CITY OF WEST DES MOINES
CITY COUNCIL MEETING COMMUNICATION

ITEM: Historic West Des Moines and 8th Street Commercial Redevelopment Funding

DATE: November 18, 2024

RESOLUTION: Approval of the awards for the Property Improvement Fund, and the Regulatory Compliance Fund Programs

FINANCIAL IMPACT: As part of the FY 2024-25 budget, the City Council approved an eighth round of funding for the Property Improvement Fund (PIF) and Regulatory Compliance Fund (RCF) for the Historic West Des Moines (Valley Junction) area. Additionally, the City Council approved the launch of the PIF and RCF programs for the 8th Street Corridor (between Office Park Road and Clegg Road).

A total of $130,000 was designated for the 8th Street Corridor programs, while $400,000 was allocated to the Historic West Des Moines programs. Additionally, $213,000 in unused funds from previous Valley Junction rounds were added to the Historic West Des Moines budget, bringing it to a total of $613,000. Altogether, the city had $743,000 available for PIF and RCF funding across both areas.

On September 3, 2024, the City Council awarded $718,770.51 out of the available $743,000 to 12 applicants. Following further discussion, the Council instructed staff to utilize the remaining unspent program funds and open an additional mini-round to allocate the remaining $24,229.49.

BACKGROUND: From October 7, 2024 to October 11, 2024, staff accepted funding applications for the two programs. Three applications were submitted, requesting a combined total of $87,597.79 from the programs. The applications and the proposed summary of work is as follows:

Applicant	Address	Amount Requested	Scope of Work
Hachi Japanese Restaurant	1221 8th Street	$24,000 (PIF) $24,000 (RCF)	• Total interior demolition & renovation • Replacement of all mechanical systems • Masonry tuck pointing • Roofing repairs • Landscaping and signage
2AU Limited	200 5th Street	$10,208.28 (PIF) $5,389.50 (RCF)	• Installing a new ceiling damaged by a roof leak • Repairing and finishing the interior wall of the window replaced with previous round funding. • Cleaning and installing a decorative metal fence around the grass area at the rear of the property
Gilroy's	1238 8th Street	$24,000 (PIF) $24,000 (RCF)	• Demolition of a wood retaining wall and installation of a new concrete wall • Roof replacement.

All applications are from businesses that received funds during the eighth round. Hachi is requesting additional funds for the same scope of work that they had in their previous application, while 2AU and Gilroy's are seeking funding for additional projects that were not included in their Round 8 applications. None of the three applications propose creating more jobs than they initially projected in the last round.

On October 31, 2024, the Due Diligence Committee ("Committee") met to evaluate and score the applications. Pursuant to previous City Council directive, the Committee is comprised of a total of nine members, with three

representatives appointed by the West Des Moines Chamber of Commerce, three representatives from the Historic West Des Moines Study Area, and three representatives serving the city at-large, which included 2 design professionals. The Committee had the discretion to make recommendations on determining the cutoff point for awarding funds and the percentage of the requested amount to be granted. After considerable discussion, the Committee decided to prioritize applications proposing new scopes of work from what was presented in the Round 8 applications. It was generally believed that smaller businesses, especially those in older buildings, often have multiple maintenance needs required to sustain the sites, buildings, and businesses. The Committee decided to split the $24,229.50 in the programs evenly between 2AU and Gilroy's, awarding them $12,114.75 each.

The full scope of work for 2AU, which includes ceiling, interior wall, and window repairs, as well as rear yard modifications, meets the criteria of the PIF program. 2AU's award of $12,114.75 will be provided as a no-interest loan. For Gilroy's, the $12,114.75 award is evenly divided between their retaining wall project, which qualifies under the PIF loan program, and their roof repair project, which qualifies under the RCF matching grant program. The balance of both the PIF and RCF is $0 with the conclusion of this round.

OUTSTANDING ISSUES: There are no outstanding issues.

RECOMMENDATION: Staff is recommending that the City Council pass a resolution that:

1. Directs staff to begin the preparation of Development Agreements with the applicants; and
2. Authorizes the applicants to pull building permits for the scope of work as described in the applications for the programs.

Lead Staff Member: J. Bradley Munford, Business Development Coordinator

STAFF REVIEWS

Department Director	Ryan Moffatt, Director, Community and Economic Development
Appropriations/Finance	Tim Stiles, Finance Director
Legal	Jessica Grove, Deputy City Attorney
Agenda Acceptance	

PUBLICATION(S) (if applicable)

Published In	N/A
Dates(s) Published	N/A

SUBCOMMITTEE REVIEW (if applicable)

Committee	F&A		
Date Reviewed	N/A		
Recommendation	□ Yes	□ No	□ Split

RESOLUTION

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WEST DES MOINES, IOWA APPROVING FUNDING OF ECONOMIC DEVELOPMENT GRANTS AND LOANS UNDER THE PROPERTY IMPROVEMENT FUND AND THE REGULATORY COMPLIANCE FUND FOR REDEVELOPMENT IN CERTAIN AREAS OF THE CITY

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

WHEREAS, the continued quality growth of retail/office/mixed use development within the City aids in the creation of jobs; creates an increase in the 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 decisions of the owners of property in the Historic Valley Junction Business District and the 8th Street Corridor; and

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF WEST DES MOINES DOES ENACT THE FOLLOWING ECONOMIC DEVELOPMENT INCENTIVES FOR THE PROPERTY IMPROVEMENT FUND AND THE REGULATORY COMPLIANCE FUND:

The City Council of the City of West Des Moines may, at its sole discretion, offer the following incentives to those businesses wishing to initiate, relocate, or retain their business in the City of West Des Moines. 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 and the Regulatory Compliance Fund Programs.

The following applications are approved for funding in the amounts listed for each program:

Property Improvement Fund (Loan)

Address	*Applicant*	*Award*
200 5th Street	Spaces, LLC (2AU Limited)	$12,114.75
1238 8th Street	Carl Wertzberger (Gilroy's)	$6,057.36
	Subtotal	**$18,172.11**

Regulatory Compliance Fund (Grant)

Address	*Applicant*	*Award*
1238 8th Street	Carl Wertzberger (Gilroy's)	$6,057.36
	Subtotal	**$6,057.36**

Funding of an application is dependent upon approval of a Development Agreement between the City, the property owner, and the tenant business guaranteeing the jobs to be created or retained, and submission of the necessary documentation of the completed work.

PASSED AND ADOPTED this 18th day of November, 2024

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Russ Trimble, Mayor

ATTEST:

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Ryan T. Jacobson, City Clerk