



Date October 22, 2018

RECOMMENDATION OF THE PLAN AND ZONING COMMISSION REGARDING THE PROPOSED SOUTHWEST GATEWAY URBAN RENEWAL PLAN

WHEREAS, the proposed Southwest Gateway Urban Renewal Area contains approximately 45.5 acres extending north of and including the SW McKinley Avenue and Veterans Parkway rights-of-way and extending east from the shared boundary line between the cities of Des Moines and West Des Moines; and,

WHEREAS, the City Plan and Zoning Commission reviewed the proposed Southwest Gateway Urban Renewal Plan for conformity with the comprehensive plan for the development of the City as a whole, being the PlanDSM: Creating Our Tomorrow Plan, at its meeting on October 4, 2018, and voted unanimously to find the Plan in conformance with PlanDSM as such plan was amended by City Council Resolution and Roll Call No. 18-1692 passed October 8, 2018, all as more specifically described in the accompanying report from the Planning Administrator.

MOVED by _____ to receive and file.

FORM APPROVED:

[Handwritten signature of Roger K. Brown]

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.

MOTION CARRIED APPROVED

Mayor

City Clerk



October 17, 2018

Honorable Mayor and City Council
City of Des Moines, Iowa

Members:

Communication from the City Plan and Zoning Commission advising that at their October 4, 2018 meeting, the following action was taken regarding a City initiated request for a determination as to whether the proposed "Southwest Gateway" Urban Renewal Plan, generally located north of Southwest McKinley Drive and east of Southwest 63rd Street, is in substantial conformance with the PlanDSM Creating Our Tomorrow Plan.

COMMISSION RECOMMENDATION:

Commission Action:	Yes	Nays	Pass	Absent
Francis Boggus				X
Dory Briles				X
Chris Cutler	X			
David Courard-Hauri	X			
Jacqueline Easley	X			
Jann Freed	X			
John "Jack" Hilmes	X			
Lisa Howard	X			
Carolyn Jenison	X			
Greg Jones	X			
William Page	X			
Mike Simonson	X			
Rocky Sposato				X
Steve Wallace	X			
Greg Wattier	X			

APPROVAL of the proposed Southwest Gateway Urban Renewal Plan.

STAFF RECOMMENDATION TO THE COMMISSION

Staff recommends that the Commission find the proposed Southwest Gateway Urban Renewal Plan in conformance with the PlanDSM Creating Our Tomorrow Plan.

STAFF REPORT TO THE PLANNING COMMISSION

I. APPLICABLE INFORMATION

Included in the Commission packet is a draft version of the Southwest Gateway Urban Renewal Plan (URP). The URP document contains Appendices B and C with the correlating Planning Director's and Financial Conditions Reports. The subject area includes property bounded by Scout Trail on the north, Southwest McKinley Avenue on the south, private property on the east owned by R. Michael Knapp, and Southwest 63rd Street (Iowa Highway 28) on the west. On September 24, 2018, the City Council referred the draft URP to the Plan and Zoning Commission for a determination as to whether it is in conformance with the PlanDSM Creating Our Tomorrow Plan.

Significant opportunities to revitalize economic viability and promote future private investment exist in the Southwest Gateway Urban Renewal Area. This area has opportunity for development given its placement near the State Highway system and the Des Moines International Airport. There is an ability to capture additional private investment for the benefit of the City of Des Moines. The creation of an Urban Renewal/TIF Plan was recommended to assist with public improvements, facilitate economic development, and create a future resource to assist development projects in this area.

The Southwest Gateway area has been a priority development region for the City for several years. City staff, along with our Zoning Ordinance update consultants, have continued planning efforts for the potential redevelopment of business park areas in proximity to the Des Moines International Airport and the junction of Iowa Highways 5 & 28.

The tax increment for this area would be prioritized for use on public infrastructure projects and land development activities that would facilitate private sector investment in commercial and industrial development, and allow new taxable valuation to be created for the City. It is planned that future development agreements for these areas would be organized around this premise, with the goal of having the private sector, upfront infrastructure costs where possible, with potential for a portion of such costs to be reimbursed from the resulting incremental taxes. Public/private partnerships would also be encouraged. There would be an ability to evaluate the financial condition of each proposed project, and its positive impact to the citizens of Des Moines in the form of business development, services and employment. All individual development agreements must be reviewed and approved by the City Council.

The draft plan does not propose any revision to the future land use or zoning for the subject Urban Renewal Area. However, a City initiated request to amend the Future Land Use Map in PlanDSM from Airport and Development Control Zone designated areas to Business Park within the proposed Urban Renewal Area boundary was considered by the Plan and Zoning Commission on September 20, 2018. This will be forwarded to the City Council on October 8, 2018 with no recommendation. Should the City Council make such an amendment to the Future Land Use Map in PlanDSM, a subsequent revision to the Southwest Gateway Urban Renewal Plan by the City Council would be in order to adjust Map 3 – Proposed Land Use.

II. ADDITIONAL INFORMATION

The purpose of the SW Gateway Urban Renewal Plan is to encourage commercial and industrial development of the site due to the site's appropriateness for commercial or industrial enterprises in accordance with Chapter 403 of the Code of Iowa. The Commission and City Council should also consider the Smart Planning Principles contained in Chapter 18B of the Code of Iowa as well in considering any development requirements. The proposed Urban Renewal Area consists of three (3) parcels and adjacent Rights-Of-Way, encompassing approximately 45.5-acres.

There is one (1) proposed project identified within the Plan: a commercial and industrial project that will be built by Bell Avenue Properties, Inc. The duration of Urban Renewal Plans is limited by Iowa law to 20 years from the calendar year in which the City first certifies the amount of any loans, advances, indebtedness, or bonds which qualify for payment from the division of property tax revenue within the urban renewal area. It is anticipated that the proposed Southwest Gateway Urban Renewal Plan would expire on June 30, 2044.

The Office of Economic Development has worked with other City departments to evaluate the Southwest Gateway Urban Renewal Area as a proposed urban renewal area/TIF District. This evaluation of the Southwest Gateway Urban Renewal Area and the proposed plan will continue through the required review processes for the development of URPs, and conclude with presenting the final draft to City Council at the public hearing proposed for October 22, 2018. These processes include review by City Boards and Commissions, and area taxing entities including Polk County, the Des Moines Public School District, and Des Moines Area Community College.

SUMMARY OF DISCUSSION

Jason Van Essen introduced Ryan Moffatt from the Office of Economic Development.

