



Agenda Item:

70A

COUNCIL COMMUNICATION City Manager's Office

GENERAL INFORMATION

Agenda Date: 5/23/05
05-305

Communication No.:

Agenda Item Type: Resolution
No.:

Roll Call

Submitted by: Richard Clark, Deputy City Manager

SUBJECT—

Resolution to approve the Preliminary Agreement between the City of Des Moines, Hubbell Realty Company and Hubbell Terminal Corporation, and Riverpoint West, LLC concerning redevelopment of the parcels identified in Exhibit "A" of the agreement as the "Stetson", "Hubbell" and "Hubbell Terminal Company" parcels. The purpose of the Preliminary Agreement is to facilitate the sale of part of the Pittsburgh-Des Moines Steel (PDM) site and other Hubbell-owned land to Riverpoint West, LLC, which will allow the residential, retail and office/commercial development to proceed. Furthermore, the Agreement defines an approach to clean up the PDM site so that Hubbell can develop a portion of the PDM property for flex space.

Third and final consideration of items related to Riverpoint West:

- To establish the new "C-3B" Central Business Mixed Use District.
- To establish design guidelines for review of site plans for development within the new "C-3B" District, and require Plan and Zoning Commission approval of site plans for vehicle display lots in all districts.
- Rezoning of the Riverpoint West area generally bounded on the north by SW Cherry Street from SW 9th to SW 13th, Mulberry Street from SW 13th to SW 16th, and Locust Street from SW 16th to Fleur Drive; on the west and south by the levy of the Raccoon River; and on the east by SW 9th Street from "M-1", Light Industrial and "M-2" Heavy Industrial to "C-3B", Central Business Mixed Use District.
- Rezoning of the DICO property to add the S-O, Study Overlay District designation and requirements due to special environmental concerns associated with subsurface contamination.

And, resolution amending the adopted Landscape Policies referenced in the Site Plan Regulations to provide that development in the "C-3B" and "D-R" Districts shall be subject to the landscape requirements that currently apply in the "C-3", "C-3R" and "C-3A" Districts.

SYNOPSIS—

On the May 23, 2005 Council agenda are multiple roll calls related to the Riverpoint West Redevelopment Area.

The Developer for the project is Riverpoint West, LLC, a consortium comprised of Sherman Associates (George Sherman, President and Owner, 233 Park Avenue South, Minneapolis, MN) and Rottlund Company (Tim Whitten, Executive Vice President, 3065 Centre Pointe Drive, Roseville, MN). Ryan Companies is no longer part of the developer consortium.

The first item before the Council action is to approve the Preliminary Agreement between City of Des Moines, Hubbell Realty Company and Hubbell Terminal Corporation, and Riverpoint West, LLC concerning the redevelopment of the parcels identified in Exhibit "A" of the agreement as the "Stetson", "Hubbell" and "Hubbell Terminal Company" parcels.

Action on the rezoning of the Riverpoint West area has been delayed pending the Preliminary Agreement. The City Council is now asked to give final reading to the following ordinances regarding the zoning of the Riverpoint West Area.

- To establish the new "C-3B" Central Business Mixed Use District.
- To establish design guidelines for review of site plans for development within the new "C-3B" District, and require Plan and Zoning Commission approval of site plans for vehicle display lots in all districts.
- Rezoning of the Riverpoint West area generally bounded on the north by SW Cherry Street from SW 9th to SW13th, Mulberry Street from SW 13th to SW 16th, and Locust Street from SW 16th to Fleur Drive; on the west and south by the levy of the Raccoon River; and on the east by SW 9th Street from "M-1", Light Industrial and "M-2" Heavy Industrial to "C-3B", Central Business Mixed Use District.
- Rezoning of the DICO property to add the S-O, Study Overlay District designation and requirements due to special environmental concerns associated with subsurface contamination.

Additionally, the City Council is asked to adopt a resolution amending the Landscape Policies referenced in the Site Plan Regulations to provide that development in the "C-3B" and "D-R" Districts shall be subject to the landscape requirements that currently apply in the "C-3", "C-3R" and "C-3A" Districts.

FISCAL IMPACT—

1. The rezoning has no direct fiscal impact on the City.
2. The Preliminary Agreement states that:
 - A. The City will lend Hubbell \$800,000 from its EPA Brownfields Cleanup Revolving Loan Fund, which is a grant to the City, at 0.5% interest for up to 12.5 years.

Hubbell will repay this loan to the City from the tax increment finance revenue generated by its new development on the former Pittsburgh-Des Moines Steel site. Approximately \$845,000 from the TIF will be invested in property cleanup; and

- B. The City will seek a RISE grant from the Iowa Department of Transportation (IDOT) to pay the costs of constructing Murphy Street between SW 9th and SW 11th Streets and of SW 11th Street from Murphy Street to MTA Lane. If IDOT does not award funds, the City will be required to pay ¼ of the costs or approximately \$62,500 to construct SW 11th Street from Murphy Street to MTA Lane.
3. Council will be requested to take future actions related to the redevelopment of the Riverpoint West area that will require additional City financial commitments.

RECOMMENDATION—

Approval.

BACKGROUND—

The 300-acre Riverpoint West Redevelopment Area is located directly south of the Central Business District, north of Gray's Lake and east of Water Works Park. The area is bounded by Martin Luther King, Jr. Parkway to the north, SW 9th Street to the east and the Raccoon River to the south and west.

