

 <div style="text-align: center;"> <h1 style="margin: 0;">Council</h1> <h1 style="margin: 0;">Communication</h1> <p style="margin: 0;">Office of the City Manager</p> </div>	Date: February 6, 2012
	Agenda Item No. 3 Roll Call No. <u>12-0149</u> Communication No. <u>12-044</u> Submitted by: Terrance N. Vorbrich, Acting Economic Development Administrator

AGENDA HEADING:

Approval of Final Development Plan for Waterfront Lodging, Inc. project at 2nd Avenue and Water Street

SYNOPSIS:

On Friday, January 27, 2012, by Roll Call No. 12-0145, City Council moved to refer the Final Development Plan for the \$32.4 million Waterfront Lodging project to the City Manager for further investigation on architectural thin brick and its proposed application on the two hotels. Staff has met with representatives of Waterfront Lodging, Inc., to review architectural thin brick as a material and to ensure that the method of thin brick application proposed for the two hotels is in line with City building regulations, industry standards and best construction practices. Staff will provide a report of these findings to Council on February 6. Staff is recommending that Council approve the Final Development Plan as presented by Waterfront Lodging, Inc., using thin brick for both hotels in accordance with the 2009 International Building Code Chapters 14 and 21 regarding exterior and masonry construction. It is important to note that the development agreement cannot be implemented without the approval of the Final Development Plan.

The City Council has already reviewed and approved the following for the Waterfront Lodging project:

- 1.) Urban Renewal Development Agreement whereby the developer has agreed to promptly commence construction of a 125-130 room hotel and a 238 space parking garage, and to commence construction of a 110-120 room hotel by November 1, 2018, and the City has agreed to provide a Financial Assistance Package with a present value of \$4,627,612, to be provided from project generated tax increment and a one-time internal source to be reimbursed from project generated tax increment.
- 2.) Conceptual Development Plan showing the planned footprint of the two hotels and the parking garage, the interior design of the two hotels, the signage and the driveways, sidewalks and landscaping. The approval of the Conceptual Development Plan did not extend to the design of the parking garage and the exterior materials for the two hotels, which were to be further defined in the final development plan.

The Urban Design Review Board at its meeting of January 17, 2012, recommended all of the above actions to Council for approval. On January 25, 2012, the Urban Design Review Board reviewed the design of the parking garage and the exterior materials for the two hotels and recommended approval of the Final Development Plan as presented by the developer, subject to replacing the thin brick with full dimension brick on only the Vine, Water and Market Street elevations of the two hotels. As an alternative, staff and the developer have discussed the consistency in overall appearance that could be achieved by utilizing only thin brick on both hotel buildings, and the enhancements that could be

achieved by directing more attention and resources to detailing the buildings. Staff and the developer will collaborate through the design development, plan review and construction inspection process to assure that the exterior finish is properly designed and installed to achieve a high quality of appearance and durability for both buildings.

FISCAL IMPACT:

Amount: \$4,627,612 Estimated Present Value of the Economic Development Grants

Funding Source: 75% of new tax increment generated by each hotel for 15 years from the Metro Center Urban Renewal Tax Increment District; Metro Center Urban Renewal Area tax increment financing, FY2011-2012 Recommended Operating Budget, SP370, FIN909105, page 120.

\$1.1 million one-time grant to assist in construction of parking garage, to be repaid from project generated increment on the new hotels and the parking garage will be funded initially from the Economic Development Enterprise Fund. The City has been notified that the FY12 gaming revenue allocation will be approximately \$200,000 more than the budgeted \$6,000,000 annual allocation. This excess revenue will be allocated to the Economic Development Enterprise Fund to assist in the upfront funding of the grant. The Economic Development Enterprise Fund will be repaid from 100% of the new tax increment revenues generated by the parking garage and 25% of the new tax increment revenues generated by the hotels. The City's ROI (Return on Investment) for the Waterfront Lodging project is estimated at \$10.5 million, including revenues from property taxes and hotel-motel taxes.

ADDITIONAL INFORMATION:

Waterfront Lodging, Inc. representatives and city staff have worked through board and commission review processes and conducted meetings with adjacent neighbors over the course of the last several months. The actions listed in the synopsis of the communication have been taken; additional review has been requested by City Council for the proposed materials to be used on the two hotels. Specifically, an evaluation was requested of architectural thin brick as an exterior finish material.

The evaluation of the use of architectural thin brick has focused on its durability, application and aesthetic appearance. Specific questions on the building aesthetics have been how features such as building corners and window openings will be treated, and how they may be further enhanced. The specific questions from a durability standpoint have been whether the product has longevity, strength and meets applicable industry standards and specifications.

