in the vicinity of 200 Southeast 15<sup>th</sup> Street by Des Moines Industrial LLC (“Operator”) in accordance with an Urban Renewal Agreement for Sale of Land for Private Development between the Operator and the City approved by the City Council on December 16, 2019 by Roll Call No. 19-2067 (“Development Agreement”), and with a Transload Development and Operation Agreement (“MPO Agreement”) between the Operator and the Des Moines Area Metropolitan Planning Organization (“MPO”), as well as a Grant Agreement under the Consolidated Appropriations Act, 2018 (Pub. L. 115-141, March 23, 2018) for the National Infrastructure Investments Discretionary Grant Program (FY 2018 BUILD Transportation Discretionary Grant), and all attachments thereto (collectively “BUILD Grant Agreement”), entered into by the MPO and any related subrecipient or subgrant agreement between Operator and the MPO pertaining to said Grant Agreement. Under the MPO Agreement the \$1,700,000 proceeds of a Railroad Revolving Loan and Grant Program (“RRLGP”) Loan Agreement between the Iowa Department of Transportation (“IDOT”) and MPO will be passed through as a sub-loan from MPO to the Operator for the acquisition of rail, ties, track-related materials and other personal property to be constructed or installed as part of the transloading facility, and under the BUILD Grant Agreement, the BUILD Grant funding will be passed through from the MPO to the Operator for property acquisition and construction costs related to the transloading facility. To satisfy IDOT RRLGP loan requirements, the City and MPO entered into a Des Moines Transloading Facility Development Agreement approved by the City Council on December 16, 2019 by Roll Calls 19-2068 and 19-2069 (“Assumption Agreement”) which provides that, in the event of Operator default, the City will assume all rights and obligations under the RRLGP loan and sub-loan including making all payments due on the RRLGP loan subject to reimbursement by the MPO from identified program funds. The City Council pledged general funds for making RRLGP loan payments but may utilize available tax increment funding. The Development Agreement also provides for purchase of real property from the City for the transloading facility for the price of \$1,434,000.00, which amount reflects \$1,284,000.00 for purchase of City property excluding East Market Street and \$150,000.00 for purchase of vacated East Market Street, subject to closing credits of (1) \$47,768 in the event that the City or Developer opt not to vacate and transfer SE 15<sup>th</sup> Street, and (2) \$150,000 or \$0.74 per square foot in the event that City or Developer opt not to vacate and transfer all or a portion of East Market Street; a Supplemental Economic Development Grant in the amount of \$50,000 to be paid upon issuance of the Certificate of Completion for the Improvements; and an Economic Development Grant in an estimated cash value amount of \$3,162,458 (\$2,501,709 net present value) to be paid in semi-

annual installments on the following declining scale of the project generated tax increment for the land and improvements after the tax abatement period:

Year	% Project TIF (total annually)
4-7	100%
8-10	75%
11-14	50%
15	42%

**Helena Industries Expansion**

Construction of one or more buildings for expansion of the manufacturing facilities owned by Helena Industries, Inc., in the vicinity of Vandalia Road and S.E. 36th Street in accordance with the Urban Renewal Agreement for the Sale of Real Estate between the City and Helena Industries, Inc., approved by the City Council on February 25, 2013, by Roll Call No. 13-0344, as amended by the First Amendment to Urban Renewal Agreement for the Sale of Real Estate approved by the City Council on July 24, 2017, by Roll Call No. 17-1256 (collectively the "Amended Agreement"). The Amended Agreement provides for the payment of an economic development grant to be advanced in 10 annual installments. The first five annual installments are equal to a declining percentage of the project generated tax increment revenues (75%, 60%, 45%, 30%, 15%) and each of the last five annual installments are equal to the lesser of \$33,600 or 100% of the project generated tax increment revenues.

**Kemin Industries Expansion / vicinity of 2100 Maury Street**

Construction, equipping and expansion of Kemin Industries manufacturing plant facilities, research and redevelopment facilities and world-wide corporate headquarters in multiple phases at an estimated total cost in excess of \$21,800,000 in accordance with an Urban Renewal Development Agreement between the City and Kemin Industries, Inc. and Kemin Holdings, L.C. approved by the City Council on June 13, 2011 by Roll Call No. 11-1048. A first amendment to the Development agreement was approved by the City Council on March 11, 2003 by Roll Call No. 13-0418.

