

Date May 23, 2022

**RESOLUTION HOLDING PUBLIC HEARING ON THE PROPOSED
EIGHTEENTH AMENDMENT TO THE CENTRAL PLACE INDUSTRIAL
PARK REDEVELOPMENT PROGRAM URBAN RENEWAL PLAN AND
ADOPTING SAME**

WHEREAS, on May 20, 1985, by Roll Call No. 85-2388, the City Council of the City of Des Moines approved the Central Place Industrial Park Redevelopment Program Urban Renewal Plan, and such Plan has been amended fifteen times (the urban renewal plan as amended is hereinafter referred to as the “Plan”), for an area (the “Central Place Urban Renewal Area”) bounded on the north and east by the Des Moines River, on the west by 2nd Avenue, and on the south by University Avenue; and

WHEREAS, by Ordinance No. 10,635 passed May 20, 1985, the City Council concurrently designated the Central Place Urban Renewal Area as a tax increment district to provide financial assistance in meeting the goals and objectives of the Plan; and

WHEREAS, the purpose of the proposed Eighteenth Amendment to the Plan, which is on file and available for inspection in the office of the City Clerk, is to:

- Amend “Attachment B – Proposed Projects: Central Place Industrial Park Redevelopment Program Urban Renewal Plan” and make amendments to the Public Improvement Projects and Descriptions.
 - Update project description and increase the estimated cost allowed for “2nd Avenue Reconstruction;”
 - Add a new project, “2nd Avenue Bridge” and establish a not to exceed project cost;
 - Update project description and increase the estimated cost allowed for Maine Street Reconstruction
- Update Attachment C - Financial Condition Report Central Place Industrial Park Redevelopment Program Urban Renewal Plan; and

WHEREAS, on April 18, 2022, by Roll Call No. 22-0604, the City Council resolved that a public hearing be held on May 23, 2022, at 5:00 p.m., in the City Council Chambers; and

WHEREAS, the Urban Design Review Board reviewed the proposed Eighteenth Amendment at its regular meeting on April 19, 2022, and voted 9-0 with one member abstaining in support of recommending approval of the Eighteenth Amendment; and

WHEREAS, notice of this public hearing was published in the Des Moines Register on May 11, 2022, which notice sets forth the information required by Section 403.5(3) of the Iowa Code; and

WHEREAS, notice was given by ordinary mail to the Des Moines Independent School District, Polk County, Des Moines Area Community College, and Des Moines Area Regional



Date May 23, 2022

Transit Authority of a consultation meeting on the proposed Eighteenth Amendment held on May 4, 2022; and

WHEREAS, the City has received no requests from the Des Moines Independent School District, Polk County, Des Moines Area Community College, or Des Moines Area Regional Transit Authority for any modification to the division of tax increment revenues proposed by the Eighteenth Amendment; and

WHEREAS, the public hearing has now been opened and all persons and organizations desiring to be heard regarding the proposed Eighteenth Amendment have been given the opportunity to be heard.

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

1. The public hearing on the proposed Eighteenth Amendment to the Urban Renewal Plan for the Central Place Industrial Park Redevelopment Program Urban Renewal Area is hereby closed.
2. Upon consideration of the recommendations of the Urban Design Review Board and all other recommendations and statements from all other interested parties and organizations, the City Council finds that the Eighteenth Amendment conforms to the PlanDSM: Creating Our Tomorrow plan, as amended, for the development of the City as a whole.
3. The Urban Renewal Plan for the Central Place Industrial Park Redevelopment Program Urban Renewal Area is hereby amended as set forth in the Eighteenth Amendment, on file in the office of the City Clerk. The Urban Renewal Plan for the Central Place Industrial Park Redevelopment Urban Renewal Area, as amended by the Eighteenth Amendment, is hereafter in full force and effect.
4. The City Clerk is directed to cause the Eighteenth Amendment and a certified copy of this resolution to be recorded in the land records of the Polk County Recorder.

(Council Communication No. 22-246)

MOVED by _____ to adopt.

SECOND by _____.

FORM APPROVED:

/s/ Gary D. Goudelock
Gary D. Goudelock
Assistant City Attorney



Roll Call Number

Agenda Item Number

36

Date May 23, 2022

| COUNCIL ACTION | YEAS | NAYS | PASS | ABSENT |
|----------------|------|------|----------|--------|
| COWNIE | | | | |
| BOESEN | | | | |
| GATTO | | | | |
| MANDELBAUM | | | | |
| SHEUMAKER | | | | |
| VOSS | | | | |
| WESTERGAARD | | | | |
| TOTAL | | | | |
| MOTION CARRIED | | | APPROVED | |

CERTIFICATE

I, P. KAY CMELIK, 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.

