

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

**CITY COUNCIL
COMMUNICATION:**

02-554

DATE:

OCTOBER 21,
2002

SUBJECT:

RECEIPT OF
DEVELOPMENT
PROPOSAL FOR
HIGHER
EDUCATION
CENTER (HEC) AT
1200 GRAND
AVENUE

TYPE:

**RESOLUTION
ORDINANCE
RECEIVE/FILE**

SUBMITTED BY:

RICHARD CLARK
DEPUTY CITY
MANAGER

SYNOPSIS –

The John and Mary Pappajohn Higher Education Center Foundation has presented an urban renewal development proposal to purchase City-owned property (Disposition Parcel 01-04A and 01-4B/Metro Center Urban Renewal Area – located at 1200 Grand Avenue) for the construction of the John and Mary Pappajohn Higher Education Center (HEC). The foundation is a charitable, non-profit corporation with John Pappajohn (c/o Equity Dynamic, 666 Walnut Street/Suite 2116, Des Moines) as its President.

Construction of the HEC is scheduled to begin next spring with the first phase: a 42,000-sq. ft. structure located on the eastern 2/3rds of the site on Grand Avenue from 12th Street. A second phase may occur as an addition to the Phase I structure up to ten years from the date of conveyance of the first phase property.

The Pappajohn Foundation will lease the space to the HEC Collaborative that will be responsible for operating the programs in the building. The Collaborative is composed of the presidents of Iowa State University, University of Iowa, Drake University, Des Moines Area Community College, Simpson College, Grandview College, and University of Northern Iowa.

On the October 21, 2002 agenda is a roll call to:

- receive the HEC proposal;
- authorize a newspaper notice indicating the City’s intent to approve this proposal if no other competitive proposal is received at a public hearing to be held on December 2, 2002;
- set a competitive period of 30 days for any other entity to make a competitive proposal for the purchase of this property; and
- after the December 2, 2002 public hearing, if no other proposal is received, enter into the urban renewal contract with the John and Mary Pappajohn Higher Education Center Foundation.

FISCAL IMPACT –

City:

The City will convey the property in “as-is” condition. If the property no longer operates as a ‘higher education learning center’, it will revert back to the City.

The City will not be responsible for operations or maintenance of the building. However, installation and maintenance of the surrounding Gateway Park improvements will be the responsibility of the Gateway project.

Developer and Tenants:

Developer (Pappajohn Higher Education Center Foundation) will spend about \$7 million for the construction of the building. This will be a non-taxable property because of its non-profit educational operations.

Tentative funding for this project has been identified as:

<u>Amount</u>	<u>Source</u>
\$1.5 million	Polk County as part of VISION IOWA commitment
\$4.5 million	Private contributions raised to-date
\$1 million	Funding to be raised

RECOMMENDATION –

Approval of proposal contingent on no other proposal received on or by December 2, 2002.

BACKGROUND –

VISION IOWA

This project is one of the five Capitol City projects awarded funding from the State of Iowa VISION IOWA program in summer 2001. The Council previously directed the entities awarded VISION IOWA funds – the Science Center of Iowa, the HEC, and the World Food Prize Foundation – to work with staff in devising developer-initiated proposals to purchase City-owned land identified in the Fifth Amendment to the Metro Center Urban Renewal Plan.

HEC

The HEC currently operates in space leased at 400 Locust Street. Its members, the HEC Collaborative, provide undergraduate, graduate and professional development courses in a downtown location.

Financial Issues

Because of the unique nature of the project, reasonable assurance that both the capital and operating/maintenance budgets are adequately financed is required. At this time, capital commitments for the construction of the building are identified. The operating and maintenance costs will be covered by the initial five-year lease executed by the HEC Collaborative.

Design Issues

Because this site is located in public Gateway Park, it is important that the building design relate to the park. The proposed requirements, which the developer must meet, relate extensively to the building’s materials and ‘transparency.’

An informal listing of guidelines developed by the Western Gateway Technical Team provided the basis for the specific development requirements.

An initial review of the proposed minimum development requirements generated from the Gateway guidelines was made by the Architectural Advisory Committee (AAC) and the Urban Development Board (UDB) at a joint meeting on July 16, 2002. These groups indicated general agreement with the proposed requirements.

The Proposal section of this communication details the specific minimum development requirements for the property.

Review Process/Scheduling

The developer has provided all documents required for the development proposal and immediate conveyance of the site when the urban renewal contract is executed by the City.

The City must provide for a minimum 30-day period for competing proposals after publication of a newspaper notice indicating its intent to execute the contract with the Pappajohn Foundation.

A competing proposal must meet the development minimums and then exceed the HEC proposal, using the criteria set out in the Council resolution. These criteria are summarized in the "HEC Proposal" section.

<u>Date</u>	<u>Review</u>
Oct. 30	Presentation to Gateway Steering Committee.
Nov. 12	Presentation of proposal to AAC and UDB. AAC and UDB make recommendations to Council on proposal.
Nov. 26	Special AAC/UDB meeting to receive any competing proposals.
Dec. 2	Council opens hearing on proposal; if no other proposal is received, Council can execute contract and property deed. If competing proposal received, Council will continue hearing to allow for review of the competing proposal.

Proposal

Minimum development requirements and competitive criteria were developed to evaluate any other proposal that might be made to purchase this property. A competing proposal must meet the minimum standards in order to be considered.