The Development Agreement provides for:

- An Economic Development Loan for \$95,400 with payment deferred and forgiven upon completion of the increase tax base resulting from the construction of the planned improvements.
- An Economic Development Grant in the total amount of \$500,000 to be advanced in annual installments in an amount equal to 50% of the ad-valorem taxes due and payable in that fiscal year on the incremental assessed value of the buildings and improvements within the Kemin Industries corporate campus above a base assessed value with the first payment anticipated to be made on December 15, 2024.

## **Appendix B: Approved Public Improvements, Public Buildings and Street Projects (12th Amendment)<sup>1</sup>**

*Shading indicates new and/or amended text*

The City of Des Moines will use urban renewal powers to provide funding for the following public improvements referenced in Chapter VI, Section (A)(9):

The dollar amount estimates shown for public improvements generally reflect the cost estimates contained in the Capital Improvement Program (CIP) Plans adopted by the City Council. Actual costs of public improvements may vary from the estimated amounts depending on bond sale pricing, refined cost estimates contained in approved final plans and specifications, public bid pricing and other factors.

### **Richard A. Clark Municipal Service Center**

- First phase Richard A. Clark Municipal Service Center (1550 Scott Street) (FY 2011/12, FY 2012/13, FY 2013/14 -- \$7,700,000 – 4th Amendment approved prior to 2012).
- SE Connector Roadway (FY 2013-14 -- \$750,000).
- Second phase Municipal Service Center (FY 2018/19 to FY 2021/22, no funding from tax increment revenues)

Planning, design and construction of the second phase of the Municipal Service Center to accommodate the relocation of the City Public Works and vehicle fleet facilities. Funding is for completion of the remaining land acquisition and for the design and construction of the second phase. Funding of \$66.4 million financed with essential corporate purpose urban renewal general obligation bonds and enterprise fund monies with no tax increment revenues utilized for the second phase project.

The second phase will include an approximate 215,000-square-foot building, 311 vehicle parking spaces accommodated in department parking – a portion of which are to be with indoor storage. On site Fleet staging is to be planned for 60 vehicles in the east staging area and another 48 in north staging area. 350 employee parking spaces are planned for a new lot south of Maury street. The facility will house Fleet Services, Solid Waste, Public Works, Radio Services, covered vehicle fueling point, and a 3-wash bay facility. The building will provide vehicle/equipment storage, shop, repair, and maintenance areas, as well as office space, locker rooms, and a break area. The estimated schedule is to complete the final design and construction bid documents by Summer 2020 with construction completion estimated for Spring 2022.

### **Animal Control Facility**

Design and construction of an approximate 17,000 sf Animal Control Facility to replace the current building at SE 14<sup>th</sup> Street and Granger Avenue. The site need is approximately 3 acres and planned for City owned land at SE 14<sup>th</sup> Street and Harriet. The project has an assumed 12-month design time and 18-month construction schedule. The overall project budget is \$7.3 million to be funded all or in part with essential corporate purpose urban renewal general obligation bonds. No tax increment revenues will be utilized for the Animal Control Facility.

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<sup>1</sup> The anticipated expenditure of money could be delayed due to construction schedules, other funding priorities, etc. but will not occur earlier than stated in this Plan.

## **Exhibit A - Financial Condition Report**

### **SE AgriBusiness Urban Renewal Plan (12<sup>th</sup> Amendment)**

The City has, by Ordinance No. 13,576 passed January 16, 1998, designated the SE AgriBusiness Urban Renewal Area as a 'Tax Increment Finance District' as permitted by Chapter 403, Code of Iowa, and such ordinance being amended by ordinance adopted in conjunction with this amendment to the Plan. The expected financial undertakings and tax increment revenue with regard to this urban renewal area are discussed in this Financial Condition Report

#### **Introduction**

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 limited redevelopment opportunities, urban renewal is an important way to connect the public and private sectors.

