



**FINANCE & ADMINISTRATION SUB-COMMITTEE
MEETING MINUTES
Wednesday, February 17, 2016 - 7:00 AM
West Des Moines City Hall – 4200 Mills Civic Parkway
Training Room, 2nd Floor**

Present: Councilmember Russ Trimble, Councilmember Jim Sandager, City Manager Tom Hadden, Finance Director Tim Stiles, City Attorney Dick Scieszinski, Human Resources Director Jane Pauba Dodge, Community & Economic Development Director Clyde Evans, Planner Naomi Hamlett, Budget Analyst Chris Hamlett, and Administrative Secretary Maureen Richmond

Guests: Colin Panzi, Rock Island Development Co. - Item 1
Joren Jensen, Rock Island Development Co. - Item 1
Evan Shaw, Knowles Blunck Architecture - Item 1
Brett Hegl, Urban Market Partners - Item 1
Jim Miller, Historic Valley Junction Foundation - Item 2

Meeting was called to order at 7:00 AM

1. Redevelopment of 111 S. 11th Street

On December 16, 2015 this group presented a potential project located at 111 s. 11th Street, referring to this project as “The Foundry”. Mr. Evans indicated that staff will be working with the developer to determine the viability of city participation in the project, and is now reporting back to the Committee

Mr. Jensen, developer for The Foundry project, described the proposed concept of mixed-use as an area where people could come to work, shop, and connect. He envisions this project as a catalyst for future development in the Valley Junction area.

Phase I of the proposed development consists of indoor/outdoor space on the site with vendors, restaurants, music, crafts, and special events. They are proposing to partner with a concept called the Big Wonderful which blends food, handcrafts, and entertainment and features an outdoor beer garden and indoor bazaar. They described special events that could be held on the property as well as year round retail on Friday and Saturday.

Phase II, previously proposed as multi-family residential, has been changed to office space with Phase III as additional commercial development. The financial breakdown of the potential project is as follows:

- Total project cost \$6,815,000
- Profitable project cost \$5,500,000
- Funding gap \$1,315,000

As a reminder to the committee, the developer acknowledged that the current owner is firm with the selling price of the building – as a result there is a need for assistance with the funding gap.

The Foundry developers are requesting the following support from the City to assist in the viability of this project:

- \$1,300,000 as a direct cash infusion to assist in the acquisition and redevelopment of the property
- \$100,000 to help cover the start-up costs to bring the Big Wonderful to Valley Junction
- 5-year sliding scale property tax rebate program
- Logistical assistance with the city process for re-zoning of the parcel to allow the multi-uses.

Councilmember Trimble noted that the potential purchase price for the building was too high and he was uncomfortable funding the request in its current form. Councilmember Trimble noted maybe there is another creative way to fund the project. Councilmembers Sandager and Trimble encouraged Mr. Evans and City staff to work with the developer towards other options.

2. Valley Junction Self-Supported Municipal Improvement District (SSMID)

Ms. Hamlett and Mr. Miller presented the concept of establishing a Valley Junction Self-Supported Municipal Supported Municipal Improvement District (SSMID). SSMID is an area where an additional property tax is levied on properties by consent of the commercial property owners within a designated area, in this case the Historic Valley Junction District. Mr. Miller explained that these areas are common around the metro and elsewhere in Iowa.

They explained that business owners in the area have been discussing the concept for quite some time and currently there is some momentum from key stakeholders.

Councilmembers asked for basic information about a SSMID, and Mr. Miller explained that funds collected through the SSMID may be used for co-operative trash program, snow removal, planters/plants, banners, signage, holiday lights, and any other mutually-agreeable projects. He outlined specifics of a potential arrangement which are being discussed:

- SSMID funding and spending would be determined by a separate Board.
- SSMID provides a sustainable source for a set period of time; Valley Junction is likely requesting a 5-year term
- Commercial property taxes in WDM are about \$37.50 per \$1,000 of valuation
SSMID in Valley Junction would create \$40,000-\$80,000 in sustainable funding
 - A rate of \$2 per \$1,000 of valuation, \$40,000 would be raised
 - A rate of \$3 per \$1,000 of valuation, \$60,000 would be raised
 - A rate of \$4 per \$1,000 of valuation, \$80,000 would be raised

Mr. Miller and Ms. Hamlett outlined the process for establishing a SSMID:

- Commercial property owners voluntarily agree to pay property taxes at a higher rate
- 25% of district property owner representing 25% of the assessed land value in the district must sign a petition of SSMID to pass.

- If 40% of the property owners petition against the SSMID, the process ceases

Mr. Miller noted that any counter petition requires unanimous vote by City Council. Ms. Hamlett noted the Council has the option to require more than 25% of signatures on the petition. The goal date for the SSMID is September 2016.

The Councilmembers supported establishing a Historic Valley Junction SSMID but recommended requiring 50% + 1 vote for approval rather than 25%. Mr. Miller will be reconvening the Valley Junction Board to discuss and determine next steps in the process.

3. State of Iowa High Quality Jobs Application (Businessolver, Inc.)

Mr. Evans presented a State of Iowa High Quality Jobs application for Businessolver, Inc., located at 1025 Ashworth Road. Businessolver is requesting that the City provide an economic development grant to meet the local match requirement on the HQJ grant. Businessolver currently employs approximately 400 people and expects to create 40 new jobs in West Des Moines.

