



**CITY COUNCIL
COMMUNICATION:**

ITEM _____

**OFFICE OF THE CITY MANAGER
CITY OF DES MOINES, IOWA**

98-343

SYNOPSIS –

AGENDA:
AUGUST 17, 1998

Development proposals were received on July 30, 1998, from PLC Commercial, Inc. and Centertainment, Inc. in response to the City’s request for development proposals for the Court Avenue Entertainment Center.

SUBJECT:
COURT AVENUE
ENTERTAINMENT
CENTER PROJECT

Both proposals are from well-regarded and experienced developers. The projects, while having different design approaches, will provide a similar mix of uses and about \$1.25-\$1.5 million annually in property tax revenues. Some issues have arisen in the selection process that are not definitively addressed in the Request for Proposals (RFP) due to its flexible nature. The major issue is that both proposals requested the City to undertake certain items at its cost; staff then requested additional information from both developers as to whether those items were mandatory in order for the project to proceed.

TYPE:
RESOLUTION
ORDINANCE
RECEIVE/FILE

Staff has followed the RFP process established by Council, complied with provisions of law as determined by City Legal, and treated all potential developers fairly and equitably.

SUBMITTED BY:
RICHARD CLARK
DEPUTY CITY
MANAGER

The Council is requested to select the preferred developer for the Court Avenue Entertainment Center Project and direct the City Manager to negotiate a mutually acceptable urban renewal contract consistent with the selected developer’s proposal. This action does not obligate the City Council to undertake the project, if an urban renewal contract cannot be negotiated which is acceptable to both the City and developer.

FISCAL IMPACT –

PLC/Edwards: The City would be required to finance an estimated **\$8,875,000** of initial cost for the project to

proceed. For purposes of evaluating the project' s fiscal impact it was assumed the project would have an assessed value of \$35,000,000. The project would generate an estimated \$21,960,000 in consolidated property tax revenue over 15 years. The net consolidated property tax revenue generated by the project, after debt service, is estimated at **\$8,250,000** over the 15-year period.

AMC/Centertainment: The City would be required to finance an estimated **\$6,000,000** of initial cost for the project to proceed. However, the City' s initial investment would be reduced by **\$3,000,000** from the proposed purchase price of the development site. For purposes of evaluating the project' s fiscal impact it was assumed the project would have an assessed value of \$32,000,000. The project would generate an estimated \$16,380,000 in consolidated property tax revenue over 15 years, taking into account three-year 100 percent tax abatement. The net consolidated property tax revenue generated by the project, after debt service and tax abatement, is estimated at **\$11,750,000** over the 15-year period.

The detailed fiscal analysis and the accompanying assumptions are attached.

RECOMMENDATION –

Approval of the roll call accepting the proposal from Centertainment, Inc., and directing the City Manager to negotiate an urban renewal contract with Centertainment, Inc. consistent with its proposal.

The staff evaluation and recommendation was formulated by an interdepartmental staff team and utilized the competitive criteria and point system contained in the Council approved RFP. A copy of the staff report is attached.

BACKGROUND –

On June 22, 1998, by Roll Call No. 98-2079, the City Council approved the minimum development requirements, competitive criteria, offering documents, and procedures for the Court Avenue Entertainment Center

Project and directed the solicitation of proposals for the project. In Roll Call No. 98-2080, the Council authorized the City Manager to undertake the necessary actions to accommodate the suitable redevelopment of the site identified for the Court Avenue Entertainment Center. These actions would include initiating appropriate urban renewal plan amendments, appraisals, initiating vacation proceedings for public rights-of-way, initiating zoning amendments, initiating appropriate amendments to the City-Wide Urban Revitalization Plan, and initiating plans for public parking for users of the entertainment center project and other Court Avenue businesses.

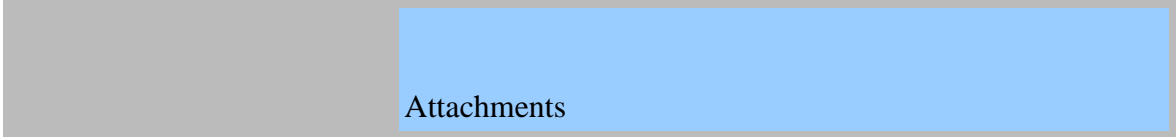
Urban Renewal Board/Architectural Advisory Committee

The Council requested recommendations on the selection of a developer from the Urban Renewal Board, Architectural Advisory Committee, and staff using the competitive criteria set out in the RFP.

The Urban Renewal Board and Architectural Advisory Committee met on August 4 and August 11, 1998, to review the proposals. The Architectural Advisory Committee recommended acceptance of the proposal submitted by Centertainment, Inc. for development of the Entertainment Center project. The Urban Renewal Board recommended acceptance of the staff evaluation report which recommended that Centertainment, Inc. be selected as the developer for the project. The staff evaluation report contains detailed information on each proposal and the evaluation of each against the competitive criteria. Separate letters from the Urban Renewal Board and Architectural Advisory Committee have been transmitted to Council and are on the agenda for August 17, 1998.

Skywalk Issues

The Centertainment proposal does not contemplate a skywalk connection across Court Avenue. However, the potential for a future skywalk connection across Court Avenue should not be ruled out if the Centertainment proposal is accepted. A skywalk connection should be studied within the context of the future plans for Court Avenue, its pedestrian character, and its relationship and connections to the rest of the downtown. In addition, the study should examine cost effective approaches for achieving a skywalk to the south side of Court Avenue.



Attachments

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