

**CITY COUNCIL
COMMUNICATION:**

ITEM _____

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

99-457

SYNOPSIS -

AGENDA:

OCTOBER 4, 1999

SUBJECT:

COURT AVENUE
ENTERTAINMENT
CENTER

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

SUBMITTED BY:

RICHARD CLARK
DEPUTY CITY
MANAGER

The Council is requested to approve several items related to the Court Avenue Entertainment Center-newly named *The Court Avenue Station*-including the revised design plans, and a time extension for the developer to January 24, 2000 and related extensions for the acquisition of land. Also on this agenda are actions regarding the purchase of the Norwest Drive-in Bank property and the sale of a City owned site on Mulberry to Norwest.

The proposed Court Avenue Entertainment Center is located on the site bounded by Court Avenue on the north, 3rd Street on the east, the Des Moines Interstate rail line on the south, and 5th Street on the west. It does not include the property containing Spaghetti Works/Julio's/Johnny's Hall of Fame, the Rock Island Railroad Depot, and the office building at 108 - 3rd Street.

FISCAL IMPACT -

The proposed contract amendments and design approvals do not alter the City's financial obligations for the project.

As indicated previously, the Court Avenue Entertainment Center will provide a very favorable 'return on investment' to the taxpayer. The City is obligated to spend about \$3.1 million for land and parking, and to provide Tax Increment Financing (TIF) grants totaling \$4.0 million over eight years. The bonds to finance the \$3.1 million up front investment have been sold and the proceeds are available. The net consolidated property tax revenue generated by the project, after debt service and TIF grants, is estimated at \$7,935,000 over 15 years. The existing contract requires a minimum assessed value and no tax abatement is being provided.

RECOMMENDATION -

Approval of:

- **Revised design plans and receive and file communications from Architectural Advisory Committee and Urban Renewal Board.**
- **Amendments to the Development Agreement for the Court Avenue Entertainment Center and execution of Amendment by Mayor, subject to Legal Department approval.**

BACKGROUND -

The City Council selected Centertainment (with its co-developer, Steiner + Associates) as the preferred developer for this project in August 1998. On April 19, 1999, the City Council approved the initial design plans and development agreement with the developer.

Design Plans

Revised preliminary design plans for the Court Avenue Entertainment Center were submitted for review by Gould, Evan Goodman, architects for the developers, Centertainment and Steiner + Associates.

These revised plans encompass improvements as suggested at various public meetings on the design as well as a number of enhancements arising from the changed internal space layout. The entertainment center continues to accommodate the same or comparable functions and spaces without any compromise to the services agreed to in the original design. The reorganization of the development into two structures is a more compatible scale and fit for the Court Avenue district.

Staff finds these enhancements to benefit the overall project. The enhancements are a logical development and reasonably inferable from the original development proposal. The reorganization of the development into two structures brings this major downtown project into a more compatible scale and look for the Court Avenue district. The project's revised design is a gained benefit with significant long-term positive effects on attracting other high quality development to this area.

The Architectural Advisory Committee and the Urban Renewal Board have strongly endorsed the revised design plans at their joint September 28, 1999 meeting. Both bodies also recommended:

- The pedestrian circulation between the hotel and the entertainment center be improved.
- The second floor catwalk design be refined to be more original while continuing to compliment the Rock Island Depot archway spanning 4th Street.
- The 5th Street façade design become more detailed so it doesn't look like a blank wall.
- The exterior appearance and detailing be true and accurate in scale and materials so the project doesn't look "Disneyesque."
- The City's sign regulations become more flexible so appropriate signage can be part of this development.

Briefly, the design elements that have evolved since the initial plan submission:

- Number of Theaters (20 to 16): The new theater design reflects the state-of-the-art for the theater industry. The revised upgraded design provides a more appealing and competitive product to drive the success of the rest of the entertainment center.

An outcome of the changed theater dimension is a greatly changed interior layout. Working with the new dimensions allowed the architects to use a two building design which provided additional retail frontage and retained 4th Street as a street that is open to vehicular traffic.

- Two Buildings: The revised design shows two separate buildings with a catwalk bridge connecting the second floors of the two buildings. This is considered a logical refinement of the design due to the theater redesign previously discussed. It reorients the massing of the theaters along SW 5th Street.
- 4th Street Open to Vehicular Traffic: The revised plan shows 4th Street as a private two-way vehicular street with parking on each side. As a private street, the developers are responsible for maintenance, enhancements, etc. They will also control closing

the street as needed for special functions. While 4th Street continues to serve as a pedestrian-oriented street with a comfortable scale, it provides an increased level of amenities, such as trees, street furniture, specialty lighting, store entrances, and window displays facing the street which add to an inviting pedestrian experience. This refinement is an improvement providing increased tenant visibility and creates positive spin-off opportunities due to improved accessibility for other Court Avenue businesses.

