

ITEM # 15c  
DATE 12/09/08

## COUNCIL ACTION FORM

**SUBJECT: PROPOSED SOUTH BELL AVENUE URBAN RENEWAL AREA AND TAX INCREMENT FINANCING DISTRICT**

### **BACKGROUND:**

At the City Council meeting on August 26, 2008, the City Manager was directed to initiate steps to provide tax increment financing for construction of the infrastructure to serve approximately 37 acres of industrial land along South Bell Avenue. The request for a tax increment financing (TIF) district was made by Chuck Winkleblack, representing the owners of the property, Dayton Park, LLC.

The proposed tax increment district comprises 37 acres of land zoned General Industrial (GI) and lying between the two dead-end portions of South Bell Avenue. To the north is the Ames Community Development Park, Second Addition, and to the south is Dayton Park Subdivision, Fifth Addition. A map of the proposed urban renewal area is included.

The proposed project, intended to be financed by tax increment, installs the necessary infrastructure to allow for the development of an industrial park. The infrastructure includes the completion of the South Bell Avenue corridor, providing a connection from Southeast 16<sup>th</sup> Street to Lincoln Way, parallel to South Dayton Avenue. Sanitary sewer, storm sewer, water, street lights, and all other infrastructure necessary to support the development are also included. The project also includes two short cul-de-sacs to open up the larger area to the east for development.

### **URBAN RENEWAL AREA:**

Code of Iowa Chapter 403 allows cities to establish tax increment financing districts through the creation of an urban renewal area. The creation of an urban renewal area first requires the adoption of an urban renewal plan. That plan has been drafted and is now being submitted to the City Council. The first step in the adoption of the plan is to forward the plan to the Planning and Zoning Commission for a 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.

The City Council will also hold a consultation with the taxing entities that would be affected by the establishment of tax increment financing district. These entities are the Ames Community School District Board of Education, Des Moines Area Community College Board of Directors, and the Story County Board of Supervisors. Upon receipt of the Commission's recommendation and following the consultation, the City Council would hold a public hearing. The Council then could approve a resolution adopting the urban renewal plan, approve a resolution establishing the urban renewal area, and approve an ordinance creating a tax increment financing district.

The necessary steps are outlined and a time line is established below.

**December 9**

Staff prepares the urban renewal plan and presents it to the City Council. The City Council refers it to the Planning and Zoning Commission for a recommendation. The City Council also appoints a representative for the consultation to be held December 16.

**December 10**

Concurrently with the plan being reviewed by the Commission, the plan is mailed to the affected taxing entities inviting them to a consultation. The taxing entities may appoint a representative to attend and make recommendations for modifications to the plan.

**December 16**

The consultation between the City and the taxing entities is held.

**December 17**

The Commission reviews the plan and forwards its written recommendation to the City Council. No official public hearing is required but public input may be gathered.

**No later than December 23**

The taxing entities may make recommendations for modifications to the plan within 7 days of the consultation.

**No later than January 6**

The representative of the City responds to the recommendations from the taxing entities no less than 7 days prior to public hearing.

**Between December 24 and January 6**

The City provides notice of a public hearing in a newspaper no less than 7 days and no more than 20 days before the public hearing. Notice is also mailed to the taxing entities.

**January 13**

The City conducts a public hearing. The City then approves a resolution adopting the plan, approves a resolution establishing an urban renewal area, and approves an ordinance creating a TIF district. The ordinance, unless waived by the City Council, requires three readings.

## **URBAN RENEWAL PLAN:**

Included with the City Council packet is a draft of the urban renewal plan. The 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 bulk of the plan identifies those components of the Land Use Policy Plan that are supported by the proposed urban renewal area.

The plan also contains a summary of the City's current debt obligations, the City's limits on issuing debt, and an estimate of the amount of tax increment financed debt that would be incurred due to this project.

Please note that the plan is still in draft form. Some portions of the plan may change when tentative dates are confirmed and events happen. These dates are denoted by [brackets] in the plan. Other portions of the plan will be completed as the process moves forward. These portions are denoted by *italics*. The five appendices will be completed as the process moves forward. All these draft items will be finalized prior to the City Council being asked to adopt the plan, likely on January 13.

## **REPRESENTATIVE TO CONSULTATION:**

Since this proposed urban renewal area will also include tax increment financing, the Code of Iowa requires the City to hold a consultation with the other affected taxing entities (the school district, the community college, and the county). Following the consultation, the taxing entities are allowed to make their recommendations for any changes to the urban renewal plan. The City must then respond to those recommendations for changes. The City Council may appoint a representative to the consultation and to respond back to any requests for modifications to the plan by the taxing entities. The City Manager can be appointed to this role as the representative to the consultation. In this instance, the consultation is scheduled for just prior to the regular City Council meeting on December 16. Any comments from the taxing entities would then be received within seven days (by December 23). The City's representative (the City Manager) would then respond back to those comments no later than seven days prior to the public hearing on January 13 (responding back to taxing entities by January 6).

## **ALTERNATIVES:**

1. The City Council can forward the draft urban renewal plan to the Planning and Zoning Commission for a recommendation, direct staff to implement the other required procedures for establishing an urban renewal area and a tax increment financing district, and appoint the City Manager as the representative who will respond to any recommendations made by the other affected taxing entities following the consultation. This alternative is necessary if the City Council wishes to use tax increment financing for the South Bell Avenue improvements.

