CITY OF WEST DES MOINES
CITY COUNCIL MEETING COMMUNICATION

ITEM: Approval of the funding under the Property Improvement Fund and the Regulatory Compliance Fund for the Historic West Des Moines area; Authorization of award recipients to pull building permits; Direct staff to prepare Development Agreements with the program recipients

July 15, 2019

RESOLUTION: Approval of Requests for Funding

FINANCIAL IMPACT: On the November 26, 2018 Council meeting, City Council approved the intention to continue the PIF/RCF programs for the next three years (starting with FY20), and re-allocating $360,000 per year to the program from the general fund, as well as recycling the funds coming back into the program annually (approx. $40,000), for a total of $400,000 in available funds for the program each year. Therefore, there is $400,000 in available funds for the current application period. Of the $400,000 available, $159,825 is being recommended for approval for funding to the identified recipients.

SYNOPSIS: On June 26, 2019, the Due Diligence Committee, the committee that was created to review applications for assistance under the PIF/RCF, met to review and score three (3) applications under the PIF Program, one (1) application under the RCF Program. Attached is the scoring criteria used by the committee to evaluate the applications, (Exhibits I & II). This is the same scoring criteria used previously.

PROJECT DESCRIPTIONS:

Nan's Nummies – 501 Elm St. (aka 300 5th St.) – Nan's Nummies has applied for a new walk-in freezer and flooring replacement. The use of the building as a bakery will remain the same.

Coffee Cats, LLC – 312 5th St. – Coffee Cats, LLC has applied for a total renovation of the first floor of the building to transition from a retail building to a restaurant/café use. This would be a new business with a 'cat café' concept – half of the space would be a traditional café; half of the space would be a cat adoption center where people can interact with the cats.

KCL Engineering – 300 4th St. – 300 4th Street, LLC has applied for renovation of their entrance and lobby area (partition wall, built in reception desks, finish out concrete block wall, lighting/AV) and exterior signage. The use of the building as office will remain the same.

The following is the average score of each application from the Due Diligence Committee:

Property Improvement Fund	Score (35 total possible points)
Nan's Nummies – 501 Elm St. (aka 300 5th St.)	20.7
Coffee Cats, LLC – 312 5th St.	23.2
KCL Engineering – 300 4th St.	29.83

Regulatory Compliance Fund	
Coffee Cats, LLC – 312 5th St.	25.8

The Committee next had the option of deciding where to draw the line for the award of funds and what percentage the award would be of the request. The Committee elected to use the following criteria: those applications that scored more than 28 points were recommended to be awarded funding at 100%; applications that scored 20-27.9 would receive 75% of their funding request; applications that scored 9.1-19.9 points would receive 50% of their funding request; and any application that scored less than 9.0 points, no funding was recommended.

The percentage of funding and the dollar amount that the Committee recommended is as follows:

Property Improvement Fund	Funding Requested	% Recommended	**$ Recommended**
Nan's Nummies – 501 Elm St. (aka 300 5th St.)	$23,500	75%	$17,625
Coffee Cats, LLC – 312 5th St.	$74,850	75%	$56,137.50
KCL Engineering – 300 4th St.	$75,000	100%	$75,000.00
Total	$173,350		**$148,762.50**
Regulatory Compliance Fund			
Coffee Cats, LLC – 312 5th St.	$14,750	75%	$11,062.50
Total	**$14,750**		**$11,062.50**
Grand Total	$188,100		**$159,825.00**

On July 8, 2019, the Finance and Administration City Council Subcommittee reviewed the recommendations of the Due Diligence Committee via email. After review of the item, the Subcommittee members directed staff to forward the recommendations of the Due Diligence Committee to the full City Council. F&A's directions to staff also included the recommendation of the Due Diligence Committee to have the City Council authorize applicants to apply for building permits, and to begin construction after issuance.

Upon approval of the awards, staff will notify the applicants of their approval, and begin the process of getting signed Development Agreements with each applicant. The Development Agreements will come back to the City Council for approval at a future date. The attached resolution makes the approval conditional upon zoning approval.

OUTSTANDING ISSUES (if any): There are no outstanding issues.

RECOMMENDATION: That the City Council 1.) Approve the Due Diligence Committee recommendations for assistance from the Property Improvement Fund and the Regulatory Compliance Fund for the Historic West Des Moines area; 2.) Authorize the award recipients to apply for building permits and to begin construction upon issuance of those permits; and 3.) Direct staff to prepare Development Agreements with the program recipients.

Lead Staff Member: Katie Hernandez, Business Development Coordinator KH

STAFF REVIEWS

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

PUBLICATION(S) (if applicable)

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

SUBCOMMITTEE REVIEW (if applicable)

Committee			
Date Reviewed			
Recommendation	Yes ☐	No ☐	Split ☐

Attachments:

Exhibit I - Scoring Form for the Property Improvement Fund
Exhibit II Scoring Form for the Regulatory Compliance Fund
Exhibit III Resolution

EXHIBIT I

Project/Applicant: _____

Property Improvement Fund Selection Scoring Criteria

Owner Investment Ratio

Point value: _____

- Non-City investment equals 25% - 49% of forgivable loan request: 1 point
- Non-City investment equals 50% - 99% of forgivable loan request: 2 points
- Non-City investment equals 100% - 199% of forgivable loan request: 3 points
- Non-City investment equals 200% or more of forgivable loan request: 4 points

