

COUNCIL ACTION FORM

SUBJECT: PROPOSED SOUTHEAST 16TH STREET URBAN RENEWAL AREA

BACKGROUND:

At the March 4, 2014 City Council meeting, staff was directed to initiate steps to provide support for the redevelopment of properties along SE 16th Street between South Duff Avenue and Dayton Avenue. This step was in anticipation of establishing a Reinvestment District under the Iowa Reinvestment Act. The principal steps needed for the project proposal were to endorse a preliminary application submittal to the Iowa Economic Development Authority and to initiate the steps for creating an Urban Renewal Area for the 23 acre site. The proposed development by Iowa Destination Developers is an approximately 48 million dollar commercial development consisting of a Menards, a new restaurant and hotel, and a Field Station Dinosaurs Museum/Camp.

In the last State Legislative session, a bill was passed creating the Iowa Reinvestment District Program, administered by the Iowa Economic Development Authority (IEDA). The program is designed to assist communities in “developing transformative projects that will improve the quality of life, create and enhance unique opportunities, and substantially benefit the community, region and state.”

A prerequisite application requirement to qualify for the incentive program is that the proposed Reinvestment District must be within an Enterprise Zone or Urban Renewal Area approved by the City Council. In this circumstance, the subject site is only eligible to be designated as an Urban Renewal Area for economic development purposes. The site is not eligible for designation as an Enterprise Zone.

If approved by the State, the incentive granted will be remittance of the new State sales and hotel/motel taxes generated in the established Reinvestment District. According to the pre-application submitted by the City, a total of \$14,745,587 is being requested to be remitted for the Ames project from the pool of \$100 million allowed for distribution across the entire state. **The City itself has no financial commitment or support associated with a Reinvestment District, since it is solely funded by the state.** Upon formal approval of the incentive application by the IEDA Board, the City may then adopt an ordinance establishing the Reinvestment District to facilitate the project.

URBAN RENEWAL AREA

The creation of an urban renewal area requires the adoption of an Urban Renewal Plan. **A draft Plan is attached so that Council comments can be received prior to its approval. At this time the City Council is being asked to set the date for a public hearing on the proposed Urban Renewal Plan to facilitate the Reinvestment District redevelopment project.**

The City Council is also being asked to refer the Urban Renewal Plan to the Planning and Zoning Commission for its recommendation. The Commission's role is to make a recommendation as to whether the Plan conforms to the intent and purposes of the Land Use Policy Plan.

Upon receipt of the Commission's recommendation, the City Council will hold a public hearing to gather public input on the Urban Renewal Plan. After following these steps, the Council will be in a position to approve a resolution adopting the Urban Renewal Plan and to adopt a resolution establishing the Urban Renewal Area.

The necessary steps are outlined and a time line is established below. **An appropriate action would be for the City Council to direct staff to initiate these steps.**

May 7, 2014

Planning and Zoning Commission reviews the Urban Renewal Plan, hears any public input, and makes its recommendation to the City Council regarding the conformance of the Urban Renewal Plan to the City's Land Use Policy Plan. Prior to this date, notice of the public hearing on the Urban Renewal Plan is published.

May 27, 2014

The City Council conducts a public hearing on the Urban Renewal Plan. It may then approve the following resolutions, either at this meeting or at a later date:

- Resolution establishing the Urban Renewal Area
- Resolution adopting the Urban Renewal Plan

June 30, 2014

Provisional approval announced by IEDA Board for project funding. This approval is not binding, but is provided to allow for changes in projects and district details, if needed.

Final application materials are due prior to March 2015 for final approval and announcement of maximum benefit.

Following Formal Approval by the IEDA Board

Following the IEDA Board's formal approval of the application, these steps may occur:

- City Council to adopt ordinance establishing the Reinvestment District and approval of a development agreement to facilitate the project.

At this meeting the City Council will also review the basic terms for the Development Agreement, as well as the specific redevelopment plan for the project, including floor plans, architectural elevations, site plans and renderings of the project's appearance. **At this meeting, the City**

Council may request that the developer make modifications to the basic terms of the specific redevelopment plan.