Mayor

City Clerk

After Recording Return To:
City of Des Moines
Office of Economic Development
400 Robert D. Ray Drive
Des Moines, Iowa 50309

Prepared by Whitney L. Baethke, Economic Development – City of Des Moines
602 Robert D. Ray Drive, Des Moines, IA 50309 515-283-4012



**Eighteenth Amendment to the
Central Place Industrial Park Redevelopment
Program Urban Renewal Plan**

| | |
|-----------------------------------|-------------------|
| Urban Design Review Board Action: | <u>04/19/2022</u> |
| Taxing Entities Consultation: | <u>05/04/2022</u> |
| City Council Approval: | <u>05/23/2022</u> |

HISTORY

The Central Place Industrial Park Redevelopment Program Urban Renewal Plan (the "Urban Renewal Plan") was adopted on January 26, 1998 by Roll Call No. 98-275. The Urban Renewal Plan and its subsequent amendments have been recorded in the land records of the Polk County Recorder as follows:

| <i>Urban Renewal Plan Amendment</i> | <i>Date Approved</i> | <i>Roll Call No.</i> | <i>Recorded at Book/Page</i> |
|-------------------------------------|----------------------|-----------------------|------------------------------|
| Original Plan | May 20, 1985 | Roll Call No. 85-2388 | 5487/45 |
| First Amendment | Jun 23, 1986 | Roll Call No. 86-3002 | 5588/755 |
| Second Amendment | Apr 18, 1988 | Roll Call No. 88-1667 | 5845/176 |
| Third Amendment | Sep 12, 1988 | Roll Call No. 88-3983 | 6101/277 |
| Fourth Amendment | May 22, 1989 | Roll Call No. 89-2231 | 6105/13 |
| Fifth Amendment | Mar 19, 1990 | Roll Call No. 90-1162 | 6216/107 |
| Sixth Amendment | Sep 24, 1990 | Roll Call No. 90-4268 | 6289/893 |
| Seventh Amendment | Mar 18, 1991 | Roll Call No. 91-1019 | 6350/960 |
| Eighth Amendment | Oct 21, 1991 | Roll Call No. 91-4508 | 6452/807 |
| Ninth Amendment | Mar 15, 1993 | Roll Call No. 93-966 | 6740/683 |
| Tenth Amendment | Dec 8, 1997 | Roll Call No. 97-3912 | 7789/678 |
| Eleventh Amendment | Mar 6, 2000 | Roll Call No. 00-691 | 8444/578 |
| Twelfth Amendment | Feb 20, 2006 | Roll Call No. 06-46 | 11517/778 |
| Thirteenth Amendment | Jun 25, 2012 | Roll Call No. 12-1032 | 14339/782 |
| Fourteenth Amendment | Jan 23, 2017 | Roll Call No. 17-0147 | 16368/818 |
| Fifteenth Amendment | Feb 5, 2018 | Roll Call No. 18-0226 | 16816/909 |
| Sixteenth Amendment | April 20, 2020 | Roll Call No. 20-0657 | 17823/521 |
| Seventeenth Amendment | November 9, 2020 | Roll Call No. 20-1842 | 18213/976 |

PURPOSE

The purpose of this 18th Amendment to the Urban Renewal Plan for the Central Place Industrial Park Redevelopment Urban Renewal Area is to:

- Amend “Attachment B – Proposed Projects: Central Place Industrial Park Redevelopment Program Urban Renewal Plan” and make amendments to the Public Improvement Projects and Descriptions.
 - Update project description and increase the estimated cost allowed for “2nd Avenue Reconstruction;”
 - Add a new project, “2nd Avenue Bridge” and establish a not to exceed project cost;
 - Update project description and increase the estimated cost allowed for Maine Street Reconstruction
- Update Attachment C - Financial Condition Report Central Place Industrial Park Redevelopment Program Urban Renewal Plan

**Eighteenth Amendment to the Central Place Industrial Park
Redevelopment Program Urban Renewal Plan**

(Deletions are shown by crossing out text; additions are shown in *italics*.)

