



# Council Communication

Office of the City Manager

Date April 7, 2008

Agenda Item No. 35  
Roll Call No. 08-  
Communication No. 08-185  
Submitted by: Matthew A. Anderson  
Office of Economic Development

## AGENDA HEADING:

Resolution approving First Amendment to Development Agreement with ST Investments, L.L.C. for development at East Fifth and Walnut Street.

## SYNOPSIS:

On June 4, 2007, by roll calls 07-1104 and 07-1105, the City Council approved the sale of city-owned land and an economic development assistance package with ST Investments, L.L.C. (Tom Howard, Manager, 1130 S.E. Westbrooke Drives, Waukee, IA, 50263) for construction of a mixed-use project on an East Village site that includes a City-owned surface parking lot. ST Howard Development will purchase the City lot at the NE corner of East 5th and East Walnut for \$161,500 and combine the land with 2 parcels they own to the north.

Higher than anticipated construction bids caused the developer to redesign elements of the project to make the building more efficient and reduce costs. The redesign has put the project about 9 months behind schedule. The Amendment is requested to extend dates in the Agreement and amend language to better reflect the final design. Some of the design changes include reducing the size of some balconies and eliminating mezzanines from the top floor. The total residential unit count decreases from 33 to 30 units, but the project still satisfies the Conceptual Development Plan as approved by the Urban Design Review Board.

The Amendment does not change the amount of the economic development assistance. Due to the delay caused by the redesign, the two components of the assistance will begin and end one year later than originally agreed. The first component equals \$435,000, as shown in the first two installments below. Additionally, the developer has agreed to forego the final 5 years of residential tax abatement for which the project is eligible. This new property tax stream will be split 25% to the City and 75% to the developer as shown in installments #3 - #7 below.

## FISCAL IMPACT:

### Amount:

Proceeds to the City from the sale of the parking lot (\$161,500)

Economic development payments totaling \$914,505 (net present value = \$647,822) will follow the following schedule:

- Installment #1, December, 2011 = \$17,500
- Installment #2, December, 2012 = \$417,500
- Installment #3, December, 2016 = \$95,901

Installment #4, December, 2017 = \$95,901  
Installment #5, December, 2018 = \$95,901  
Installment #6, December, 2019 = \$95,901  
Installment #7, December, 2020 = \$95,901

Funding Source:

Proceeds from the sale of the parking lot will be deposited in the FY 2007-08 Operating Budget, EN051 ENG100701, page 124. The economic development payments will come from TIF Fund SP370 FIN909105, Metro Center Urban Renewal District.

**ADDITIONAL INFORMATION:**

The 5-story building will have floor plates varying from approximately 7,800 – 9,000 square feet. The first floor will feature 4 retail bays that may be combined, should tenants desire larger space. The second floor will consist of office space for up to 4 tenants. 30 for-sale condominiums will occupy the 3 upper floors. 19 off-street, surface parking spaces will be located on the east end of the site.

The Conceptual Development Plan has been approved by the Urban Design Review Board and is on file with the City Clerk.

**PREVIOUS COUNCIL ACTION(S):**

Date: June 4, 2007

Roll Call Number: 07-1104 and 07-1105

Action: On Sale of City-owned property in vicinity of E. 5th and Walnut Streets to ST Investments, L.L.C., \$161,500. Moved by Meyer to adopt. Motion Carried 6-1. Absent: Coleman.

(A) Approving Development Agreement with ST Investments, L.L.C. for development at East 5th and Walnut Streets. (Council Communication No. 07-321) Moved by Meyer to adopt. Motion Carried 6-1. Absent: Coleman.

Date: May 21, 2007

Roll Call Number: 07-968

Action: On Sale of City-owned property in vicinity of E. 5th and Walnut Streets to ST Investments, L.L.C., \$161,500, (6-4-07). (Council Communication No. 07-292) Moved by Vlassis to adopt. Motion Carried 7-0.

**BOARD/COMMISSION ACTION(S):**

Date: April 17, 2007

Roll Call Number: N/A

Action: Urban Design Review Board approval of the economic development assistance.

Date: February 20, 2007

Roll Call Number: N/A

Action: Urban Design Review Board approval of the conceptual development plan.

Date: September 5, 2006

Roll Call Number: N/A

Action: Preliminary design review. No action taken.

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE**

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