CITY OF WEST DES MOINES
CITY COUNCIL MEETING COMMUNICATION

ITEM: Approval to Initiate a Development Agreement between First National Bank, Ames, Iowa and the City of West Des Moines

DATE: March 16, 2020

RESOLUTION: Approval to proceed with the preparation of a Development Agreement, and authorization to pull necessary permits and commence construction upon site plan approval

FINANCIAL IMPACT: The applicant has proposed a figure of $1,717,000* as the value of the Minimum Assessment Agreement. Based upon that figure, the property tax rebate over five (5) years would not exceed $144,241.* The applicant 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 creation of at least five (5) full-time equivalent employees.

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 was amended at the following City Council meetings: December 12, 2016; June 26, 2017; January 8, 2018; and July 23, 2018. Essentially, the program provides a five-year, 100% rebate of the incremental increase in property taxes on a property if the owner of the property expends a minimum of $500,000 on building upgrades/construction. The program also requires the creation/retention of a minimum of five jobs.

On February 20, 2020, First National Bank, Ames, Iowa filed an application with the City to be considered for the program. Review of the application indicates that they are proposing to demolish and rebuild an existing commercial property located at 301 5th Street. The existing and future use of the building is the First National Bank banking institution. Five full-time equivalent jobs will be retained as a result of this project. The construction is estimated at more than $1,690,000. The applicant has proposed a minimum assessment of $1,717,000. Based upon a minimum assessment of $1,717,000, the annual property tax rebate would be approximately $28,848, and will not exceed $144,241 over the five years of the rebate.

Staff has reviewed their proposal and has found it complete.

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

This item was reviewed at the Finance & Administration Subcommittee meeting on March 4, 2020. The Finance & Administration Subcommittee has recommended to full City Council for approval.

At that meeting, a representative of First National Bank, Ames, Iowa asked the Subcommittee if it would consider recommending to the City Council, a waiver of the section of the Property Tax Rebate program which says that no building permit could be pulled until after the Development Agreement had been approved by the City Council. First National Bank, Ames, Iowa would like to pull building permits in advance of the final approval of the Development Agreement. The Subcommittee was in favor of that request.

*Please note – these figures have been updated since the item was taken to Finance & Administration Subcommittee for review. Acknowledgement related to this change in figures was given at the F&A meeting. The updated figures are reflective of updated appraisals.

OUTSTANDING ISSUES: There are no outstanding issues.

RECOMMENDATION: The Finance & Administration City Council Subcommittee is recommending: 1) adoption of a resolution approving initiation of the Development Agreement; and 2) granting a waiver of the building permit section of the development policy.

Lead Staff Member: Katie Hernandez, Business Development Coordinator

STAFF REVIEWS

Interim Department Director	Jamie Letzring, Deputy City Manager
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	March 4, 2020		
Recommendation	Yes ☒	No ☐	Split ☐

ATTACHMENTS:

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

1ST FIRST NATIONAL BANK

February 20, 2020

Community & Economic Development Department
City of West Des Moines
4200 Mills Civic Parkway
West Des Moines, IA 50266

To Whom It May Concern:

Please find enclosed an application for the City of West Des Moines' Property Tax Rebate Program relating to First National Bank's rebuilding of our branch located at 301 5th Street. We are pleased to make this substantial commitment to our customers and the community in and around Valley Junction.

We plan to temporarily relocate our branch to a retail storefront right on 5th Street in May to continue banking services for our customers during construction of the new branch. Demolition of the current building and improvements is tentatively set for mid-May with construction commencing in June, subject to all necessary approvals, permits, etc.

Scott Bauer, President of First National Bank, is named in the application as signatory for the potential development agreement. Routine correspondence regarding the application or details on our project should be directed to me at dean.whitaker@FNB247.com or 515-273-8903.

Please let me know if you require additional information.