- **Public Plaza:** The original scheme showed a very large public plaza on the south side with the space wrapped on three sides with shops and restaurants. The revised scheme shows a more modestly scaled plaza on the south which can accommodate up to more than 1,000 people.

This design revision is a logical refinement and enhancement from the original scheme because it maintains a scale that promotes the perception of a "busy, active" space with fewer people. The revised plaza design is considered a logical conclusion brought about through the evolution of the design process which has included public input/feedback and an increased understanding and familiarity of the developer/design team with the specific demographics of the Des Moines area.

- **Re-Use of the Baggage Claim Building:** The City offered the development site in 'as-is condition' with several buildings remaining, including the former baggage claim building located in the southeast corner of the site. Retention or demolition of this structure was left to the developer to determine the most appropriate use for a successful development.

The revised plan shows a portion of the baggage claim building converted into a restaurant. It maintains the balance with the Rock Island Depot building. It also visually supports the existing metal archway and relates well to the railroad heritage of the earlier days when Court Avenue and the surrounding area was a bustling railroad district. The scale and materials of this pleasingly scaled building are a positive contribution to the development and surrounding district, contributing to the overall interest and character of the area.

Development Agreement - Proposed Amendments

The development agreement states if the developer is unable to provide commitments for leasing and financing by September 24, 1999, and submits evidence to the City that it has made

diligent best efforts to obtain these commitments, the City Council may, at its discretion, extend the period of time for the evidence of the commitments.

Steiner + Associates have represented in discussions with the City that they are making excellent progress in securing leases and obtaining financing for the project. Although AMC Entertainment recently announced a restructuring of the company, we do not expect these changes to have an adverse impact on the Court Avenue Entertainment Center. We are advised that AMC Entertainment remains committed to leasing the theatres for our project, and that Steiner + Associates will remain fully engaged in moving the project forward. Entertainment is working with Steiner + Associates and a financing entity to structure the partnership that will be the owner of the project. As per the development agreement, this partnership agreement will be subject to Council approval.

More specifically, Steiner reports significant interest by national and regional hotel, entertainment, and restaurant entities. In addition, AMC Theatres remains committed to the project. Although not yet able to make a final commitment to construct the building, Steiner is encouraged by the tenant interest shown in the Court Avenue Entertainment Center, given the relatively short marketing period they have been working on the project. Steiner is continuing to aggressively engage a variety of high quality national and regional tenants that are consistent with the overall vision and goals of the Court Avenue district and the downtown.

Because of the positive progress to date and given the inherent complexities of the proposed project, it is appropriate for City Council to consider an amendment to our existing contract with the developer.

It is recommended that Council approve the proposed amendment as outlined below, and direct the City Manager and Corporation Counsel to prepare a formal contract amendment consistent with these proposals for the Mayor's signature.

Proposed Amendment to Development Contract:

1. Time Extension and Revised Submission Requirements

The developer be given until January 24, 2000 to present information on leasing (40 percent of space to be pre-leased by this date), hotel lease, the environmental plan, preliminary

financing, and to finalize the co-developer agreement. Provided all such information is acceptable to the City, the developer will give notice to the City to proceed with land acquisition. The City will be given until August 31, 2000 to complete acquisition of the property needed for the project.

2. Construction Dates

Construction plans to be submitted by May 1, 2000, and construction to be completed by November 30, 2001.

3. Revised Design Plans

The revised design plans as presented to Council on October 4, and as reviewed by the Urban Renewal Board and Architectural Advisory Committee, be **approved** and incorporated into the contract amendment.

4. Minor Language Revisions

As may be needed in this 50+-page contract, language may be added or deleted to reflect and/or clarify the other changes needed to incorporate the above-identified amendments.

Acquisition of Property (other than Norwest Bank property)

Staff is recommending that notices be sent to the owners of the various properties indicating the City's intent to proceed with acquisition in accordance with the revised schedules that will be contained in the amendment to the development agreement.

In anticipation of the entertainment center project proceeding, the City will continue to work with the various property owners to acquire these properties. As part of the acquisition process, the City will need to conduct a hearing on its intent to continue with the project and to acquire properties in accordance with the new condemnation law.

It is anticipated that completion of the acquisitions will occur on or before August 31, 2000 with immediate conveyance of the property to the developer.