**Attachment B – Proposed Projects
Central Place Industrial Park Redevelopment Program Urban Renewal Plan**

Public Improvement Projects

This Urban Renewal Plan anticipates the possible construction of the following public improvements using tax increment revenues for all or some part of the estimated costs. This Urban Renewal Plan identifies that tax increment can be used for the projects listed below, but not that it will be used. All expenditures for projects listed below must be approved by the City Council through separate action.

| Project | Estimated Cost | Time Frame |
|--|-----------------------------|-------------------|
| 2 nd Avenue Reconstruction | \$16,000,000 – \$18,000,000 | 2020-2038 |
| 2 nd Avenue Bridge | Not to exceed \$2,500,000 | 2023-2025 |
| Maine Street Reconstruction | \$500,000 - \$1,000,000 | 2018-2038 |
| Signage | Up to \$10,000 annually | 2017-2038 |
| Marketing | Up to \$10,000 annually | Ongoing |
| Property Preparation/ Maintenance | Up to \$35,000 annually | Ongoing |
| Trail Segment, Sidewalk Connection, and signal crossing improvements | Up to \$1,200,000 | 2020-2038 |

Public Improvement Project Descriptions

2nd Avenue Reconstruction

This project provides for the reconstruction of 2nd Avenue from University Avenue to the Des Moines River. The project includes full pavement reconstruction, adding left turn lanes at select locations along the corridor, new five-foot-wide sidewalks on both sides of the street, new storm sewers where needed and will incorporate a trunk line sewer outlet for the final phase of the River Bend King Irving Sewer Separation project. The project includes a traffic signal at 2nd Avenue and Franklin Avenue to accommodate the new trail along the Central Place levee to the south and east from the intersection. Also included is the undergrounding of cross-avenue wires.

2nd Avenue Reconstruction

This project provides for the rehabilitation of the 2nd Avenue Bridge over the Des Moines River and over Birdland Drive. Work on this project is anticipated to consist of deck repairs, expansion

joint replacement, deck overlay, repairs to steel substructure, and repainting. A consultant will be utilized for design and construction phase services. The overall cost is projected to be \$10.1 million, with a maximum of \$2.5 million funded from TIF bonding.

Maine Street Reconstruction

Maine Street is one of the few unpaved streets within the City. This project would reconstruct and pave this street. The length is approximately 1,200 feet. This project is not currently in the Capital Improvement Program.

Signage

Maintain and repair existing public monument signage for the business park at the southeast corner of 2nd Avenue and Jefferson Street.

Marketing

Create and post “for sale” signs and conduct marketing activities to dispose of City-owned parcels within the urban renewal area.

Property Preparation/Maintenance

Maintenance of City-owned parcels within the urban renewal area. Activities include mowing and clearing brush. Additionally, studies, surveys and appraisals may be conducted.

Trail Segment, Sidewalk Connection and Signal Crossing Improvements

Construct 1.07 miles of 10-foot-wide trail and approximately 800 linear feet of 5-foot-wide sidewalk to provide trail connections. Improve 2nd Avenue crossings with HAWK pedestrian activated signals. The locations are from University Avenue to 2nd Avenue, on top of the Central Place flood levee, and on College Avenue from Illinois Street to the levee.

Private Development and Redevelopment Activities

Commonwealth Electric

Redevelopment of vacant property at 111 Jefferson Avenue, previously purchased from the City of Des Moines, by 111 Jefferson Ave, LLC on behalf of Commonwealth Electric Company with a warehouse containing 9,000 square feet at an estimated project price of \$850,000. This project is an expansion of the Commonwealth Electric Company’s existing warehouse facility located at 1530 2nd Avenue. The following economic incentives are proposed to be provided by the City:

- A forgivable loan in the amount of \$43,500.00 to be forgiven upon substantial completion of the project.

Storey Kenworthy Expansion

Sale of City-owned property at 1300-1350 Vermont Street to Storey Kenworthy or its designee for a purchase price of \$210,000 for redevelopment with a high cube warehouse containing approximately 60,000 square feet at an estimated project cost of \$3.9 million, for an expansion of its business facilities. All such redevelopment to be in general conformance with the *agreement approved by the City Council on May 21, 2018, by Roll Call No. 18-0886*, which identifies the following economic incentives to be provided by the City:

- A forgivable loan in the amount of \$210,000 to be forgiven upon substantial completion of the project;

- A grant in the amount of \$200,000, to be advanced upon substantial completion of the project; and,
- A second grant in an amount equal one-half of the out-of-pocket costs associated with the investigation and remediation of environmental contamination on the property, but not to exceed \$25,000.

Voluntary Acquisition Program

As part of this Urban Renewal Plan, a voluntary acquisition program is hereby created, whereby the City may spend up to \$1 million to be reimbursed from future tax increment revenue dollars to purchase any of the property shown on Map 6 – Voluntary Acquisition Lots, as such property becomes available for sale.