Urban renewal can provide flexibility in phasing development over a long-term period. 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 which have been confirmed and adopted by the Des Moines City Council as existing in the SE AgriBusiness Urban Renewal Area:

- 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 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, public services, 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 the urban renewal plan or any amendment can be adopted by the city council, notice of a public hearing on the plan or 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.

#### **Tax Increment Financing**

Tax increment financing ("TIF") is only available in designated urban renewal areas. The tax increment is the difference between the property assessment at the time the TIF District is created and the current assessment; TIF works best in areas where development will occur after the TIF designation.

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, environmental remediation and construction of new infrastructure.

TIF can only be used for the activities or items authorized 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 will be available for distribution to the various property taxing entities.

### **Current TIF Bonding and Outstanding Indebtedness**

The SE AgriBusiness Urban Renewal Plan and tax increment district were approved by the City Council in January 1998. This financial condition report will summarize projected revenue from the TIF, outstanding and contracted-for indebtedness, and the debt retirement periods for the SE AgriBusiness Urban Renewal Area.

Overall, as of June 30, 2019, the City of Des Moines has about \$399 million in general obligation debt. Of this debt, approximately \$83 million is being serviced with tax increment revenues from specific urban renewal areas. The State of Iowa Constitutional debt-ceiling limit for general debt obligations by the City of Des Moines is about \$634 million. Currently the SE AgriBusiness Urban Renewal Area has an outstanding total debt comprised of tax increment notes and bonds in this urban renewal area of about \$16.2 million.

### **Property Tax Assessments and Revenues**

The City of Des Moines first certified debt in the fall of 1998 for payment in FY1999-00 from the SE AgriBusiness Urban Renewal Area. That action established January 1, 1997, as the base valuation date for purposes of the TIF District as originally established. By the Fourth Amendment to the SE AgriBusiness Urban Renewal Plan an additional area designated as "Subarea B" was added to the original area. The City first certified debt in the fall of 2011 for payment in FY2012/13 from the expanded urban renewal area. That action established January 1, 2010, as the base valuation date for the purposes of Subarea B. The base values of the original area and Subarea B on their respective base valuation dates were approximately \$53.4 million and \$4.6 million respectively. After adjustment for changes in the rollback, the combined urban renewal area has a total adjusted base value of approximately \$58.1 million. Any future increase in the total assessed value of all taxable property within the urban renewal area above the base value may be "captured" for use in the TIF District by the City. The total assessed value of all taxable property within the urban renewal area on January 1, 2019, was approximately \$155.5 million, producing an incremental assessed value above the base of approximately \$97.4 million.

### **Future Financial Condition**

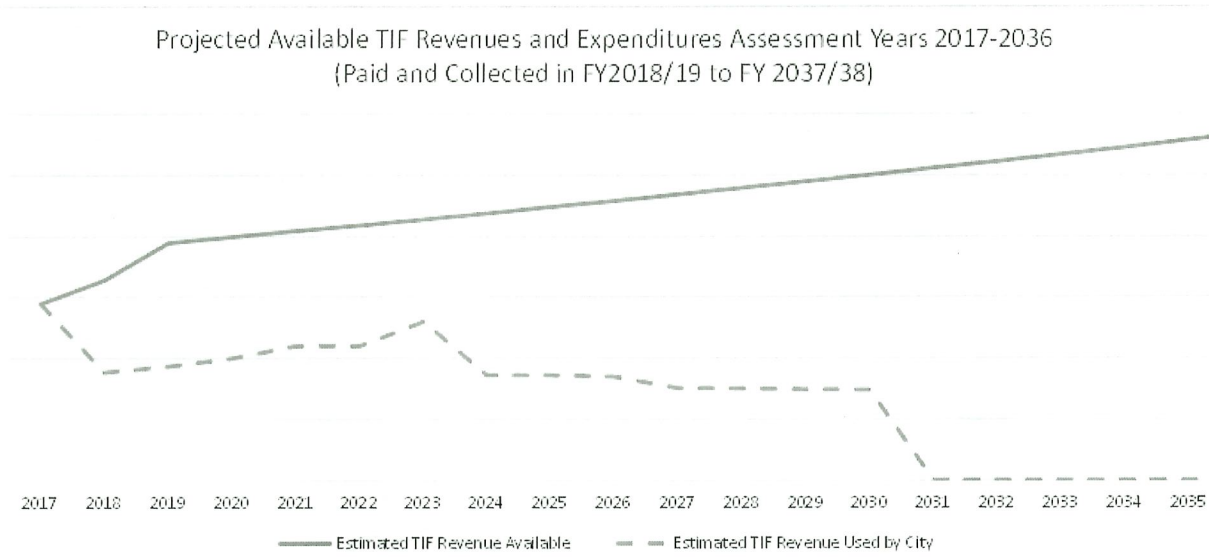
Shown below is a table that projects estimated property tax revenues and expenditures from the SE AgriBusiness Urban Renewal Area. In this Financial Condition Report, the estimated property tax revenues are based on a property tax levy rate of \$40 /\$1,000. This levy rate reflects the tax levy rate after subtracting payment of the 'protected debt levy' (various mandated debt expenses collected as part of the property tax levy.)

