



Agenda Item:
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COUNCIL COMMUNICATION City Manager’s Office

GENERAL INFORMATION

Agenda Date: 11/21/05
674

Communication No.: 05-

Agenda No.:	Item	Type:	Resolution	Roll	Call
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Submitted by: Richard Clark, Acting City Manager

SUBJECT—

Resolution approving an Urban Renewal Development Agreement and Brownfields Cleanup Revolving Loan Fund Loan Agreement with Hubbell Realty Company and Hubbell Terminal Corporation for the redevelopment of a portion of the Riverpoint West Area

SYNOPSIS—

The City is in process of extending a \$1,007,800 loan at 0.5% interest to the Hubbell Terminal Corporation (Rick Tollackson, President, 6900 Westown Parkway, West Des Moines, IA) that will be used to pay qualifying costs for the environmental remediation of the Pittsburgh-Des Moines Steel site located west of SW 9th Street and south of Tuttle Street in the Riverpoint West area. The source of funds is an EPA Brownfields Cleanup Revolving Loan Fund grant to the City that will be lent to the developer. Hubbell intends to redevelop part of the property with three new flex space buildings that total approximately 143,000 square feet and sell the remainder of the land to River Point West, LLC for residential and commercial development. TIF funds generated from the new development will be remitted to Hubbell to pay the loan.

Council is requested to: (1) approve the Brownfields Cleanup Revolving Loan Fund (BCRLF) Agreement, subject to EPA’s approval of the form of the Loan Agreement and subject to such changes that EPA requires and that the City Manager and the Legal Department approve as being minor in nature and not significantly detrimental to the City’s interests, (2) authorize the Mayor to sign the BCRLF Loan Agreement after EPA, City Manager and Legal Department approval, (3) approve the Urban Renewal Development Agreement with the Hubbell Realty Company and the Hubbell Terminal Corporation and authorize the Mayor to execute it, and (4) upon the City Manager’s approval, authorize and direct the Finance Director to cause the installments of the Loan to be advanced in conformance

with the requirements of the BCRLF Loan Agreement as well as to cause the semi-annual installments on the Economic Development Grant and Supplemental Economic Development Grant to be advanced according to the requirements of the Urban Renewal Development Agreement.

FISCAL IMPACT—

The City received \$1.5 million in EPA Brownfields Cleanup Revolving Loan Fund grants that must be lent to developers for eligible expenses. EPA will recoup funds that are not lent in a timely manner. The project to clean up the Pittsburgh Des Moines steel site appears to qualify for use of these funds. Environmental remediation costs are estimated at \$1.3 million. The City will lend up to 79% of eligible costs, which equate to \$1,007,800 at 0.5% interest, and the developer must provide a 21% match. The Ironbridge Corporation, the former site owner and potentially responsible party, is contributing up to \$200,000 as part of the match. The City would provide an Economic Development Grant and a Supplemental Economic Development Grant to Hubbell payable in 24 semi-annual installments commencing on December 1, 2010, equal to 50% of the TIF generated by Hubbell's flex space development above the base taxable value as of January 1, 2005 for qualifying costs. The Economic Development Grant would cover the loan. The Supplemental Economic Development Grant would take care of any additional remediation costs above the loan amount based on the TIF generated up until December 1, 2022.

RECOMMENDATION—

Approval.

BACKGROUND—

On May 23, 2005 by Roll Call No. 05-1331, the City Council entered into a Preliminary Agreement with the Hubbell Realty Company and the Hubbell Terminal Corporation ("Hubbell") and with River Point West, LLC (represented by George Sherman, President) for the redevelopment of parcels west of SW 9th Street along Tuttle and Murphy Streets. The BCRLF Loan Agreement and the Urban Renewal Development Agreement constitute the final agreements related to the environmental remediation needed before residential and commercial development can proceed on the former Pittsburgh-Des Moines Steel site.

The Preliminary Agreement stated that the City would 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, remediation and monitoring. It was projected that approximately \$845,000 from the TIF would be invested in cleanup. Upon further study, Terracon, Inc., Hubbell's environmental consultant, has estimated costs at \$1.3 million. Consequently, it is necessary to increase the loan to \$1,007,800, and the TIF payout to approximately \$1,065,000.

The Iowa Department of Natural Resources has accepted the site into the Iowa Land Recycling Program. In order to comply with the requirements of this program, developers must meet a higher standard of environmental scrutiny. Remediation is anticipated to be completed within one year, though additional monitoring may be necessary. Subsequently, Hubbell and River Point West, LLC will be enabled to start construction of flex and retail space as well as the development of a new downtown neighborhood.