CITY OF WEST DES MOINES
CITY COUNCIL MEETING COMMUNICATION

ITEM: Approval to Initiate a Development Agreement between JARCOR, LLC, Benchmark Real Estate Group and the City of West Des Moines **DATE: February 20, 2018**

RESOLUTION: Approval to proceed with the preparation of a Development Agreement

FINANCIAL IMPACT: The applicant has agreed to a figure of $6.5 million as the value of the Minimum Assessment agreement. The company will need to sign a development agreement with the City that would include a minimum assessment agreement to guarantee the value, to guarantee the valuation for ten (10) years, and to guarantee the retention/creation of at least five (5) FTEs.

BACKGROUND: On September 6, 2016, the City Council adopted a resolution creating the Property Tax Rebate Pilot Program to stimulate economic development activity in certain parts of the City. Basically, the program would provide a five year, 100% rebate of the incremental increase in property taxes on a property if the owner of the property would expend a minimum of $500,000 on building upgrades/construction. The program also required the creation/retention of a minimum of five jobs.

On January 19, 2018, JARCOR, LLC filed an application with the City to be considered for the program. Review of the application indicates that they are proposing the construction of a two-story, 40,000 square-foot spec. office building on the northern portion of a property located on the north side of Office Park Road, 1011 Office Park Road. Because the building is a spec. office building, the applicant is proposing that Benchmark Real Estate Group, a sister company, commit to the job creation/retention requirement until such time as a future tenant can commit to the requirement. The applicant is proposing to retain five (5) full-time positions.

Staff has reviewed their proposal and has found it complete.

The project site is within the Midtown Urban Renewal Area.

This proposal was reviewed by the Finance & Administration Council Subcommittee and funding from the Property Tax Rebate Program has been recommended for approval.

OUTSTANDING ISSUES: There are no outstanding issues.

RECOMMENDATION: The Finance and Administration City Council Subcommittee is recommending adoption of a resolution approving initiation of the Development Agreement.

Lead Staff Member: Clyde Evans, AICP, Community & Economic Development Director

STAFF REVIEWS

Department Director	Clyde Evans, Community and Economic Development Director
Appropriations/Finance	Tim Stiles, Finance Director
Legal	
Agenda Acceptance	

PUBLICATION(S) (if applicable)

Published In	N/A	
Date(s) Published	N/A	
Letter sent to surrounding property owners	N/A	

SUBCOMMITTEE REVIEW (if applicable)

Committee	Finance & Administration		
Date Reviewed	February 14, 2018		
Recommendation	Yes ☒	No ☐	Split ☐

ATTACHMENTS:

Exhibit I - Application for assistance under the Property Tax Rebate Program
Exhibit II - Resolution

Date of Application: January 19, 2018

Address of Development Property: 1011 Office Park Road

County Assessor District/Parcel Number of Development Property: **320/01156-012-010**

Located in an existing Urban Renewal Area? If yes, please identify the Area: 99/West Des Moines Midtown UR .

Owner of Development Property (please provide the following information):

Full Legal Name: JARCOR LLC

Address (if different from above): 317 6th Ave., Ste. 900, Des Moines, Iowa 50309

Nature of Entity (individual, corporation, LLC, etc.): LLC

If legal entity, identify state of incorp./organization: _____

Name and title of signatory to potential Development Agreement on behalf of Owner:

Joseph Cordaro

Phone Number: 515.520.8812

E-Mail Address: jcordaro@benchmarkreg.com

Existing property use (commercial, industrial, retail, office, vacant, other – please specify):

Vacant

Proposed property use (commercial, industrial, retail, office, other- please specify): Office

Nature of Improvements: ☒ New Construction ☐ Addition ☐ Rehabilitation

Describe proposed Project: The proposed project is a 2-story, 40,000 square foot office building. The total project cost is estimated to be $7,200,000. The building is designed to complement the two single-story office buildings located at the front of the site. With a tight central core, the floor plan can accommodate one to eight tenants.

Estimated Project Start Date: 6.15.18 Estimated Completion Date: 6.15.19

Please complete the table below with projected expenditures related to this project.

