

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date: November 22, 2010
	Agenda Item No. 24 Roll Call No. <u>10-1938</u> Communication No. <u>10-701</u> Submitted by: Matthew A. Anderson, Economic Development Administrator

AGENDA HEADING:

Approval of First Amendment to City Economic Development Loan to Stickel Enterprises, LLC to Assist Construction of 2925 Ingersoll Avenue, Des Moines.

SYNOPSIS:

On February 9, 2009, by Roll Call 09-196, City Council approved a \$165,000 City Economic Development Loan to Stickel Enterprises, LLC (Jeffery E. Stickel, Manager, 408 Foster Drive, Des Moines) to assist in the construction of a new, three-story, 12,400 square foot, multi-tenant commercial building at 2925 Ingersoll Avenue, Des Moines, IA. The project encountered over \$400,000 in increased construction costs of which \$200,000 is directly related to increased site development costs in providing required traffic circulation and parking requirements. The project reclaimed unimproved ground between 29th Street and the project site, and crossed two neighboring commercial properties, to construct traffic circulation and 56 parking spaces. The access and parking is used by patrons of the two commercial buildings between 29th Street and the Stickel Project. To assist in completing the project financing, the City's Office of Economic Development is proposing to increase the city loan by \$85,000 at an interest rate of three percent (3%) per annum to be amortized over 20 years with a five year maturity. The additional loan will be secured by a subordinate real estate mortgage on the project property and the personal guarantee of Jeffery E. Stickel.

FISCAL IMPACT:

Amount: \$85,000

Funding Source: Economic Development Enterprise Account SP743, Org. FIN980717

ADDITIONAL INFORMATION:

Stickel Enterprises, LLC (Jeffery E. Stickel, Manager, 408 Foster Drive, Des Moines) has constructed a new, three-story, 12,400 square foot, multi-tenant commercial building at 2925 Ingersoll Avenue, Des Moines, IA. The first floor is occupied by Two Dragons, LTD dba Red China Bistro, Su Nong, President. ADIO Chiropractic (FKA Stickel Chiropractic) is the second floor tenant. The third floor has been developed into smaller offices and is occupied by six independent small businesses.

The project has incorporated 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-inch insulated glass with low “E” coating, white reflecting polymeric membrane roofing; and high energy efficient heating, ventilation and air conditioning units. The Developer has chosen not to incur the cost of LEED certification, but incorporated the LEED design elements discussed above.

The site is located in the Neighborhood Pedestrian Commercial District Zoning. To comply with the zoning and provide adequate parking and site circulation, the Developer has entered into easement agreements with the adjacent property owners. The improvements provided improved access and 56 parking spaces that benefit the project site and adjacent properties east to 29th Street. To implement these improvements, the Developer reclaimed unimproved portions of the existing lots through the construction of two new retaining walls along the adjacent properties’ north property lines, constructed concrete ingress and egress to 29th Street, and provided underground groundwater management systems on the project site and the neighboring property along 29th Street. These improvements were originally estimated at a cost to the project of about \$165,000, but due to the need for additional retaining wall, fill, grading and construction issues these site costs came in at about \$400,000.

The original project costs were estimated at about \$2.2 million, but due to changes in construction costs during the project, actual costs are nearly \$2.6 million. The Developer had secured bank mortgage financing of \$1.9 million. Due to the higher project costs, the bank has provided additional funding of \$175,000. The City has approved and funded a \$165,000 loan with 3% rate of interest, amortized over twenty years, secured by a subordinate mortgage on the project site and the personal guaranty of the Developer. The City’s Office of Economic Development is proposing an additional city-funded loan in the amount of \$85,000.00 with 3% rate of interest, amortized over 20 years with a five year maturity. The new loan will also be secured by a subordinate mortgage on the project and the personal guaranty of the Developer. The Developer has contributed the balance of the increased project costs.

PREVIOUS COUNCIL ACTION(S):

Date: February 9, 2009

Roll Call Number: 09-196

Action: Approval of [Documents](#) for a City Loan to Stickel Enterprises, LLC for project at 2925 Ingersoll Avenue, \$165,000. ([Council Communication No. 09-061](#)) Moved by Vlassis to approve. Motion Carried 7-0.

Date: December 22, 2008

Roll Call Number: 08-2207

Action: [Preliminary](#) approval for a \$165,000 Loan to Stickel Enterprises, LLC for economic development project at 2925 Ingersoll Avenue. ([Council Communication No. 08-742](#)) Moved by Vlassis to approve. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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