

Meeting Agendas/Info

CITY COUNCIL COMMUNICATION:	ITEM _____
01-147	OFFICE OF THE CITY MANAGER CITY OF DES MOINES, IOWA
AGENDA: MARCH 26, 2001	SYNOPSIS - Development proposals were received on March 9, 2001 from Des Moines Public Schools and Downtown Preservation Partners, LLC in response to the City's request for redevelopment proposals for the Masonic Temple Rehabilitation Project.
SUBJECT: SELECTION OF DEVELOPER FOR THE MASONIC TEMPLE REHABILITATION PROJECT	Both proposals were responsive to the minimum requirements of the Request For Proposals (RFP). The projects positively address the historical details of the structure while improving the north and west "utilitarian" façades. Staff has followed the RFP process established by Council, complied with provisions of law as determined by the City Legal Department, and treated all potential developers fairly and equitably.
TYPE: <u>RESOLUTION</u> ORDINANCE RECEIVE/FILE	The Council is requested to select the preferred developer for the rehabilitation of the Masonic Temple 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 the developer.
SUBMITTED BY: ERIC A. ANDERSON CITY MANAGER	FISCAL IMPACT - Des Moines Public Schools: The City would be required to purchase the Masonic Temple from the Masonic Temple Association and transfer title of the property to the school district. The property would not generate any property taxes if sold to the school district.
	Downtown Preservation Partners, LLC: The City would be required to purchase the Masonic Temple from the Masonic Temple Association and transfer title of the property to the corporation. Under the proposal submitted by Downtown Preservation Partners, LLC, the basement and first three floors of the building would be owned by the corporation and the Masonic Temple Association

would own the top two floors. Under this regime, the Masonic Temple Association would not pay taxes on the value of the top two floors as they are a fraternal organization. Downtown Preservation Partners, LLC would pay property taxes on the first three floors. The exact amount of the property taxes generated is difficult to calculate, however, because the interior office space will be renovated over time.

Funds have been allocated in the Gateway budget to purchase the Masonic Temple.

RECOMMENDATION -

By noon, April 16, 2001, Downtown Preservation Partners, LLC and the Des Moines Public Schools must provide (a) and (b) below:

- a. A signed resolution or letter of intent from the Masonic Temple Association outlining the Association's participation in the project or a letter detailing how the development proposal would address the masons; and**
- b. Letters of intent from additional funding sources.**

If one or both parties submits the required information by the deadline, the City Council will select a developer to complete the rehabilitation of the Masonic Temple at their regularly scheduled meeting on April 16th.

As Downtown Preservation Partners, LLC and the Des Moines Public Schools move forward to satisfy these requirements, it is recommended that Council:

- 1. Direct staff to proceed with acquisition of the Masonic Temple on the basis of the proposal submitted by Downtown Preservation Partners, LLC.**
- 2. Direct staff to identify a third party to review the historical and financial aspects of the submitted proposal(s) for compliance with the terms and conditions of the RFP.**
- 3. Establish a 90-day timeline (until June 25, 2001) for the selected developer to secure the required funding, to finalize improvement plans, and to enter into a development agreement**

with the City for the rehabilitation of the building. The City and the selected developer shall adhere to the financial and architectural standards contained in the RFP. If the developer is not able to finalize the project in the established timeframe, staff is directed to initiate relocation activities and to proceed with demolition.

4. Establish the following terms of the agreement:

a. The City shall retain ownership of the land; and

b. The outside of the building will be owned by the selected developer to ensure long-term maintenance of any portion of the property owned or leased by the Masonic Temple Association.

The recommendation is given with the expectation that the completed rehabilitation work will be fully compliant with the building code as well as the rehabilitation standards contained in the RFP.

BACKGROUND -

On December 18, 2000, by Roll Call No. 00-4696, the City Council approved the minimum requirements, offering documents and procedures for the rehabilitation and redevelopment of the Masonic Temple, and directed the solicitation of proposals for the project.

On March 9, 2001, two proposals were submitted for the rehabilitation of the Masonic Temple, one by the Des Moines Public Schools and the other by Downtown Preservation Partners, LLC.

The Des Moines Public Schools proposes to rehabilitate and reuse the Masonic Temple for a new downtown school. The historic south and east façades and the lobby would be restored to original specifications, including restoration of the missing cornice. The meeting rooms on the fourth floor would be retained and used as meeting space and for special events. The remainder of the interior would be reconfigured for classroom use. In order to integrate better with the open space in the Western Gateway Proper, the west façade would be screened with a Teflon material. A glass addition will be added to the north façade to accommodate an additional stairwell and a second entrance. The City of Des Moines would transfer title of the property to the schools for \$1 and the district would raise the funds for the rehabilitation from private sources.

Downtown Preservation Partners, LLC proposes to retain the current use of the Masonic Temple-office and retail on the first three floors and meeting space for the Masonic associations on the fourth and fifth floors. The historic exterior façades will be cleaned and tuckpointed as required and the storefronts and cornice returned to their original configurations. A metal screen will be utilized on the west and north façades to present a more unified exterior to the Western Gateway Proper. The lobby will be rehabilitated and a coffee bar will be the largest tenant. Under this proposal, the Masonic Temple Association would own the top two floors with the condition that the space be available for public functions as it is today. The City of Des Moines would purchase the building and sell it to the developers. The revenue from the sale of the top two floors to the Masons and developer equity are the two largest sources of project financing. The remaining funding sources are yet to be identified, but may include Federal Historic Tax Credits, State Rehabilitation Tax Credits, and Polk County funds. These remaining funds are to be identified by the developer from sources other than the City.

Board and Commission Review

The Urban Renewal Board, Architectural Advisory Committee, the Gateway Steering and the Historic District Commission have made recommendations on the selection of a developer using the competitive criteria established by the RFP.

The Urban Renewal Board and the Architectural Advisory Committee met on March 13 and March 20, 2001, to review the proposals. The Architectural Advisory Committee recommended acceptance of the proposal submitted by Des Moines Public Schools for the rehabilitation of the Masonic Temple. The Urban Renewal Board also recommended acceptance of the proposal submitted by Des Moines Public Schools for the rehabilitation of the Masonic Temple. The staff evaluation report contains detailed information on each proposal and the evaluation of each against the competitive criteria. A separate letter from the Urban Renewal Board and the Architectural Advisory Committee has been transmitted to Council and is also on the agenda for March 26, 2001.

The Gateway Steering Committee reviewed the proposals at their March 21, 2001 meeting. The committee recommended that a 21-day extension be given to both parties that submitted proposals. During this time, the parties must develop a solution for the Masons and obtain letters of intent from funders. A separate letter from the Gateway Steering Committee has also been transmitted to Council.

The Historic District Commission was scheduled to review the proposals at their March 21, 2001 meeting. The Commission did not meet, however, because there was not a quorum. A consensus letter has been signed by Jamie Blackburn, Chair of the Historic District Commission, and has been transmitted to Council.

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