



Date April 20, 2020

RESOLUTION HOLDING PUBLIC HEARING AND APPROVING THE SIXTEENTH AMENDMENT TO THE CENTRAL PLACE INDUSTRIAL PARK REDEVELOPMENT PROGRAM URBAN RENEWAL PLAN

WHEREAS, on May 20, 1985, by Roll Call No. 85-2388, the City Council of the City of Des Moines approved the Central Place Industrial Park Redevelopment Program Urban Renewal Plan, and such Plan has been amended fifteen times (the urban renewal plan as amended is hereinafter referred to as the "Plan"), for an area (the "Central Place Urban Renewal Area") bounded on the north and east by the Des Moines River, on the west by 2nd Avenue, and on the south by University Avenue; and

WHEREAS, by Ordinance No. 10,635 passed May 20, 1985, the City Council concurrently designated the Central Place Urban Renewal Area as a tax increment district to provide financial assistance in meeting the goals and objectives of the Plan; and

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

- Amend "Attachment B – Proposed Projects: Central Place Industrial Park Redevelopment Program Urban Renewal Plan" to increase the amount of money allowed for "2nd Avenue Reconstruction" under "Public Improvement Projects"; and to add a new project, "Trail Segment" under "Public Improvement Projects."
- Amend "Attachment B – Proposed Projects: Central Place Industrial Park Redevelopment Program Urban Renewal Plan" to add a new project, "Commonwealth Electric", under "Private Development and Redevelopment Activities"; and to add additional information to existing project, "Storey Kenworthy Expansion", under "Private Development and Redevelopment Activities".
- Update Attachment C – Financial Condition Report; and

WHEREAS, on February 24, 2020, by Roll Call No. 20-0339, the City Council resolved that a public hearing on the proposed Sixteenth 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 Sixteenth Amendment at its meeting on March 31, 2020, and voted 8-0 to approve said Amendment; and

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 Sixteenth 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 Sixteenth Amendment which was held on March 19, 2020, by electronic teleconference; and



Date April 20, 2020

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 Sixteenth 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 Sixteenth Amendment to the Urban Renewal Plan for the Central Place Industrial Park Redevelopment Program 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 Sixteenth 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 Central Place Industrial Park Redevelopment Program Urban Renewal Project is hereby amended as set forth in the Sixteenth Amendment. The Urban Renewal Plan for the Central Place Industrial Park Redevelopment Program Urban Renewal Project, as amended by the Sixteenth Amendment thereto, is hereafter in full force and effect.
4. The City Clerk is directed to cause the Sixteenth Amendment and a certified copy of this resolution to be recorded in the land records of the Polk County Recorder.

(Council Comm. No. 20- 164)

MOVED by _____ to adopt.

FORM APPROVED:

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

Mayor

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.

City Clerk

After Recording Return To:
City of Des Moines
Office of Economic Development
400 Robert D. Ray Drive
Des Moines, Iowa 50309

Prepared by Naomi Hamlett, Economic Development – City of Des Moines
400 Robert D. Ray Drive, Des Moines, IA 50309 515-283-4015



**Sixteenth Amendment to the
Central Place Industrial Park Redevelopment
Program Urban Renewal Plan**

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

HISTORY

The Central Place Industrial Park Redevelopment Program Urban Renewal Plan (the "Urban Renewal Plan") was adopted on January 26, 1998 by Roll Call No. 98-275. The Urban Renewal Plan and its subsequent amendments have been recorded in the land records of the Polk County Recorder as follows:

<i>Urban Renewal Plan Amendment</i>	<i>Date Approved</i>	<i>Roll Call No.</i>	<i>Recorded at Book/Page</i>
Original Plan	May 20, 1985	Roll Call No. 85-2388	5487/45
First Amendment	Jun 23, 1986	Roll Call No. 86-3002	5588/755
Second Amendment	Apr 18, 1988	Roll Call No. 88-1667	5845/176
Third Amendment	Sep 12, 1988	Roll Call No. 88-3983	6101/277
Fourth Amendment	May 22, 1989	Roll Call No. 89-2231	6105/13
Fifth Amendment	Mar 19, 1990	Roll Call No. 90-1162	6216/107
Sixth Amendment	Sep 24, 1990	Roll Call No. 90-4268	6289/893
Seventh Amendment	Mar 18, 1991	Roll Call No. 91-1019	6350/960
Eighth Amendment	Oct 21, 1991	Roll Call No. 91-4508	6452/807
Ninth Amendment	Mar 15, 1993	Roll Call No. 93-966	6740/683
Tenth Amendment	Dec 8, 1997	Roll Call No. 97-3912	7789/678
Eleventh Amendment	Mar 6, 2000	Roll Call No. 00-691	8444/578
Twelfth Amendment	Feb 20, 2006	Roll Call No. 06-46	11517/778
Thirteenth Amendment	Jun 25, 2012	Roll Call No. 12-1032	14339/782
Fourteenth Amendment	Jan 23, 2017	Roll Call No. 17-0147	16368/818
Fifteenth Amendment	Feb 5, 2018	Roll Call No. 18-0226	16816/909

