SECOND READING

CITY OF WEST DES MOINES
CITY COUNCIL MEETING COMMUNICATION

ITEM: Creation of Grand Ridge Urban Renewal Area - City Initiated **DATE: October 29, 2018**

ORDINANCE: Approval of Second, Waiver of the Third Reading, and Final Adoption

FINANCIAL IMPACT: Under the Property Tax Rebate Program, the City anticipates rebating no more than $53,000 to GCC Properties, LLC. That figure includes the development agreement with GCC Properties, LLC for the relocation and renovation of 5058 Grand Ridge Drive. Gilbert & Cook, Inc will occupy the building and relocate 20 employees from their existing office and create and additional five (5) full-time employees over the next two years.

BACKGROUND: At the September 4, 2018, City Council meeting, the Council directed staff to initiate the process to approve a development agreement between the City and GCC Properties, LLC for the renovation of an existing 13,320 square foot vacant office building located at 5058 Grand Ridge Drive and participation in the Property Tax Rebate Program. As part of that effort, staff has initiated the process to create the Grand Ridge Urban Renewal Area and Plan. The Urban Renewal Area is generally located at Grand Ridge Drive.

As required by law, on September 24, 2018, the Plan and Zoning Commission made a finding that the Grand Ridge URP was consistent with the Comprehensive Plan.

As required by law, on September 25, 2018, staff held a consultation meeting for all of the taxing entities. The only attendees were City of West Des Moines staff.

This item was distributed to the Finance and Administration Subcommittee by email since there was no meeting. The Subcommittee made the recommendation to take the item to full Council for action.

Please note: the staff report for the first reading of the ordinance and the approval of the resolution on October 15, 2018 included the following sentence: 'The City anticipates spending no more than $5,000,000 as economic development incentives in the form of a five (5) year, sliding scale property tax rebate.' This statement was incorrect. This October 29, 2018 staff report has omitted that sentence in correction.

OUTSTANDING ISSUES: There are no outstanding issues regarding this proposed amendment.

RECOMMENDATION: Staff recommends the approval of the second reading, waiver of the third reading and final adoption of the TIF Ordinance.

Lead Staff Member: Katie Hernandez, Business Development Coordinator KH

STAFF REVIEWS

Department Director	Clyde E. Evans, Community and Economic Development Department
Appropriations/Finance	
Legal	
Agenda Acceptance	

PUBLICATION(S) (if applicable)

Published In	DM Register	
Date(s) Published	10/05/2018	
Letter sent to surrounding property owners		NA

SUBCOMMITTEE REVIEW (if applicable)

Committee			
Date Reviewed			
Recommendation	Yes	No ☐	Split ☐

ATTACHMENTS:

Exhibit I- Ordinance
Exhibit II - Grand Ridge Urban Renewal Plan

EXHIBIT I

ORDINANCE NO. _____

An Ordinance Providing for the Division of Taxes Levied on Taxable Property in the Grand Ridge Urban Renewal Area, Pursuant to Section 403.19 of the Code of Iowa

BE IT ENACTED by the members of the City Council of the City of West Des Moines, Iowa:

Section 1. Purpose. The purpose of this ordinance is to provide for the division of taxes levied on the taxable property in the Grand Ridge Urban Renewal Area, each year by and for the benefit of the state, city, county, school districts or other taxing districts after the effective date of this ordinance in order to create a special fund to pay the principal of and interest on loans, moneys advanced to or indebtedness, including bonds proposed to be issued by the City to finance projects in such area.

Section 2. Definitions. For use within this ordinance the following terms shall have the following meanings:

"City" shall mean the City of West Des Moines, Iowa.

"County" shall mean Polk County, Iowa.

"Urban Renewal Area" shall mean the taxable real property situated in Grand Ridge Urban Renewal Area, the boundaries of which are set out below, such property having been identified in the Urban Renewal Plan approved by the City Council by resolution adopted on October 15, 2018:

Certain real property situated in the City of West Des Moines, Polk County, State of Iowa more particularly described as follows:

All of Lot "D" (being Grand Ridge Drive) of Quail Meadows West, as filed in Book 8006 Page 121 of the records of the Polk County Recorder's Office, and All of Lot 1 of Woodlink, as filed in Book 10605 Page 907 of the records of the Polk County Recorder's Office, and All of Lots 1, 2, 3, 4 and 6 of Grand Heights Plat 2, as filed in Book 8769 Page 959 of the records of the Polk County Recorder's Office, all being Official Plats, now included in and forming a part of the City of West Des Moines, Polk County, Iowa, and containing 10.82 acres, including 1.70 acres of road right of way.