Attachment C – Financial Condition Report

Central Place Industrial Park Redevelopment Program Urban Renewal Plan

The City Council adopted a Resolution of Necessity pursuant to Section 403.4 of the Code of Iowa by Roll Call No. 469 on January 31, 1972, declaring the area within this Plan Area to be a slum and blighted area, in an action which added the Plan Area to the original Model Cities boundary as part of the Planned Variations Program. This original declaration of slum and blight was reaffirmed by the Council in Roll Call No. 2907 on June 25, 1979 by the Omnibus Urban Renewal Plan Amendment. On July 25, 1988 by Roll Call No. 88-3304, the Des Moines City Council adopted another Resolution of Necessity declaring that the area encompassed by this Plan to also be an economic development area that is appropriate for commercial and industrial enterprises. The Central Place Industrial Park Redevelopment Program Urban Renewal Plan was adopted on May 20, 1985 in an effort to develop an industrial park for existing and future industries. 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 that 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.

As part of the designation of an urban renewal area, the city council must adopt an urban renewal plan. That plan is referred to in this report as the "Central Place Industrial Park Redevelopment Program 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. If the city wants to undertake an action not specified in the urban renewal plan, it must adopt the proposed change by an amendment to the urban renewal plan. 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 plan 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 for amendment of the Central Place Industrial Park Redevelopment Program Urban Renewal Plan.

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, 2021, the City of Des Moines has approximately \$487.5 million in general obligation debt. Of this debt, approximately \$141.7 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 \$725.3 million. Currently the Central Place Industrial Park Redevelopment Program Urban Renewal Area has an outstanding total debt comprised of tax increment notes and bonds in this urban renewal area of about \$4.8 million.

Property Tax Assessments and Revenues

The base assessed value used to calculate the Tax Increment Revenue for the Central Place Industrial Park Redevelopment Program Urban Renewal Area is approximately \$15.1 million. The total taxable value of all property within the Urban Renewal Area as of January 1, 2021, is approximately \$41.9 million, resulting in a new increment valuation of approximately \$26.8 million, which could have generated a maximum Tax Increment Revenue of approximately \$1.0 million in FY2021/22. Approximately \$601,000 in revenues were certified for FY2021/22, utilizing approximately \$16.1 million in increment valuation in the Urban Renewal Area. The remaining \$10.7 million in increment valuation was released to all local taxing entities.

Future Financial Condition

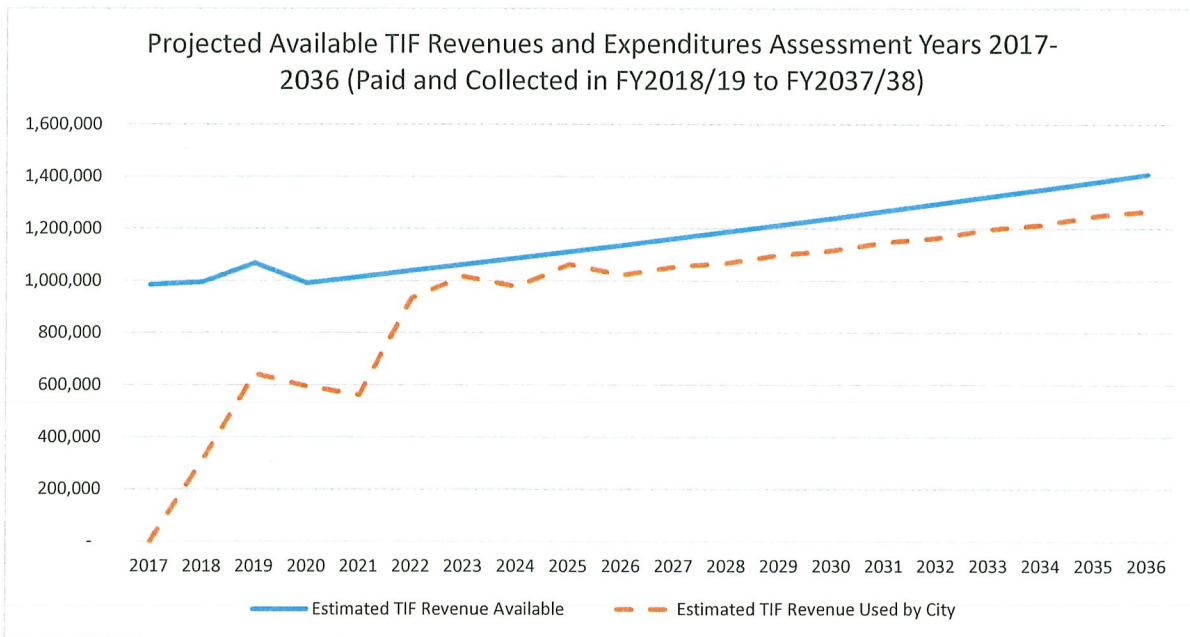
Shown below is a table that projects estimated increment valuations in the Central Place Industrial Park Redevelopment Program Urban Renewal Area. In this Financial Condition Report, the estimated Tax Increment Financing valuation used is based on a property tax levy rate of \$37 / \$1,000. This levy rate reflects the tax levy rate after subtracting payment of the ‘protected debt levies’ (various levies not subject to allocation to Tax Increment Revenue.)

