



**FINANCE & ADMINISTRATION SUB-COMMITTEE**  
**Wednesday, November 28, 2018 - 7:30 AM**  
**West Des Moines City Hall – 4200 Mills Civic Parkway**  
**City Council Chambers**

Present: Councilmember Russ Trimble, Councilmember Jim Sandager, City Manager Tom Hadden, Deputy City Manager Jamie Letzring, City Attorney Dick Scieszinski, Finance Director Tim Stiles, Human Resources Director Jane Dodge, Community & Economic Clyde Evans, Business Development Coordinator Rachel Wacker, Business Development Coordinator Katie Hernandez, Housing Planner Christine Gordon, Budget Analyst Chris Hamlett, and Administrative Secretary Maureen Richmond

Meeting was called to order at 7:30 AM

**1. Due Diligence Committee Funding Recommendations**

**a. Redevelopment Programs for Historic WDM – Round 4**

Ms. Hernandez and Mr. Evans presented results of Round 4 of the application and recommendation process for the Property Improvement Fund (PRF) and Regulatory Compliance Fund (RCF).

In June 2018, City Council voted to allocate an additional \$265,267 to the then-current balance of \$134,733 which carried over from FY 2018-19, for total available Round 4 funds of \$400,000. For the PRF and RCF.

Prior to the submission deadline, Staff received three applications under the PIF Program and four applications under the RCF Program. The City's Due Diligence Committee reviewed and scored the applications and made award recommendations as follows:

**Property Improvement Fund (PIF)**

St. Kilda/Dalton Partners – 333 5 <sup>th</sup> St.	\$ 75,000.00
Legacy Capital Partners – 224 5 <sup>th</sup> St.	75,000.00
Justice League of Food/Foundry – 111 S. 11 <sup>th</sup> St.	46,261.88
	<u>\$196,261.88</u>

**Regulatory Compliance Fund (RCF)**

St. Kilda/Dalton Partners – 333 5 <sup>th</sup> St.	\$ 75,000.00
Legacy Capital Partners – 224 5 <sup>th</sup> St.	75,000.00
Justice League of Food/Foundry – 111 S. 11 <sup>th</sup> St.	46,261.88
Brett Biggins/Martin's Flag, Quill & Nib, 131,133,135 5 <sup>th</sup> St.	7,476.24
	<u>\$203,738.12</u>

Grand Total \$400,000.00

Councilmembers supported the recommendations of the Due Diligence Committee and recommended that the awards be placed on the December 10, 2018 City Council Agenda for consideration and approval.

**b. Upper Story Housing Program – Round 1**

In August 2018, City Council authorized the Upper Story Housing Program using Low-and-Moderate Income (LMI) funding from the Woodland Hills Urban Renewal Area. They allocated \$750,000 (maximum \$75,000 per unit for up to 10 units) for Round 1 of funding. Ms. Gordon reported that Round 1 is completed and staff received two applications for two separate projects. The City's Due Diligence Committee scored these applications and has made recommendations as follows:

**101/107 4<sup>th</sup> Street                      \$825,000 (\$75,000 per unit)**

This project is new construction with a total of 14 units on first and second floor with retail space on the first floor of the building. 11 of the units are planned to be affordable income

**312 5<sup>th</sup> Street                              \$300,000 (\$75,000 per unit)**

This project is rehabilitation of an existing structure. One unit would be located in the carriage house four units on the second story of the building. All of these would be for affordable income

It was discussed that the potential award of 15 units (total of \$1,125,000) was significantly more funding than the originally-planned first round of 10 units. Staff noted that the original program planned called for three rounds of funding with 10 units each, but believed it would not be problematic to adjust the program to two rounds of 15 units each. Because the two proposals received during this round were ideal projects for the program, staff is asking that the timing be adjusted. Councilmembers were comfortable with this adjustment and recommended the awards as proposed by the Due Diligence Committee. The item will be placed on the December 10, 2018, City Council Agenda for review and consideration.

**2. Property Tax Rebate Program – 104 4<sup>th</sup> Street**

Mr. Evans presented a Property Tax Rebate application filed on November 2, 2018, from Junction Development Catalyst located at 104 4<sup>th</sup> Street. This applicant has also applied for funding through the City's Upper Story Housing Program (item above). The developer is proposing to construct a two-story mixed retail/residential building on their site. The retail tenant would be occupying the first floor and creating a minimum of five full time positions. Construction cost of the project is estimated at \$1,800,000 and the applicant has agreed to a minimum assessment of \$1,207,500. Based upon a minimum assessment of \$1,207,500, the annual property tax rebate would be approximately \$32,033, or a total of \$160,110 over the five years of the rebate.