Section 3. Provisions for Division of Taxes Levied on Taxable Property in the Urban Renewal Area. After the effective date of this ordinance, the taxes levied on the taxable property in the Urban Renewal Area each year by and for the benefit of the State of Iowa, the City, the County and any school district or other taxing district in which the Urban Renewal Area is located, shall be divided as follows:

(a) that portion of the taxes which would be produced by the rate at which the tax is levied each year by or for each of the taxing districts upon the total sum of the assessed value of the taxable property in the Urban Renewal Area, as shown on the assessment roll as of January 1

of the calendar year preceding the first calendar year in which the City certifies to the County Auditor the amount of loans, advances, indebtedness, or bonds payable from the special fund referred to in paragraph (b) below, shall be allocated to and when collected be paid into the fund for the respective taxing district as taxes by or for said taxing district into which all other property taxes are paid. For the purpose of allocating taxes levied by or for any taxing district which did not include the territory in the Urban Renewal Area on the effective date of this ordinance, but to which the territory has been annexed or otherwise included after the effective date, the assessment roll applicable to property in the annexed territory as of January 1 of the calendar year preceding the effective date of the ordinance which amends the plan for the Urban Renewal Area to include the annexed area, shall be used in determining the assessed valuation of the taxable property in the annexed area.

(b) that portion of the taxes each year in excess of such amounts shall be allocated to and when collected be paid into a special fund of the City to pay the principal of and interest on loans, moneys advanced to or indebtedness, whether funded, refunded, assumed or otherwise, including bonds issued under the authority of Section 403.9(1), of the Code of Iowa, incurred by the City to finance or refinance, in whole or in part, projects in the Urban Renewal Area, and to provide assistance for low and moderate-income family housing as provided in Section 403.22, except that taxes for the regular and voter-approved physical plant and equipment levy of a school district imposed pursuant to Section 298.2 of the Code of Iowa, taxes for the instructional support levy program of a school district imposed pursuant to Section 257.19 of the Code of Iowa, and taxes for the payment of bonds and interest of each taxing district shall be collected against all taxable property within the taxing district without limitation by the provisions of this ordinance. Unless and until the total assessed valuation of the taxable property in the Urban Renewal Area exceeds the total assessed value of the taxable property in such area as shown by the assessment roll referred to in subsection (a) of this section, all of the taxes levied and collected upon the taxable property in the Urban Renewal Area shall be paid into the funds for the respective taxing districts as taxes by or for said taxing districts in the same manner as all other property taxes. When such loans, advances, indebtedness, and bonds, if any, and interest thereon, have been paid, all money thereafter received from taxes upon the taxable property in the Urban Renewal Area shall be paid into the funds for the respective taxing districts in the same manner as taxes on all other property.

(c) the portion of taxes mentioned in subsection (b) of this section and the special fund into which that portion shall be paid may be irrevocably pledged by the City for the payment of the principal and interest on loans, advances, bonds issued under the authority of Section 403.9(1) of the Code of Iowa, or indebtedness incurred by the City to finance or refinance in whole or in part projects in the Urban Renewal Area.

(d) as used in this section, the word "taxes" includes, but is not limited to, all levies on an ad valorem basis upon land or real property.

Section 4. Repealer. All ordinances or parts of ordinances in conflict with the provisions of this ordinance are hereby repealed.

Section 5. Saving Clause. If any section, provision, or part of this ordinance shall be adjudged invalid or unconstitutional, such adjudication shall not affect the validity of the ordinance as a whole or any section, provision or part thereof not adjudged invalid or unconstitutional.

Section 6. Effective Date. This ordinance shall be effective after its final passage, approval and publication as provided by law.

First consideration passed by the City Council of the City of West Des Moines, Iowa, the 15th day of October, 2018.

_____
Mayor

Attest:

_____
City Clerk

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Second and final consideration passed by the City Council of the City of West Des Moines, Iowa, the ____ day of _____, 2018.

_____
Mayor

Attest:

_____
City Clerk

EXHIBIT II

CITY OF WEST DES MOINES, IOWA

URBAN RENEWAL PLAN
GRAND RIDGE URBAN RENEWAL AREA

October, 2018

I. INTRODUCTION

Chapter 403 of the Code of Iowa authorizes counties to establish areas within their boundaries known as "urban renewal areas," and to exercise special powers within these areas. Urban renewal powers were initially provided to cities in order that conditions of blight and of deterioration within cities might be brought under control. Gradually, urban renewal has been found to be a useful tool, as well, for economic development in previously undeveloped areas and for retention of enterprises and jobs in other areas.

In order to facilitate the use of urban renewal for economic development, in 1985, the Iowa General Assembly amended Chapter 403 to authorize City Councils to create "economic development" areas. An economic development urban renewal area may be any area of a city which has been designated by the City Council as an area which is appropriate for industrial, commercial and/or residential enterprises and in which the city seeks to encourage further development.