The revenue projections shown are based on increases in property tax revenues conservatively estimated with an annual growth rate of 1.5%.

The following table and graphic represent new and updated information formulated for this amendment.

Assessment Year	Base Valuation	Total Assessed Valuation	New Increment Valuation	TIF Valuation Used	Estimated TIF Revenue Available	Estimated TIF Revenue Used by City	Percent Valuation Used
2015	58,049,770	106,981,607	48,931,837	48,037,954	1,946,777	1,911,214	98%
2016	58,049,770	112,097,648	54,047,878	54,563,798	2,166,329	2,187,008	101%
2017	58,058,030	128,887,770	70,829,740	70,829,740	2,896,975	2,896,975	100%
2018	58,058,030	138,138,382	80,080,352	43,205,442	3,279,511	1,769,382	54%
2019	58,144,610	155,501,690	97,357,080	46,738,744	3,894,283	1,869,550	48%
2020	58,144,610	157,834,215	99,689,605	50,000,000	3,987,584	2,000,000	50%
2021	58,144,610	160,201,729	102,057,119	55,000,000	4,082,285	2,200,000	54%
2022	58,144,610	162,604,755	104,460,145	55,000,000	4,178,406	2,200,000	53%
2023	58,144,610	165,043,826	106,899,216	65,000,000	4,275,969	2,600,000	61%
2024	58,144,610	167,519,483	109,374,873	43,000,000	4,374,995	1,720,000	39%
2025	58,144,610	170,032,275	111,887,665	43,000,000	4,475,507	1,720,000	38%
2026	58,144,610	172,582,760	114,438,150	42,500,000	4,577,526	1,700,000	37%
2027	58,144,610	175,171,501	117,026,891	37,801,000	4,681,076	1,512,040	32%
2028	58,144,610	177,799,074	119,654,464	37,625,000	4,786,179	1,505,000	31%
2029	58,144,610	180,466,060	122,321,450	37,177,000	4,892,858	1,487,080	30%
2030	58,144,610	183,173,050	125,028,440	36,891,100	5,001,138	1,475,644	30%
2031	58,144,610	185,920,646	127,776,036	-	5,111,041	-	0%
2032	58,144,610	188,709,456	130,564,846	-	5,222,594	-	0%
2033	58,144,610	191,540,098	133,395,488	-	5,335,820	-	0%
2034	58,144,610	194,413,199	136,268,589	-	5,450,744	-	0%
2035	58,144,610	197,329,397	139,184,787	-	5,567,391	-	0%
2036	58,144,610	200,289,338	142,144,728	-	5,685,789	-	0%

