

**CITY COUNCIL
COMMUNICATION:**

ITEM _____

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

98-396

SYNOPSIS —

AGENDA:
SEPTEMBER 14, 1998

To approve the Gray’ s Lake Master Plan and Implementation Plan and authorize the City Manager to prepare a detailed plan for Phase I improvements of Gray’ s Lake and negotiate with the Weitz Corporation toward the redevelopment of the former Holiday Inn site. The total estimated cost of implementing all phases of the Gray’ s Lake Park development is about \$16.4 million.

SUBJECT:
GRAY’ S LAKE
MASTER PLAN
APPROVAL AND
IMPLEMENTATION
PLAN

FISCAL IMPACT –

TYPE:
**RESOLUTION
ORDINANCE
RECEIVE/FILE**

Phase I development costs of \$7,927,500 have been estimated to pay for Phase I park improvements and land acquisition and flood improvement costs associated with the redevelopment of the Weitz Corporation former Holiday Inn site. This includes \$4,875,000 of improvements to Gray’ s Lake Park. The funding of these improvements could come from revenues generated through a Tax Increment Finance (TIF) district and private fund raising. However, it is anticipated that non-TIF funds will be required to pay a portion of the capital cost until such time as TIF revenues become available. Assuming a high quality hotel and related uses are constructed on the site of the old Holiday Inn, new property tax revenues of about \$1 million per year (after any abatement), plus over \$300,000 per year in hotel/motel tax revenues, would be generated.

SUBMITTED BY:
DONALD TRIPP
PARK AND
RECREATION
DIRECTOR

RECOMMENDATION –

Approval.

BACKGROUND –

Gray’ s Lake Park has been under the control of the City since 1970. It is 165 total acres, including a 100-acre man made lake.

The lake level fluctuates as the elevation of the Raccoon River changes, due to a river overflow culvert connection between the lake and river. The City owns approximately one-half of the property and the remainder is controlled through a lease which expires in 2019. Recently, the leased property has been acquired by the Weitz Corporation. Gray' s Lake Park has been steadily improved over its 27-year public recreation life, through the use of City of Des Moines, State of Iowa, National Park Service, U.S. Department of Housing and Urban Development, and Land & Water Conservation Trust Fund tax dollars. Some of the funds have brought restrictive covenants as a condition of accepting the grant. Parklands, the City Park and Recreation Comprehensive Plan, identifies Gray' s Lake as one of the highest priority capital improvement needs in the Park and Recreation system.

On July 21, 1997, by Roll Call No. 97-2581, City Council awarded a contract to RDG Crose Gardner Shukert, Inc. (RDG) for master plan and market feasibility services for Gray' s Lake. A Focus Team comprised of City staff, representatives from the Park and Recreation Board and Planning and Zoning Commission, business leaders, community leaders, citizens, high school students, and other representatives identified as stakeholders in the project were assembled on several occasions to work directly with the RDG consultant team and provide information and ideas to develop the plan.

Initially, the Focus Team developed a vision statement and project goals. A copy of the vision and goal statement is attached (see Attachment #1). The next step was an analysis of the site to determine the opportunities and constraints of Gray' s Lake. This involved extensive market analysis of regional demand for recreation and entertainment services. Once completed, RDG and Focus Team members met for a three-day design workshop in November 1997 to develop master plan alternatives. The workshop culminated with a public presentation on November 23, 1997, which provided the first opportunity for the public to view and provide input into the proposed Gray' s Lake Park Master Plan.

On December 22, 1997, by Roll Call No. 97-4060, the City Council received and filed a communication of the Master Plan and a series of actions related to this project. The Concept Master Plan for Gray' s Lake has been presented and approved by the following City Boards/Commissions: Plan and Zoning (February 19, 1998, reaffirmed on September 3, 1998), Urban

Renewal (February 17, 1998), Park and Recreation (February 10, 1998, reaffirmed on September 8, 1998), Neighborhood Revitalization Board (February 18, 1998), and Architectural Advisory (February 24, 1998). Additionally, the plan has been presented to the following groups, receiving favorable comments without formal endorsement:

- Des Moines Downtown Partnership
- Southwestern Hills Neighborhood Association
- Greater South Side Neighborhood Association
- South Des Moines Chamber of Commerce
- Des Moines Waterworks Board
- Major Projects Task Force
- Student Councils of Five Des Moines High Schools
- Citizen Design Advisory Committee
- Entertainment Center Task Force

A technical team of City staff members has been meeting for several months to address the Council-identified issues from December 22, 1997, Roll Call No. 97-4060. They have filed a report which is the basis for the recommendations which follow (see Attachment #2 attached to roll call).

One notable change in the presentation of the Master Plan is the designation of the southeast end of the park. It's proposed that this be identified as public park or private development space. Previously, the plan specifically indicated housing development.

Also, the following is recommended as an Implementation Plan:

- City Council to approve the proposed Gray's Lake Master Plan as a general guide for future improvements.
- As previously directed by City Council, the Gray's Lake area should be designated as an urban renewal area and a tax increment district.
- Continue to negotiate acquisition of the adjacent railroad properties, including the marshaling yard as City Council previously directed.
- Initiate appraisals and environmental analysis for proposed land acquisition and release of covenants necessary to support the Master Plan and forward such data and analysis to City

Council for consideration.

- Authorize the City Manager to pursue development with the Weitz Co. for a high quality hotel in accordance with the Gray' s Lake Master Plan. This may require use of a developer initiated process in accordance with urban renewal law.
- Complete negotiations with appropriate federal and state agencies for agreement on the release, conversion of land, or other mitigation of restrictive covenants necessary to develop Gray' s Lake in accordance with the Master Plan and forward all such agreements to the City Council for consideration.
- Direct the City Manager to coordinate the pertinent flood regulations for requirements with private sector development within the portions of Gray' s Lake outside the floodway and related requirements which will affect the development of the property.
- Authorize the City Manager to prepare a financing plan to accomplish Phase I improvements of the Gray' s Lake Master Plan.
- Authorize the transfer and use of \$75,000 from the City-wide Park Capital Improvement Program budget for appraisal services and other related expenses.

These recommendations are intended to provide a framework to encourage private redevelopment of the Holiday Inn site and public recreation improvements in 1999. Recently, an anonymous private donor has notified Council Member Christine Hensley of their intention to donate \$1.5 million to this project. The gift stipulates that the City move forward in the development of Gray' s Lake by the fall of 1999. Additional private gifts should be sought to provide for the fastest, most complete development of this public amenity.

Attachment