As an additional expression of the role for local governments in private economic development, the General Assembly also enacted Chapter 15A of the Code of Iowa, which declares that economic development is a "public purpose" and authorizes local governments to make grants, loans, guarantees, tax incentives and other financial assistance to private enterprise. The statute defines "economic development" as including public investment involving the creation of new jobs and income or the retention of existing jobs and income that would otherwise be lost.

The process by which an economic development urban renewal area may be created begins with a finding by the City Council that such an area needs to be established within the city. An urban renewal plan is then prepared for the area, which must be consistent with the city's existing comprehensive or general plan. All other affected taxing entities must be notified and given an opportunity to comment on the plan. The City Council must hold a public hearing on the urban renewal plan, following which, the Council may approve the plan.

This document is intended to serve as the Urban Renewal Plan for the City of West Des Moines's (the "City") Grand Ridge Urban Renewal Area (the "Urban Renewal Area") and will guide the City in promoting economic growth through the encouragement of commercial and industrial development in such Urban Renewal Area as detailed herein. This document is an Urban Renewal Plan within the meaning of Chapter 403 of the Code of Iowa and sets out proposed projects and activities within the Urban Renewal Area.

II. DESCRIPTION OF URBAN RENEWAL AREA

A description of all property (the "Property") that has been included within the Urban Renewal Area is attached hereto as Exhibit A.

III. URBAN RENEWAL OBJECTIVES

The primary objectives for the development of the Urban Renewal Area are:

1. To contribute to a diversified, well-balanced local economy by creating job opportunities and strengthening the property tax base.

2. To assist in providing land and resources for new and expanded commercial and industrial development in a manner that is efficient from the standpoint of providing municipal services.

3. To stimulate through public action and commitment, private investment in commercial and industrial development, and to encourage commercial and industrial job retention, growth and expansion through the use of various federal, state and local incentives, including tax increment financing.

4. To provide municipal infrastructure, services and facilities that enhance possibilities for economic development and community attractiveness to private enterprise.

5. To help finance the cost of streets, water, sanitary sewer, storm sewer, or other public improvements in support of new commercial and industrial development.

6. To provide a more marketable and attractive investment climate.

7 To provide public facilities to enhance City services and enhance the economic attractiveness of the community.

IV. URBAN RENEWAL PROJECTS AND ACTIVITIES

The following types of activities are examples of the specific actions which may be undertaken by the City within the Urban Renewal Area:

1. Preparation of plans related to the development and implementation of the Urban Renewal Area and specific urban renewal projects.

2. Construction of public improvements and facilities, including streets, public utilities or other facilities in connection with an urban renewal project.

3. Construction of buildings or specific site improvements such as grading and site preparation activities, access roads and parking, railroad spurs, fencing, utility connections, and related activities.

4. Acquisition, preparation and disposition of property for development and/or redevelopment.

5. Making available, as appropriate, financing for development projects, including conventional municipal borrowing and tax increment financing resulting from increased property values in the Urban Renewal Area.

6. Pursuant to state law, provision of direct financial assistance, including grants, loans and tax increment rebate agreements, to private persons engaged in economic development, in such form and subject to such conditions as may be determined by the City Council.

V. SPECIFIC URBAN RENEWAL PROJECTS

The City has determined to undertake the following initiative in the Urban Renewal Area as an economic development urban renewal projects:

A)

Name of Project: GCC Properties, LLC Redevelopment Project

Date of Council Approval of Project: October 15, 2018

Description of the Project: GCC Properties, LLC (the "Developer") has proposed to undertake the acquisition of an existing office/warehouse building and the constructing of improvements thereto (the "GCC Redevelopment Project") located at 5058 Grand Ridge Drive in the Urban Renewal Area (the "GCC Redevelopment Property") for use in the business operations of Gilbert & Cook, Inc.

It has been requested that the City provide tax increment financing assistance to the Developer in support of the efforts to complete, operate and maintain the GCC Redevelopment Project.

The costs incurred by the City in providing tax increment financing assistance to the Developer will include legal and administrative fees (the "Admin Fees") in an amount not to exceed $8,000.

Description of Public Infrastructure to be Constructed in Connection with the Project: It is not anticipated that the City will undertake any public infrastructure improvements in connection with the GCC Redevelopment Project.

Description of Properties to be Acquired in Connection with the Project: It is not anticipated that the City will acquire real property in connection with the GCC Redevelopment Project.

Description of Use of TIF for the Project: The City intends to enter into a Development Agreement with the Developer with respect to the construction and use of the completed GCC Redevelopment Project and to provide annual appropriation economic development

payments (the "Payments") to the Developer thereunder. The Payments will be funded with incremental property tax revenues to be derived from the GCC Redevelopment Property. It is anticipated that the City's total commitment of incremental property tax revenues with respect to the GCC Redevelopment Project will not exceed $53,000, plus the Admin Fees.