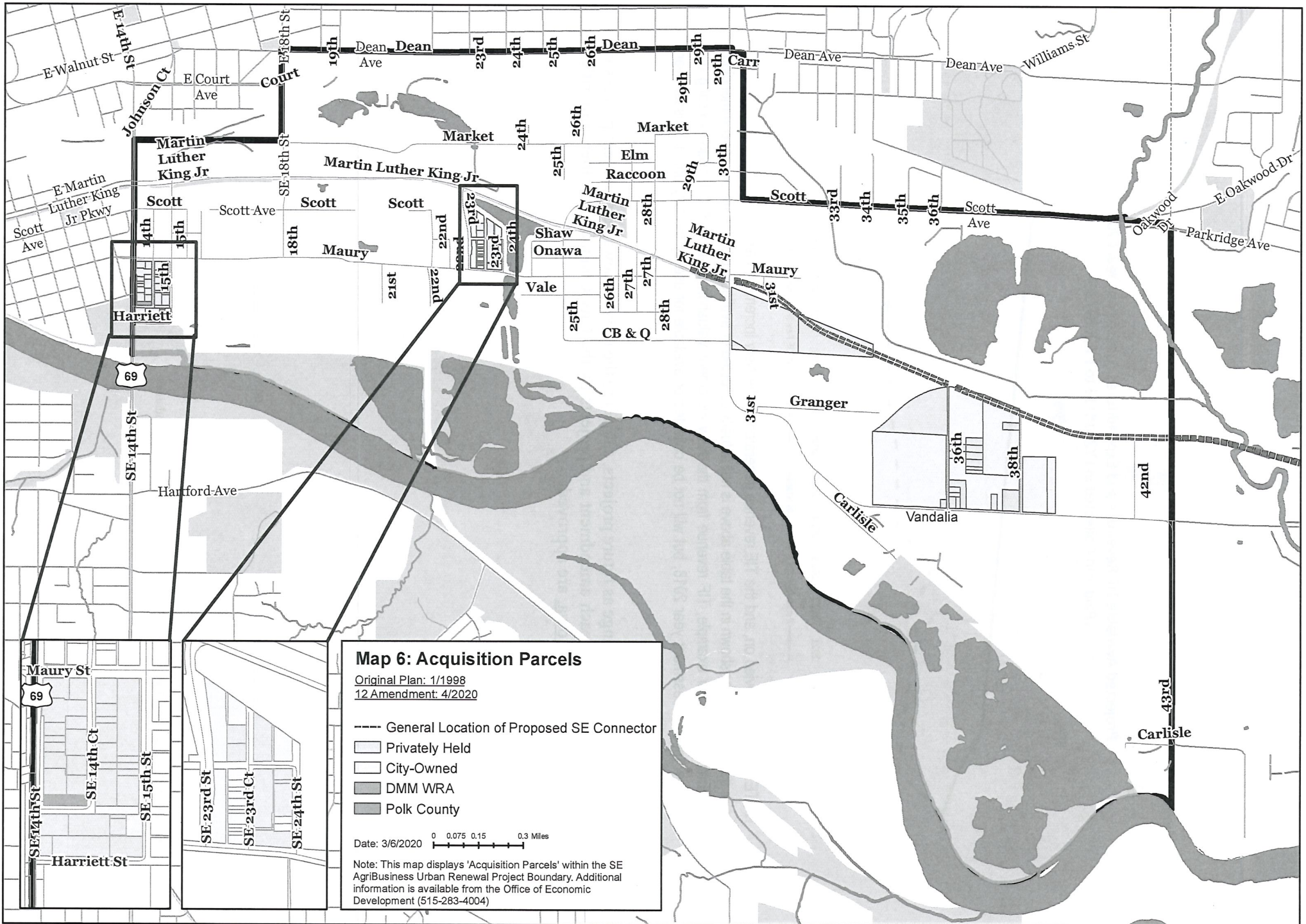
The graphic below shows the projected property tax revenues and expenditure estimates detailed in the table above.



NOTE: The taxes levied on, and the TIF revenue generated by the New Increment Value existing on January 1st of each assessment year shown in the table above is not actually collected or available until the fiscal year commencing 18 months later. For example, TIF revenue from the New Increment Valuation of about \$80.1 million existing on January 1st of assessment year 2018, but will not be collected or available for use by the City until the fiscal year commencing July 1, 2019.

