


COUNCIL COMMUNICATION

	Number:	21-060	Meeting:	February 8, 2021
	Agenda Item:	48	Roll Call:	[]
	Submitted by:	Erin Olson-Douglas, Development Services Department Director		

AGENDA HEADING:

Resolution approving the proposed preliminary district plan for The Capital City Reinvestment District and approving the submission of a pre-application to Iowa Economic Development Authority (IEDA) for provisional approval of a district.

SYNOPSIS:

In 2013, the Iowa Legislature enacted the Iowa Reinvestment District Act (the "Act"), which establishes a program administered by the 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 submission is to come from the City or 28E entity in which the district is located.

Staff recommends approval of The Capital City Reinvestment District plan and the submission of the pre-application to the IEDA for potential State assistance to provide financial support for the activities within the District.

FISCAL IMPACT: NONE

ADDITIONAL INFORMATION:

- The Capital City Reinvestment District is proposed to include three (3) hubs: Stadium Neighborhood, Gray's Landing, and Western Gateway.
- The Stadium District will include a 6,300-seat multi-use stadium built for soccer, which will be non-taxable, but will be the impetus for additional development in the area, such as a 150-room hotel; residential, commercial and office development; and a 1,100-stall parking ramp. When fully developed, the Stadium District will transform a brownfield area (including the Dico Superfund site) into a welcoming gateway into the downtown; provide the construction/reconstruction of substandard or vacant public infrastructure, such as streets and public sidewalks; and increase the City's property tax base.

- Much of the Stadium development area is a brownfield that will greatly benefit from redevelopment. Two (2) of the properties most recently acquired by Krause+ had been longtime hold outs with both Sherman & Associates and Hubbell attempting to purchase them over the years. With these final two (2) acquisitions, three (3) developers now own the balance of the Riverpoint property south of MLK and east of the Raccoon River and are currently working on a Master Plan for the entire area together.
- Two (2) properties within the existing and under-construction Gray's Landing area are included in the IRA District. The properties are owned by Sherman & Associates and are proposed to be developed by Sherman. A hotel, which had started the City's review process pre-Covid, and a grocery store are planned for the properties.
- The Western Gateway District includes a 125-room hotel to serve the nearby hospital and neighborhood; renovation of the Crescent Chevrolet building; residential, commercial, and office development; as well as public places with art. Some of the existing buildings will be restored, while some will be torn down. The developer is also proposing traffic-calming improvements along Ingersoll Avenue.
- The entire development area is proposed to consist of approximately 2 million square feet of new or renovated building development with an investment of \$540 million.

Map of the IRA District Boundary



- The IEDA Board has announced that it will fund projects that are most likely to improve the quality of life, create and enhance unique opportunities, and substantially benefit the municipality, the surrounding region, and the state as a whole.

- Iowa Reinvestment Act Parameters:
 - Up to 75 contiguous acres (streets or other rights-of-way can be used to connect parcels).
 - District is made up of eligible “Projects,” which are vertical improvement constructed or substantially improved within the District.
 - Any development to generate tax revenues or utilize tax revenues from the program, must be a “Project” within the District.
 - Projects can include new retail establishments, hotels and other economic/community projects.
 - Funds do not need to be reinvested in the tax generating projects and they can be used for other community development and quality of life projects.
 - At least one (1) project must have a capital investment that reaches a minimum of \$10 million, with maximum benefit capped at 35% of total capital investment in the District.

- District Requirements:
 - Provide a “Project Plan” for each project including:
 - Description, budget, timeline, financing
 - Hotel/motel and sales tax projections (should substantiate the funding request)
 - Feasibility study based on financial statements and clearly articulated assumptions
 - Address economic impact and unique nature
 - Detailed analysis of economic impact of the District including:
 - Analysis of financial benefit of the District to the economy of the state and municipality
 - One (1) or more market areas in which the district can reasonably expect to have substantial impact
 - Assess the fiscal and financial impact of the district on business or other economic development projects in the market area
 - Address “net impact” regionally and statewide
 - Conducted by an independent economist
 - Justify and demonstrate that the District meets the definition of “unique in nature” by:
 - Substantially distinguish the projects from other developments in the state
 - Permanently transform the community
 - Contributing substantially to state’s economy or quality of life more than other similar projects in the state

- The accompanying draft District Plan (on file with the City Clerk’s Office) addresses the above requirements and presents projects that will have a significant impact on the local and state economies. The submittal of the pre-application is the first step in the process, so it is expected that some details may change as the project is reviewed.

- Process includes:
 - Pre-Application window opens February 22, 2021
 - Application scoring by scoring committee
 - Committee appointed by IEDA director; mix of board members and staff
 - Decision on district approval and determination of amount of maximum funding by IEDA Board

- Provisional approval announced in spring 2021
 - Provisional approval is designed for practical feedback, but is not binding; also, designed to allow for changes in projects and districts
 - Final application due within a year of pre-application submittal
 - Re-evaluated and rescored by IEDA
 - Maximum benefit amount awarded
 - Following final approval:
 - District created by City ordinance
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- The Act is a State of Iowa funded economic development program and there is no fiscal impact to the City associated with the approval of the District and submission of the plan to the IEDA Board.

PREVIOUS COUNCIL ACTION(S):

Date: October 5, 2020

Roll Call Number: [20-1601](#)

Action: [Receive](#) and file letter regarding Dico Site Redevelopment. Moved by Mandelbaum to receive, file and refer to City Manager Office. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

- City Council – approval of agreement from IEDA; approval of ordinance creating an Iowa Reinvestment Act District.

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