B)

Name of Project: Turn Lane Improvements Projects

Date of Council Approval of Project: October 15, 2018

Description of Project and Project Site: The Turn Lane Improvements Project will consist of the construction of turn lanes and the incidental utility, landscaping, site clearance and cleanup work related thereto in the Urban Renewal Area at the intersection of S. 50th Street and Grand Ridge Drive.

It is expected that the completed Turn Lane Improvements Project will cause increased and improved ability of the City to provide adequate transportation infrastructure for the growth and retention of commercial enterprises in the City.

Description of Properties to be Acquired in Connection with Project: The City will acquire such easement territory and rights-of-way as are necessary to successfully undertake the Turn Lane Improvements Project.

Description of Use of TIF for the Project: It is anticipated that the City will pay for the Turn Lane Improvements Project with borrowed funds and/or the proceeds of internal advances of City funds on-hand. In any case, the City's obligations will be repaid with incremental property tax revenues derived from the Urban Renewal Area. It is anticipated that the City's use of incremental property tax revenues for the Turn Lane Improvements Project will not exceed $500,000.

VI. LAND USE PLAN AND PROPOSED DEVELOPMENT

The City has adopted a Comprehensive Land Use Plan which guides the establishment of commercial, residential and industrial land uses throughout the incorporated area. Land use in the Urban Renewal Area will be carried out in a manner that will maintain consistency with the Comprehensive Land Use Plan and the City's zoning regulations.

VII. TAX INCREMENT FINANCING

In order to assist in the development or retention of private enterprises, the City may be requested to acquire land, construct public improvements or provide economic development loans, grants or other tax incentives for the benefit of private enterprises in order to enhance the value of property in the Urban Renewal Area. As part of the Urban Renewal Area, the City has adopted an ordinance to create a tax increment district (the "TIF District"), within which the property taxes eventually paid by new private development may be used to pay costs of urban renewal projects

for these types of activities, including reimbursing the City or paying debt service on obligations issued by the City. The use of these tax revenues is known as tax increment financing ("TIF").

Depending upon the date upon which the TIF District is legally established and the date on which debt is initially certified within the TIF District, an original taxable valuation is established for the property within the TIF District, which is known as the "base valuation." The "base valuation" is the assessed value of the taxable property in the TIF District as of January 1 of the calendar year preceding the calendar year in which the City first certifies the amount of any debt payable from TIF revenues to be generated within that TIF District. When the value of the property inside the TIF District increases by virtue of new construction or any other reason, the difference between the base valuation and the new property value is the "tax increment" or "incremental value."

Procedurally, after tax increment debt has been incurred for the financing of improvements within the TIF District or for the payment of economic development incentives to private and public entities, property taxes levied by all local jurisdictions (city, county, school, area college) against the incremental value, with the exception of taxes levied to repay current or future debt incurred by local jurisdictions and the school district instructional support and physical plant and equipment levies, are allocated by state law to the City's tax increment fund rather than to each local jurisdiction. These new tax dollars are then used to pay principal and interest on any tax increment debt incurred or to pay the costs of projects in the Urban Renewal Area.

VIII. EFFECTIVE PERIOD

This Urban Renewal Plan will become effective upon its adoption by the City Council and will remain in effect until it is repealed by the City Council. The collection of incremental property taxes in the Urban Renewal Area will continue for the maximum number of years authorized by Chapter 403 of the Code of Iowa unless otherwise determined by action of the City Council.

IX. PLAN AMENDMENTS

This Urban Renewal Plan may be amended in accordance with the procedures set forth in Chapter 403 of the Code of Iowa to, for example, change the project boundaries, modify urban renewal objectives or activities, or to carry out any other purposes consistent with Chapter 403 of the Code of Iowa.

X. FINANCIAL INFORMATION

1. Current constitutional debt limit	$396,559,236
2. Outstanding general obligation debt:	$_____
3. Proposed amount of debt to be incurred*:	$ 561,000

*Some or all of the debt incurred hereunder may be subject to annual appropriation by the City Council.

EXHIBIT A
LEGAL DESCRIPTION
GRAND RIDGE URBAN RENEWAL AREA

Certain real property situated in the City of West Des Moines, Polk County, State of Iowa more particularly described as follows:

All of Lot "D" (being Grand Ridge Drive) of Quail Meadows West, as filed in Book 8006 Page 121 of the records of the Polk County Recorder's Office, and All of Lot 1 of Woodlink, as filed in Book 10605 Page 907 of the records of the Polk County Recorder's Office, and All of Lots 1, 2, 3, 4 and 6 of Grand Heights Plat 2, as filed in Book 8769 Page 959 of the records of the Polk County Recorder's Office, all being Official Plats, now included in and forming a part of the City of West Des Moines, Polk County, Iowa, and containing 10.82 acres, including 1.70 acres of road right of way.