Ryan Moffat presented a Power Point Presentation on the "Southwest Gateway" Urban Renewal Plan.

CHAIRPERSON OPENED THE PUBLIC HEARING

There was no one present to speak in favor or opposition to the request.

Will Page asked for clarification regarding the location of the subject property in relation to the airport clear zone.

Michael Ludwig presented a map that showed the boundary of the Urban Renewal Plan in relation to the airport and surrounding properties. He noted that the Plan and Zoning Commission had reviewed a proposed land use amendment at the September 20, 2018 meeting. The motion to approve the amendment at that meeting failed and no further motions were made.

CHAIRPERSON CLOSED THE PUBLIC HEARING

COMMISSION ACTION:

Mike Simonson made a motion to find the proposed Southwest Gateway Urban Renewal Plan is in conformance with the PlanDSM Creating Our Tomorrow Plan.

Motion passed 11-0-1 (John "Jack: Hilmes abstained)

Respectfully submitted,

Michael Ludwig, AICP
Planning Administrator

MGL:tjh
Attachments

Prepared by: Erin Olson-Douglas, 400 Robert D. Ray Drive, Des Moines, IA 50309
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Return Address: City Clerk – City Hall, 400 Robert D. Ray Drive, Des Moines, IA 50309
Taxpayer: No change
Title of Document: Southwest Gateway Urban Renewal Plan
Grantor/Grantee: City of Des Moines, Iowa
Legal Description: See Exhibit "A" at page 8, below

SOUTHWEST GATEWAY URBAN RENEWAL PLAN

City of Des Moines, Iowa

Urban Design Review Board Action:	
Taxing Entities Consultation:	
Plan and Zoning Commission Action:	
City Council Approval:	

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I. INTRODUCTION

A. General Description of the Southwest Gateway Urban Renewal Area

The general location and boundary of the Southwest Gateway Urban Renewal Area (the "Urban Renewal Area") is shown on *Map 1 – Boundary Map*.

This Urban Renewal Area consists of approximately 45.5 acres extending north of and including the SW McKinley Avenue and Veterans Parkway rights-of-way and extending east from the shared boundary line between the cities of Des Moines and West Des Moines.

The Urban Renewal Area is more specifically described in the accompanying *Appendix A - Legal Description*.

B. Purpose of the Urban Renewal Plan

The purpose of the Southwest Gateway Urban Renewal Plan (this "Plan") is to guide the development of the Urban Renewal Area and to activate new economic investment leading to increased taxable valuation. The Urban Renewal Area is proximate to the Des Moines International Airport and Iowa Highways 5/65, Highway 28 and thereby the interstate highway system, and provides prime opportunities for quality development that can be coordinated in a planned and unified manner. Strategic and targeted use of resources that will be realized through the creation of this Plan are critical to establishing necessary public infrastructure and private economic investment in the form of industrial and commercial development.

The City of Des Moines believes that the designation of the Urban Renewal Area through the adoption of this Plan will strengthen and revitalize the local economy through the planned development and redevelopment of the Urban Renewal Area, through:

1. Guidance of the development of the Urban Renewal Area in a manner that is consistent with the Comprehensive Plan, and that provides for the physical and economic enhancement of the area.
2. Providing for planned and unified development of industrial, commercial and business park and office uses.
3. Creation of a safe and attractive physical environment through the construction and installation of necessary infrastructure and other public improvements or actions supportive of the Urban Renewal Area.
4. Creation of financial incentives as necessary to encourage new and existing businesses to invest in the Urban Renewal Area.
5. Retention and creation of quality permanent employment opportunities for residents.
6. Expansion of the property tax base of the Urban Renewal Area, and subsequently contributing to the economic betterment of the full City of Des Moines.

C. Authority to Adopt and Implement an Urban Renewal Plan

The State of Iowa has provided Iowa cities with the power to adopt and implement urban renewal plans through Chapter 403, Urban Renewal Law, Code of Iowa. If a slum, blighted or economic development area or combination of the three, as defined in Section 403.17, Code of Iowa, exists within the municipality, the municipality may designate such an area for urban renewal through the process provided for in Chapter 403. After a comprehensive plan for the municipality has been adopted, the municipality may prepare, adopt and implement an urban renewal plan for the purpose of rehabilitation, conservation, development, redevelopment, or a combination thereof, of a designated urban renewal project area to promote the public health, safety or welfare of the residents of this municipality.

On April 25, 2016 by Roll Call 16-0717, the City Council of the City of Des Moines adopted the *Plan DSM, Creating our Tomorrow* as its comprehensive plan. This plan designates the area defined in this Plan as "Planned Business Park," Development Control Zone (Airport Runway Protection Zone and Airport), as shown on Map 3, "Proposed Land Use."

For the reasons set forth below the proposed Southwest Gateway Urban Renewal Area qualifies for designation as an urban renewal area on the basis that the Area is an economic development area.

II. BACKGROUND INFORMATION

A. Current Land Use and Zoning

The area is currently zoned as "C-2" General Retail and Highway-Oriented Commercial and "PBP" Planned Business Park, as shown as on *Map 4- Existing Zoning*. Public utilities including sanitary sewer and water are available to the area. There is ability to create a uniform economic development plan that is structured to respond to the existing conditions and provide resources to facilitate new investment in the area, providing for the highest and best possible uses of land.

The Southwest Gateway Urban Renewal Area, less rights-of-way, includes currently vacant, undeveloped land. These uses are shown in *Map 2 – Existing Land Use*

B. Conformance with the City's Comprehensive Land Use Plan

A prerequisite for an urban renewal plan is a comprehensive plan for the municipality. After the municipality has adopted such a plan, the municipality may prepare, adopt, and implement an urban renewal plan for the purpose of rehabilitation, conservation, redevelopment, development, or a combination thereof, of a designated urban renewal area to promote the public health, safety, or welfare of the residents of the municipality.

All goals and objectives of the Southwest Gateway Urban Renewal Plan are in conformance with the City's Comprehensive Plan, *Plan DSM*, which was adopted by the City Council on April 25, 2016, by Roll Call No. 16-0717. The entire Urban Renewal Area is designated for Planned Business Park, Development Control Zone, or airport uses as shown in *Map 3 – Proposed Land Use*. No amendments to the City's Comprehensive Plan are required to implement this Plan.

C. Conformance with the City's Zoning Requirements

The Southwest Gateway Urban Renewal Area is zoned "M-1" Light Industrial and "C-2" General Retail and Highway Oriented Commercial District, and "PBP" Planned Business Park District.