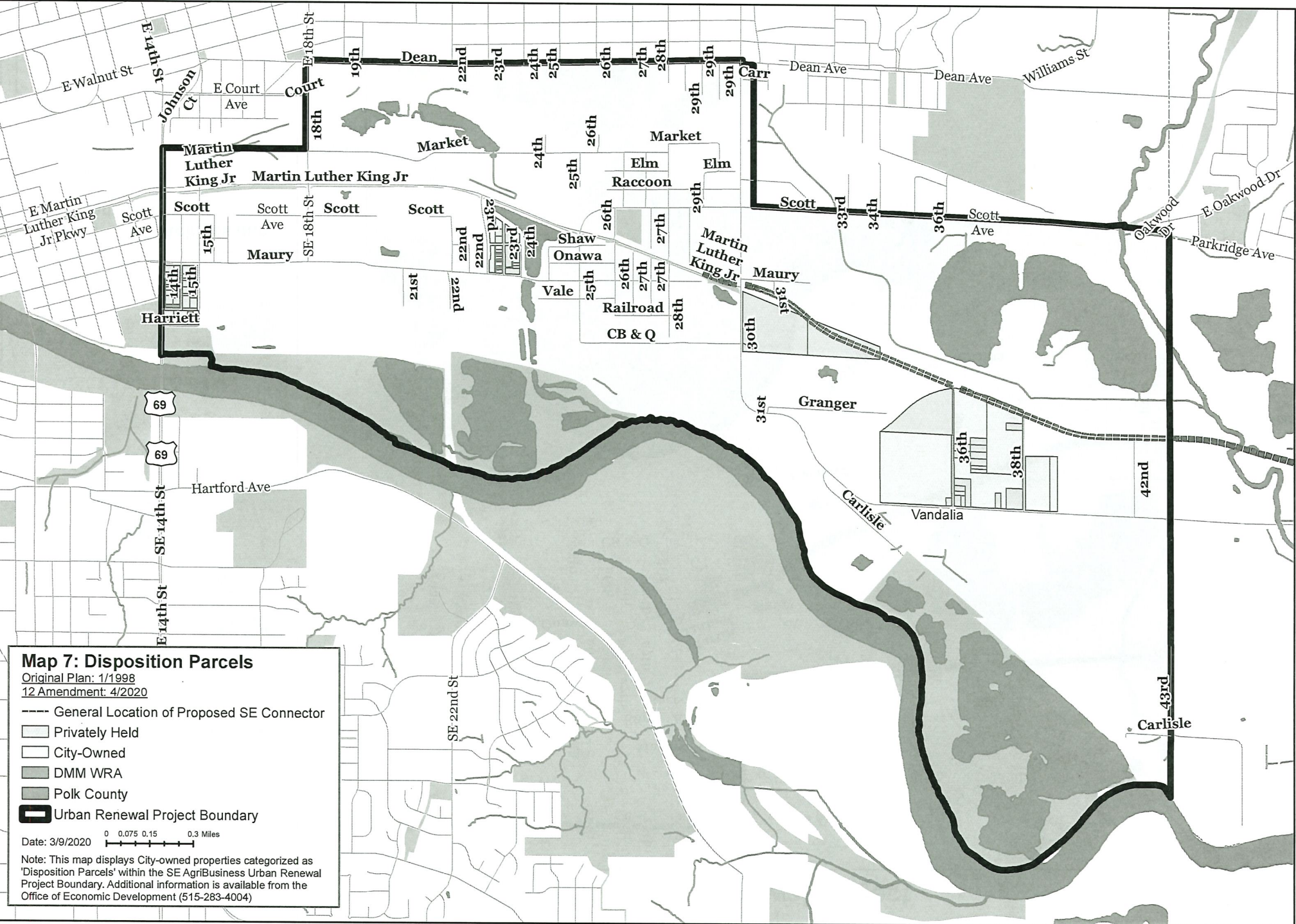
This information will change as future projects, subject to the urban renewal amendment process with the individual review of each amendment and projects by the City Council and other authorities as directed by the Code of Iowa, are approved.

# SE AgriBusiness Urban Renewal Project





# SE AgriBusiness Urban Renewal Project

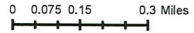


## Map 7: Disposition Parcels

Original Plan: 1/1998  
 12 Amendment: 4/2020

- General Location of Proposed SE Connector
- Privately Held
- City-Owned
- DMM WRA
- Polk County
- ▭ Urban Renewal Project Boundary

Date: 3/9/2020



Note: This map displays City-owned properties categorized as 'Disposition Parcels' within the SE AgriBusiness Urban Renewal Project Boundary. Additional information is available from the Office of Economic Development (515-283-4004)

# SE AgriBusiness Urban Renewal Project

