


COUNCIL COMMUNICATION

	Number:	21-012	Meeting:	January 11, 2021
	Agenda Item:	22	Roll Call:	21-24
	Submitted by:	Erin Olson-Douglas, Development Services Department Director		

AGENDA HEADING:

Resolution approving a Chapter 28E agreement between the City of Des Moines and the City of Urbandale regarding establishment of a joint board to support the creation of a Reinvestment District for the Merle Hay Mall campus.

SYNOPSIS:

In 2013, the Iowa Legislature enacted the Iowa Reinvestment District Act (the "Act"), which establishes a program administered by the Iowa Economic Development Authority (IEDA) that allows certain state hotel and motel, and sales and use tax revenues to be reinvested in designated reinvestment districts. IEDA requested and received applications for that round. In Des Moines, the Iowa Events Center hotel received funding through this program.

In 2020, the Iowa Legislature amended certain parameters of the Act and budgeted an additional \$100 million to be used to fund additional projects across the state. The Act and the administrative rules adopted by the IEDA require the submission of a pre-application for provisional approval of a proposed reinvestment district. The application is to be submitted by the City or 28E entity in which the district is located.

Des Moines and Urbandale city staff have been working with the owners of Merle Hay Mall, as well as Orchard View Sports and Entertainment (the owners of the local hockey team, the Des Moines Buccaneers) on the redevelopment of Merle Hay Mall after the 2018 closures of Sears and Youngers. The cities are pursuing an allocation from the State of Iowa through the Iowa Reinvestment Act. Since Merle Hay Mall is located in both cities, the creation of a 28E entity will be required in order to submit a pre-application for an IRA District. The two (2) cities are equally sharing in the cost for Ahlers & Cooney to create the 28E document.

The pre-application window opens on February 22, 2021. The decision on preliminary district approval is expected in the spring of 2021. A final application will then need to be submitted within a year.

FISCAL IMPACT: NONE

ADDITIONAL INFORMATION:

- The redevelopment of the area includes the conversion of the Younkers store to a 3,500-seat arena with one (1) sheet of practice ice. There will also be two (2) additional sheets of ice, as well as a 150-room hotel. All of this development will happen in Urbandale.
- Any funds disbursed by IEDA as part of the Reinvestment Act will be disbursed to the City of Urbandale to support the projects described above. The City of Urbandale will be responsible for securing any bonding or financing needed for the project. The City of Des Moines has no financial responsibility.
- Additional projects within the district in Des Moines could include:
 - Demolition of the Sears store and construction of approximately 100,000 square feet of retail.
 - Redevelopment of the food court area in the mall.
 - Redevelopment of the Merle Hay Tower structure into a senior affordable housing project.
- The 28E Joint Board is proposed to be comprised of five (5) members: two (2) staff members each (one {1} Economic Development staff person; one {1} Finance Department staff person) from Des Moines and from Urbandale to be appointed by their respective City Managers, as well as one (1) community member to be jointly determined by the cities.
- As defined in the legislation, as well as in the 28E document, the powers of the Joint Board are mostly administrative and include the following:
 - Approve the reinvestment district plan for submission to the IEDA.
 - Submit the resolution approving the reinvestment district plan to the IEDA.
 - Adopt a resolution establishing the Reinvestment District if the IEDA approves of the project/plan.
 - Take actions to make necessary amendments to the reinvestment district plan.
 - Request any needed time extensions of the Reinvestment District.
 - Dissolve the Reinvestment District once the projects and allocations of the Reinvestment Projects Fund are complete and depleted.
 - Receive the reinvestment district funds and allocate them to the City of Urbandale to support the debt incurred for the eligible projects (arena and training center).
 - Maintain the records of the 28E joint board (Urbandale to serve as Administrator).
 - Administrator to submit annual reports to the IEDA.
 - Prepare the file the necessary reports to the Secretary of State.
 - Administrator to ensure the 28E joint board meets the open meetings laws in Iowa Code Chapters 21 and 22.
- Sears, Target, Younkers, and Kohl's had been under separate ownership; however, mall ownership has recently purchased Younkers and Sears, with financial assistance from Polk County.
- The mall property is in both Urbandale and Des Moines (see map below). Younkers and Kohl's are in Urbandale, while Sears, Target, and the remainder of the mall are within the City of Des Moines.



PREVIOUS COUNCIL ACTION(S):

Date: November 23, 2020

Roll Call Number: [20-1880](#)

Action: [Waiver](#) and consent to conflict of interest in joint representation by Ahlers & Cooney, P.C. of the cities of Des Moines and Urbandale for drafting a 28E Agreement for the establishment of a Joint Code Chapter 15J Reinvestment District. Moved by Gatto to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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