Businessolver is seeking approximately \$320,000 in financial assistance from the State through a \$100,000 forgivable loan, \$100,000 investment tax credit, and \$120,000 in sales tax refund, which will require a local match from the City. The City's match for the forgivable loan will be 20% (\$20,000). Mr. Evans has offered Businessolver a sliding scale rebate as well, which will total approximately \$128,000 over its term.

If the project goes forward, an Urban Renewal Plan/TIF Ordinance will most likely need to be created and a development agreement between the company, landowner, and City will need to be negotiated. Mr. Stiles noted that the City's approach of creating a new Urban Renewal Area in response to each HQJ situation may eventually create a patchwork of Urban Renewal Areas in the City. This could be problematic to administer and does not drive development projects towards areas of the City which may be in need of improvements.

Due to a scheduling conflict, Councilmember Sandager left the meeting during the discussion of this item, but Councilmember Trimble supported the High Quality Jobs Program Application for Businessolver and recommended that the item be placed on the February 22, 2016, City Council meeting for full consideration.

4. Amendment to Ashworth Road Urban Renewal Area-Newport Building (INTL FC Stone)

Mr. Evans presented a proposed amendment to Ashworth Urban Renewal Area. FC Stone will be moving into a newly-constructed office building on the east side of Jordan Creek Parkway near Woodland Avenue. The company has applied for and received a High Quality Jobs Incentive from the State of Iowa, and the City is required to make a local match. This necessitates the creation of Urban Renewal funding for the match.

He explained that rather than creating a new area, the current Ashworth Corridor Urban Renewal Area could be expanded to include the building site and a number of other currently undeveloped parcels in the County Club Office Park area.

The Ashworth URA currently extends westward along either side of Ashworth Road from Jordan Creek Parkway to just west of 88th Street. Funds generated by the Urban Renewal Area can be used to assist in funding improvements and widening of Ashworth Road all the way to 98th Street (the western corporate boundary). So, staff would like to also add a western parcel to this URA, along with the right of way of Ashworth Road, so that construction will be within the URA.

Staff anticipates certifying debt in this URA during the next fiscal cycle. Councilmember Trimble supported the Amendment to Ashworth Road Urban Renewal Area.

5. Allocation of Budgeted FY 2016-17 Hotel/Motel Tax Revenue

Mr. Stiles presented the allocation of FY 2016-17 Hotel/Motel Tax Revenue. He noted that the fund balance is expected to rise from \$336,000 to \$351,000 by June 30, 2017.

For FY 2016-17, the City received applications from nine non-profit organizations requesting discretionary funding and presentations were received by each organization at January meetings. The group noted that Mr. Sandager had informally agreed to this allocation at the last meeting. Based on the presentations, written applications, and previous history, the Committee is recommending the following hotel/motel allocation:

- Eddie Davis Community Center \$ 15,000
- Historic Valley Junction Foundation \$ 95,000
- Tiger Softball \$ 2,000
- WDM Business Incubator \$ 10,000 - requires matching funds
- WDM Chamber/Development Connection \$117,500
- WDM Historical Society \$ 50,000
- WDM Soccer Club \$ 30,000
- Iowa Senior Games \$ 10,000
- Junior Achievement \$ 10,000

The overall allocation of Hotel/Motel tax was also presented by Staff and discussed. Councilmember Trimble recommended that the FY 2016-17 Hotel/Motel Tax allocation (as presented) be placed on the February 22, 2016, City Council meeting for full consideration.

6. 2016 General Obligation Bonds – Pre-Levy

Mr. Stiles presented draft City Council Meeting Communications establishing Public Hearings for the issuance of Essential Corporate (ECP) and General Purpose (GCP) General Obligation Bonds. He noted that there may be multiple series making up the total. The public hearing, currently scheduled for February 22, 2016, will allow the sale of not to exceed \$9,800,000 of GCP and ECP bonds partially to defray the costs of constructing a number of CIP projects included in prior, current, and future fiscal year budgets. Following the issuance the City's debt service levy will remain at the newly established goal of \$1.95 per \$1,000 of taxable valuation. To start the process, there will need to be an item on the next Council agenda to establish the date of hearing.

Councilmember Trimble supported placing this item on the February 22, 2016, Council Agenda

for full consideration and approval.

7. City Purchasing Policy

Mr. Stiles noted he will be presenting the City Purchasing Policy at a future Finance meeting. The Purchasing Policy hasn't been updated for several years. This policy will be revised and implemented in the new future Finance Software.

8. Staff Updates

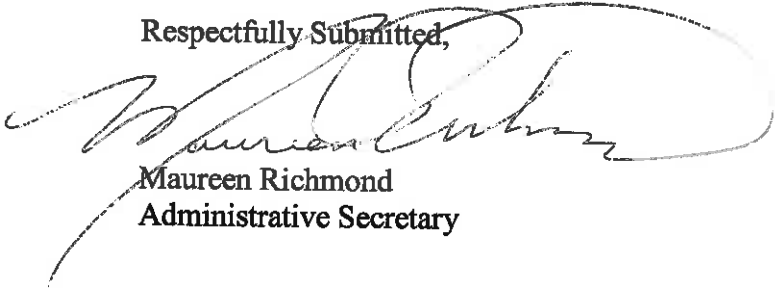
None

9. Other Matters

None

Meeting was adjourned at 8:10 AM.

Respectfully Submitted,

A large, stylized handwritten signature in black ink, appearing to read "Maureen Richmond". The signature is written over the typed name and title.

Maureen Richmond
Administrative Secretary