



**Council
Communication**
Office of the City Manager

Date

May 22, 2006

Agenda Item No. 56

Roll Call No. ~~06-~~

Communication No. 06-283

Submitted by: Richard A. Clark, City Manager

AGENDA HEADING:

Resolution Approving Intergovernmental 28E Agreement between Polk County and the City of Des Moines Regarding Redevelopment of the Shops at Eastgate.

SYNOPSIS:

Recommend approval of a 28E Agreement by which the County will provide the City a \$175,000 loan to cover one-half of the \$350,000 zero-percent interest loan that the City extended to Eastgate Plaza, LLC (Norman Weinstein, President, 75 NE 6th Avenue, Suite 103, Delray Beach, Florida) on May 8, 2006. The developer will use these funds to remove asbestos, disconnect utilities, demolish all vacant buildings and relocate all demolition material at the Shops at Eastgate to an appropriate landfill.

FISCAL IMPACT:

Amount: The total estimated cost is \$380,000 to remove asbestos, disconnect utilities, demolish all vacant buildings and relocate all demolition material at the Shops at Eastgate to an appropriate landfill.

Funding Source: There are three funding sources:

1. On May 8, 2006, the City approved a zero-percent interest loan, not to exceed \$350,000. The loan will be repaid upon the sale, lease or other disposition of the property which involves development of a 50,000 square foot or larger building (anchor tenant), or by January 1, 2010 (end of contract term), whichever occurs first.
2. This action approves a 28E agreement by which Polk County will contribute one-half of the loan proceeds described above, not to exceed \$175,000.
3. The Redeveloper will cover all costs in excess of \$350,000, which are estimated to be \$30,000.

ADDITIONAL INFORMATION:

On April 24, 2006 by Roll Call No. 06-848, Council entered into the Second Amendment to the Agreement for redevelopment of the Shops at Eastgate. The Second Amendment indicated the City's intent to extend up to a \$350,000 zero-percent interest loan to Eastgate Plaza, LLC to conduct demolition work. On May 8, 2006, Council entered into the Economic Development Loan Agreement with the Redeveloper to formalize the City's intent.

The Redeveloper has accepted bids for demolition and related work and has provided the City with this evidence. The total budget is \$380,000. August Enterprises, LLC is in process of removing asbestos for \$160,000. Rhiner's Plumbing, Heating & Cooling, Co., Inc. will conduct utility disconnects for \$40,000. Metro Wrecking will perform building demolition and deposit debris into an appropriate landfill for \$180,000. All work is anticipated to be completed on or before August 24, 2006.

Polk County is providing \$175,000 to be deposited into a City account from which the City will reimburse the Redeveloper upon presentation of contractor's invoices for eligible expenses. The City will provide an accounting to the County of how their funds were used after all disbursements have been made, which is anticipated to be by October 1, 2006. The City will repay the County's \$175,000 contribution upon Redeveloper's repayment of the economic development loan.

PREVIOUS COUNCIL ACTION(S):

Date: May 8, 2006

Roll Call Number: 06-848

Action: [Economic](#) Development Loan Agreement with Eastgate Plaza, LLC for redevelopment of the Shops at Eastgate (northeast corner of E. 14th Street and Euclid Avenue). ([Council Communication No. 06-265](#)) Moved by Mahaffey to adopt. Motion Carried 6-1. Pass: Vlassis.

Date: April 24, 2006

Roll Call Number: 06-848

Action: [Second](#) amendment to agreement with Eastgate Plaza, LLC for redevelopment of the Shops at Eastgate (northeast corner of E 14th St. and Euclid Avenue). ([Council Communication No. 06-213](#)) Moved by Mahaffey to adopt. Motion Carried 6-1. Pass: Vlassis.

Date: April 10, 2006

Roll Call Number: 06-685

Action: Close hearing on the 17th Amendment to the Restated Urban Revitalization Plan for the City-wide Urban Revitalization Area, to encourage redevelopment and revitalization of the Eastgate Commercial Center, Downtown and Neighborhood Retail Districts by providing tax abatement for improvements. Moved by Hensley to continue to April 24, 2006 at 5:00 P.M. City Manager will forward comments to the Developer regarding: 1) Securing the buildings. 2) Orange fencing. 3) Dumping on the property. City Manager will keep area Neighborhood Associations informed about the project. Motion Carried 6-1.

BOARD/COMMISSION ACTION(S):

Date: April 6, 2006

Roll Call Number: N/A

Action: The Plan & Zoning Commission recommended approval of the Seventeenth Amendment to the Restated Urban Revitalization Plan for the City-Wide Urban Revitalization Area.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE