



Agenda Item:

55

## COUNCIL COMMUNICATION City Manager's Office

### GENERAL INFORMATION

Agenda Date: 01/09/06

Communication No.: 06-019

Agenda Item Type: Resolution

Roll Call No.:

Submitted by: Richard Clark, Acting City Manager

### SUBJECT—

Approve the roll call to receive and file the Acting City Manager's recommendations on the City-owned site between 4<sup>th</sup> and 5<sup>th</sup> Streets on Court Avenue and direct negotiations of preliminary terms of agreement

### SYNOPSIS—

This roll call directs the Acting City Manager to undertake negotiations, using the RFI Committee recommendations as general parameters, for preliminary terms of agreement with one or more of the preferred developers which responded to the City's Request for Information for this site; the preferred developers are:

- Nelson Development (Mike Nelson and Jake Christensen, 4183 NW Urbandale Dr./ Urbandale, IA); and
- 5C (5<sup>th</sup> & Court LLC with John Mandelbaum, Douglas Wells and Terrus Real Estate/Des Moines, IA)

My preference is to pursue a joint venture between the two developers believing a stronger, more successful and better-designed project will be the outcome. My second preference, if a joint venture is not viable, is to negotiate with a single developer for the entire project.

At the time preliminary terms of agreement can be reached, the City Manger will request approval of the Council to draft the redevelopment contract and related documents needed to start a developer-initiated redevelopment offering for the actual sale of the property.

I also support the Committee's recommendation for the City and County to undertake a short design study to recommend concepts for the visual and public spaces that includes and surrounds the intersection of Court Ave. and 5<sup>th</sup> Street.

## **FISCAL IMPACT—**

As part of the negotiation on the preliminary terms of agreement, the parameters of the City's financial participation will be outlined. The proposed 'preliminary terms' will not be a funding commitment and will be subject to Council review and approval.

## **RECOMMENDATION—**

Approval to proceed with preliminary terms of agreement and to undertake a brief-term design study to recommend concepts for the visual and public space that includes and surrounds the intersection of Court Ave. and 5<sup>th</sup> Street.

## **BACKGROUND-**

### Court Ave. RFI Process

The City Council approved the issuance of a Request for Information (RFI) for responses from private developers for the redevelopment of the 2.3 acre City-owned site located on the south side of Court Ave. located between 4<sup>th</sup> and 5<sup>th</sup> Street by Roll Call No. 05-2385. The RFI identified general development parameters desired by the City in terms of use and design concepts.

Five responses were received by November 14, 2005; a summary of the developer responses is attached at the end of this communication. The Council had previously selected nine people, including Council members Coleman and Hensley, to serve on the Court Ave. RFI Review Committee (Roll Call No. 05-2690 on November 7, 2005). The Committee's purpose was to review the developers' responses to the RFI and recommend a developer (or developers) the City should continue with for the negotiation of more specific terms and conditions that lead to a formal proposal for the purchase of the site.

### RFI Committee

The membership of this advisory committee appointed by the Council to review the developers' responses to the RFI was:

- 2 Council members (Coleman and Hensley)
- 1 Downtown Community Alliance member representative (Tim Leach)
- 2 Court Avenue Business Association representatives as nominated by the Association (Sally Dix of the Science Center of Iowa and Scott Carlson of Court Ave. Brewing CO.)
- 2 Urban Design Review Board Members (Jeffrey Morgan and David Dahlquist)
- 1 member of Downtown Neighborhood Association as nominated by the Association (Jeff Johannsen)
- 1 member of the Plan and Zoning Commission (Kaye Lozier)

The Committee met six times in the past seven weeks to review the developer responses and formulate its recommendations.

### RFI Review Committee Recommendations

At its January 6, 2006 meeting, the Committee completed its reviews and made the following recommendations:

Based on these concepts – a well-designed, dense mixed use development with housing, retail, offices and underground parking, possibly with a hotel also on this site – we recommend a single developer or a joint venture with two developers joining together to negotiate preliminary terms of agreement with the city. After extensive review of the developers' responses to the City's RFI and integrating the desired uses and designs for this site, we recommend Nelson Development LLC and/or 5C LLC for this site with a preference for whichever combination (a single developer or joint venture) that will accomplish the best quality development without undue delay.

In addition, the City and County should undertake a design study to examine and recommend concepts for the visual and public space that includes and surrounds the intersection of Court Ave. and 5<sup>th</sup> Street. One of the objectives of this effort is to ‘inform’ the designated developer of how its project will support and, in turn, be supported by preserving sightlines while respecting and enhancing this very important public space. Without an integrated approach of design and ultimately development, the City, County, and developer run a much higher risk of squandering the opportunity to manifest a truly great public space for Court Avenue and Des Moines.

“Well-Designed” is defined as:

- ❑ There will be several multiple floor buildings on the site with no vacant property left for future phases.
- ❑ The buildings will be very inviting looking with interesting shapes and differing details with well-defined windows; the buildings will “work” together because of their complementing designs. All buildings will be clad in durable, long-lasting exterior materials with mostly-brick exteriors preferred. Lighting at night will be part of the urban look. Building signage will be readable and enticing; however, it needs to respect views of the Polk County Courthouse and Rock Island Depot.
- ❑ The overall design should have a lasting character that is memorable; it should not be the current design fad. A grand design gesture –for example, a diagonal pathway to connect the Courthouse with the Rock Island Depot/baggage claim building, retail spaces with ‘garage doors’, a triangular shaped building for retail – is needed to give the site an identity that people will reference. The design (and uses) should make the site a destination location that draws people into the site.
- ❑ Parking with at least 100 spaces will be located underground.

