



**CITY COUNCIL  
COMMUNICATION:**

**ITEM \_\_\_\_\_**

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

**00-278**

**SYNOPSIS -**

**AGENDA:**

JUNE 26, 2000

On the June 26, 2000, Council agenda is a roll call to preliminarily approve the project concept for a commercial redevelopment project located at 300 East Locust Street in the Eastern Gateway Project Area.

**SUBJECT:**

PRELIMINARY  
APPROVAL OF  
REQUEST FOR TIF  
FUNDING FOR  
COMMERCIAL  
REDEVELOPMENT  
PROJECT LOCATED  
AT 300 EAST  
LOCUST

300 East Locust, L.C. will be the project owner; the Metro Waste Authority (521 East Locust, Des Moines, Tom Hadden, III, Executive Director) and CPMI (100 East Grand, Des Moines, Richard Janssen, President) are the investors in this corporation.

**FISCAL IMPACT -**

**TYPE:**

300 East Locust, L.C. has requested City assistance in the redevelopment project at 300 East Locust; the form of City participation is to be negotiated and may include Tax Abatement as well as Tax Increment Financing. City staff has approached the Greater Des Moines Partnership on the utilization of Eastern Gateway Loan funds for the project.

**RESOLUTION**  
ORDINANCE  
RECEIVE/FILE

**RECOMMENDATION -**

**SUBMITTED BY:**

RICHARD CLARK  
DEPUTY CITY  
MANAGER

The Council is asked to direct staff to negotiate the use of tax increment financing and tax abatement for this project and to prepare a development agreement. The following conditions must be met before the City TIF funds will be released; final terms and conditions are subject to Council approval:

1. 300 East Locust, L.C. must have clear title to the property. A current title opinion addressed to the City of Des Moines shall be submitted to the City prior to signing the development contract.
2. 300 East Locust, L.C. must be awarded and execute contracts for the remaining project funding. This funding includes a conventional 20-year bank mortgage. If additional funds are received, the City's

TIF award will be reduced by an equal amount.

3. The Development Agreement must be executed. The agreement will establish the loan dispersal provisions and the security mechanism and contain recapture provisions in the event that the property is sold and/or the return exceeds the pro-forma projections.

### **BACKGROUND -**

In early 1999, the City Council approved a Tax Increment Financing (TIF) Policy. The Policy states that TIF financing should be used for various kinds of projects with public benefits, including projects that increase the property tax value and assist in sustaining or stimulating other economic activity.

The site currently contains a 10,000 square foot building and surface parking. The structure will be demolished and a new 70,000 square foot building will be constructed. The total project cost is \$8,622,000. Approximately 85% of the total square footage has been leased; 30,000 square feet of the building will be leased by a medical clinic. Construction will begin as soon as financing is in place. The target completion date is July 2001.

A temporary parking solution has been negotiated to accommodate the development's parking needs. East 2nd Street will be utilized for parking for the medical clinic and visitors. The right of way will be leased to 300 East Locust, LC but the street will remain open. Access points to the Conoco Station and to the City and Embassy Suites parking lots will be provided.

Employee parking will be temporarily provided in the 400 block of East Grand. The Greater Des Moines Partnership is currently negotiating the purchase of the property at 425 East Grand. This property is in the East Village Study Block and slated for surface parking in the plan. 30-35 spaces will be provided on a temporary basis (2 years) until permanent parking is developed.

The East Village Neighborhood Association will review this project in July.