



Council Communication

Office of the City Manager

Date

May 19, 2008

Agenda Item No. 64
Roll Call No. 08-
Communication No. 08-304
Submitted by: Matthew A. Anderson,
Economic Development Administrator

AGENDA HEADING:

Approving Supplemental Development Agreement with River Point West LLC, Hubbell Realty Company, and Hubbell Terminal Corporation for construction of SW 11th and Murphy Street Improvements in conjunction with Riverpoint West and the former Pittsburg Des Moines Steel Redevelopment Projects.

SYNOPSIS:

Under separate development agreements, the City is working with River Point West LLC (George Sherman, President, 233 Park Avenue South, Suite 201, Minneapolis, MN) and Hubbell Realty Company (Rick Tollakson, President, 6900 Westown Parkway, West Des Moines, IA) for redevelopment of Riverpoint West and the former Pittsburgh Des Moines Steel site, respectively.

By a Preliminary Agreement approved on May 23, 2005, by Roll Call 05-1331, the parties contemplated the extension of SW 11th Street from Tuttle Street to Dart Way and Murphy Street from SW 9th Street to SW 11th Street, but there was no agreement executed by all parties addressing the issues involved in the design, construction and payment for the work. The purpose of this Supplemental Agreement is to have an agreement between all of the parties involved to undertake such design, construction and payment in a uniform and consistent way. The Supplemental Agreement also provides for the conveyance of Hubbell-owned property to the City of Des Moines for right-of-way improvements on SW 11th Street and Murphy Street.

FISCAL IMPACT:

Amount:

The estimated total project costs are \$1,750,000; exact costs will be known after the project is fully designed and bid.

Funding Source:

- City of Des Moines: \$795,000. Adopted 2008/2009 CIP, Street Improvements, page 35, Riverpoint West Street Improvements, Project STR227, TIF Funds
- State of Iowa Rise Grant: approximately \$520,000; approved by City Council on February 26, 2007, by Roll Call 07-355.
- River Point West and Hubbell Terminal Corporation: \$435,000. The private developers are responsible for varying percentages of the various improvements as determined by the location

and impact upon their respective properties. \$435,000 is the estimated obligation of the developers.

ADDITIONAL INFORMATION:

River Point West and Hubbell Terminal Corporation will dedicate the required right-of-way to the City at no cost. As approved in the City's Capital Improvement Program, preliminary design work for the improvements is currently underway.

A portion of this area's storm water management is handled by a pond, which is privately owned by Des Moines Area Regional Transit (DART). As the DART pond collects storm water, the water is pumped out of the pond via a pump powered by a surplus bus engine. This process is entirely manual and requires DART employees to ensure that the engine has adequate fuel and is turned on as the water level rises. Recognizing the limitations of this manual system, the 2008-09/2013-14 CIP includes a \$700,000 project in FY 2013-14 to link the DART pond to the City's MLK Pump Station.

Hubbell will only enter into the Supplemental Development Agreement provided that the City agrees to allow storm water discharge from the Pittsburgh/Des Moines site via overland flowage or public storm sewers. This water will ultimately arrive at the DART pond. At this time, the City does not have the engineering data to make a determination that the DART pond has sufficient capacity to satisfy the adopted City stormwater management standards. The City has retained Snyder Associates to study the storm water capacity of the DART pond. This analysis and City staff's review will be completed approximately June 15, 2008. Hubbell has insisted that the Agreement be approved prior to May 31, 2008, or they will not enter into the Agreement.

As currently drafted, should the City determine that the DART pond cannot adequately accommodate the storm water from Hubbell's development, the City must accelerate the contemplated DART pond discharge improvements. If this project is accelerated, the cost may change because existing railroad right-of-way required for the pond linkage has not yet been acquired by Sherman Associates, and it may be necessary to tunnel under the railroad rather than utilize an open ditch. Also, an alternate funding source will need to be identified to move the project forward 3-4 years. The City Manager's Office believes it is in the City's best interest to facilitate the advancement of the Riverpoint West project and agree to these terms as presented.

Hubbell will retain the parcel bounded by SW 9th Street, Dart Lane, and the extensions of SW 11th Street and Murphy Street, which it plans to redevelop with single-story flex space. Hubbell will need to seek rezoning of the land to allow this use of their property. The current zoning of the development site requires buildings of no less than three floors. This action does not constitute approval of that rezoning. The decision to approve or deny any rezoning cannot be made until the City Council has received a recommendation from the City Plan and Zoning Commission and has considered the matter at a public hearing as required by law.

PREVIOUS COUNCIL ACTION(S):

Date: October 8, 2007

Roll Call Number: 07-1991

Action: [Amended](#) and Restated Urban Renewal Development Agreement with River Point West LLC and a Loan Agreement with River Point West Investment Fund LLC for the Riverpoint West Redevelopment Project. ([Council Communication No. 07-612](#)) Moved by Hensley to adopt. City Manager will provide periodic status reports to Council. Motion Carried 7-0.

Date: February 26, 2007

Roll Call Number: 07-355

Action: [Revitalize](#) Iowa's Sound Economy (RISE) Grant Agreement to construct and reconstruct a roadway in the Riverpoint West Area (SW 11th Street from Martin Luther King, Jr. Parkway to Dart Way). ([Council Communication No. 07-092](#)) Moved by Hensley to adopt. Motion Carried 6-1.

Date: November 21, 2005

Roll Call Number: 05-2793

Action: Urban Renewal Development Agreement and Brownfields Cleanup Revolving Loan Fund ("BCRLF") Agreement with Hubbell Realty Company and Hubbell Terminal Corporation for the redevelopment of a portion of the Riverpoint West area. ([Council Communication No. 05-674](#)) Moved by Hensley to adopt. Motion Carried 7-0.

Date: May 23, 2005

Roll Call Number: 05-1331

Action: Preliminary Agreement with Hubbell Realty Company and Hubbell Terminal Corporation (Rick Tollakson, President & CEO) and Riverpoint West LLC (George Sherman, President) for redevelopment of parcels west of SW 9th along Tuttle and Murphy Streets. ([Council Communication No. 05-305](#)) Moved by Hensley to adopt. Motion Carried 6-1. Absent: Vlassis.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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