A rezoning of a portion of the private property within the Urban Renewal Area to "M-1" Light Industrial has been approved to implement the planned redevelopment of the Area. The portion currently zoned "C-2" General Retail and Highway Oriented Commercial District could be rezoned to the "PBP" Planned Business Park District or "M-1" Light Industrial.

Possible additional amendments to the Zoning Ordinance may be identified through the ongoing planning process for the implementation of this Plan.

D. Recognized Neighborhood Organizations

The Southwest Gateway Urban Renewal Area is part of the Southwestern Hills neighborhood, which is represented by the Southwestern Hills Neighborhood Association. It is designated as a "Recognized Neighborhood" by the City Council as having met the specified minimum standards of a neighborhood organization and communicates regularly with the City of Des Moines.

E. Appropriateness for Economic Development

The proposed Southwest Gateway Urban Renewal Area is approximately 45.5 acres in size. The area consists of property proposed for planned development of a business nature. The area is proximate to the Des Moines International Airport and is served by public utilities. It is adjacent to State Highway 28 and close to the Highway 5/65 bypass, which were constructed utilizing significant public investment, in part to assist in the facilitation of new economic investment for the land proximate to the highway routes. From Highways 5 and 65 the Urban Renewal Area has ready access to Interstates 35 and 80.

The construction of new business, office, or light industrial uses in the Southwest Gateway Urban Renewal Area would add substantial taxable valuation and also promote the addition and retention of jobs within the City of Des Moines. The planning rationale for designation of the Urban Renewal Area is more specifically addressed in Appendix "B" - Planning Administrator's Report.

III. URBAN RENEWAL PLAN ELEMENTS

A. Plan Goals and Objectives

The primary goal for the Southwest Gateway Urban Renewal Plan is to facilitate the development of industrial, commercial, and business park and office uses for the creation and retention of jobs in the City of Des Moines, the increased tax base, and the ability to maximize the return on past investment in road and public utility networks.

Objectives for the plan include:

- Encourage and facilitate high quality industrial, commercial, business park and office development and the associated employment opportunities within the plan area.
- Coordination of resources to attract new quality economic development investment.
- Promote and coordinate additional land use and roadway network study as warranted to ensure the ability to attract quality development and the ability to accommodate and manage traffic circulation.
- Encourage the use of low-impact development and on site stormwater management best practices in the plan area.
- Encourage the incorporation of long-term sustainability into site development and building construction, particularly the efficient use of energy in heating, ventilation and cooling system design.
- Ensure new development is of high quality, sustainable and provides adequate parking and pedestrian connections and access.

B. Public Purpose Activities to be Undertaken

To meet the objectives of this Plan, the City of Des Moines will support development and redevelopment of the Southwest Gateway Urban Renewal Area through, among other things, the following public purpose activities:

1. Provision of technical support in furtherance of this Plan;
2. Evaluation of property's potential for development and redevelopment purposes, including but not limited to activities such as appraisals and architectural, engineering and environmental studies;
3. Preparation of building site(s) for development and redevelopment purposes through activities that include but are not limited to grading, filling, the extension of utilities and landscaping;
4. Improvement, installation, construction and reconstruction of streets, utilities, and other public improvements and rights-of-way;
5. Enforcement of applicable local, state and federal laws, codes and regulations; and
6. Use of tax increment financing, loans, grants and other appropriate financial tools in support of eligible public and private development and redevelopment efforts.

All public purpose activities shall be conditioned upon and shall meet the restrictions and limitations placed upon the Urban Renewal Area by this Plan.

C. Land and Development Requirements

The physical development of the Urban Renewal Area will be regulated through the standards and guidelines contained within the City of Des Moines' Zoning Ordinance, the Des Moines Site Plan Regulations, and other applicable local, state and federal codes and ordinances. In addition, all projects requesting financial assistance through tax increment financing must conform to Plan DSM, and undergo review by the Urban Design Review Board.

The criteria to be used by the Board for making recommendations on design shall include but are not limited to:

- Scale, proportion, color, articulation, massing, patterning, setbacks and exterior materials.
- Permanence and quality of materials and site design, as well as details that add character and define depth are desired.
- How the project promotes an attractive and appealing physical environment.
- Encourage the incorporation of long term sustainability into site development and building construction, particularly the efficient use of materials and energy in heating, ventilation and cooling system design.
- Encourage the use of low impact development and on-site stormwater management best practices in the Urban Renewal Area, and coordinate the evaluation and assessment of natural resources proactively.

D. Financial Condition Report

The Southwest Gateway Urban Renewal Area will be concurrently designated as a tax increment district. A financial condition report is included as *Appendix C -Financial Condition Report*. Property tax revenues anticipated to result from creation of the district would be available to service any indebtedness incurred in financing actions pursuant to this Plan

IV. URBAN RENEWAL PLAN IMPLEMENTATION

The City of Des Moines will take necessary action to achieve the goals and objectives of the Southwest Gateway Urban Renewal Plan. This will include involvement in the following activities:

A. Continued Planning Efforts

The City shall continue to evaluate the needs of the Urban Renewal Area, identifying issues and coordinating a response to these issues. A comprehensive approach will be taken to gathering input from landowners, neighborhoods, businesses and development interests.

B. Technical Assistance

The City may provide technical assistance to landowners and prospective developers where appropriate. The City will work to coordinate efforts related to development proposals,

ongoing planning, coordination with other agencies and levels of government, and other activities that will assist with meeting the objectives of this Plan.

C. Funding and Financing: Economic Development Assistance

The City will pursue funding sources required to meet the objectives of this Plan. Sources may include, but are not limited to, loans, grants, general fund expenditures, tax increment financing, special assessments, bond issuance, and participation in state/federal programs.

More specifically, the use of tax increment financing and the review steps and requirements for proposed economic development assistance are specified as follows:

1. Tax Increment Financing. The City believes that the use of tax increment revenues to assist in the financing of new development in the Southwest Gateway Urban Renewal Area is necessary in the public interest to achieve the objectives of this Plan. Without the use of this special financing tool, new investment may not otherwise occur or may occur within other jurisdictions. The use of tax increment financing to spur the development of the Area pursuant to this Plan is expected to provide greater future property tax revenues for the City, Polk County and Des Moines Independent School District, that would otherwise not be available if this Plan were not implemented.
2. Tax increment financing will be used where it is anticipated to provide a long-term payback in overall increased tax base for the City, County and School District, and the creation or retention of jobs. The initial public investment required to generate new private investment is anticipated to ultimately increase the taxable value of the Area beyond its existing base value.