Job Creation/Retention

Point value: _____

- Applicant meets minimum criteria of creation/retention – at least 2 FTE: 1 point
  Minimum of two (2) FTE's in the first two years following completion of the redevelopment/renovation work, and retain those positions for an additional three (3) years.
- Applicant retains/creates 3 - 5 FTEs within 2 years of development: 2 points
- Applicant retains/creates 6 - 8 FTEs within 2 years of development: 3 points
- Applicant retains/creates 9 - 11 FTEs within 2 years of development: 4 points
- Applicant retains/creates 12+ FTEs within 2 years of development: 5 points

Economic Impact

Point value: _____

Total value of improvements

- $20,000 or less: 1 point
- $20,001 – $50,000: 2 points
- $50,001 – $100,000: 3 points
- $100,001 - $250,000: 4 points
- $250,001 - $500,000: 5 points
- > $500,001: 6 points

Impact on Historic West Des Moines Market

Point value: _____

Needs identified according to Valley Junction Market Analysis or Historic West Des Moines Master Plan
Up to 5 points awarded

Visual Impact

Point value: _____

Up to 5 points awarded

Financial History

Point value: _____

- Positive net income 1 of last 3 years: 1 point
- Positive net income 2 of last 3 years: 3 points
- Positive net income each of the last 3 years: 5 points

Financial Viability

Up to 5 points awarded

Point value: _____

Total Points Awarded

Point Value: 0 /35 points

EXHIBIT II

Project/Applicant: _____

Regulatory Compliance Fund Selection Scoring Criteria

Match from Project

Point value: _____

- 1 – 2:1 match from applicant: 1 point
- 2.1 – 3:1 match from applicant: 2 points
- 3.1 – 4:1 match from applicant: 3 points
- More than 4:1 match from applicant: 4 points

Job Creation/Retention

Point value: _____

- Applicant meets minimum criteria of creation/retention – at least 2 FTE: 1 point
  Minimum of two (2) FTE's in the first two years following completion of the redevelopment/renovation work, and retain those positions for an additional three (3) years.
- Applicant retains/creates 3 - 5 FTEs within 2 years of development: 2 points
- Applicant retains/creates 6 - 8 FTEs within 2 years of development: 3 points
- Applicant retains/creates 9 - 11 FTEs within 2 years of development: 4 points
- Applicant retains/creates 12+ FTEs within 2 years of development: 5 points

Economic Impact

Point value: _____

Total value of improvements

- $20,000 or less: 1 point
- $20,001 – $50,000: 2 points
- $50,001 – $100,000: 3 points
- $100,001 - $250,000: 4 points
- $250,001 - $500,000: 5 points
- > $500,001: 6 points

Impact on Historic West Des Moines Market

Point value: _____

Needs identified according to Valley Junction Market Analysis or Historic West Des Moines Master Plan
Up to 10 points awarded

Financial History

Point value: _____

- Positive net income 1 of last 3 years: 1 point
- Positive net income 2 of last 3 years: 3 points
- Positive net income each of the last 3 years: 5 points

Financial Viability

Up to 5 points awarded

Point value: _____

Total Points Awarded

Point Value: 0 /35 points

Prepared by: Katie Hernandez, Community & Economic Development, PO Box 65320, W.D.M., IA 50265-0320, 515-273-0770
When Recorded, Return to: City Clerk, City of West Des Moines, PO Box 65320, West Des Moines, IA 50265-0320

RESOLUTION

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WEST DES MOINES, IOWA: APPROVING FUNDING UNDER THE PROPERTY IMPROVEMENT FUND AND THE REGULATORY COMPLIANCE FUND FOR THE HISTORIC WEST DES MOINES AREA; AUTHORIZING AWARD RECIPIENTS TO PULL BUILDING PERMITS; AND DIRECT STAFF TO PREPARE DEVELOPMENT AGREEMENTS WITH THE PROGRAM RECIPIENTS

WHEREAS, the City Council of the City of West Des Moines, Iowa wishes to promote economic development within the City of West Des Moines, and

WHEREAS, the continued quality growth of retail/office/mixed use/industrial users within the City aids in the creation of jobs; creates an increase in tax base; and the general economic well-being of the City, and

WHEREAS, the City Council has the opportunity to influence the location and/or expansion decision of the owners of property in certain older areas of the City, and

WHEREAS, the City Council approves funding to the applicants as outlined below under the Property Improvement Fund and the Regulatory Compliance Fund, authorize the recipients to pull necessary building permits, and direct staff to prepare Development Agreements with the program recipients, and

WHEREAS, The City of West Des Moines City Council may, at its sole discretion, offer the following incentive to those companies wishing to initiate, relocate, or retain their businesses in the City of West Des Moines, however the City Council is in no way obligated to offer this incentive to any property owner or business that meets the criteria and requirements of the Property Improvement Fund Program or Regulatory Compliance Fund Program.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF WEST DES MOINES DOES APPROVE THE FOLLOWING APPLICANTS UNDER THE ESTABLISHED ECONOMIC DEVELOPMENT PROGRAMS FOR THE AMOUNTS LISTED:

Property Improvement Fund	**$ Recommended**
Nan's Nummies – 501 Elm St. (300 5th St.)	$17,625
Coffee Cats, LLC – 312 5th St.	$56,137.50
KCL Engineering – 300 4th St.	$75,000.00
Total	**$148,762.50**
Regulatory Compliance Fund	
Coffee Cats, LLC – 312 5th St.	$11,062.50
Total	**$11,062.50**
Grand Total	**$159,825.00**

Funding of applications is dependent upon approval of a Development Agreement between the City, the property owner, and the business guaranteeing the jobs to be created or retained and submission of documentation of work completed. Funding of projects is conditional upon zoning approval through the Development Services department.

Passed and approved by the City Council on the 15th day of July, 2019.

Steven K. Gaer, Mayor

ATTEST:

Ryan T. Jacobson, City Clerk