

**CITY COUNCIL
COMMUNICATION:**

02-615

AGENDA:

DECEMBER 2, 2002

SUBJECT:

SCIENCE CENTER
OF IOWA
PROJECT (400 W
MARTIN LUTHER
KING, JR.
PARKWAY)

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

SUBMITTED BY:

ERIC A.
ANDERSON
CITY MANAGER

ITEM 49-F

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

SYNOPSIS —

The City and the Science Center of Iowa (Mary Sellers, Executive Director, 4500 Grand Avenue, Des Moines, Iowa) entered into an urban renewal contract on March 18, 2002, for the sale and development of a new Science Center on City-owned property located between SW 3rd and SW 5th Streets immediately north of West Martin Luther King, Jr. (MLK) Parkway.

This contract outlined the items to be completed by the City and Science Center of Iowa (SCI) before the property was to be conveyed in early spring 2003. These items, to occur before the title transfer, included agreements on burial of the high voltage lines that border the site, location of public parking, and relocation of utilities (other than high voltage lines); City approval of design plans and financing; and Science Center receipt of a building permit upon approval of construction plans.

Since executing the urban renewal contract in March 2002, the City and SCI have made progress in meeting these contract requirements for parking, utility relocations, and undergrounding of the high voltage lines. SCI anticipates having plans ready for design review and approval within the next 30-60 days that will allow it to proceed for building permits.

However, a number of changes have occurred impacting the project and the City's urban renewal contract; the most notable is the VISION IOWA contract which was not approved until July. In order for the Science Center to meet the VISION IOWA requirements for VISION IOWA program funds to be released, the urban renewal contract must be amended to allow for SCI to take title to the property at an earlier date.

On the December 2, 2002 Council agenda are the following items relating to the Science Center project that allows the project to proceed in accordance with the VISION IOWA contract while meeting the urban renewal contract terms:

1. Approve contract to underground high voltage lines.
2. Approve contract for archaeological services.
3. Approve concept for provision of parking based on an urban renewal offering of the City-owned property directly north of the SCI site, to be developed for parking garage uses with a 99 year land lease, a \$50,000 annual payment for 20 year term and \$1/year payment thereafter.

4. Approve First Amendment to contract that amends the terms required for conveyance of land and provides for reversion of the land to the City if design and building permit items not completed by June 2003.
5. Approve evidence of financing and authorize execution of deed.
6. Set date of hearing for December 16, 2002 on sale of a 26 ft. strip of property between SW 3rd to SW 4th Streets to enable SCI to construct necessary paved drive improvements.

In addition, the site rezoning to Planned Unit Development (PUD) is in process. The Plan and Zoning Commission, at its November 21, 2002 meeting, has indicated its willingness to continue the Commission's hearing to its January 16, 2003 meeting.

FISCAL IMPACT —

Contract to Underground High Voltage Lines:

The City has worked to minimize the \$1,889,372 cost of undergrounding the high voltage lines between SW 5th to SW 1st Streets and entered into a cost share arrangement with the Science Center; the City will pay \$1,150,060.70 (60.87%) and the Science Center \$739,311.30 (39.13%).

An initial payment of \$472,343 (25%) is to be made to MidAmerican on execution of this agreement with the remaining costs to be billed monthly as work is completed. Ten percent of the project cost (\$188,937) will be withheld until completion of the project that requires restoration of the easement area. The restoration will occur after the overhead lines are removed which happens after the underground lines are in operation.

If cost over-runs occur due to events such as unanticipated subsurface conditions, the costs will be split with SCI paying 30% (up to \$100,000) and the City paying 70% (up to \$233,333.33) of the first \$333,333.33 in increased costs. The City shall pay all increased costs over \$333,333.33.

Archaeology Contracts:

The two contracts total \$17,386.

