

**Staff Report**  
**DOWNTOWN FAÇADE IMPROVEMENT PROGRAM**  
**3-1-2011**

The Downtown Façade Improvement Program was established by the City Council more than ten years ago to encourage improvements to downtown facades that would help create a more consistent image for the district based on the intrinsic historic qualities of the buildings. The program currently offers grants that match private investment in façade improvements, support for professional design services and partial property tax abatement for increases in property value resulting from the improvements.

Projects on 16 properties have been supported through fiscal year 2010. Three of the following projects have previously been approved by Council and are not yet completed, while one of the projects approved during the current fiscal year has been completed:

**FY 2008/2009**

410 5th (Triplett)	5/26/2009	\$ 14,500.00	Underway but awaiting materials. Grant extended to May 9, 2011
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**FY 2009/2010**

230-234 Main (Lazy M Shoes)	10/27/2009	\$ 15,000.00	Completing structural improvements. Grant extended to Nov. 5, 2011
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**FY 2010/2011**

326 5 <sup>th</sup> (Ames News Online)	10/12/2010	\$ 6,337.17	Project completed.
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132-134 Main (Whiskey River)	11/23/2010	\$ 32,000.00	Awaiting building permits.
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<b>Total Committed Projects</b>	<b>\$ 67,837.17</b>
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In addition, a great deal of interest has recently been shown in this program. A substantial number of building or business owners have expressed interest in the program to support improvements to the following properties:

**Potential Future Projects**

132-134 Main	Whiskey River	Rear façade applied for - double front
223 Main	Worldly Goods	Plans underway
225-227 Main	American Legion	Plans underway- double front
202 Main	Hair Salon	Plans underway
317 Main	Photosynthesis	Plans underway
410 Douglas	Pantorium	Inquiry only at this time
117 5th	Bar/Restaurant	Inquiry only at this time
115 Main	Retail sales	Inquiry only at this time
226-228 Main	Moorman Clothiers	Inquiry only at this time - double front

Owners of most of the projects for which plans are underway are likely to apply for the maximum grant amount. This could result in requests for at least \$60,000, in addition to the Whiskey River grant request for \$30,000 that is on this same Council agenda.

Also related to the Downtown Façade Improvement Program, the Ames Main Street Cultural District is reviewing applications for the Iowa Main Street Challenge Grant program. Each Main Street program in Iowa may apply to the state for one project for a grant of up to \$100,000. In March, the Ames Main Street Cultural District is reviewing applications for five projects. Three of those projects are on the above list, while two are not. After the Ames Main Street Cultural District has selected one project, the City Council can expect that project to apply for the Downtown Façade improvement Program in April, because one of the criteria that the state of Iowa uses to select projects for the grants is such support from the City.

The level of interest in the Downtown Façade Improvement Program is gratifying, but Council should understand that projected grants could exceed budgeted funding. The 2010-11 adjusted budget includes \$50,000 for this program from the Hotel/Motel Tax Fund, and the 2011-12 budget includes \$50,000 from the Local Option Tax Fund. In addition, the Council added an additional \$27,625 from past carryover savings in this program to fund a one-time expense for phases 2 and 3 of the National Register Nomination of the Downtown Historic District.

As is shown in the first table above, projects currently approved total nearly \$68,000 in grants, including \$29,500 in grant approved in previous fiscal years. This meeting's agenda includes a completed grant application for \$32,000, and additional grant requests for another \$60,000 are likely by the end of the next fiscal year. That total of approximately \$160,000 exceeds the \$100,000 currently budgeted for this program.

To deal with this projected shortfall, staff will recommend during the spring budget amendments that \$29,500 from the Hotel/Motel Tax fund balance be brought forward to cover the projects approved in previous years. Assuming that action is approved by Council, that will leave approximately \$130,000 in funding to cover an estimated \$160,000 in grant requests.

Council has two options for dealing with that anticipated shortfall. The first is to utilize an additional portion of the Hotel/Motel Tax fund balance to fund these grants. This action would leave approximately \$220,000 in the Hotel/Motel Tax fund.

The second alternative would be to limit the amount of grants made. This can be done either by approving grants on a first come-first served basis up to the designated budget limit, or by making this a competitive grant process that would require all applications to be reviewed simultaneously based upon an established rating system.

It is recommended that Council give direction on how to address this overall funding situation before action is taken on the current grant application for 132-134 Main Street.