Tax increment reimbursement may be sought for, among other things, the following costs to the extent they are incurred by the City:

- a. Planning and administration of this Plan;
- b. Construction of public infrastructure improvements and facilities within the Urban Renewal Area;
- c. Acquisition, installation, maintenance and replacement of public investments throughout the Area;
- d. Loans or grants to qualified businesses for redevelopment of property within the Southwest Gateway Urban Renewal Area in conformance with this Plan.

D. Property Acquisition

The acquisition of real estate by the exercise of the City's urban renewal powers is not anticipated or required for the implementation of this plan. However, the City retains its authority independent of urban renewal to acquire real estate by gift, voluntary sale, or the exercise of the City's power of eminent domain when such acquisition is determined by the City to be necessary and appropriate for a public purpose.

E. Responsibility of Developer

Developers shall work with the City to coordinate the realization of the intent and purpose of this Plan. This will include limiting tax abatement for exemption from taxes on the value added by the improvements where possible. It is recognized that when tax abatement is in place, it will reduce the amount of tax increment created by the district. Therefore in certain cases, it may be necessary for developers to forego tax abatement to create sufficient increment. This would include cases where a developer may upfront the cost of site development when there is a negotiated agreement with the City to rebate a portion of that investment back to the developer over time through the increment created by the improvements to the property. The City reserves the ability to negotiate what will be in the best interest of the community and the furtherance of the Plan, while working with developers to facilitate new projects.

F. Activities Under Chapter 15A

The City may as part of its action to carry out this plan engage in economic development activities within the Southwest Gateway Urban Renewal Area pursuant to Iowa Code Chapter 15A for the creation of new jobs and income, and for the retention of existing jobs and income that would otherwise be lost, when such economic development activities are found by the City Council to further the objectives of the plan. The City may solicit and or package such economic development activity proposals in the form of direct financial assistance through grants or loans.

More specifically, the City anticipates entering into a Development Agreement with Waldinger, Inc., for the redevelopment of substantially all of the privately owned property within the Urban Renewal Area with a new building for office and manufacturing for industrial use containing at least 149,000 square feet of floor area at an estimated cost of \$21 million, and associated drive aisles, sidewalks, parking areas, and landscaping, together with the retention of at least 295 full-time and part-time jobs, and an increase of 115 full-time or part-time jobs by 2021, in consideration of an economic development grant to be paid in installments, with the installments to be equal to 100% of the project-generated tax increment (after subtraction of debt-protected levies) until the amount of \$1.8 million (\$1.4 million on a NPV basis) has been paid.

V. DURATION OF URBAN RENEWAL PLAN

The use of tax increment financing within the Southwest Gateway Urban Renewal Area shall be limited to twenty years from the calendar year following the calendar year in which the City first certifies to the Polk County Auditor the amount of any loans, advances, indebtedness, or bonds which qualify for payment from the division of property tax revenue within the Urban Renewal Area as provided in Iowa Code (2017) §403.17(10)

This Plan shall expire at the end of the last fiscal year in which the use of tax increment financing is allowed within the Urban Renewal Area.

VI. SEVERABILITY

In the event one or more provisions contained in this Urban Renewal Plan shall be held for any reason to be invalid, illegal, unauthorized or unenforceable in any respect, such invalidity, illegality, lack of authorization, or unenforceability shall not affect any other provision of this Plan and this Plan shall be construed and implemented as if such provision had never been contained herein.

VII. AMENDMENT OF URBAN RENEWAL PLAN

The City of Des Moines may amend this Plan from time to time in accordance with applicable state and local law. The amendments may include additional objectives, revised land use regulations, revised boundaries, and/or property to be acquired and disposed of for redevelopment.

The City Council shall request public input from designated neighborhood group(s), City appointed committees, and others as appropriate upon any proposed amendment to this Plan.

Appendix "A"

Legal Description – Southwest Gateway Urban Renewal Area

Beginning at the intersection of the Centerline of Section 26, Township 78 North, Range 25 West of the 5th P.M. and the Westerly Extension of the South line of the North 17.0 feet of Lot 1, Corrigan Place, an Official Plat; Thence East along said Westerly Extension and continuing along said South line to the East line of said Lot 1; Thence S 68°24.5'0"E, 86.3 feet to a point on the East line of Lot 2 in Said Corrigan Place; Thence continuing S 68°24.5'0"E, 4.2 feet; Thence Northeasterly along a straight line to the Southwest corner of the North 27.0 feet of the East 50.0 feet of Lot 4, Green Hills Plat One, an Official Plat; Thence East along a line that is 27.0 feet South of and parallel with the North line of Lots 4 and 3 in said Green Hills Plat One, to the East line of the West 75.0 feet of said Lot 3; Thence North along said East line of the West 75.0 feet of said Lot 3 to the South line of the North 17.0 feet of said Lot 3; Thence East along said South line to the East line of the West 200.0 feet of said Lot 3; Thence North along said East line of the West 200.0 feet of said Lot 3 to the South Line of Lot A in said Green Hills Plat One, said South line also being the South line of the Southwest McKinley Avenue Right of Way; Thence East along said South line of said Lot A to the East line of said Lot A; Thence North along said East line to the Northeast corner of said Lot A; Thence continuing North along the East line of Lot B of Airport Industrial Park Plat 1, an official plat, to the Northeast corner of said Lot B; Thence continuing North along the East line of Parcel B, Said Parcel B is recorded in Book 10629 Page 68 at the Polk County of Iowa Recorder's office, to the most Southeasterly corner of Parcel A, said Parcel A is recorded in Book 10629 Page 68 at the Polk County of Iowa Recorder's office; Thence continuing North along the East line of said Parcel A to the North corner of said Parcel A; Thence Southwest along the Northwesterly line of said Parcel A, to the Northerly line of the Road Easement (c) on Final Plat for Airport Industrial Park Plat 2, an official plat, and recorded in Book 12726 page 241 at the Polk County, Iowa Recorder's Office; Thence Northwesterly along said Northerly Line of said Road Easement (c) and continuing along the Northerly line of the Stanton Avenue Right of Way to the East line of the southwest 63rd Street right of way; Thence N 90°0'0"W to the Centerline of Section 23, Township 78 North, Range 25 West of the 5th P.M. and continuing along the Centerline of Section 26, Township 78 North, Range 25 West of the 5th P.M. to Point of Beginning.