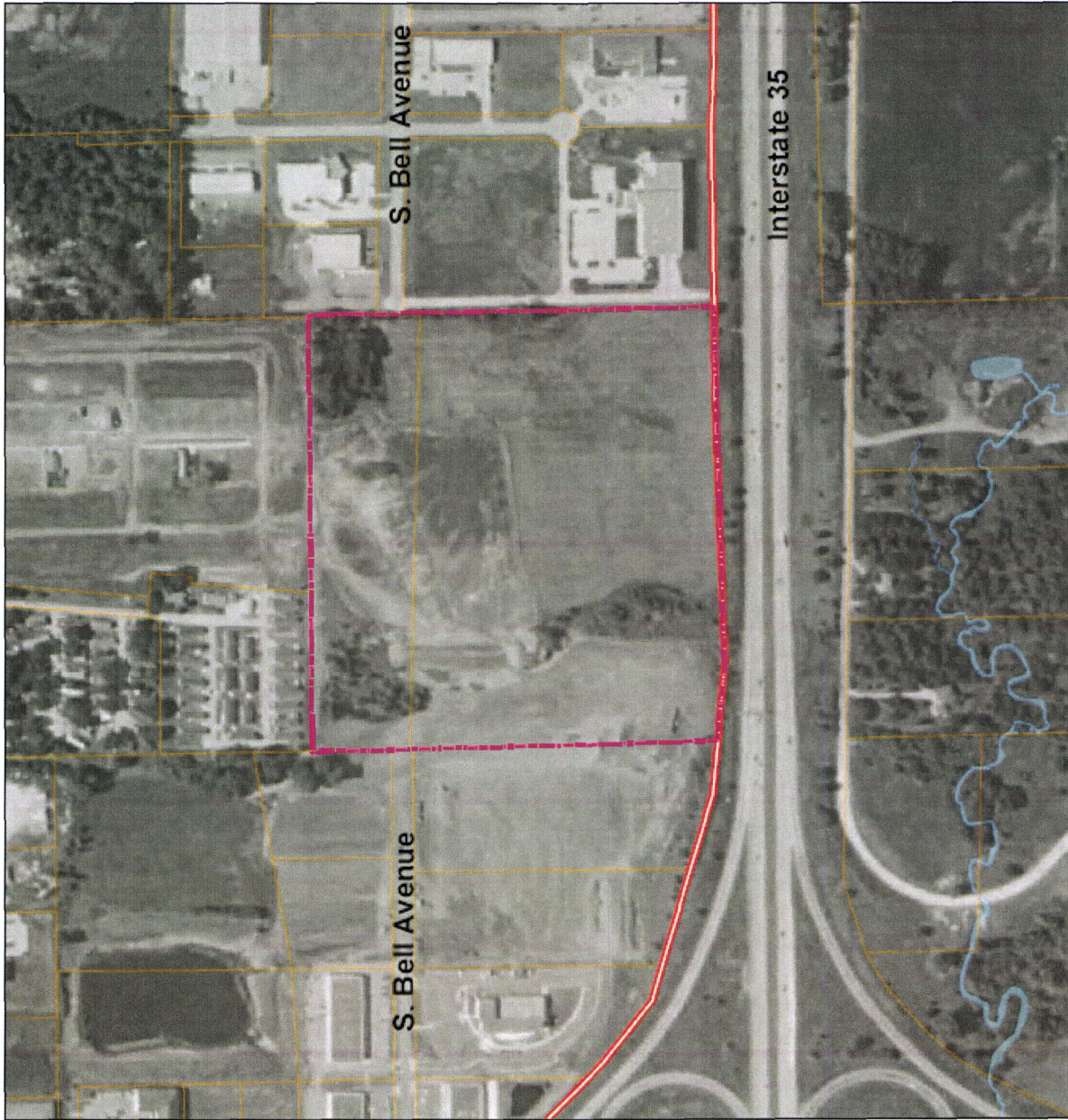
2. The City Council can choose not to forward the draft plan to the Planning and Zoning Commission. This is the option if the City Council does not wish to use tax increment financing for the South Bell Avenue improvements.

**MANAGER'S RECOMMENDED ACTION:**

Assuming the City Council supports the developer's agreement to facilitate the establishment of a tax increment financing district for the proposed 37-acre industrial area on South Bell Avenue, the City Council should direct staff to proceed with the statutory steps necessary for the establishment of the district. At the August 29 City Council meeting, the City Council did give direction to the City Manager to establish the tax increment finance district. The steps outlined by the City Manager at that time included:

1. Finalizing a Development Agreement that would outline conditions such as maximum per acre sale price, maximum annual increase in sale price, etc.
2. Defining the boundaries of the Urban Renewal Area.
3. Creating an Urban Economic Development Renewal Plan.
4. Adopting an ordinance designating the TIF District.

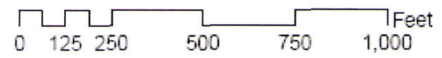
Therefore, It is the recommendation of the City Manager that the City Council act in accordance with Alternative 1, forwarding the draft urban renewal plan to the Planning and Zoning Commission for a recommendation, directing staff to implement the other required procedures for establishing an urban renewal area and a tax increment financing district, and appointing the City Manager as the representative who will respond to any recommendations made by the other affected taxing entities following the consultation. Future City Council actions will include subdivision approval for the proposed development.



## Proposed Urban Renewal Area #5



 Proposed URA #5



Prepared by Department of  
Planning and Housing