

CITY COUNCIL
COMMUNICATION:

03-438

AGENDA:

SEPTEMBER 8, 2003

SUBJECT:

FORMER DEWEY
FORD SHOWROOM
REDEVELOPMENT

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

SUBMITTED BY:

RICHARD CLARK
DEPUTY CITY
MANAGER

ITEM _____

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

SYNOPSIS —

On the September 8, 2003 Council agenda are two roll calls regarding the selection of a developer for the redevelopment of the former Dewey Ford Showroom Site in the Eastern Gateway.

FISCAL IMPACT —

The full fiscal impact will not be known until the contracts have been negotiated.

RECOMMENDATION —

Direct staff to work with East Village Square Development (Knapp Properties, Inc., Neighborhood Investment Corporation, and Hatch Development Group) to negotiate the urban renewal contract and prepare a developer-initiated urban renewal proposal that incorporates the negotiated contract and other terms and conditions as directed by the Council.

Direct staff to work with East Village LLC (John Burgeson and Doug Wells) in finding an alternative location.

BACKGROUND —

On August 5, 2003, the Urban Design Review Board accepted proposals from two developers for the redevelopment of the former Dewey Ford Showroom site.

Both proposals provide for a mixed-use development with housing and commercial components. The proposals were from:

- East Village Square Development (Knapp Properties, Inc., Neighborhood Investment Corporation, and Hatch Development Group)
- East Village LLC (John Burgeson and Doug Wells)

Neither proposal met the technical requirements, as approved by Council, of the terms and conditions of the offering.

Based on the development team's experience and qualifications, staff recommends that negotiations begin with the developers of the East Village Square Development (Knapp Properties, Neighborhood Investment

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Corporation, Hatch Development Group) for the redevelopment of the Former Dewey Ford Showroom Site.

Because of the lack of financial detail in the Burgeson/Wells proposal, it was difficult to evaluate in terms of the project marketability, project viability, and the extent of City assistance required. With the resolution of these items, a project with Burgeson/Wells could proceed to a successful conclusion. Staff recommends continuing to work with the Burgeson/Wells proposal for placement of this project on another site, subject to evaluation of the proposed level of City financial assistance.

Staff's recommendation to negotiate with the developers of the proposed East Village Square Development is subject to the willingness of the developer to negotiate these items and the resolution of the following issues:

- Massing: The physical size of the project and the large number of units is an area of concern. Staff will work with the developer to explore other project configurations that would reduce the large massing and evaluate possible phasing of the project.
- Financing: The level of proposed City subsidy is too high. The following issues will be examined to determine if the subsidy can be decreased:
 1. The developer's fee is a capitalized expense. A portion of the developer's fee should be pro-rated and/or deferred.
 2. The purchase of the City land as proposed is not acceptable. Staff will work with the development team to restructure the purchase.
 3. The receipt of other non-City funds is not guaranteed. A strategy to replace these other governmental and non-profit funding sources applied for but not awarded should be formulated.

Subject to the satisfactory resolution of these items (as well as others identified throughout the process), the City will negotiate financial terms and conditions that the City can afford.

- Parking: The proposal requested free off-site parking. A reasonable lease rate for City-owned off-site parking (if utilized) must be negotiated.

This process allows the City:

- To negotiate with the developer selected for the Dewey site in accordance with the general parameters of the development proposal while allowing for necessary changes and revisions as financial and design assumptions are clarified.
- To work with the other developer in identifying an alternative site for additional East Village housing.