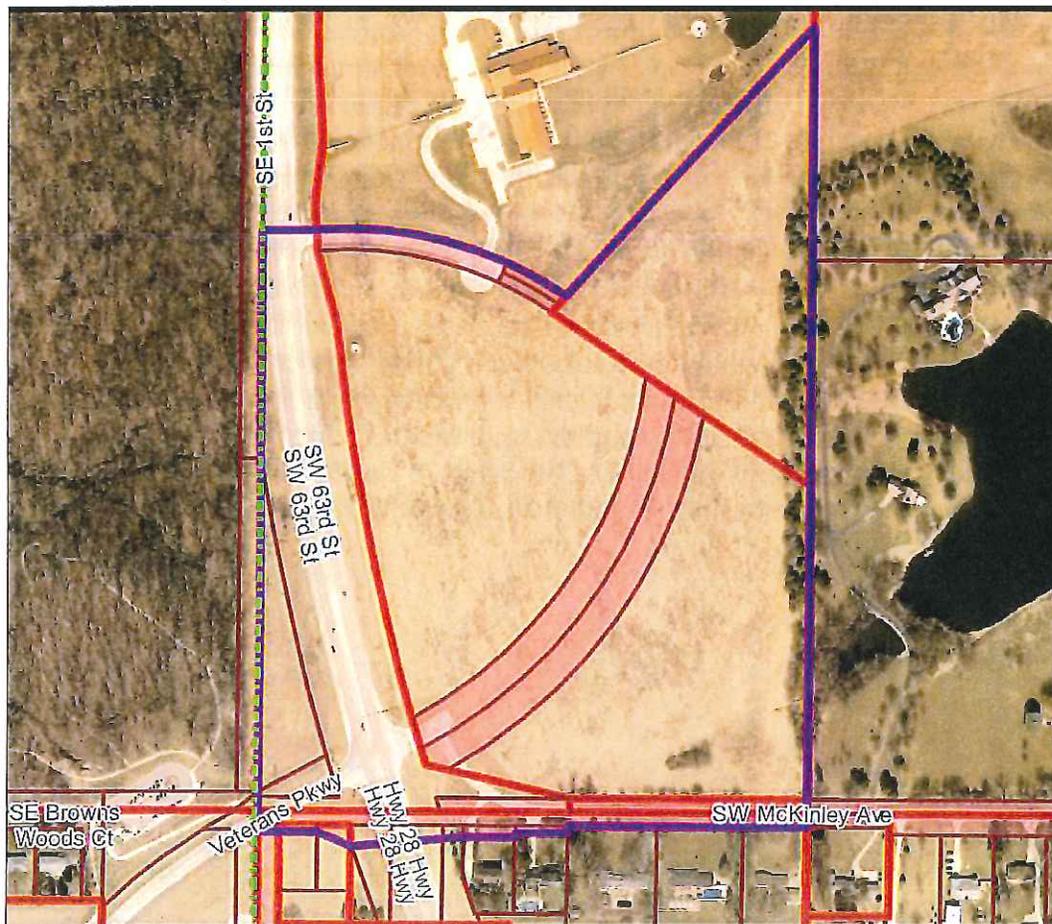
Appendix "B"
Planning Administrator's Report
Southwest Gateway Urban Renewal Area

September 24, 2018

To the Honorable Mayor and City Council for the City of Des Moines:

RE: PLANNING ADMINISTRATOR'S REPORT ON DESIGNATION OF PROPOSED
SOUTHWEST GATEWAY URBAN RENEWAL AREA

The City of Des Moines is proposing to designate an Urban Renewal Area with a tax increment finance district component, for property located at the intersection of Iowa Highway 28 and McKinley Avenue/Veteran's Parkway, west of the Des Moines International Airport, as shown on the map below.



The purpose of this Urban Renewal Plan is to enhance private development of commercial and industrial enterprises within this area through provision of infrastructure and related public improvements and economic development financial assistance that will be financed, in part, with the tax increment revenues generated in the Urban Renewal Area.

BOUNDARY DESCRIPTION

The 45.5 acre area is generally bounded by Highway 28 on the west, McKinley Avenue on the south, and Scout Trail on the north, with adjacent rights-of-way included. A map is shown above. The legal description for the Urban Renewal Area can be found as Appendix "A" of the Urban Renewal Plan. This area presently includes vacant land and adjoining rights-of-way. Proposed use is for business park, office, commercial or industrial uses.

BASIS FOR URBAN RENEWAL

In the State of Iowa, a city may designate an urban renewal area by following the requirements specified in Chapter 403, Code of Iowa, which requires the area to contain one or more of the following conditions:

- Slum and /or blighted conditions
- Economic development area due to its appropriateness for commercial or industrial enterprises, for public improvements related to housing and residential development, or construction of housing and residential development for low and moderate income families, including single and multifamily housing

In accordance with the Code of Iowa, it is determined that the Southwest Gateway Urban Renewal Area qualifies as an economic development area due to its appropriateness for the development of commercial and industrial enterprises by attracting new private commercial and industrial development.

CONFORMANCE WITH COMPREHENSIVE PLAN

Plan DSM, Creating our Tomorrow, designates the subject area as Planned Business Park and Development Control Zone (Airport Runway Protection Zone and Airport), which is similar to the current land uses adjoining the Southwest Gateway Urban Renewal Area. Current adjacent site uses to the north of the site include light industrial, office and commercial businesses, which would be consistent with the planned uses for the Southwest Gateway Area. This Urban Renewal Area contains 3 parcels intended to be redeveloped for a single industrial use.

All goals and objectives of the Southwest Gateway Urban Renewal Plan are in conformance with the City's Comprehensive Plan, *Plan DSM*, which was adopted by the City Council on April 25, 2016, by Roll Call No. 16-0717.

CONFORMANCE WITH CURRENT ZONING

The Southwest Gateway Urban Renewal Area is zoned "M-1" Light Industrial, "C-2" General Retail and Highway Oriented Commercial District and "PBP" Planned Business Park District.

A rezoning of a portion of the private property within the Urban Renewal Area to "M-1" Light Industrial has been approved to implement the planned redevelopment of the Area. The portion currently zoned "C-2" General Retail and Highway Oriented Commercial District could be rezoned to the "PBP" Planned Business Park District or "M-1" Light Industrial.

Possible additional amendments to the Zoning Ordinance may be identified through the ongoing planning process for the implementation of this Plan.

PLANNING RATIONALE

The proposed Southwest Gateway Urban Renewal Area is approximately 45.5 acres in size. The area consists of property proposed for planned development of a business nature. The area is proximate to the Des Moines International Airport and is served by public utilities. It is adjacent to State Highway 28 and close to the Highway 5/65 bypass, which were constructed utilizing significant public investment, in part to assist in the facilitation of new economic investment for the land proximate to the highway routes. From Highways 5 and 65 the urban renewal area has ready access to Interstates 35 and 80.

