

Meeting Agendas/Info

CITY COUNCIL
COMMUNICATION:

ITEM _____

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

01-236

SYNOPSIS -

AGENDA:

The Council is asked to:

MAY 7, 2001

1. Select Downtown Preservation Partners, LLC as the developer for the Masonic Temple Rehabilitation Project.

SUBJECT:

2. Direct staff to negotiate a development agreement with Downtown Preservation Partners, LLC for the rehabilitation project.

RECOMMENDATION
FROM CITY
MANAGER
REGARDING
REHABILITATION
OF THE MASONIC
TEMPLE

3. Authorize staff to work on an application for the Cultural Attractions and Tourism Program.

4. Approve Fair Market Value of property of \$800,000.

FISCAL IMPACT -

TYPE:

Funds have been allocated in the Gateway budget for City participation in the Masonic Temple project.

RESOLUTION
ORDINANCE
RECEIVE/FILE

RECOMMENDATION -

SUBMITTED BY:

It is recommended that:

ERIC A. ANDERSON
CITY MANAGER

1. Council select Downtown Preservation Partners, LLC for the Masonic Temple Rehabilitation Project.

2. Council direct staff to work with Downtown Preservation Partners, LLC to negotiate a development agreement for the rehabilitation project.

3. Council authorize staff to work on an application for the Cultural Attractions and Tourism Program.

4. Council approve Fair Market Value of property of \$800,000.

BACKGROUND -

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. Both proposals were responsive to the minimum development requirements of the Request for Proposals (RFP).

The Des Moines Public Schools has subsequently withdrawn their proposal for the rehabilitation of the Masonic Temple. Downtown Preservation Partners, LLC has continued to work to identify sources of funds adequate to fund the project acquisition and rehabilitation activities. Prior to execution of a development agreement, a third party will review the scope of work and the financial proforma. The following are the proposed sources of project funding:

City Funds	\$1,085,000*
First Mortgage	700,000
Equity	750,000
Tax Credits	460,000
Other Grants	950,000
County Loan	200,000
Endowments	1,150,000
Shortfall	<u>133,790</u>
Total	\$5,428,790

*Assumes property acquisition by Downtown Preservation Partners, LLC

Downtown Preservation Partners, LLC submitted an offer to purchase the property to the Masonic Temple Association. If agreement is reached between these two parties, the City will inject funding into the project as a grant. If agreement cannot be reached, the City will purchase the property. Concurrent with the purchase process, the City may run a developer-initiated process. Title will be transferred to Downtown Preservation Partners, LLC for \$1.

Downtown Preservation Partners, LLC is working with the Des Moines Symphony and the Des Moines Children's Chorus to establish a music academy in the Masonic Temple. Due to the limited

incomes of these organizations, an operating endowment is required to defray rent and expense payments.

The remainder of space in the building will be leased for retail and office uses. The Masonic Temple Association, the masonic orders and associated auxiliary organization may, if they choose, lease the lodge rooms for their meetings. Downtown Preservation Partners has offered to lease the rooms to them on a limited basis for a reduced price. The leases for the wig shop and the pawnshop on the ground floor will not be renewed. Downtown Preservation Partners will negotiate leases with the other tenants, however. Any tenants that are relocated because of the project will receive relocation from the City.

Upon Council direction, staff will begin to negotiate a development agreement with Downtown Preservation Partners, LLC. This agreement will address the parameters of the City participation as well as such issues as skywalk, a self-supporting municipal district, and parking. This agreement will be presented to the Council within 45 days of the selection of the developer.

If the Masonic Temple Association accepts Downtown Preservation Partners' offer to purchase, the developer will be ready to start construction within 120 days. The anticipated construction completion date is June 2002.
