CITY OF WEST DES MOINES
CITY COUNCIL MEETING COMMUNICATION

ITEM: Approval to Initiate a Development Agreement between GCC Properties, LLC, Gilbert and Cook, Inc., and the City of West Des Moines

DATE: September 4, 2018

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

FINANCIAL IMPACT: The applicant has agreed to a figure of $1.5 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 investment, to guarantee the valuation for ten (10) years, and to guarantee the retention/creation of 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 areas of the City. The program is intended to 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 requires the creation/retention of a minimum of five (5) FTE's. The pilot program is scheduled to expire on December 31, 2018.

On June 11, 2018, Gilbert & Cook, Inc. filed an application with the City to be considered for the program. Review of the application indicates that they are proposing to renovate an existing 13,320 square foot vacant office building located at 5058 Grand Ridge Drive. The applicant is proposing to occupy the entire building for their own use which is for a financial services company, and retain 20 full time positions and create five (5) new positions. The construction and renovation work is estimated at $660,000 and the applicant has agreed to a minimum assessment of $1,500,000. Based upon a minimum assessment of $1,500,000 and an incremental increase of valuation of $370,000, the annual property tax rebate would be approximately $10,507 or $52,535 over the five years of the rebate.

Staff has reviewed their proposal and has found it to be complete. The project site is currently not within an Urban Renewal area. A new Urban Renewal Area and Plan (Grand Ridge URA and Plan) will need to be created, and will be on the City Council agenda for the September 17, 2018, Council meeting.

Although this proposal was not reviewed by the Finance & Administration Council Subcommittee, individually the members contacted staff to inform us that they were in agreement to bring the application request to the full Council for action, and funding through the Property Tax Rebate Program.

OUTSTANDING ISSUES: There are no outstanding issues.

RECOMMENDATION: Staff is recommending adoption of a resolution approving initiation of the Development Agreement, and authorization to commence building renovation work.

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	N/A		
Date Reviewed	N/A		
Recommendation	Yes	No ☐	Split ☐

ATTACHMENTS:

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

Date of Application: **June 11, 2018**

Address of Development Property: **5058 Grand Ridge Drive, West Des Moines, IA 50265**

County Assessor District/Parcel Number of Development Property: **320/02724-211-000**

Located in an existing Urban Renewal Area? If yes, please identify the Area: **No**

Owner of Development Property (please provide the following information):
Full Legal Name: **Gilbert & Cook, Inc: We are currently in a due diligence period to purchase the building and relocate from our current address.**

Address (if different from above): **2670 106th Street, Suite 220, Urbandale, IA 50322**
Nature of Entity (individual, corporation, LLC, etc.): **Corporation**

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

Name and title of signatory to potential Development Agreement on behalf of Owner:
Linda Cook, President or Chris Cook, Treasurer

Phone Number: **515-270-6444**

E-Mail Address: **llcook@gilbertcook.com or ccook@gilbertcook.com**

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

Proposed property use (commercial, industrial, retail, office, other- please specify): **Office**
Nature of Improvements: ☐ New Construction ☐ Addition ☒ Rehabilitation

Describe proposed Project:
The building is almost 20 years old and buildings in that area are 20+ years in age. Repairs and upgrades to the building in excess of $500,000 are needed to renovate it to be a Class A office space for our growing firm.

Estimated Project Start Date: **July, 2018** Estimated Completion Date: **December, 2018**

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

Budget Item Amount
Building Construction
Building Addition **$25,000**
Building Remodeling **$145,000**
Machinery & Equipment **$250,000**
Tenant Improvements (if applicable) **$100,000**
Technology Investments **$55,000**
Furniture & Fixtures **$85,000**
Other Major Investments (specify below)
TOTAL $660,000

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): **$1.8 – 1.9M**

How many jobs will this project create or retain?

Create: Full-Time: **5 over next 2 years** Part-Time _____
Retain: Full-Time: **20 indefinitely** 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? **Yes** If yes, please explain: **Relocation from Urbandale, Iowa to West Des Moines, Iowa**

Is the Owner of the Development Property also the Developer for this Project? **Yes, we are currently in a due diligence period to purchase the building, renovate it and relocate from our current address**. 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?
__GCC Properties, LLC. _____

Which entity will be entitled to receive the Tax Increment Rebates?
___GCC Properties, LLC_____

Which entity will occupy and operate the business in the building/improvements?
___Gilbert & Cook, Inc._____

Is the owner leasing the building to another entity that is operating the business?
_x_Yes If, yes, please explain:
Gilbert & Cook, Inc. will be leasing the property from GCC Properties, LLC_____

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:_____

RESOLUTION

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WEST DES MOINES, IOWA, AUTHORIZING STAFF TO INITIATE THE PREPARATION OF A DEVELOPMENT AGREEMENT FOR ECONOMIC DEVELOPMENT ASSISTANCE CONTRACT BETWEEN GILBERT & COOK, INC., GCC PROPERTIES, LLC, AND THE CITY OF WEST DES MOINES FOR ASSISTANCE UNDER THE PROPERTY TAX REBATE PROGRAM.

WHEREAS, Gilbert & Cook, Inc. proposes to undertake the renovation of a 13,320 square foot office building located at 5058 Grand Ridge Drive;

WHEREAS, Gilbert & Cook, Inc. filed a formal application on June 11, 2018, with the City for financial assistance under the City's Property Tax Rebate Program;

WHEREAS, the application for assistance from Gilbert & Cook, Inc. has been found complete;

WHEREAS, Gilbert & Cook, Inc. has committed to retaining twenty (20) full-time jobs and create five (5) new positions;

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 Gilbert & Cook, Inc., and GCC Properties, LLC.

PASSED AND ADOPTED this 4th day of September, 2018.

_____
Steven K. Gaer, Mayor

Attest:

_____

Ryan T. Jacobson, City Clerk