Sincerely,

Dean M. Whitaker
Market President

Property Tax Rebate Program

Date of Application: 2/20/20

Address of Development Property: 301 5th Street

County Assessor District/Parcel Number of Development Property: 320/04582-0000-000

Located in an existing Urban Renewal Area? If yes, please identify the Area:

Yes; Historic West Des Moines Urban Renewal Area

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

Full Legal Name: First National Bank, Ames, Iowa

Address (if different from above): 405 5th Street, Ames, IA 50010

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:
Scott T. Bauer, President

Phone Number: 515-663-3005

E-Mail Address: scott.bauer@FNB247.com

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

Full service branch of First National Bank.

Proposed property use (commercial, industrial, retail, office, other- please specify):
Full service branch of First National Bank including two drive-up lanes.

Nature of Improvements: ☑ New Construction ☐ Addition ☐ Rehabilitation

Describe proposed Project:

First National Bank intends to demolish the existing building on the site where we and predecessor bank First Bank have operated a bank branch for nearly 30 years and rebuild a more modern and functional building to better serve our customer base in Valley Junction. The proposed building will be similar in size at approximately 2,700 s.f. to the current building. It will be constructed closer to the corner of 5th Street and Elm Street to become a more visible and integral component of the Valley Junction streetscape. We will continue to offer a full slate of personal and business banking services from the new facility.

Estimated Project Start Date: June 1, 2020 Estimated Completion Date: June 1, 2021

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

Budget Item	Amount
Building Construction	$1,400,000
Building Addition	
Building Remodeling	
Machinery & Equipment	$158,000
Tenant Improvements (if applicable)	
Technology Investments	
Furniture & Fixtures	$80,000
Other Major Investments (specify below)	
Professional fees:	$220,000
Contingenies:	$70,000
TOTAL	$1,928,000

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): Estimated at $1,470,000 (building cost + contingency)

How many jobs will this project create or retain?

Create: Full-Time 0 Part-Time 0
Retain: Full-Time 5 Part-Time 0

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? Yes 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?

_____

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

_____

Which entity will occupy and operate the business in the building/improvements?

_____

Is the owner leasing the building to another entity that is operating the business? No If, yes, please explain:

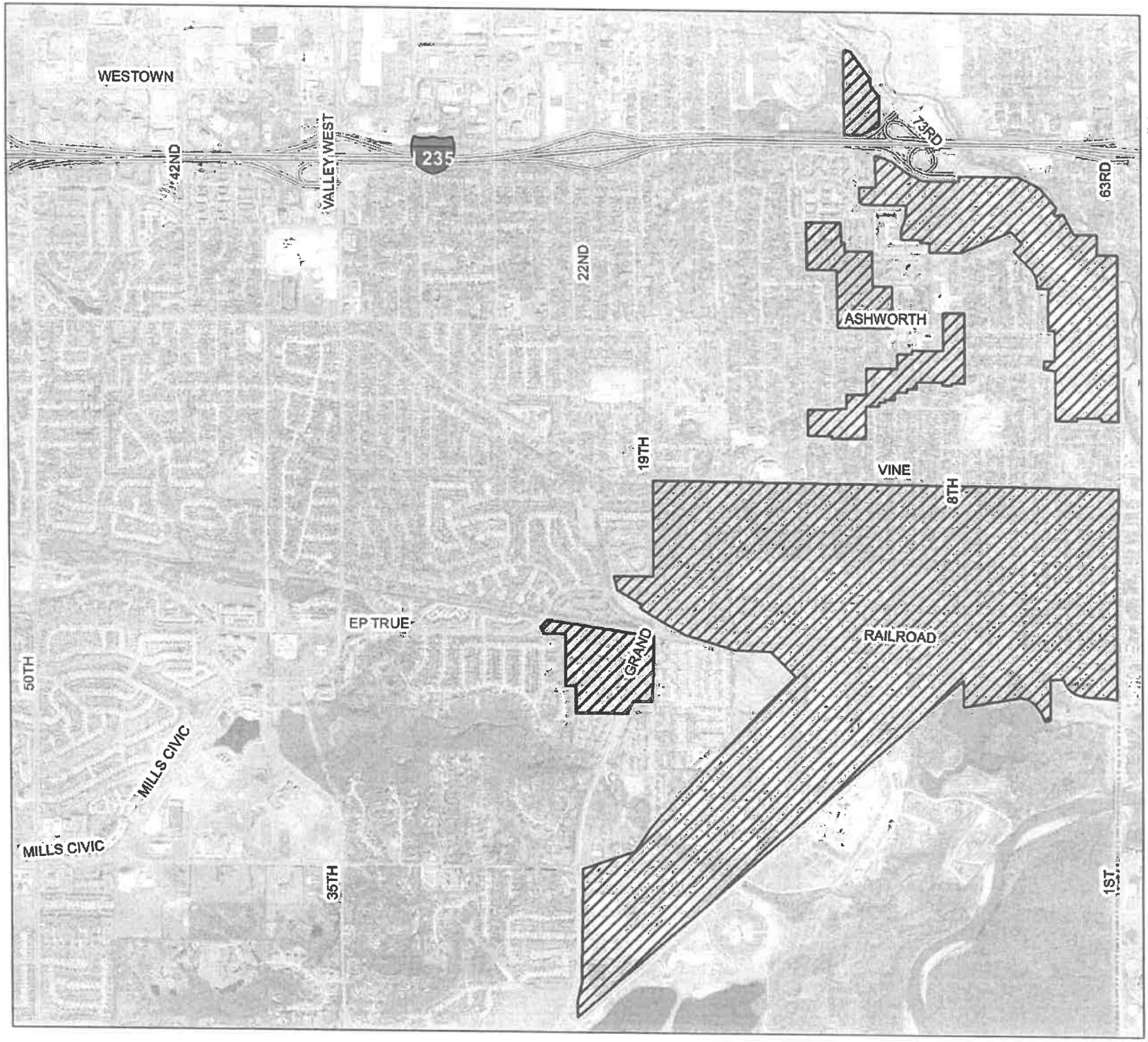
Is the Development Property currently subject to any property tax exemption or any other property tax rebate? No If yes, explain: _____

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:

Property Tax Rebat Program Renewal

*As of 1/1/2019



Legend

- Eligibility Area as of 1/1/2019
- Corporate Limit

0 0.25 0.5
Miles

N

THE CITY OF WEST DES MOINES

FIRST
NATIONAL
BANK

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 FIRST NATIONAL BANK, AMES, IOWA AND THE CITY OF WEST DES MOINES FOR ASSISTANCE UNDER THE PROPERTY TAX REBATE PROGRAM.

WHEREAS, First National Bank, Ames, Iowa proposes to undertake the renovation of the property located at 301 5th Street for a commercial purpose; and,

WHEREAS, First National Bank, Ames, Iowa filed a formal application on February 20, 2020 with the City for financial assistance under the City's Property Tax Rebate Program; and,

WHEREAS, the application for assistance from First National Bank, Ames, Iowa has been found complete; and,

WHEREAS, the Developer will commit to retain five (5) full-time equivalent jobs; and,

WHEREAS, First National Bank, Ames, Iowa has requested the allowance to pull necessary building permits to initiate the redevelopment project prior to the approval of the Development Agreement; and,

WHEREAS, this item was presented to the Finance & Administration City Council Subcommittee at their meeting on March 4, 2020; and,

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 First National Bank, Ames, Iowa, and approves of the allowance for First National Bank, Ames, Iowa to pull necessary building permits prior to the approval of the Development Agreement.

PASSED AND ADOPTED this 16th day of March, 2020.

_____
Steven K. Gaer, Mayor

Attest:

_____
Ryan T. Jacobson, City Clerk