Budget Item	Amount
Building Construction	$6,705,000

Building Addition	
Building Remodeling	
Machinery & Equipment	
Tenant Improvements (if applicable)	$495,000
Technology Investments	
Furniture & Fixtures	
Other Major Investments (specify below)	
TOTAL	$7,200,000

Define and indicate the approximate value of the Project upon completion (only the building and improvement costs that will affect taxable valuation, NOT land, equipment or machinery): $6.5 Million

How many jobs will this project create or retain?

Create: Full-Time_____ Part-Time _____
Retain: Full-Time 5 Part-Time _____

Will you be applying for a High Quality Jobs or other Agreement with the State? No If so, has an application been filed? _____ If yes, please provide a copy.

Does this Project involve the relocation of a business enterprise (or substantial portion thereof) from another Iowa county or city? No If yes, please explain: _____

Is the Owner of the Development Property also the Developer for this Project? No but the Owner and the Developer are related parties. If not, in response to each item below, please identify the full legal name of the entity, the nature of the entity, its state of incorporation (if applicable) and the name and title of that entity's signatory to any Development Agreement):

Which entity will be responsible for constructing the building/improvements on the Development Property? Benchmark Real Estate Group

Which entity will be entitled to receive the Tax Increment Rebates? JARCOR LLC

Which entity will occupy and operate the business in the building/improvements? Unknown at this time. This is a speculative office building. Benchmark Real Estate Group will be the property manager. Benchmark Real Estate Group will commit to the retention/creation of 5 jobs and will occupy the building unless a tenant is identified that will commit to the job creation/retention goals. If a tenant commits to the job goals, the development agreement will be modified to reflect this change.

Is the owner leasing the building to another entity that is operating the business? Yes
If, yes, please explain: Yes, JARCOR LLC will lease the building to one or more operating businesses. Neither JARCOR or Benchmark will occupy the building. Benchmark will be the property manager.

Is the Development Property currently subject to any property tax exemption or any other property tax rebate? _No_____If yes, explain: _____

Have you applied for any other property tax exemption or rebate for the Development Property? ___No_____. If yes, explain: _____

Does any public official or employee of the City who exercises or has exercised any responsibilities or discretion with respect to the Project, or who is in a position to participate in a decision-making process or gain insider information with regard to the Project, have interest, direct or indirect, in the Project or any contract or subcontract (actual or proposed) in connection with the Project? _____No_____If yes, explain:

Prepared by: C. Evans, City of West Des Moines Community and Economic Dev. PO Box 65320, WDM, IA 50265-0320 515-273-0770
When Recorded Return to: City Clerk, City of West Des Moines, 4200 Mills Civic Parkway, PO Box 65320, West Des Moines, IA 50265-0320

RESOLUTION

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WEST DES MOINES, IOWA, AUTHORIZING STAFF TO INITATE THE PREPARATION OF A DEVELOPMENT AGREEMENT FOR ECONOMIC DEVELOPMENT ASSISTANCE CONTRACT BETWEEN JARCOR, LLC, BENCHMARK REAL ESTATE GROUP, AND THE CITY OF WEST DES MOINES FOR ASSISTANCE UNDER THE PROPERTY TAX REBATE PROGRAM.

WHEREAS, JARCOR, LLC proposes to undertake the construction of a two-story, 40,000 square foot office building to be located at 1011 Office Park Road;

WHEREAS, JARCOR, LLC filed a formal application on January 19, 2018, with the City for financial assistance under the City's Property Tax Rebate Program;

WHEREAS, the application for assistance from JARCOR, LLC has been found complete;

WHEREAS, Benchmark Real Estate Group has committed to meet the jobs requirement of the Program;

WHEREAS, the Finance and Administration City Council Subcommittee at their meeting on February 14, 2018, recommended that the City Council approve JARCOR, LLC's request;

WHEREAS, the City is prepared to offer property tax rebates under the Property Tax Rebate Program;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF WEST DES MOINES, IOWA HAS directed staff to initiate the preparation of a Development Agreement on behalf of the City with JARCOR, LLC, and Benchmark Real Estate Group.

PASSED AND ADOPTED this 20th day of February, 2018

_____
Steven K. Gaer, Mayor

Attest:

_____

Ryan T. Jacobson, City Clerk