PURPOSE

The purpose of this Sixteenth Amendment to the Central Place Industrial Park Redevelopment Program Urban Renewal Plan is to:

- ❑ Amend "Attachment B – Proposed Projects: Central Place Industrial Park Redevelopment Program Urban Renewal Plan" to increase the amount of money allowed for "2nd Avenue Reconstruction" under "Public Improvement Projects;" and to add a new project, "Trail Segment" under Public Improvement Projects."
- ❑ Amend "Attachment B – Proposed Projects: Central Place Industrial Park Redevelopment Program Urban Renewal Plan" to add a new project, "Commonwealth Electric" under "Private Development and Redevelopment Activities"; and to add additional information to existing project, "Storey Kenworthy Expansion", under "Private Development and Redevelopment Activities".
- ❑ Update Financial Condition Report.

**Sixteenth Amendment to the Central Place Industrial Park
Redevelopment Program Urban Renewal Plan**

(Deletions are shown by crossing out ~~text~~; additions are shown in *italics*.)

**Attachment B – Proposed Projects
Central Place Industrial Park Redevelopment Program Urban Renewal Plan**

Public Improvement Projects

This Urban Renewal Plan anticipates the possible construction of the following public improvements using tax increment revenues for all or some part of the estimated costs. This Urban Renewal Plan identifies that tax increment can be used for the projects listed below, but not that it will be used. All expenditures for projects listed below must be approved by the City Council through separate action.

Project	Location	Description	Estimated Cost	Time Frame
2 nd Avenue Reconstruction	2 nd Ave, University Ave to the Des Moines River	Reconstruction of 2 nd Avenue (~4500')	\$3,750,000 \$5,000,000 \$9,500,000 – \$12,000,000	2018-2038 2020-2038
Maine Street Reconstruction	Maine St, University Ave to Indiana Ave	Reconstruction of Maine St (~1200')	\$250,000 - \$500,000	2018-2038
Signage	Business park signage at: • SE corner of 2 nd /Jefferson	Maintenance of existing public monument sign	\$20,000-\$40,000	2017-2038
Marketing	City-owned parcels: See Map 5 – Disposition Lots	Creation and posting of “For Sale” signs; marketing activities	Up to \$10,000 annually	Ongoing
Property Preparation/Maintenance	City-owned parcels: See Map 5 – Disposition Lots	Mowing, clearing, studies, surveys, appraisals, etc.	Up to \$35,000 annually	Ongoing
<i>Trail Segment, Sidewalk Connection, and signal crossing improvements</i>	<i>University Avenue to 2nd Avenue, on top of the Central Place Flood Levee, College Avenue from Illinois St to the Levee</i>	<i>1.07 miles of 10' wide trail, ~800 LF of 5' wide sidewalk to provide trail connection, 2nd Avenue crossing improvements with HAWK pedestrian-activated signal</i>	<i>Up to \$1,200,000</i>	<i>2020-2038</i>

Private Development and Redevelopment Activities

Commonwealth Electric

Redevelopment of vacant property at 111 Jefferson Avenue, previously purchased from the City of Des Moines, by 111 Jefferson Ave, LLC on behalf of Commonwealth Electric

Company with a warehouse containing 9,000 square feet at an estimated project price of \$850,000. This project is an expansion of the Commonwealth Electric Company's existing warehouse facility located at 1530 2nd Avenue. The following economic incentives are proposed to be provided by the City:

- *A forgivable loan in the amount of \$43,500.00 to be forgiven upon substantial completion of the project.*

Storey Kenworthy Expansion

Sale of City-owned property at 1300-1350 Vermont Street to Storey Kenworthy or its designee for a purchase price of \$210,000 for redevelopment with a high cube warehouse containing approximately 60,000 square feet at an estimated project cost of \$3.9 million, for an expansion of its business facilities. All such redevelopment to be in general conformance with the *agreement approved by the City Council on May 21, 2018, by Roll Call No. 18-0886*, which identifies the following economic incentives to be provided by the City:

- A forgivable loan in the amount of \$210,000 to be forgiven upon substantial completion of the project;
- A grant in the amount of \$200,000, to be advanced upon substantial completion of the project; and,
- A second grant in an amount equal one-half of the out-of-pocket costs associated with the investigation and remediation of environmental contamination on the property, but not to exceed \$25,000.