The Southwest Gateway Urban Renewal Area acres are currently valued at approximately \$47,990. The construction of new business, office, or light industrial uses would add substantial taxable valuation and also promote the addition and retention of jobs within the City of Des Moines.

There is a need to respond to these factors and conditions with targeted planning efforts and the strategic use of economic development tools, to maximize the area's ability to continue to be regionally competitive and create growth in valuation for the City of Des Moines. The current conditions and potential opportunities for new investment provide substantial basis for developing an urban renewal plan for this area.

It is appropriate to designate the Southwest Gateway area as an Urban Renewal Area based on its economic development potential for commercial and light industrial uses, and the need to facilitate and guide new investment and revitalization. The creation of this Urban Renewal Area will allow for the use of tax increment financing to assist with economic development financial assistance as needed. This will benefit the area by resulting in new business opportunities and employment and provide increased tax base for the City of Des Moines.

SUMMARY

The proposed Southwest Gateway Urban Renewal Area has the ability to attract high quality new commercial and industrial development for this area. The adoption of this plan and the implementation of its goals and objectives will provide the framework, guidelines and incentives needed for this to occur.

Michael G. Ludwig
Planning Administrator

Appendix "C"

Financial Condition Report – Southwest Gateway Urban Renewal Area

The City has, by Ordinance No. [REDACTED] passed Month, DD, YYYY, designated the Southwest Gateway Urban Renewal Area as an urban renewal area in which "Tax Increment Financing," as defined in Chapter 403, Code of Iowa, may be utilized. 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 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.

Urban renewal can provide flexibility in phasing development over a long-term period. In Iowa, a city may designate an "urban renewal area" by following the requirements specified in Chapter 403, Code of Iowa, upon finding that the area qualifies for designation as a slum area, a blighted area or an economic development area as those terms are defined in Iowa Code §403.17. The Southwest Gateway Urban Renewal Plan Area was designated by the City as an urban renewal area upon a finding by the City Council that the area qualified as a slum and blighted area.

As part of the designation of an urban renewal area, the city council must adopt an 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. The Des Moines City Council adopted the original Urban Renewal Plan for the Southwest Gateway Urban Renewal Area on MONTH DD, YYYY, by Roll Call No. XX-XXXX. If the city wants to undertake an action not specified in the urban renewal plan, it must adopt the proposed change by an amendment. 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 area 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.

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 July 1, 2018, the City of Des Moines has approximately \$397 million in general obligation debt. Of this debt, approximately \$79 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 \$577 million. The Southwest Gateway Urban Renewal Area does not have any outstanding debt arising from the issuance of tax increment notes or bonds.

Property Tax Assessments and Revenues

The base assessed value used to calculate the projected Tax Increment Revenue for the Southwest Gateway Urban Renewal Area is approximately \$47,990. This base valuation assumes a valuation base date as of January 1, 2018.

Future Financial Condition

Shown below is a table that projects estimated property tax revenues and expenditures from the Southwest Gateway Urban Renewal Area. In this Financial Condition Report, the estimated property tax revenues are 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 levy' (various mandated debt expenses collected as part of the property tax levy.)

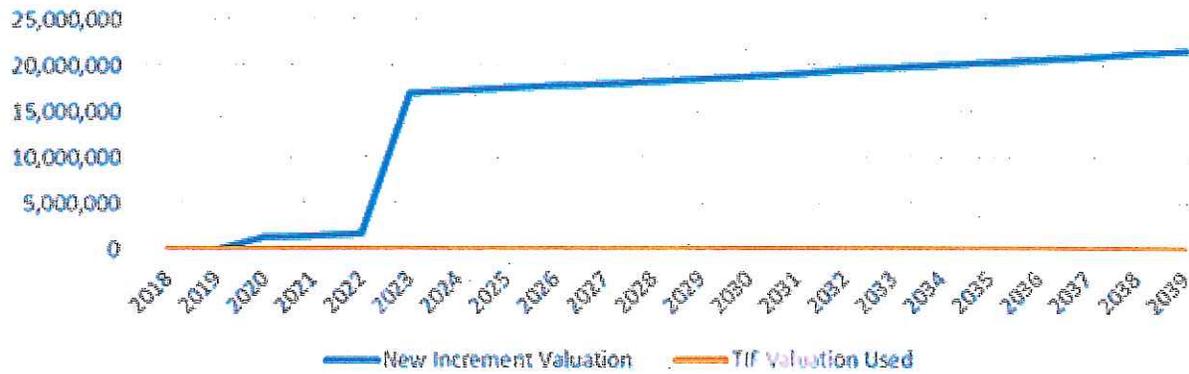
The revenue projections shown are based on increases in property tax revenues conservatively estimated with an annual growth rate of 1.5% and the assumption of a 200,000-square-foot warehouse being constructed by January 1, 2020. The Tax Increment Revenue generated by the assessed value existing on any January 1st is paid and collected in the fiscal year commencing 18 month later. The "TIF Valuation Used" in the financial projection below will be updated to reflect any projects as they are approved and added to the plan.

The following table and graphic represent new information formulated for this new plan.

Assessment Year	Base Valuation	Total Assessed Valuation	New Increment Valuation	TIF Valuation Used	Estimated TIF Revenue Available	Estimated TIF Revenue Used by City	% Valuation Used
2018	47,990	47,990	-	-	-	-	0%
2019	47,990	48,710	720	-	29	-	0%
2020	47,990	1,312,500	1,264,510	-	50,580	-	0%
2021	47,990	1,557,188	1,509,198	-	60,368	-	0%
2022	47,990	1,805,545	1,757,555	-	70,302	-	0%
2023	47,990	17,057,628	17,009,638	-	680,386	-	0%
2024	47,990	17,313,493	17,265,503	-	690,620	-	0%
2025	47,990	17,573,195	17,525,205	-	701,008	-	0%
2026	47,990	17,836,793	17,788,803	-	711,552	-	0%
2027	47,990	18,104,345	18,056,355	-	722,254	-	0%
2028	47,990	18,375,910	18,327,920	-	733,117	-	0%
2029	47,990	18,651,549	18,603,559	-	744,142	-	0%
2030	47,990	18,931,322	18,883,332	-	755,333	-	0%
2031	47,990	19,215,292	19,167,302	-	766,692	-	0%
2032	47,990	19,503,521	19,455,531	-	778,221	-	0%
2033	47,990	19,796,074	19,748,084	-	789,923	-	0%
2034	47,990	20,093,015	20,045,025	-	801,801	-	0%
2035	47,990	20,394,411	20,346,421	-	813,857	-	0%
2036	47,990	20,700,327	20,652,337	-	826,093	-	0%
2037	47,990	21,010,832	20,962,842	-	838,514	-	0%
2038	47,990	21,325,994	21,278,004	-	851,120	-	0%
2039	47,990	21,645,884	21,597,894	-	863,916	-	0%