Provision for Parking:

As detailed in the Background Section on Parking, the Council is requested to direct staff to originate the necessary documents for a developer-initiated urban renewal proposal for a 99-year lease of the City-owned property (currently a surface parking lot) for the construction of structured parking improvements. This offering is subject to the City **not** being responsible for the costs to construct the garage, reservation of necessary utility easements on the site, and the provision of an annual lease payment of \$50,000 for a term of 20 years

beginning with the completion of the garage and \$1/annually thereafter. This \$50,000 annual payment is compensation for the income the City could receive from operation of the surface lot.

First Amendment:

This amendment relieves the City of its contractual obligation to reconstruct the SW 3rd – SW 4th Streets segment of Market Street (an estimated _____ cost _____ of \$360,000-\$375,000).

Execute Deed:

Executing the deed allows the Science Center and Polk County to begin requests for VISION IOWA funding. The amended urban renewal contract provides for reversion of the land back to the City by June 2003 if SCI does not submit for building permits and receives design approval from the City.

Set Hearing Date to Sell a 26 ft. Wide Strip of Property (SW 3rd to SW 4th Streets):

As provided in the proposed First Amendment to the urban renewal contract, the sale of this property will require SCI to construct necessary paved drive improvements and remove the City's obligation to reconstruct this segment of relocated Market Street (an estimated cost of \$360,000-\$375,000).

RECOMMENDATION —

Approval.

BACKGROUND —

Information is provided on each of the major actions being requested.

Approval of Agreement to Underground "Blue Line" Utility Poles

The urban renewal contract states the City will work with SCI and the appropriate utility company to determine the appropriate method and funding for the burial of high voltage electric utility lines (the "blue pole" lines).

Prior to execution of the property deed, the Developer and City are to document the method and funding for the burial of these electric utility lines and the easements and encumbrances to be reserved and retained by the City. The contract states if the City and Developer are unable to reach agreement on the funding for the burial of electric utility lines (or the various related easements and encumbrances to be reserved/retained), SCI may terminate this Agreement.

The City and SCI have been working with MidAmerican Energy to develop a comprehensive plan to underground the blueline poles that

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meets the Science Center construction schedules. The undergrounding agreement provides for the work to be completed prior to the SCI opening in spring 2005. Costs for this work have been prorated on 60.87% (City) – 39.13% (SCI) basis.

The agreement requires the City and SCI to pay for additional costs resulting in the delay of construction such as subsurface conditions (including archaeological finds); all parties can request arbitration to resolve disputes over those additional costs. The City is undertaking archaeological investigation of the proposed undergrounding route to reduce the risks associated with subsurface conditions.

As discussed in the Fiscal Impact Section of this communication, provisions have been made for cost sharing on cost overruns if they occur and “rebates” if changes in design and/or construction result in cost savings.

Archaeological Services

Great Lakes Archaeological Research Center (Jennifer Harvey, President/Milwaukee, Wisconsin) has provided estimates of \$17,386 (\$5,000 for the main site and \$12,386 for the blueline pole route) to complete archaeological investigations on the SCI site at 400 West MLK Parkway. This work is being proposed because the SCI site is within the original Fort Des Moines confines and as previously stated, allows for investigation of the proposed blueline poles’ undergrounding route from SW 5th to SW 1st Streets to reduce the risks associated with subsurface conditions.

The Council previously approved a contract with Great Lakes in July for \$50,000 (based on a 50%-50% match with the State of Iowa through an Iowa Community Cultural Matching Grant) to undertake archaeological work on the site. The work began in early November with the City providing equipment to remove asphalt and fill dirt. In the last days of fieldwork, the archaeologists discovered a foundation that may part of an original fort building and a cistern with many artifacts dating from the 1840’s.

City staff is recommending an additional \$5,000 be committed to continue the excavation of the foundation and cistern. These features have the potential to provide new information on Fort Des Moines and the early town of Des Moines.

A new contract for \$12,386 is for archaeological testing in the area of the proposed route for undergrounding the high voltage lines. This contract for archaeological testing within the proposed utility line corridor will reduce the uncertainty and the risk of potential delays (and cost-overruns) from subsurface conditions, especially relating to archaeology.