Voluntary Acquisition Program

As part of this Urban Renewal Plan, a voluntary acquisition program is hereby created, whereby the City may spend up to \$1 million to be reimbursed from future tax increment revenue dollars to purchase any of the property shown on Map 6 – Voluntary Acquisition Lots, as such property becomes available for sale.

Attachment C – Financial Condition Report

Central Place Industrial Park Redevelopment Program Urban Renewal Plan

The City Council adopted a Resolution of Necessity pursuant to Section 403.4 of the Code of Iowa by Roll Call No. 469 on January 31, 1972, declaring the area within this Plan Area to be a slum and blighted area, in an action which added the Plan Area to the original Model Cities boundary as part of the Planned Variations Program. This original declaration of slum and blight was reaffirmed by the Council in Roll Call No. 2907 on June 25, 1979 by the Omnibus Urban Renewal Plan Amendment. On July 25, 1988 by Roll Call No. 88-3304, the Des Moines City Council adopted another Resolution of Necessity declaring that the area encompassed by this Plan to also be an economic development area that is appropriate for commercial and industrial enterprises. The Central Place Industrial Park Redevelopment Program Urban Renewal Plan was adopted on May 20, 1985 in an effort to develop an industrial park for existing and future industries. 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 that cities can assist the private sector in the creation and retention of jobs and in the development and redevelopment of blighted, vacant and underutilized parcels that would not occur without the City's assistance.

As part of the designation of an urban renewal area, the city council must adopt an urban renewal plan. That plan is referred to in this report as the "Central Place Industrial Park Redevelopment Program 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 any 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 to the urban renewal plan. 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 plan 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 for amendment of the Central Place Industrial Park Redevelopment Program Urban Renewal Plan.

Tax Increment Financing

Tax increment financing ("TIF") is a financing tool that is only available in designated urban renewal areas. It allows the use of a portion of the future property tax revenues of all taxing jurisdictions (the "Tax Increment Revenue") created by an increase in the total assessed value of

all the taxable property within the urban renewal area, to be used to fund obligations incurred by the city in implementing the urban renewal plan.

The Tax Increment Revenue can only be used for the activities or items authorized in the urban renewal plan. If the Tax Increment Revenue is not used to pay eligible expenses incurred in the implementation of the urban renewal plan, the revenue is released back to general revenues of the local taxing jurisdictions. On March 24, 1997, the Des Moines City Council adopted a policy that commencing in FY1997/98, the City will use, and has used, no more than 75% of the total annual Tax Increment Revenues generated by all urban renewal areas. This assures that the local taxing entities receive the benefit of at least 25% any future growth in the valuation of taxable properties in the urban renewal areas utilizing tax increment financing.

Current TIF Bonding and Outstanding Indebtedness

Overall, as of June 30, 2019, the City of Des Moines has approximately \$399 million in general obligation debt. Of this debt, approximately \$83 million is being serviced with Tax Increment Revenues from various urban renewal areas. The State of Iowa Constitutional debt-limit for general debt obligations by the City of Des Moines is approximately \$634 million. Currently the Central Place Industrial Park Redevelopment Program Urban Renewal Area has an outstanding total debt comprised of tax increment notes and bonds in this urban renewal area of about \$0.5 million.

Property Tax Assessments and Revenues

The base assessed value used to calculate the Tax Increment Revenue for the Central Place Industrial Park Redevelopment Program Urban Renewal Area is approximately \$15.1 million. The total taxable value of all property within the Urban Renewal Area as of January 1, 2019, is approximately \$41.3 million, resulting in a new increment valuation of approximately \$26.1 million, which could have generated a maximum Tax Increment Revenue of approximately \$1,045,600 in FY2020/21. Approximately \$645,000 in revenues were certified for FY2020/21, utilizing approximately \$15.7 million in increment valuation in the Urban Renewal Area. The remaining \$10.4 in increment valuation was released to all local taxing entities.