The intent of the Riverpoint West Redevelopment project proposed by Riverpoint West, LLC is to replace a heavy industrial brownfield site located adjacent to the Central Business District with a mixed-use urban village that adds significant new value to the downtown area. The goal of the new development is to create approximately 725 to 750 new townhomes and condominiums, approximately 420,000 square feet of commercial office and retail space, a neighborhood park and other environmental and recreational enhancements. It is expected that at least 400 new jobs will be created. The project build-out is estimated to be 7 years and the value will total over \$200 million.

By creating interdependency with the Central Business District, Riverpoint West can enhance the success of downtown redevelopment initiatives by meeting its need for new workers and consumers and offering support services. The project will contribute to the long-term economic viability of the downtown core and serve as a national model of effective public/private cooperation.

On June 21, 2004 by Roll Call 04-1336, the Council voted to receive, file and refer to the City Manager a communication from Chris Greenfield, Downtown Community Alliance, requesting the City to consider redevelopment of Riverpoint West area by a developer consortium.

Due to several delays, the schedule for the development of terms of agreement has extended beyond the established timeline. The issues that caused the delays have been resolved and it is

critical that Council proceed with the rezoning and with the approval of the Preliminary Agreement so that the developer consortium and City staff can proceed with project development.

A large portion of the parcel formerly owned by Pittsburgh-Des Moines Steel (PDM) and now owned by the Hubbell Terminal Corporation and the land owned by the Hubbell Realty Company are critical to developing the retail and housing components of the Riverpoint West Redevelopment Project. Riverpoint West, LLC, Hubbell Realty Company (Rick Tollakson, CEO and President), Hubbell Terminal Corporation and the City of Des Moines have reached a preliminary agreement (Exhibit 1) regarding the purchase of a portion and cleanup of the PDM site and of land owned by Hubbell Realty and to be acquired by Riverpoint West, LLC for inclusion in the Riverpoint West Redevelopment Project. Hubbell will retain the portion of the PDM and Hubbell property located south of Murphy Street and east of the southern extension of SW 11th Street and will convey the balance of the property to Riverpoint West, LLC in exchange for the Rearco (Stetson) property and the sum of \$678,000.

As a part of the Preliminary Agreement, the City agrees to:

1. Lend Hubbell up to \$800,000 at 0.5% interest for up to 12.5 years to pay the accrued and future costs of investigation, testing, monitoring and remediation of the environmental contamination on the Pittsburgh-Des Moines Steel site. Hubbell will repay this loan to the City from the tax increment finance revenue generated by its new development on the site. Approximately \$845,000 from the TIF will be invested in property cleanup.
2. Seek in good faith a RISE grant during the next two application periods to pay the costs of constructing Murphy Street between SW 9th and SW 11th Streets and of SW 11th Street from Murphy Street to MTA Lane.
3. Construct SW 11th Street from Murphy Street to MTA Lane and Murphy Street from SW 9th to SW 11th Streets within the next three years.
4. If the RISE grant is not awarded, the City will be required to pay ¼ of the costs or approximately \$62,500 to construct SW 11th Street from Murphy Street to MTA Lane.

On June 23, 2003 the City Council adopted Roll Call 03-1459 initiating rezoning of the Riverpoint West area to a zoning district classification that would best accommodate the residential and commercial uses anticipated for the area. Council also initiated the addition of the Study Overlay District designation to the DICO Superfund site on an interim basis until the environmental issues with the site have been resolved.

Staff met with property owners and tenants within the Riverpoint West area to discuss rezoning options. The rezoning was later placed on hold due to a lack of consensus among property owners, the Downtown Community Alliance and the City regarding the most appropriate zoning designation for the area.

General consensus has now been reached in the form of the new “C-3B” Central Business Mixed Use District. The district balances the needs of a majority of the existing property owners and land uses in Riverpoint West with the vision for residential and commercial development.

The proposed zoning ordinance, site plan regulations and rezoning allows for a range of uses including residential, commercial, office, and warehousing. However, the overall "vision" for the Riverpoint West area calls for a significant amount of new housing, retail uses, commercial (office) uses, and some office/warehouse flex space.

The General Intent of the C-3B and D-R District expresses the desired bulk and intensity necessary for an urban environment.

While it is possible for the Plan and Zoning Commission to approve a site plan that does not strictly comply with each of the design guidelines, the spirit and intent of the district and general plan for the area should be met. The Planned Unit Development zoning district is the preferred process for considering variation from the Design Guidelines to meet the intent of the original district envisioned for the Riverpoint West Redevelopment Area. A Planned Unit Development should demonstrate that the spirit and intent of the district for creating an urban environment is being met, regardless of the specific guidelines. The Planned Unit Development should include detailed site plans, landscaping plans and architectural elevations which demonstrate how the building mass, layout, landscaping and architecture will create an urban environment that is compatible with existing and proposed development in the C-3B or D-R Districts.

A Memorandum of Understanding between the City of Des Moines and Riverpoint West, LLC will be presented to Council for approval in the next 90 days. This Memorandum of Understanding will provide for the planning, financing and development of the Riverpoint West Redevelopment Area exclusive of the Hubbell Parcel.