- Application by the applicant for subdivision review for the project.
- Following approval of the Reinvestment District and subdivision, a Minor Site Development Plan can be submitted for staff review, followed by application for building permits. The Site Plan and building permit approval processes do not involve City Council action.

URBAN RENEWAL PLAN

The proposed Urban Renewal Plan includes the necessary components described by the Code of Iowa. It describes the project and its objectives and includes a summary of the process of its preparation and adoption. The Plan identifies those components of the Land Use Policy Plan that are supported by the proposed Urban Renewal Area. The draft Plan is described as a 30 acre area following the property lines of the two parcels but not including the designated floodway of the Skunk River. This is slightly larger in area than the proposed Reinvestment District, which was approximately 24 acres of the same 30 acre area. It also indicates the support of economic development for the area. **It does not include provisions for any tax increment financing (TIF).**

It should be noted that the proposed Urban Renewal Plan does not include a specific site plan and building elevations for the redevelopment project, nor will it include this type of information when submitted for approval. Rather, this information will be included as part of the Development Agreement.

ALTERNATIVES:

1. The City Council can adopt a resolution approving the following steps:
 - a. Directing staff to prepare the Urban Renewal Plan,
 - b. Forwarding the Urban Renewal Plan to the Planning and Zoning Commission for its recommendation, and
 - c. Setting May 27, 2014 as the date of public hearing on the Urban Renewal Plan.
2. The City Council can choose to modify the above steps for initiation of the Urban Renewal Plan.
3. The City Council can choose to refer this item back to staff for additional information.
4. The City Council can choose to not proceed with establishment of this Urban Renewal Plan at this time.

MANAGER'S RECOMMENDED ACTION:

On March 4, 2014, the City Council decided to initiate consideration of an Urban Renewal Area as an opportunity for incentive through an Iowa Reinvestment District for the development plan proposed by Iowa Destination Developers, LLC. In support of making an application to the IEDA, the subject site is required to be within an Urban Renewal Area. Setting the public hearing date for the Urban Renewal Plan is the next step in support of creating a Reinvestment District.

At this time the City Council is not being asked to give approval to the Iowa Destination Developers' Plan for the Reinvestment District. That specific redevelopment plan, including conceptual plans for the site and the building, will be presented to the City Council for comment at a later date. City Council will have an opportunity to review the plan and to provide input at that time. On that later occasion, City Council will decide if the City is ready to proceed with the project or if further work or discussion is needed. In order to move forward toward that decision, the City Council should direct staff to proceed with the statutory steps described above that are necessary to establish the Urban Renewal Area.

Therefore, it is the recommendation of the City Manager that the City Council accept Alternative #1, thereby adopting adopt a resolution approving the following steps:

- a. Directing staff to prepare the Urban Renewal Plan,
- b. Forwarding the Urban Renewal Plan to the Planning and Zoning Commission for its recommendation, and
- c. Setting May 27, 2014 as the date of public hearing on the Urban Renewal Plan.

Attachment A

Draft URBAN RENEWAL PLAN SE 16th STREET URBAN RENEWAL AREA

CITY OF AMES, IOWA

April 8, 2014

I. INTRODUCTION

Chapter 403 of the Code of Iowa authorizes cities to establish areas within their boundaries known as “urban renewal areas,” and to exercise special powers within these areas. The City of Ames (the “City”) City has been requested by a developer to establish a new urban renewal area.

Chapter 15A of the Code of Iowa declares that economic development is a “public purpose” and authorizes local governments to make grants, loans, guarantees, tax incentives and other financial assistance to private enterprise. The statute defines “economic development” as including public investment involving the creation of new jobs and income or the retention of existing jobs and income that would otherwise be lost.

The process by which an economic development urban renewal area may be created begins with the preparation of an urban renewal plan for a proposed geographic area. A City’s Plan and Zoning Commission must review the plan and inform the City Council if it is consistent with the City’s general plan. The City Council must hold a public hearing on the urban renewal plan, following which, the Council may approve the plan.

This document is intended to serve as the Urban Renewal Plan for an urban renewal area to be known as the SE 16th Street Urban Renewal Area (the “Urban Renewal Area”). It is intended that this Urban Renewal Plan will guide the City in promoting economic development by private enterprises. This document is an Urban Renewal Plan within the meaning of Chapter 403 of the Code of Iowa, and it sets out a proposed project to be undertaken within the Urban Renewal Area.

II. DESCRIPTION OF URBAN RENEWAL AREA

The SE 16th Street Urban Renewal Area would include 30 acres of property located along a portion of SE 16th Street between South Duff and South Dayton Avenue, including properties the south side of SE 16th Street (currently addressed as 530 and 900 SE 16th Street). A legal description of the property is attached hereto as Exhibit A. Following its designation as an urban renewal area, an application for subdivision will be required to reconfigure the lots to accommodate the proposed development design.

III. URBAN RENEWAL OBJECTIVES

The primary objectives for development within the Urban Renewal Area are:

1. To contribute to a diversified, well-balanced local economy by creating job opportunities and strengthening the property tax base.
2. To stimulate private investment in the area through public action and commitment, and to encourage job retention, growth and expansion through the use of various incentives.

IV. THE PROJECT

The purpose of this Urban Renewal Plan is to support economic development in a highly visible commercial corridor and is in response to a request from Iowa Destination Developers, LLC for application, under the Iowa Reinvestment District Program, administer by the Iowa Economic Development Authority (IEDA), for incentives from the state sales and hotel/motel tax revenues. The proposed development by Iowa Destination Developers is a commercial development consisting of a Menards, a new restaurant and hotel and a Field Station Dinosaurs Museum/Camp. The City has no financial commitment or support for the Reinvestment District; it is solely funded by the state.

V. CITY DEVELOPMENT PLANS AND POLICIES

The City has a general plan for the physical development of the City, as outlined in a comprehensive plan document and in a zoning ordinance. The comprehensive plan document is called the *Land Use Policy Plan* and includes ten goals in broad categories, as well as a number of objectives to meet those goals. Goals and objectives that speak more in detail to the proposed development are quoted below.

Goal No. 1. Recognizing that additional population and economic growth is likely, it is the goal of Ames to plan for and manage growth within the context of the community's capacity and preferences. It is the further goal of the community to manage its growth so that it is more sustainable, predictable and assures quality of life.

Objectives. In managing growth, Ames seeks the following objectives.

- 1.A. Ames seeks to diversify the economy and create a more regional employment and market base. While continuing to support its existing economic activities, the community seeks to broaden the range of private and public investment.

Goal No. 5. It is the goal of Ames to establish a cost-effective and efficient growth pattern for development in new areas and in a limited number of existing areas for intensification. It is a further goal of the community to link the timing of development with the installation of public infrastructure including utilities, multi-modal transportation system, parks and open space.

Objectives. In defining the growth pattern and timing of development, Ames seeks the following objectives.

- 5.C. Ames seeks the continuance of development in emerging and infill areas where there is existing public infrastructure and where capacity permits.

Goal No. 9. It is the goal of Ames to promote expansion and diversification of the economy in creating a base that is more self-sufficient and that is more sustainable with regard to the environment.

Objectives. In creating an economic base that is more self-sufficient and environmentally sustainable, Ames seeks the following objectives.

- 9.D. Ames seeks economic activities that are compatible and sustainable with its environment.

The objectives and proposed project outlined in this Urban Renewal Plan are consistent with the above goals and policies identified and adopted as part of the City's planning process.

VI. EFFECTIVE PERIOD

This Urban Renewal Plan will become effective upon its adoption by the City Council and will remain in effect until it is repealed by the City Council. Each project or activity to which incremental property tax revenues will be devoted will be subject to such restrictions as may be deemed necessary and appropriate by the City Council

