

Staff Report

**TAX INCREMENT REBATE DEVELOPMENT AGREEMENT
WITH KINGLAND SYSTEMS**

November 12, 2013

An essential step in finalizing the City's commitment to the incentive that has conceptually been agreed to for the Campustown redevelopment project being proposed by Kingland Systems is to prepare a Tax Increment Rebate Development Agreement. In order to stay within the project timeframe established by Kingland, the approval of this agreement by the City Council is scheduled for December 10, 2013. (A previous action by the Council on this agenda set the date of hearing for this agreement).

Prior to drafting an agreement for Kingland's consideration, staff believes it is important to first receive direction from the City Council regarding the most significant terms of the agreement. It should be emphasized that, since the City has been asked to provide over \$2,000,000 in incentives for the project, the Council is in a position to ask the developer to perform above and beyond the normal requirements of the City.

Listed below are staff's suggestions for major terms to be included in the agreement. However, it is understood that the Council might want to add to or modify this list.

- The Tax Increment Rebate Development Agreement should be for **a period of 10 years or \$2,064,530 in TIF rebate, whichever occurs first.**
- Kingland should be required to enter into a **minimum assessment agreement** at a taxable value that will assure the requested TIF rebate amount.

At the current TIF rate of 23.35297 the **required minimum assessment will be \$8,840,545.** In accordance with a minimum assessment, the taxable value could be higher or increase over the term of the agreement, but could not go lower.

- Kingland should agree that it cannot apply for and is **ineligible for other abatement programs** during the term of the agreement for property included in the agreement.
- A **non-appropriation clause** should be included in the agreement so that the TIF debt will not be counted against the City of Ames' debt limit.
- The agreement should be finalized by the parties in a timely manner to assure that the **base value of the property is locked in** and there is no reduction in the current level of taxable value of the property included in the urban renewal area.

- The agreement should contain a provision to assure that any abatement or reduction in property tax on the subject property due to the provisions of the State of Iowa **Property Tax Reform bill of 2013** be counted towards the **maximum rebate amount** under the agreement.
- **Ground level uses** should be restricted to “Retail Sales and Service Uses” and “Entertainment, Restaurant, and Recreation Trade Uses.”

The Zoning Ordinance allows for a much broader array of commercial uses, including offices, on first floors in the Campustown Service area. While the City staff believes the use restrictions mentioned above are more in keeping with the City’s vision for this business district and the desires of the students who offered input into the project, Kingland representatives would prefer that these use restrictions be limited to the period of the tax rebate, or ten years.

- A minimum of one tenant space on the ground floor should include **pre-planned restaurant mechanical and ventilation space** and ductwork.
- The **Welch Avenue building façade** should include a Welch entry.
- The **Lincoln Way Avenue façade** should include a **corner entrance** near Welch.
- A **hard-scaped alternate public space** near the Welch Avenue entrance should be included.
- The Lincoln Way Avenue building facade shall have an **architectural appearance of multiple storefront bays** (minimum of four).
- The Welch Avenue façade shall have the **appearance of multiple storefronts** (minimum two) along the ground level.
- The ground floor may include a **office lobby access from Lincoln Way**.
- The site should include a **minimum of 70 on-site parking spaces**.
- The **windows along the ground level storefronts** shall remain open and clear to allow for visibility into or through the spaces.
- A **Public Safety Security Plan** for lighting and surveillance cameras within the parking areas should be provided as part of the Minor Site Plan Review.

- If a **parking deck lower level** is provided, it should have secured access for office employees (doorways and fencing).
- A **Construction Management Plan** should be submitted to the City prior to demolition of the Lincoln Way buildings to coordinate on- and off-site transportation, parking, and construction coordination issues with the general contractor.
- A **planned sign program** should be submitted to the Planning and Housing Department for review and approval prior to occupancy of a tenant space of the building. The plan should identify intended sign locations, awnings, material, and finishes, etc.

In addition to the provisions itemized above, there may be other elements that Council might wish to add to this list. For example, Council may want to specify that Kingland bring in an anchor retail tenant of a specified size, or may want to exclude specific types of retail use within the Kingland building.

NEXT STEPS

After giving direction regarding the terms to be included in this agreement, Council should take the following actions:

- 1. Direct staff to prepare a Tax Increment Rebate Development Agreement reflecting those major issues.**
- 2. Set December 10, 2013 as the date of public hearing for the Campustown Tax Increment Financing Development Agreement.**