The project site is within the existing Historic West Des Moines Urban Renewal area.

Councilmembers supported the Property Tax Rebate application and staff will place the item on December 10, 2018, City Council agenda for review consideration.

### **3. Proposed Economic Development Incentives – Project Fantastic**

Mr. Evans outlined a potential economic development prospect known as Project Fantastic. The company is looking to construct a new office location for their operations. They are currently in West Des Moines and have outgrown their existing space.

The proposal is to construct a 200,000 square foot building valued at approximately \$50 million. The company is in the process of submitting an application to the State for the High Quality Jobs Program (HQJP), and as part of the application, the City must be a sponsor and provide a local match. As with previous projects, the City will be providing a property tax rebate which can serve as the local match for HQJP. This project will require a 10-year, 100% TIF tax rebate. The Company is also looking for assistance in helping defray the cost of infrastructure improvements. Finally, the prospect has also requested an employee incentive for each full-time-employee created (up to 200 new employees). The company would be required to sign a development agreement with the City that would include a minimum assessment agreement to guarantee tax payments to cover the incentives. The minimum assessment would extend for another 10 years beyond the tax rebate.

The preferred property site is within the Coachlight Drive Urban Renewal Area (URA) but due to the length of the minimum assessment, a new URA must be carved out and created. Councilmembers supported the Project Fantastic proposal and recommended placing this item on December 10, 2018 City Council agenda for review and consideration.

### **4. Amendments to Urban Renewal Plans**

#### **a. Coachlight Drive – Amendment #3**

Ms. Hernandez noted that an amendment to the Coachlight Drive URA will be needed to accommodate the Project Fantastic property tax and the jobs rebates and the associated public infrastructure projects. Councilmembers supported placing this item on a future Council meeting agenda for review and consideration.

#### **b. Grand Ridge – Amendment #1**

Ms. Bailey presented a request for an Amendment #1 for Grand Ridge URA. Council previously approved Property Tax Rebate Program funds for Gilbert & Cook, who is proposing to renovate an existing 13,320 square foot vacant office building located at 56058 Grand Ridge Drive. They have proposed retaining 20 full time positions and creating five new positions.

The construction and renovation work is estimated at \$600,000 and the applicant is requesting to increase the minimum assessment from \$1,500,000 to \$1,800,000 to align with property purchase price. The incremental increase of valuation of \$670,000, the annual property tax rebate would be approximately \$19,507 or \$95,135 over the five years of the rebate. Expanding the maximum rebate amount requires an amendment of the URA. Councilmembers supported placing this item on a future Council meeting agenda for review and consideration.

**5. Discussion on Revenue Purpose Statement for 2019 Polk County (Local Option Sales and Services Tax (LOSST))**

Ms. Letzring and Mr. Hadden brought polling data which was compiled by the City's consultant related to a potential LOSST election in November 2018. The consultant, Selzer & Company, conducted a poll of likely voters in order to assess reaction to a potential city-wide vote on a local option sales tax. The purpose was to measure initial acceptance or rejection, to explore reasons to support or oppose the idea, and to gauge interest in how new revenue could be used.

The analysis appears residents appreciated overall proposed approach of allocating 50% of the funds toward direct property tax reduction, with the remaining 50% allocated towards public safety, public infrastructure, and parks/recreation projects and maintenance. It was noted that public safety polled particularly high among the most likely voters.

Staff will craft proposed ballot language based on the polling data, with the next step towards adopting ballot language being Council review on December 10, with a final resolution being on January 2, 2019 at a special council meeting. The Councilmember supported this direction.

**6. Staff Updates**

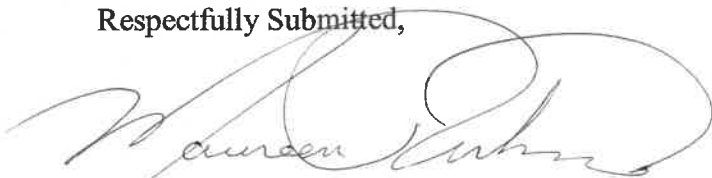
None

**7. Other Matters**

None

Meeting was adjourned at 8:41 AM.

Respectfully Submitted,

A handwritten signature in cursive script, appearing to read "Maureen Richmond", written in black ink.

Maureen Richmond  
Administrative Secretary