VII. PLAN AMENDMENTS

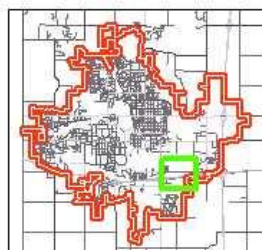
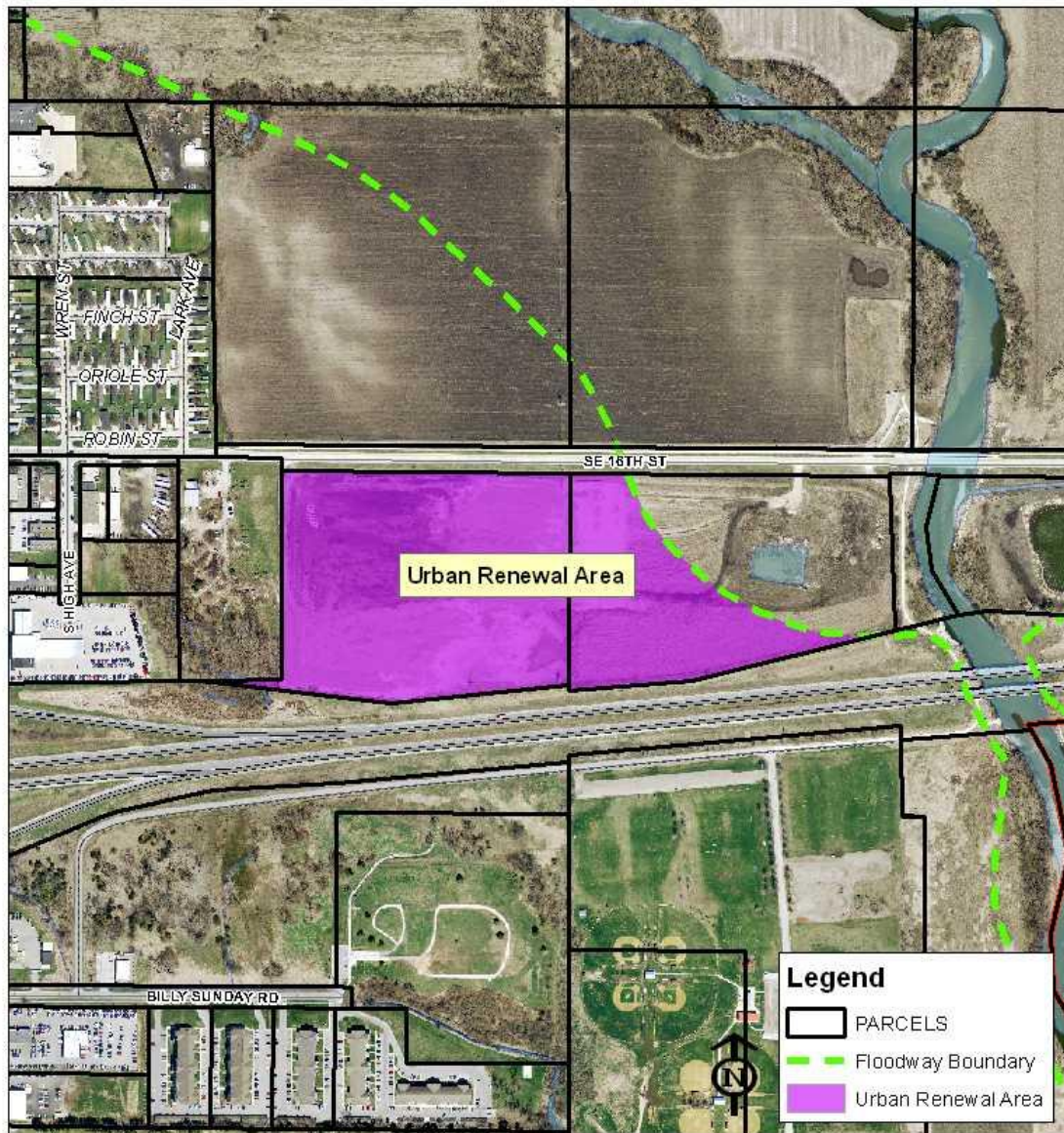
This Urban Renewal Plan may be amended in accordance with the procedures set forth in Chapter 403 of the Code of Iowa in order to carry out any purposes consistent with state law.

EXHIBIT A LEGAL DESCRIPTION

SE 16th STREET URBAN RENEWAL AREA

(To be Determined)

**EXHIBIT B
LOCATION MAP**



**Urban Renewal Area
530 and 900 SE 16th Street**

0 250 500 1,000
Feet