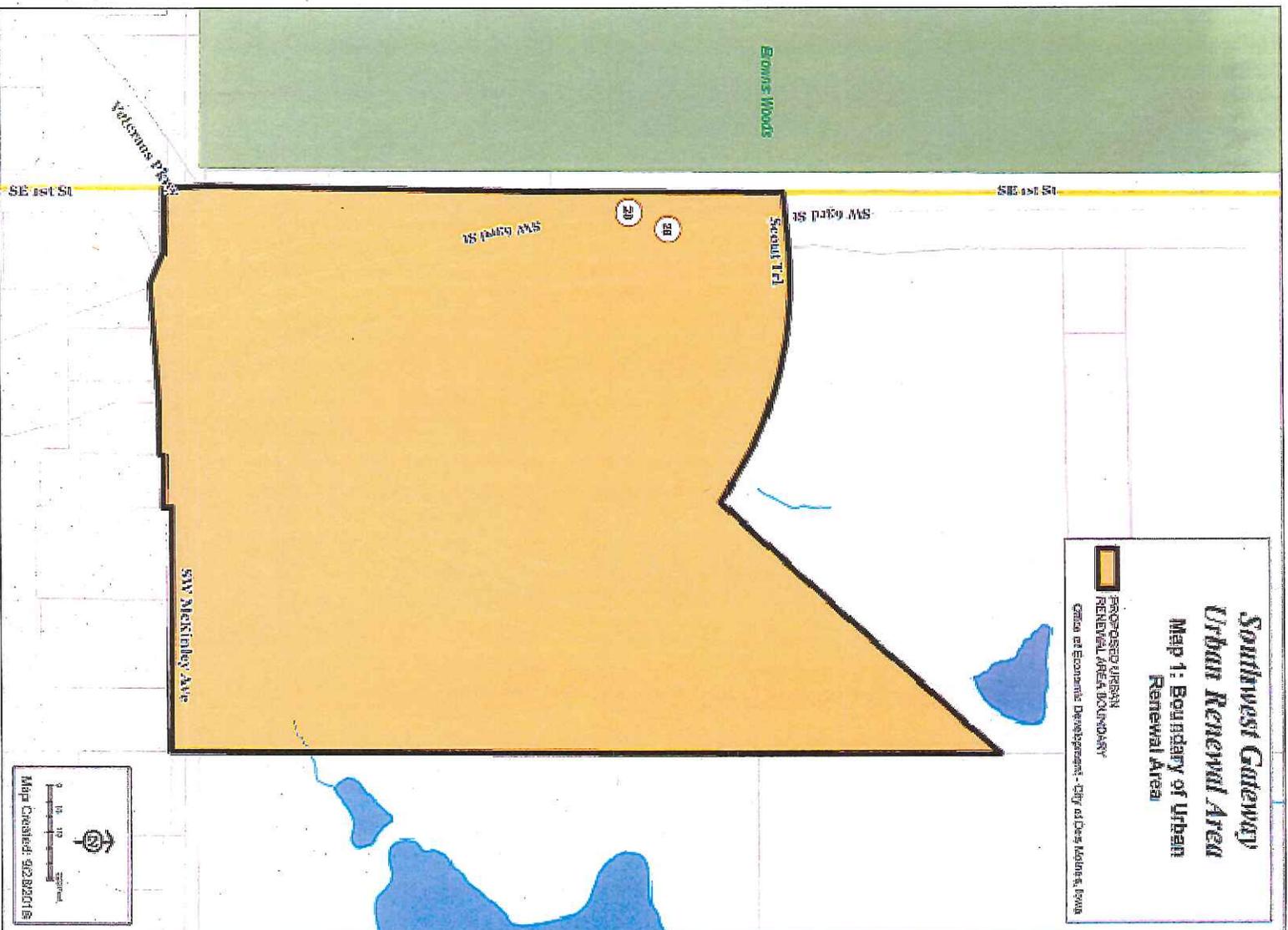
The graphic below shows the projected property tax revenues and expenditure estimates detailed in the table above. Note: The Tax Increment Revenue generated by the assessed value existing on any January 1st is paid and collected in the fiscal year commencing 18 months later.

Projected Available TIF Revenues and Expenditures Assessment Years 2018-2039 (Paid and Collected in FY2019/20 to FY 2040/41)



