

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date: July 25, 2011
	Agenda Item No. 29 Roll Call No. <u>11-1295</u> Communication No. <u>11-497</u> Submitted by: Terrance N. Vorbrich, Acting Economic Development Administrator

AGENDA HEADING:

Resolution approving issuance of Certificate of Completion for the Liberty Building Hyatt Place Hotel Renovation Improvements Metro Center Urban Renewal Project.

SYNOPSIS:

Liberty Building Development Group, L.L.C., Jake Christensen, Managing Member, 321 East Walnut Street Des Moines, Iowa 50309, has completed a \$15 million renovation of five floors of the Liberty Building for a 95 room Hyatt Place Hotel. The historic renovation process has provided Des Moines with the city’s first nationally flagged hotel since 1992, and Iowa’s only Hyatt.

The Urban Renewal Development Agreement with Liberty Building Development Group, L.L.C. requires a certificate of completion to be issued by the City Council before the economic development grant payments can begin. Office of Economic Development staff has completed a walk-through of the project, and has confirmed that the terms of the Agreement have been satisfied. Approval of a certificate of completion is recommended.

FISCAL IMPACT:

Amount: Annual grant installments of \$240,000 for 10 years

Funding Source: FY2011-2012 Operating Budget, Metro Center Urban Renewal Area Tax Increment Financing. SP370, FIN909105, page 120.

ADDITIONAL INFORMATION:

On April 6, 2005, by Roll Call 05-814, the City Council approved a development agreement to assist with construction of a private parking ramp to facilitate redevelopment of the Liberty and Equitable buildings. The parking ramp was completed in 2006. The 2005 development agreement was a three-party agreement that originally included the Equitable Building. In a subsequent amendment to this agreement in 2010, described below, the Equitable Building and its owner were removed from the agreement and received no direct financial incentives.

The Liberty Building was originally planned for redevelopment as condominiums, but decreased demand for condominium units prompted the consideration of alternate uses for the space. On April 12, 2010, by Roll Call 10-558, the City Council approved the First Amendment to the Urban Renewal Development

Agreement with Liberty Building Development Group, L.L.C. for a \$15 million historic renovation of five floors of the Liberty Building for a 95 room Hyatt Place hotel. The intent was to alleviate vacancy, repurpose the building and introduce the high quality hotel project.

The estimated property taxes to be generated by the hotel is over \$5.2 million, with an additional \$7.2 million in hotel-motel taxes, versus the projected \$1.8 million in residential taxes from the originally-planned residential units over a 20-year period. Occupancy schedules are approximately 6 months ahead of schedule and guest satisfaction surveys have been strong as well.

PREVIOUS COUNCIL ACTION(S):

Date: April 12, 2010

Roll Call Number: 10-558

Action: [First](#) Amendment to Urban Renewal Development Agreement with Liberty Building Development Group LLC for a \$15 million renovation of five floors of the Liberty Building for a 95 room Hyatt Place Hotel. ([Council Communication No. 10-174](#)) **Moved by Hensley to adopt. Motion Carried 7-0.**

Date: December 21, 2009

Roll Call Number: 09-2322

Action: [Preliminary](#) Terms of Agreement with Liberty Building Development Group LLC for a \$15 million renovation of 5 floors of the Liberty Building for a 95 room Hyatt Place Hotel. ([Council Communication No. 09-873](#)) **Moved by Hensley to receive, file and approve preliminary terms of agreement set forth in the Council Communication and to direct the City Manager to proceed with negotiations of formal agreements with Liberty Building Development Group LLC consistent with the terms set forth in the Council Communication. The City Manager will communicate with existing hotel operators in Des Moines to give information regarding any Economic Development assistance that is available. Motion Carried 4-3. Nays: Kiernan, Mahaffey and Vlassis.**

Date: April 6, 2005

Roll Call Number: 05-814

Action: Approving Urban Renewal Development Agreement with K.C. Holding VI, L.L.C., (Mike Nelson, Managing Member, Urbandale, IA) and Equitable, L.P., (Bob Knapp, Managing Member, WDSM, IA) for redevelopment of Liberty and Equitable Buildings and construction of privately owned parking ramp. ([Council Communication No. 05-178](#)) **Moved by Hensley to adopt. Motion Carried 4-1-2. Nays: Vlassis.**

BOARD/COMMISSION ACTION(S):

Board: Urban Design Review Board

Date: February 2, 2010

Resolution Number: N/A

Action: The Urban Design Review Board recommended approval of project design and financial assistance as presented.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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.