

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date:	January 10, 2011
	Agenda Item No.	28
	Roll Call No.	<u>11-0033</u>
	Communication No.	<u>11-021</u>
	Submitted by:	Terrance N. Vorbrich Acting Economic Development Administrator

AGENDA HEADING:

Resolution approving preliminary terms of an Urban Renewal Development Agreement with Westgate Partnership, L.L.C. (Jack Hatch, Hatch Development Group, General Partner, 1312 Locust Street, Des Moines, IA 50309) for redevelopment of 1408 Locust Street, Des Moines.

SYNOPSIS:

Recommend approval of a proposed Urban Renewal Development Agreement Westgate Partnership, LLC, Jack Hatch, Hatch Development Group, General Partner for a \$3 million renovation of 1408 Locust, Des Moines. The existing 29,068 square foot, two-story building will be renovated to accommodate a professional office user on the second floor and part of the first floor totaling 14,892 square feet. The remaining building will be renovated for lease with an additional 11,509 square feet of ground floor space available for lease to potential office, retail or restaurant users.

Financial assistance to the project has been negotiated to consist of tax abatement and an economic development grant advanced in annual installments over a period of ten years. The economic development grant will be funded by the new tax increment funds captured from the project.

FISCAL IMPACT:

Amount: \$250,000 paid in ten annual installments of \$25,000. Payment of each annual installment is subject to the developer meeting conditions contained in the development agreement. It is anticipated that the new tax increment from the project will be approximately \$75,000 per year

Funding Source: Metro Center Urban Renewal Area Tax Increment Financing District. The Finance Department will establish a new project code for the development.

ADDITIONAL INFORMATION:

The 29,068 square feet, two-story building located at 1408 Locust Street is located adjacent to the Pappajohn Sculpture Park. The ground floor has been occupied by several retail uses, most recently the Des Moines Social Club. The second floor has been vacant and unusable for several years due to occupancy code restrictions. The Developer, Westgate Partnership, LLC has a signed letter of intent from a marketing company to lease the entire second floor (13,117 square feet) plus 1,775 square feet of the ground floor for a total 14,892 square feet for professional office space. Additionally, the tenant has an option on an additional 2,352 square feet. The renovation will incorporate extensive façade elements

complementary to the adjacent Pappajohn Sculpture Park.

PREVIOUS COUNCIL ACTION(S): NONE

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

Review and recommendations to City Council on design plans and proposed use of TIF assistance by Urban Design Review Board; Review and approval of final urban renewal development agreement by City Council.

For more information on this and other agenda items, please call the City Clerk's Office at 515-283-4209 or visit the Clerk's Office on the second floor of City Hall, 400 Robert D. Ray Drive. Council agendas are available to the public at the City Clerk's Office on Thursday afternoon preceding Monday's Council meeting. Citizens can also request to receive meeting notices and agendas by email by calling the Clerk's Office or sending their request via email to cityclerk@dmgov.org.