

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date	December 22, 2008
	Agenda Item No. 26 Roll Call No. <u>08-</u> Communication No. <u>08-742</u> Submitted by: Matthew Anderson, Economic Development Administrator	

AGENDA HEADING:

Preliminary Approval of a City Loan in the amount of \$165,000 to Stickel Enterprises, LLC for an Economic Development Project at 2925 Ingersoll Avenue, Des Moines

SYNOPSIS:

Stickel Enterprises, LLC (Jeffery E. Stickel, Manager, 408 Foster Drive, Des Moines) desires to construct a new, three-story, 12,400 square foot, multi-tenant commercial building at 2925 Ingersoll Avenue, Des Moines, IA. The project has encountered delays due to site development issues, material cost increases and changing market conditions. The Developer has secured bank financing; however, due to increased project costs the funding available is not sufficient to complete the project as proposed. To assist in completing the project as planned without reduction in size and scope, the City’s Office of Economic Development is proposing a city loan in the amount of \$165,000.00 at an interest rate of three percent (3%) per annum to be repaid over 20 years, secured by a second real estate mortgage on the project property and the personal guarantee of Jeffery E. Stickel.

FISCAL IMPACT:

Amount: \$165,000.00

Funding Source: Economic Development Enterprise Account

ADDITIONAL INFORMATION:

Stickel Enterprises, LLC (Jeffery E. Stickel, Manager, 408 Foster Drive, Des Moines) has proposed the construction of a new, three-story, 12,400 square foot, multi-tenant commercial building at 2925 Ingersoll Avenue, Des Moines, IA. The Developer has a signed lease dated July 23, 2008 with Two Dragons, LTD, Su Nong, President as the ground floor tenant. Stickel Chiropractic will be the second floor tenant. The Developer is actively seeking a tenant for the third floor. The Developer expects the building to be available for Tenants to begin their internal improvements by March 31, 2009.

The project is incorporating several LEED design elements into its construction including: development density and connectivity between the building, residential neighborhoods, basic services and pedestrian access; energy efficient materials such as polysteel insulating concrete forms, permashine polished concrete flooring system, aluminum louvers, grilles and sun control products, 1” insulated glass with low “E” coating, white reflecting polymeric membrane roofing; and high energy efficient heating, ventilation and air conditioning units. The project’s Architects estimate that to LEED certify the project would add

an additional \$50,000 to its costs. The Developer has chosen not to incur the cost of certification, but will incorporate the LEED design elements discussed above.

The site is located in the Neighborhood Pedestrian Commercial District Zoning. To comply with the zoning, provide adequate parking and site circulation the Developer has entered into easement agreements with the adjacent property owners. The improvements will provide parking and access along the back of the project site and adjacent properties to 29th Street. To implement these improvements, the Developer will reclaim unused portions of the existing lots through the construction of a new retaining wall along the project and adjacent properties north property lines; construct hard surface ingress and egress to 29th Street, and provide underground groundwater management systems. These improvements, at a cost to the project of about \$165,000, will increase overall access and parking for the project as well as the adjacent commercial properties.

The total project costs are \$2,091,000. The Developer has secured first mortgage financing of \$1,755,000. The City's Office of Economic Development is proposing a city funded loan in the amount of \$165,000.00 to be repaid over 20 years secured by a second real estate mortgage on the project property and the personal guarantee of the Developer, Jeffery E. Stickel. The Developer will contribute the balance of the project costs.

PREVIOUS COUNCIL ACTION(S): NONE

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

Approval of final loan documents

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