

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date	March 23, 2009
	Agenda Item No. 24 Roll Call No. <u>09-</u> Communication No. <u>09-167</u> Submitted by: Matt Anderson, Office of Economic Development	

AGENDA HEADING:

Approving preliminary terms of agreement with Nelson Development for renovation of property at 328 SW 5th Street.

SYNOPSIS:

Nelson Development #25 SW 5th, LLC (Jake Christensen, Co-Manager, 1045 76th Street Suite 2000, West Des Moines, IA 50266) has proposed an \$11.6 million conversion of the property at 328 SW 5th Street, also known as the Hawkeye Transfer Building, from a historic warehouse to 70 market-rate apartment units with 57 underground and covered parking spaces.

FISCAL IMPACT:

Amount: \$161,788.20 annually for a period of 10 years (Payment stream has a net present value of \$1.05 million or 9% of total project costs). Payment will commence on the issuance of a certificate of completion, but in no event earlier than July 1, 2010.

Funding Sources: Metro Center Urban Renewal Area tax increment, account 528190, fund SP371, org. FIN909109.

ADDITIONAL INFORMATION:

The building was constructed in 1912 as a warehouse for the Hawkeye Transfer Company. It was designed by Architects Proudfoot, Bird, Rawson and Souers -who also designed City Hall. The building was briefly occupied by Brown Camp Hardware in 1920, enlarged in 1925 by Great Atlantic & Pacific Tea Company and later occupied by Firestone Rubber Company. This project has several construction challenges to convert the space for residential use.

Parking

The garage space will have ingress and egress points along the south side of the building. In order to accommodate the proposed 57 parking spaces, there will be construction of two ramps, one going down into the basement of the building, and one ramp to go up 40 inches to the first floor level. This includes the underpinning, shoring and excavation for ramp construction to below-grade parking and the removal of 36” structural columns and footings.

Building

In order to bring the building up to code, the building will need to undergo construction of a new elevator and stair shafts which consists of cutting a seven story shaft into existing 18” thick floors on all levels. It

also includes the installation of a new elevator pit and jack hole and new shaft inside the existing building, new electrical and plumbing services throughout entire building and updating the existing sump pit and piping.

Due to the condition of the seven-story building, additional work includes the exterior repair of stucco finish, spalling on all three sides, the repair of the deteriorating brick parapet, asbestos abatement, and restoring all the window openings to original condition.

This project is eligible and will apply for 10-year 100% tax abatement which will enable the project to meet its debt-service coverage ratio. This is particularly critical given the current state of capital markets and the overall lending environment. Other funding sources include the use of State and Federal Historic Tax Credits and Enterprise Zone Credits.

PREVIOUS COUNCIL ACTION(S): NONE

BOARD/COMMISSION ACTION(S):

Date: March 17, 2009

Roll Call Number: N/A

Action: The Urban Design Review Board approved financial assistance and final project design as presented. Motion carried 6-0.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

City Council consideration of a State of Iowa Enterprise Zone application and final Urban Renewal Development Agreement.

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