“Mixed Use” is defined as:

- ❑ Retail is located on the first level of the 4<sup>th</sup> St. and Ct. Ave. frontages with a number of smaller spaces available so there can be a variety of choices. The retail uses should include one or more businesses that provide urban residential domestic services and commodities, including some sort of “grocery” type use (10,000 sq. ft. or smaller) for the growing downtown residential base.
- ❑ Seasonal and/or year-round promotional and physical connections with the Farmer’s Market are desirable and expected in the development and on-going operations of this project.
- ❑ “Entertainment” uses tend to favor night use (rather than day usage) and thus should not dominate the pedestrian-oriented first floor spaces; a “grand” first floor entrance with possible second floor frontage may be an appropriate design approach. The entertainment uses need to be different from what can be found elsewhere so it draws people to the site. Entertainment uses can include movie theaters (see discussion below), as well as electronic/video gaming, etc.
- ❑ Upper story uses on the 4<sup>th</sup> St. and Court Ave.-fronting buildings have housing and commercial uses; mixed-use buildings provide more activity and create a 24/7 feel.

- ❑ The 5<sup>th</sup> St. and south boundary uses can be retail with commercial and housing on the first level acceptable. The challenge of having housing is to create an environment that maintains some privacy for the residents while providing an engaging retail atmosphere on 4<sup>th</sup> St. and Court Avenue. Housing uses should provide a product mix/options not found elsewhere in the downtown.
- ❑ A hotel may be acceptable (but not required) on this site. There is a market for downtown rooms and serves new attractions such as the Science Center of Iowa, Iowa Events Center and Principal Park/Sec Taylor Field. The return to the city – increasing the number of visitors who can stay downtown, having active uses on the site and the resulting hotel/motel tax – is attractive. However, the design of the hotel and its accessory uses in terms of not overwhelming the site and acknowledging the Polk County Courthouse may be difficult to accomplish. The potential redevelopment of the adjacent Randolph Hotel may impact the market for a hotel on this site.
- ❑ A desired development probably will *not* include (but is not ruled out entirely)
  - Movie theaters. Movie theaters are not a high priority use for this site. Movie theaters are considered a high risk/low rate of return to the city as a use with general industry uncertainty and the number of other complexes in the metro. The specialized type of construction required to house the screens also limits making the movie theater building into a multi-use building with housing, etc. However, movie theaters may also be a draw in the downtown and serve markets that have few other movie options.
  - Large (more than 10,000 sq. ft.) banquet rooms. These create large areas of “dead” space when not in use which is typically not on a daily basis. Also, banquet rooms of similar size are available in a number of other nearby locations.

Other considerations we value highly are:

- ❑ The ability for the city to negotiate a contract with the selected developer(s)



- ❑ Having two of the RFI developers join together to get the best elements of each developer’s proposal which will also provide the best chance of success but understanding a joint venture approach may be the project more complicated.

- ❑ Tenant commitments -not concepts or idea - are very important.

Site Location

**Summary: RFI Developer Responses**

<i>Developer</i>	<i>Team</i>	<i>Proposed Uses</i> <i>Total site size is about 2.33 acres (101,500 sq. ft.)</i>	<i>Underground Parking</i>	<i>Phased</i>	<i>Developer's Est. Value of Project</i>	
Nelson Development Urbandale, IA	In play Franchise Services & Substance Architects	2-3 buildings: - 128 suite hotel @ 350 sq. ft. - 105 apartments @ 800 sq. ft. - in play gaming center - sports bar/restaurant - banquet space - retail/commercial space <u>7,250</u> 190,850 sq. ft.	<u>Est. Sq. Ft.</u> 45,000 80,000 19,600 9,000 30,000	184 space underground parking on one level	No	\$32.3 Million
Ryan Companies (Clive, Ia.) and ASG Construction (Cedar Rapids, Ia.)	ESG Architects & Solum Lang; architectural and design services	3 buildings - 145 room hotel & pool - 56 live/work condos (7 story - retail /commercial 188,500 sq. ft.	<u>Est. Sq. Ft.</u> 90,000 66,000 25,500	50 space underground parking on one level	Yes: not included in sq. ft. or \$) to come on line at unspecified time	\$29-\$30 million
5C (5 <sup>th</sup> & Court LLC) John Mandelbaum, Douglas Wells and Terrus Real Estate) Des Moines, IA	Architects Wells Kastner Schipper Genus Landscape Architects	Multiple buildings - office - office or hotel - 29 3-story rowhouses - 9 loft apartments - apts. above retail - "market" commercial space 201,500 sq. ft.	<u>Est. Sq. Ft.</u> 27,500 60,000 63,700 12,600 28,000 9,700	242 below- grade parking spaces on two levels (as per oral presentation on 12/21/05	No	\$34 million
Sherman Associates (Minneapolis, MN)	ESG Architects Hansen Construction	2 buildings: - 60 apartments - grocery/deli 10,000 - 4-6 movie screen theater - restaurant & banquet <u>18,000</u> 102,000 sq. ft.	<u>Est. Sq. Ft.</u> 54,000 20,000	60+ spaces underground on one level	No	\$19 million
Heart of America Moline, Ill. (Mike Whalen, President)	Heart of America staff	2 buildings: - 100-115 room hotel, meeting 85,000 space, food/beverage and pool - 3 floor mixed use <u>65,000</u> 150,000 sq. ft.	<u>Est. Sq. Ft.</u> 85,000 65,000	None - about 26 surface parking spaces	Yes – 3 floor mixed use bldg. at later date.	\$22-23 million