Future Financial Condition

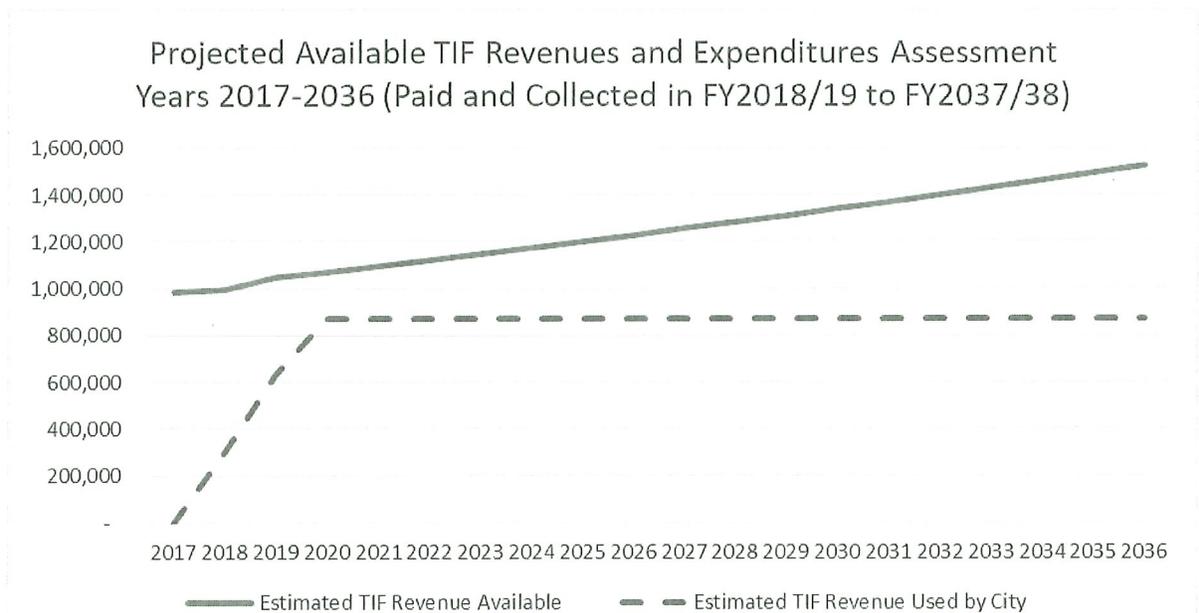
Shown below is a table that projects estimated increment valuations in the Central Place Industrial Park Redevelopment Program Urban Renewal Area. In this Financial Condition Report, the estimated Tax Increment Financing valuation used is based on a property tax levy rate of \$40 / \$1,000. This levy rate reflects the tax levy rate after subtracting payment of the 'protected debt levies' (various levies not subject to allocation to Tax Increment Revenue.)

The revenue projections shown are based on increases in property tax revenues conservatively estimated with an annual growth rate of 1.5%. The Tax Increment Revenue generated by the assessed value existing on any January 1st is paid and collected in the fiscal year commencing 18 months later. The "TIF Valuation Used" in the financial projection below is an estimate for the Storey Kenworthy expansion grants, anticipated street reconstruction projects, signage upgrades and needed property maintenance at a total estimated cost of \$5.3 million.

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
2017	15,140,280	39,233,580	24,093,300	-	985,429	-	0%
2018	15,140,280	39,447,880	24,307,600	7,579,362	995,463	303,174	31%
2019	15,140,280	41,279,090	26,138,810	15,749,860	1,045,552	629,994	60%
2020	15,140,280	41,898,276	26,757,996	21,750,916	1,070,320	870,037	81%
2021	15,140,280	42,526,750	27,386,470	21,750,916	1,095,459	870,037	79%
2022	15,140,280	43,164,652	28,024,372	21,750,916	1,120,975	870,037	78%
2023	15,140,280	43,812,122	28,671,842	21,750,916	1,146,874	870,037	76%
2024	15,140,280	44,469,303	29,329,023	21,750,916	1,173,161	870,037	74%
2025	15,140,280	45,136,343	29,996,063	21,750,916	1,199,843	870,037	73%
2026	15,140,280	45,813,388	30,673,108	21,750,916	1,226,924	870,037	71%
2027	15,140,280	46,500,589	31,360,309	21,750,916	1,254,412	870,037	69%
2028	15,140,280	47,198,098	32,057,818	21,750,916	1,282,313	870,037	68%
2029	15,140,280	47,906,069	32,765,789	21,750,916	1,310,632	870,037	66%
2030	15,140,280	48,624,660	33,484,380	21,750,916	1,339,375	870,037	65%
2031	15,140,280	49,354,030	34,213,750	21,750,916	1,368,550	870,037	64%
2032	15,140,280	50,094,341	34,954,061	21,750,916	1,398,162	870,037	62%
2033	15,140,280	50,845,756	35,705,476	21,750,916	1,428,219	870,037	61%
2034	15,140,280	51,608,442	36,468,162	21,750,916	1,458,726	870,037	60%
2035	15,140,280	52,382,569	37,242,289	21,750,916	1,489,692	870,037	58%
2036	15,140,280	53,168,307	38,028,027	21,750,916	1,521,121	870,037	57%

The graphic below shows the projected property tax revenues and expenditure estimates detailed in the table above. Note: The Tax Increment Revenue generated by the assessed value existing on any January 1st is paid and collected in the fiscal year commencing 18 month later.



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.

G:\APPDATA\LEGAL\Urban-Renewal\Central Place\Plan\15th Amend\16th Amendment.docx