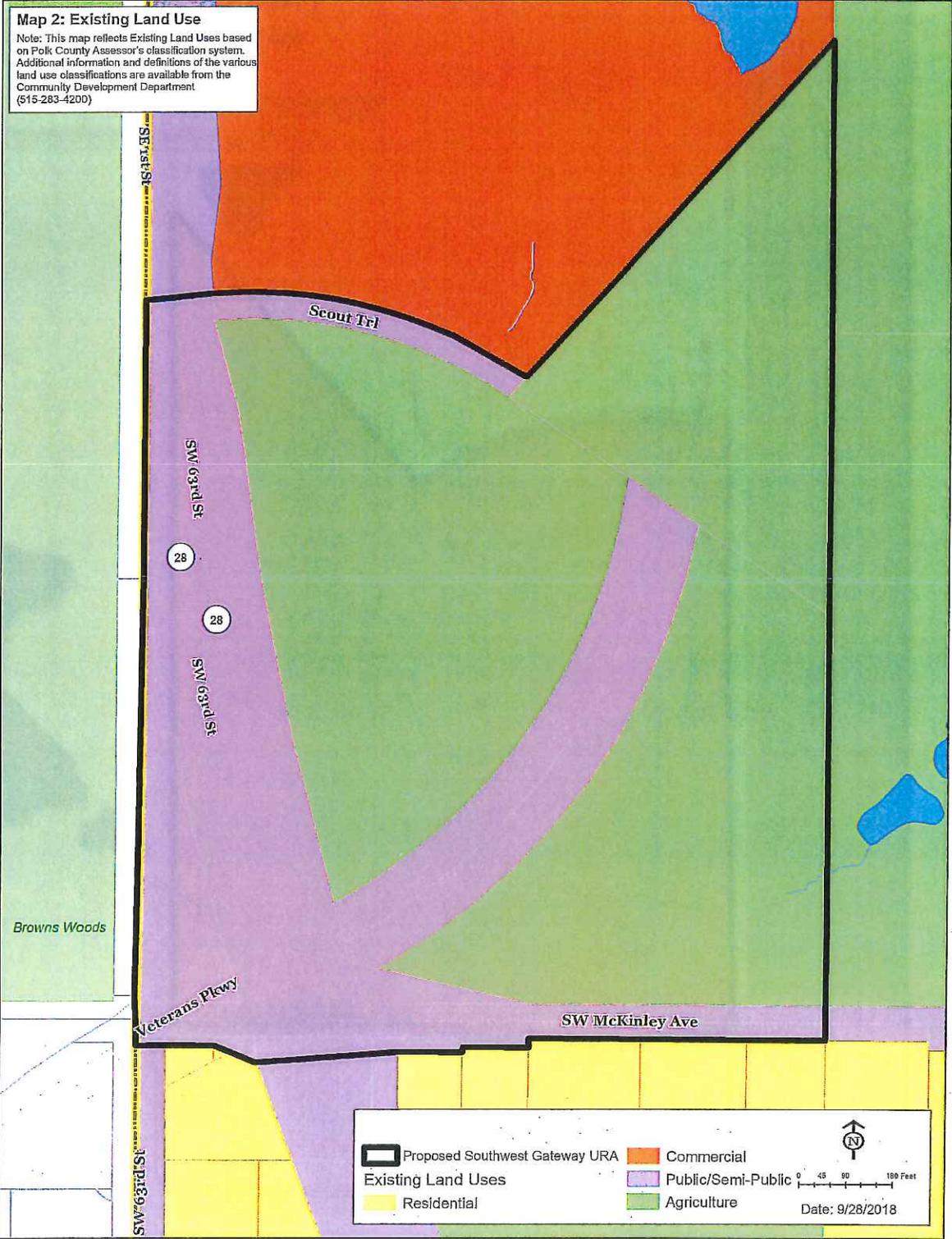
This information will change as future projects, subject to the urban renewal amendment process with the individual review of each amendment and projects by the City Council and other authorities as directed by the Code of Iowa, are approved.

Map 1 - Boundary Map



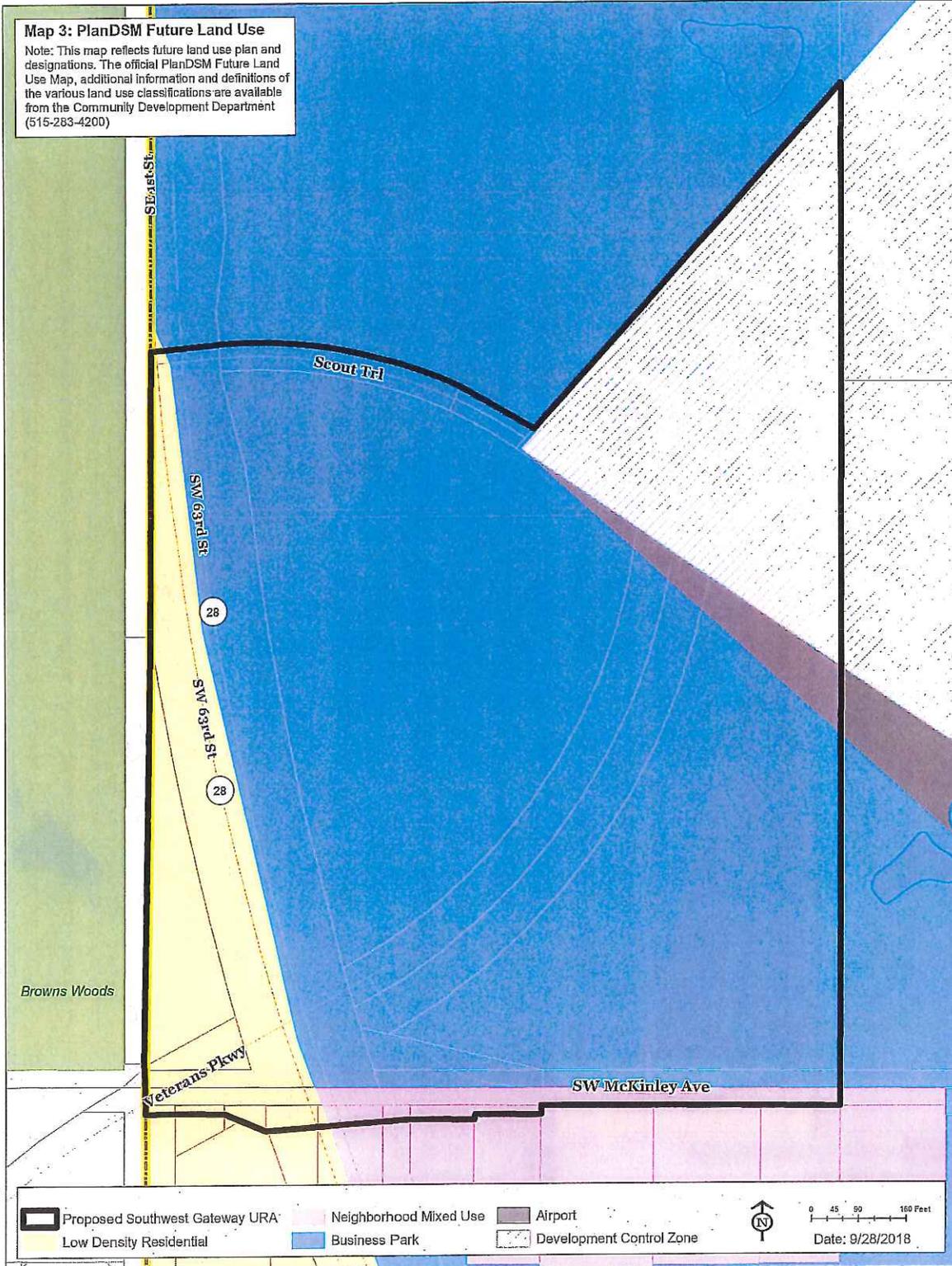
Map 2- Existing Land Use

Southwest Gateway Urban Renewal Area



Map 3- Proposed Land Use

Southwest Gateway Urban Renewal Area



Map 4- Existing Zoning

Southwest Gateway Urban Renewal Area

