

Meeting Agendas/Info

CITY COUNCIL
COMMUNICATION:

ITEM _____

01-148

OFFICE OF THE CITY MANAGER CITY OF DES MOINES, IOWA

SYNOPSIS -

AGENDA:

MARCH 26, 2001

SUBJECT:

CONSULTANT FOR
BEDI GRANT
APPLICATION -
COURT AVENUE
ENTERTAINMENT
CENTER

The federal government has just released funding for the U.S. Department of Housing and Urban Development (HUD) Brownfields Economic Development Initiatives (BEDI) program with applications due May 22, 2001. It is recommended the City apply for the maximum grant permitted-\$2 million-to assist in providing for the City's financial commitment to the Court Ave. Entertainment Center project.

In order to meet the BEDI application deadline-which requires the City to submit a Section 108 application immediately after the BEDI application-hiring the City's Section 108 consultant to prepare the BEDI application will allow the City to coordinate its two applications and to interface with HUD more efficiently.

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

SUBMITTED BY:

RICHARD CLARK
DEPUTY CITY
MANAGER

On the March 26, 2001 agenda is a roll call to approve an agreement with Community Capital Group to become the City's consultant in preparing the application for the \$2 million grant from the BEDI program. Community Capital Group's principals are Mark Tigan and Warren Butler, with offices in Newport, RI, and Washington, D.C. This firm was previously approved by the Council at its February 12, 2001 meeting to prepare a Section 108 application for the Court Avenue project. Their web site, <http://www.ccgdevfin.com/>, provides additional information on the firm and other projects and clients.

FISCAL IMPACT -

The \$9,000 consultant cost is available from Court Avenue project funding; half of this fee is payable upon award of the grant.

The \$2 million grant will be used by the City to help fund our cost related to the Court Avenue Entertainment Center.

RECOMMENDATION -

Approval.

BACKGROUND -

BEDI

HUD has just released \$25 million in federal funding for its BEDI program with applications due May 22, 2001. BEDI helps cities redevelop abandoned or underutilized industrial and commercial property where expansion or redevelopment is complicated by real or perceived environmental contamination. The Court Avenue site meets these criteria with its numerous abandoned rail lines, former gas station, and lack of development. The BEDI funds are to be used in conjunction with a Section 108 loan to improve the financial viability of the project.

The maximum amount an individual city can apply for is \$2 million, and the city must apply for a Section 108 loan for the same project immediately after applying for the BEDI.

Consultant

Community Capital Group specializes in negotiating and preparing Section 108 loans. As the City's consultant, they are currently finalizing the terms and conditions of the Section 108 loan while obtaining the best security possible for the City. Using the consultant has allowed the City to expedite the preparation of the Section 108 application. It is anticipated the initial draft application will be ready to set for public hearing within the next 2-3 weeks.

Because the BEDI application uses much of the same information as the Section 108 application, staff believes it is more efficient and time-effective to have Community Capital Group prepare the BEDI application and shepherd it through HUD concurrently with the Section 108 application. As noted in the Fiscal Impact Section, half of their fee is payable only if the BEDI is awarded to the City.

NRB Comment

Prior to the public hearing on the Section 108 loan and the BEDI, a presentation will be made to the Neighborhood Revitalization Board (NRB) on the City's applications to these programs for its review and recommendation.

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