



Roll Call Number

19-0480

Agenda Item Number

30

Date March 25, 2019

RESOLUTION APPROVING URBAN RENEWAL DEVELOPMENT AGREEMENT  
WITH BELL AVENUE PROPERTIES, INC, AND CONCEPTUAL DEVELOPMENT  
PLAN FOR THE NEW CONSTRUCTION OF AN OFFICE AND PRODUCTION  
BUILDING FOR THE WALDINGER CORPORATION

WHEREAS, The Waldinger Corporation ("Waldinger") is a full-service mechanical and service contractor and multi-state business with its home office at 2601 Bell Avenue which employs approximately 295 office and production staff in Des Moines; and,

WHEREAS, Waldinger, acting through Bell Avenue Properties, Inc., an affiliated company represented by Tim Koehn, (President), proposes to purchase approximately 28 acres in the 4701 block of SW 63rd Street south of Scout Trail (the "Property"), to construct a new office, production and warehouse facility that will be occupied by Waldinger; and,

WHEREAS, on September 24, 2018, by Roll Call No. 18-1576, the City Council approved preliminary terms with Bell Avenue Properties, Inc. (the "Developer"), which anticipated that the Developer would construct the new office, production and warehouse facility at an estimated cost of \$21 million, and that the City would provide financial assistance consisting of:

- a) An Economic Development Grant payable in installments equal to 100% of the new tax increment generated by the project in the first four years after it comes off 3-year 100% tax abatement, but not to exceed \$1.8 million; and,
  - b) A Forgivable Economic Development Loan in an amount equal to the purchase price for the portion of the SW Connector roadway easement extending through the Property,
- all as more specifically described in the Council Communication No. 18-476; and,

WHEREAS, the City Manager has negotiated final terms of an Urban Renewal Economic Development Agreement (the "Agreement") with the Developer that differ from the approved preliminary terms, with an increase in the size and anticipated cost of the improvements to be undertaken by the Developer and a corresponding increase in the recommended economic incentives to be provided by the City; and,

WHEREAS, the Economic Development Director/City Manager recommends approval of the proposed Agreement which is now on file and available for inspection in the office of the City Clerk, and which provides that the City shall provide the following economic incentives:

- a) An Economic Development Grant payable in installments equal to 100% of the new tax increment generated by the project in the first five years after it comes off 3-year, 100% tax abatement, but not to exceed \$2.3 million; and,
- b) A Forgivable Economic Development Loan in the amount of \$170,950, which is equal to the purchase price for the portion of the SW Connector roadway easement extending through the Property,

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in consideration of the Developer acquiring the Property and completing the following improvements (the "Improvements") in conformance with the proposed Conceptual Development Plan:

- a) Construction of a new building on the Property containing at least 203,000 square feet of interior space, with at least 87,000 square feet to be devoted to office use, and at least 116,000 square feet to be devoted to production, assembly, tools and warehousing, at an estimated cost of \$32 million;
- b) Construction of approximately 370 parking spaces and the necessary drive aisles on the Property;
- c) Construction of various public improvements, including but not limited to:
  - 1) The relocation and improvement of SW McKinley Avenue adjoining the Property;
  - 2) The construction of a cul-de-sac (the "Cul-de-sac") to provide continued access to the parcels adjoining the south side of the existing SW McKinley Avenue right-of-way adjoining the Property;
  - 3) The construction or extension of left-turn lanes within the street rights-of-way adjoining the Property;
  - 4) The grading and landscaping of the median (the "Traffic Median") created by the relocation of SW McKinley Avenue;
- d) Installation of street trees and streetscape improvements on the Property.

WHEREAS, the proposed Conceptual Development Plan for the Improvements to the Property and the proposed financial assistance to be provided by the City were considered by the Urban Design Review Board at its meeting on March 12, 2019, and although a quorum of the members were not present, by consensus the five members present expressed their support for approval of the proposed Plan and financial assistance subject continued emphasis on providing additional screening and modifying the plant material palette on and around the berms providing screening to the residential properties to the south.

NOW THEREFORE, BE IT RESOLVED, by the City Council of the City of Des Moines, Iowa, as follows:

1. The City Council hereby makes the following findings of fact:
  - a) The construction of the Improvement to the Property as provided in the Agreement, for occupancy by The Waldinger Corporation and its subsidiaries as its new corporate headquarters and production facility will retain jobs for approximately 295 office and production staff in Des Moines, and is sized to accommodate significant future job growth.



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- b) The Developer's obligations under the Agreement to redevelop the Property by the construction of the Improvements for occupancy by The Waldinger Corporation furthers the objectives of the Southwest Gateway Urban Renewal Plan to encourage private development of the Southwest Gateway Urban Renewal Area (the "Project Area") for high quality commercial and light industrial use, and will protect the health, safety and general welfare of City residents, and maintain and expand taxable values and employment opportunities within the Project Area and the surrounding area.
- c) The economic development incentives under the Agreement are provided by the City to Developer pursuant to the Urban Renewal Law and Chapter 15A of the Code of Iowa, and Developer's obligations under the Agreement to construct the Improvements will generate the following public gains and benefits: (i) it will advance the improvement and development of the Project Area in conformance with the Urban Renewal Plan; (ii) it will establish conditions which attract further new investments to the surrounding area; and, (iii) it will further the City's efforts to retain and create job opportunities within the Project Area and surrounding area which might otherwise be lost.
- d) The construction of the Improvements is a speculative venture and the construction and resulting benefits would not occur without the economic incentives provided by the Agreement.
- e) The City believes that the development of the Property pursuant to the Agreement, and the fulfillment generally of the Agreement, are in the vital and best interests of City and the health, safety, morals, and welfare of its residents, and in accord with the public purposes and provisions of the applicable state and local laws and requirements under which the project has been undertaken, and warrant the provision of the economic assistance set forth in the Agreement.

2. The proposed Urban Renewal Development Agreement between the City and Bell Avenue Properties, Inc., and the proposed Conceptual Development Plan described above are hereby approved, and the Mayor and City Clerk are hereby authorized and directed to execute the Agreement on behalf of the City.

3. The City Clerk is further directed to cause the Agreement to be promptly recorded, and to forward a certified copy of the executed Agreement to the Legal Department for release to the Developer.

4. Upon requisition by the City Manager or the City Manager's designee, the Finance Department shall advance the installments on the Economic Development Grant pursuant to Article 4 of the Agreement. The proceeds of the Forgivable Economic Development Loan shall



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be applied in payment of the consideration owed to City by Developer for release of the roadway right-of-way within the development site.

5. The City Manager or his designees are hereby authorized and directed to administer the Agreement on behalf of the City and to monitor compliance by the Developer with the terms and conditions of the Agreement. The City Manager is further directed to forward to City Council all matters and documents that require further City Council review and approval in accordance with the Agreement.

( Council Communication No. 19- 119 )

MOVED by Gatto to adopt.

FORM APPROVED:

By: Roger K. Brown, Assistant City Attorney
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Table with 5 columns: COUNCIL ACTION, YEAS, NAYS, PASS, ABSENT. Rows include COWNIE, BOESEN, COLEMAN, GATTO, GRAY, MANDELBAUM, WESTERGAARD, 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.

J. M. Franklin Cownie, Mayor

Diane Rauh, City Clerk