The revenue projections shown are based on increases in property tax revenues conservatively estimated with an annual growth rate of 1.5%. 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. The “TIF Valuation Used” in the financial projection below is an estimate for the Storey Kenworthy expansion grants, anticipated street reconstruction projects, signage upgrades and needed property maintenance at a total estimated cost of \$5.3 million.

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

| Assessment Year | Base Valuation | Total Assessed Valuation | New Increment Valuation | TIF Valuation Used | Estimated TIF Revenue Available | Estimated TIF Revenue Used by City | Percent Valuation Used |
|-----------------|----------------|--------------------------|-------------------------|--------------------|---------------------------------|------------------------------------|------------------------|
| 2015 | 15,140,280 | 36,243,330 | 21,103,050 | - | 839,595 | - | 0% |
| 2016 | 15,140,280 | 36,263,530 | 21,123,250 | - | 846,655 | - | 0% |
| 2017 | 15,140,280 | 39,233,580 | 24,093,300 | - | 985,429 | - | 0% |
| 2018 | 15,140,280 | 39,447,880 | 24,307,600 | 7,579,362 | 995,463 | 310,396 | 31% |
| 2019 | 15,140,280 | 41,279,090 | 26,138,810 | 15,749,860 | 1,068,554 | 643,854 | 60% |
| 2020 | 15,140,280 | 41,937,930 | 26,797,650 | 16,078,590 | 991,513 | 594,908 | 60% |
| 2021 | 15,140,280 | 42,566,999 | 27,426,719 | 15,200,025 | 1,014,789 | 562,401 | 55% |
| 2022 | 15,140,280 | 43,205,504 | 28,065,224 | 25,257,758 | 1,038,413 | 934,537 | 90% |
| 2023 | 15,140,280 | 43,853,586 | 28,713,306 | 27,481,851 | 1,062,392 | 1,016,829 | 96% |
| 2024 | 15,140,280 | 44,511,390 | 29,371,110 | 26,432,055 | 1,086,731 | 977,986 | 90% |
| 2025 | 15,140,280 | 45,179,061 | 30,038,781 | 28,746,178 | 1,111,435 | 1,063,609 | 96% |
| 2026 | 15,140,280 | 45,856,747 | 30,716,467 | 27,641,816 | 1,136,509 | 1,022,747 | 90% |
| 2027 | 15,140,280 | 46,544,598 | 31,404,318 | 28,467,177 | 1,161,960 | 1,053,286 | 91% |
| 2028 | 15,140,280 | 47,242,767 | 32,102,487 | 28,888,112 | 1,187,792 | 1,068,860 | 90% |
| 2029 | 15,140,280 | 47,951,409 | 32,811,129 | 29,738,399 | 1,214,012 | 1,100,321 | 91% |
| 2030 | 15,140,280 | 48,670,680 | 33,530,400 | 30,172,045 | 1,240,625 | 1,116,366 | 90% |
| 2031 | 15,140,280 | 49,400,740 | 34,260,460 | 31,048,011 | 1,267,637 | 1,148,776 | 91% |
| 2032 | 15,140,280 | 50,141,751 | 35,001,471 | 31,494,754 | 1,295,054 | 1,165,306 | 90% |
| 2033 | 15,140,280 | 50,893,877 | 35,753,597 | 32,397,174 | 1,322,883 | 1,198,695 | 91% |
| 2034 | 15,140,280 | 51,657,286 | 36,517,006 | 32,857,408 | 1,351,129 | 1,215,724 | 90% |
| 2035 | 15,140,280 | 52,432,145 | 37,291,865 | 33,787,082 | 1,379,799 | 1,250,122 | 91% |
| 2036 | 15,140,280 | 53,218,627 | 38,078,347 | 34,261,215 | 1,408,899 | 1,267,665 | 90% |

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 month later.



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.