Work on both projects is anticipated to be complete by mid-December.

Provision of Parking

The urban renewal contract states the City will work with SCI in making a determination on the proposed location of adequate public parking in the vicinity of the new SCI facility. The City had offered use of the 120-space surface lot directly north of the SCI site and provided information on other property in the immediate area that might be usable for SCI parking needs.

After considerable evaluation of the options available in the area and its projected parking demand from the new SCI facility, the Science Center believes it is appropriate to construct a parking ramp. It has identified the 120-space surface parking lot property as the appropriate location for the new ramp.

SCI has requested the City provide a resolution indicating its support for the urban renewal development of parking ramp improvements.

At this time, I am recommending the City consider making this surface lot available through urban renewal for the construction of a parking ramp. On the December 2, 2002 agenda is a resolution directing staff to provide the necessary documents, as expeditiously as possible, to offer this property for the development of a parking garage. It is anticipated the disposition of the property would be completed in spring 2003.

The offering documents will be based conveying the property in "as-is" condition with the reservation of necessary utility easements on the site, the cost of construction to be borne entirely by the Developer and the provision of a lease payment.

First Amendment to Urban Renewal Contract

The VISION IOWA contract, approved by Polk County and the Science Center in July 2002, contained a requirement that the land for the Science Center be conveyed on or by December 1, 2002. This date conflicts with the urban renewal contract that provides for a projected April 2003 conveyance date after Council approval of financing, design plans, and SCI obtained a building permit.

The expedited conveyance date requires changing a number of urban renewal contract conditions. The major changes contained in the proposed First Amendment are:

- SCI must have Council approval of its design plans and submit the required information for building permit by May 31, 2003; otherwise, the property title can revert back to the City.
- The City will sell a 26 ft. wide parcel of land directly north of the site for construction of SCI paved drive improvements with reservation of utility easements in lieu of the City rebuilding Market Street between SW 3rd and SW 4th Streets.

- SCI grants access to the City and its contractors to enter the site after conveyance to undertake the necessary utility stubbing or relocation work for the sewer, water, gas, and electric systems (excluding the high voltage lines); removal/salvage of various parking lot improvements, including parking attendant booths and light poles; and completion of any archaeological site work that may be required.

Approval of Evidence of Financing and Execution of Deed

The urban renewal contract requires the developer submit evidence of having the \$40 million funding to construct the Science Center improvements. Funding for the project has been identified as:

<u>Amount</u>	<u>Source</u>
\$15 million	VISION IOWA Commitment
\$25 million	Private and Public Contributions

The developer has submitted signed certifications that the \$40 million in VISION IOWA and private and public entity binding contributions are committed to the project. In addition, the Science Center has also provided statements from its contractor, programming consultant, and representative for construction management that the estimated cost to construct and furnish is \$40 million.

The Urban Development Board recommended approval of the evidence of financing at its November 12, 2002 meeting.

Subject to Council approval of the preceding items—approval of the utility undergrounding, provision of parking, First Amendment to the urban renewal contract, and approval of evidence of financing—it is appropriate to execute the deed that allows the Science Center to take title to the property as required by the VISION IOWA contract.

Set Date of Sale of 26 ft. Wide Strip of Property between SW 3rd to SW 4th Streets

As the SCI design plans progressed and parking discussions occurred, a change from the original concept of rebuilding Market Street between SW 3rd and SW 4th Streets has evolved. By narrowing this one block segment to a private lane on a 26 ft. width that serves as a bus drive/drop-off lane and emergency vehicle access to SCI, the additional surface parking spaces on the City-owned land to the north would also be retained. Utility easements will be reserved for the relocation of sewer and water lines within the 26 ft. strip of property.

Traffic and Transportation believes this street segment is not needed for general traffic circulation and supports this proposed change. The Plan and Zoning Commission, at its October 18, 2002 meeting, approved the vacation and sale of this property.