The proposal, briefly:

- The land the City is conveying, including Phase II, is sized closely to the building footprint with the City retaining the surrounding land for the Gateway Park. In addition, the boundaries are subject to the following conditions:
 1. The north property line shall be set back at least 8 feet from the south line of the Grand Avenue right-of-way.
 2. The south property line may be extended up to 2 feet south of the existing east-west alley for a width dimension that shall not exceed 50 feet.
- Improvements shall include an enclosed building of at least 42,000 gross square feet with capacity to accommodate up to approximately 600 people. The building shall contain at least a lecture hall, nine conference rooms, six classrooms, two internet network equipped education rooms, one computer

laboratory, and offices for faculty and staff. In the event the Improvements include a building that exceeds 62,000 gross square feet, there shall be no requirement to propose Phase II (expansion building) Improvements.

- Phase II Improvements shall include an enclosed building of at least 20,000 gross square feet that shall connect to the original building on every floor. The expansion building shall contain additional conference rooms, classrooms, offices, and/or facilities.
- The Improvements and Phase II Improvements shall accommodate a higher education learning center providing courses, programs, and training for undergraduate, graduate, and professional development and uses accessory to the principal use including a food service area.
- The architectural design of Improvements and Phase II Improvements shall complement, support, and vitalize the activities and uses in the Western Gateway Park and conform to the following Western Gateway guidelines:
 - (i) the buildings shall create strong functional and visual relationships to the Western Gateway Park and other buildings and streets in the area through the use of form, massing, scale, materials, color, texture, density, and organization;
 - (ii) the buildings shall maintain a human scale;
 - (iii) the combined footprint of the first floor(s) of the Improvements and Phase II Improvements shall not exceed 30,000 square feet; and
 - (iv) the buildings shall clearly articulate form, function, and materials.
- Improvements and Phase II Improvements shall be constructed of durable and good quality materials that are easily maintained. Exterior materials may include stone, metal, and glass. Exterior wall insulation finish systems such as Dryvit™ shall not be permitted. The colors of exterior materials shall be predominately neutral and the natural character of the materials shall be clearly expressed. The style, color, and type of exterior materials shall support, complement, and relate to Western Gateway Park activities, buildings, and structures in the area.
- All sides of the Improvements and Phase II Improvements must maintain adequate transparency and openness to create a visual connection to the Western Gateway Park. To provide the visual connections to the Gateway Park, Improvements and Phase II Improvements shall provide:
 - The first floor exterior walls contain at least 70% transparent surfaces.
 - All exterior walls above the first floor contain at least 35% transparent surfaces.

Clear glass is preferred in meeting this requirement; semi-transparent glass, including etched or fritted treatments, and translucent glass may be used in conjunction with the clear glass. Dark-tinted, reflective, and opaque glass may be used only to cover structural members. Numerical calculations on glass coverage shall be part of the proposal.

- The main entrances to the Improvements and Phase II Improvements shall

be located on the north façade facing Grand Avenue and the east façade facing 12th Street. Ingress to and egress from the building(s) shall be clearly identified, be handicapped-accessible, and provide for public open access.

- Improvements and Phase II Improvements shall not exceed 75 feet in height. The first floor of the building(s) shall not exceed two feet above the grade of the property.
- Improvements and Phase II Improvements shall not accommodate any on-site parking on the property and Phase II property.
- All signage shall clearly identify the building(s), comply with the “C-3” Central Business District Commercial District regulations of the City Zoning Ordinance, and be appropriate to and compatible with the architecture of the buildings and the surrounding area. All signage graphics shall incorporate the style and character approved by the City for use in the Western Gateway Park. Developer shall prepare a comprehensive graphics package for exterior signs and images as part of the submitted Conceptual Development Plans.
- All interior and exterior lighting must be designed for safety and be coordinated with the City-approved plans for illumination of the Western Gateway Park. The exterior lighting shall not intrude upon existing and planned residential uses in the area. Developer shall prepare a comprehensive lighting plan that indicates lighting design layout and levels of illumination as part of the submitted Conceptual Development Plans.
- All service equipment and trash containers shall be located within the building(s). All service equipment and trash containers that require vehicular access shall be located close to street rights-of-way.
- The rooftop design shall be an integral part of the design. The rooftop shall incorporate pavers, attractive screening structures, and other materials to provide for an attractive rooftop appearance. Rooftop mechanical structures, equipment, and elevator penthouses shall be minimized. Any such rooftop structures or equipment, which includes antennas, receivers, and other similar communications devices, shall be constructed away from the building perimeter, concealed from above- and below-ground viewpoints, and be incorporated into the bulk of the building to minimize visual impact and achieve compatible building design.
- Off-street vehicular access to the Improvements and Phase II Improvements shall be minimized and be permitted only as necessary for service, delivery, and emergency vehicles. Any such off-street vehicular access shall not utilize curbing and shall have the appearance of and serve as pedestrian hardscape improvements.
- Improvements shall contain a lobby area and handicapped-accessible restrooms that shall be open to the public.

Other

- | | |
|--|---|
| | <ul style="list-style-type: none">• Conveyance of the property will occur after the Council approves the financing and final design plans. The developer is working to provide the necessary information and complete the public reviews of these items by the December 2, 2002 Council meeting.• The property must be used <u>and maintained</u> as a higher education center. A transfer or sale of the property must be approved by the Council and a change in use allows the City to re-take title.• A good faith deposit of \$50,000 is being made. |
|--|---|