



Agenda Item:

085

## COUNCIL COMMUNICATION City Manager's Office

### GENERAL INFORMATION

Agenda Date: 6/7/04

Communication

No.: 04-273

Agenda Item Type: Resolution

Roll Call

No.:

Submitted by: Richard Clark, Deputy City Manager

### SUBJECT—

Open/Close Hearing and Various Related Actions on the Fleur Drive Commercial Urban Renewal Area

### SYNOPSIS—

This action creates a new urban renewal area and tax increment district. This proposed 39.5 acre urban renewal area is located on the east side of Fleur Drive extending from Mc Kinley Avenue northward to approximately Stanton Avenue and includes the former Target store property. (Map attached). As per Council direction on May 3<sup>rd</sup>, it does not include the City-owned property located at the NE corner of the Fleur Dr./McKinley Ave. intersection.

These roll calls are:

1. Urban Renewal Plan:
  - Receive/file the report and recommendation from the City Plan and Zoning Commission regarding the conformance of the propose urban renewal plan with the City's comprehensive plan.
  - Resolution finding that the proposed urban renewal area constitutes a blighted area and an economic development area appropriate for redevelopment for commercial use.
  - Open/close public hearing and approve resolution of necessity for the adoption of Fleur Drive Commercial Area Urban Renewal Plan
2. Tax Increment District designation: First reading of ordinance to designate the urban renewal area as a tax increment district

3. Developer Agreement: Approval of developer agreement with Raccoon Valley Investment Company LLC (Michael Coppola/4521 Fleur Drive).

### **FISCAL IMPACT—**

The tax increment district for this area will be on a cash-available basis with the amount of tax increment funding available based on property tax revenues produced by new development and the specific developer agreement that must be approved by the City Council.

Initial projections, based on the developer's plans, show an increase of \$5-7 million in new commercial development within the next 3 years. Based on the preliminary proposed developer agreement, the City will receive about \$530,00 in net new property tax revenues over the next ten years.

### **RECOMMENDATION—**

Approval

### **BACKGROUND—**

#### History

In April 2003, the Council directed staff to explore the creation of a Fleur Dr. urban renewal area with tax increment financing as a 'pilot' project for retail/commercial-oriented areas experiencing decreased tax base due to economic obsolescence and overall deterioration. The purpose of designating this retail/commercial node as urban renewal areas is to encourage retail and commercial development. The concurrent designation of this area as a tax increment financing (TIF) area provides a source of funding.

#### Fleur Dr. Commercial Urban Renewal Area Plan

The City had previously participated in the Fleur Gateway study that identified the need to retain and improve commercial/retail areas along Fleur Drive. One of the major recommendations of the Study was designating a portion of the Fleur Drive area as an urban renewal area and tax increment district.

The proposed urban renewal area/tax increment district includes the vacant building that housed the former Target store. This building and some of the surrounding buildings are not marketable for current commercial space needs and require undergo substantial investment if the area is to be rejuvenated.

The proposed urban renewal plan does not show any property acquisition by the City at this time. The urban plan and tax increment designation will terminate on June 30, 2025.

#### Tax Increment

TIF is a key incentive to the redevelopment of this area. The tax increment district for this area will be on a cash-available basis. The amount of tax increment funding available is based on property tax revenues produced by new development and the specific developer agreement that must be approved by the City Council.

#### Preliminary Terms of Agreement

The first development agreement will be with the major property owner in this area: Michael Coppola of Raccoon Valley Investment Company, L.C. /4521 Fleur Drive. Raccoon Valley Investment Company LLC (the Developer) has indicated it will pursue redevelopment of the long-vacant former Target store property in conjunction with adjoining properties using the TIF assistance.

Initial projections, based on the Developer's plans, show an increase of \$5-7 million in new commercial development within the next 3 years. Based on the preliminary proposed developer agreement, the City will receive about \$530,00 in net new property tax revenues over the next ten years.

The proposed development agreement requires the Developer to submit a Conceptual Development Plan and a proposed construction schedule for the Improvements the Board for its review and recommendation to the City Council. The Conceptual Development Plan will identify the approximate boundaries of the development parcels and contain a conceptual site plan for the Improvements, typical building elevations and signage plan.

Use of the tax increment proceeds will be on a cash-available basis with the Developer receiving a portion (see table below) of the new tax revenues created by his new development that is completed on or by December 31, 2012. Each project completed in this area will receive 15 years of biannual payments with the payment limited to the available TIF received in the preceding 6 months. Based on this schedule, the final payment for a project completed in 2012 is made in 2027.

<i>From date City issues Certificate of Completion for a Development Parcel</i>	<i>% Payment of New Tax Revenue to Developer</i>
Years 1-3	100%
Years 4-10	75%
Years 11-15	50%

Tax abatement for commercial projects is *not* available in this area.

#### Other

Several other entities have forwarded their recommendations and comments:

■ Tax Increment Consultation Meeting

The required consultation meeting with representatives from Polk County, Des Moines Independent School District and Des Moines Area Community College was held on May 10, 2004. As of June 1, 2004, no comments have been received.

■ Urban Design Review Board Recommendation

The Board at its May 18, 2004 meeting recommended approval of the urban renewal and tax increment designation and proposed developer agreement.

■ Plan & Zoning Commission

The Plan & Zoning Commission will review this proposed urban renewal plan for its conformance with the City's comprehensive plan at its June 3, 2004 meeting and forward its recommendation by separate communication.

## Location Map