Staff has determined that architectural thin brick is comprised of the same materials as full dimension brick, and undergoes the same type of rigorous testing of the material's physical properties such as hardness, absorption and weathering. The key to the successful use of architectural thin brick is proper installation; it must be done with regard to possible moisture intrusion, control of movement and adhesion to backing materials as well as being as wind and impact resistant. With quality workmanship and adherence to City building regulations and manufacturer's specifications, architectural thin brick can perform in comparable fashion to full dimension brick. Waterfront Lodging Inc. has committed to work closely with City building staff in the permitting and construction process to ensure that the highest quality and the most durable building finish is achieved. In addition, collaboration with the developer through the design development and plan review process will be conducted to ensure that the treatment of building design details and aesthetics provide a project that is an asset to the City of Des Moines.

PREVIOUS COUNCIL ACTION(S):

Date: January 27, 2012

Roll Call Number: 12-0145

Action: [Consideration](#) of Final Development Plan submitted by Waterfront Lodging, Inc. for two new hotels and a parking garage in the 100 block of Water Street (Roll Call contains alternative motions). **Moved by Hensley to refer the Final Development Plan to the City Manager for further investigation and report on the use of architectural thin brick and its durability and appropriate application; and to authorize City Attorney to negotiate language satisfactory in form and content to him regarding re-conveyance or a reversionary interest regarding the real estate which is subject to this development by February 6, 2012. Authorize Mayor to sign all necessary documents once approved to as form by City Attorney. Motion Carried 6-1. Nays: Meyer.**

Date: January 23, 2012

Roll Call Number: 12-0121

Action: Items regarding Waterfront Lodging Inc. development of the block bounded by Vine, SW Water Street, Market and SW 2nd Street:

- (A) [Recommendation](#) from Plan and Zoning Commission.
- (B) [Hearing](#) on vacation and conveyance of a small segment of remaining public alley right-of-way.
 - (1) [First](#) consideration of vacation ordinance.
 - (2) [Final](#) consideration of vacation ordinance, (waiver requested by the applicant), requires 6 votes.
- (C) [Hearing](#) on vacation and conveyance of segments of SW Water Street and Market Street right-of-way, in exchange for comparable parcels along Vine Street and SW 2nd Street.
 - (1) [First](#) consideration of vacation ordinance.
 - (2) [Final](#) consideration of vacation ordinance, (waiver requested by the applicant), requires 6 votes.
- (D) [Approving](#) final terms of a Development Agreement with Waterfront Lodging, Inc. and Conceptual Development Plan for two new hotels and a parking garage in the 100 Block of Water Street. ([Council Communication No. 12-038](#))

Date: November 7, 2011

Roll Call Number: 11-1920

Action: [Preliminary](#) Terms of Agreement with Waterfront Lodging, Inc. for construction of a 129 room hotel, a 245 space parking structure and a 120 room hotel, all to be located in the 100 block of 2nd and Water Streets. ([Council Communication No. 11-696](#))

- (A) [Setting](#) date of hearing on vacation and conveyance of a small segment of remaining public alley right-of-way located in the block bound by Vine, Water, Market and Southwest 2nd Streets to Waterfront Lodging, Inc., (11-21-11).

BOARD/COMMISSION ACTION(S):

Board: Urban Design Review Board

Date: January 25, 2012

Resolution Number: N/A

Action: A motion by Mormann to approve the project provided that thin brick shall be replaced by full dimension brick on the two hotels but not on the parking garage. Seconded by Rypma. An amendment to the motion requested by Hearn to require full brick only on the first floor lower level. Amendment rejected by Mormann. A second amendment to the motion requested by Hearn to require traditional brick on street view side of the facades of the two hotels (Vine, Water, and Market Streets) with the interior courtyard to be thin brick. Amendment accepted by Mormann. Motion carried 5-3.

Board: Plan & Zoning Commission

Date: January 19, 2012

Resolution Number: NA

Action: Motion to recommend to City Council for approval the following: A) Vacation of the western 4.32 feet of Southwest Water Street from Vine Street to Market Street and the northern 2.43 feet of Market Street from Southwest Water Street to Southwest 2nd Avenue. (11-2011-1.15); and B) approval of the submitted Site Plan subject to the following conditions:

1. Compliance with all administrative review comments of the Permit and Development Center.
2. All site lighting shall be comprised of low-glare, cut off type fixtures.
3. Provision of a sidewalk along each access drive.

4. Review and approval of the final parking garage design by the Urban Design Review Board. (10-2012-7.56)

Motion carried 9-1

Board: Urban Design Review Board

Date: January 17, 2012

Resolution Number: N/A

Action: A motion to approve level of financial assistance with the criteria that UDRB have a more thorough review of the design of the parking structure and the materials the entire development if that allows the development team to proceed with financing by Garner. Seconded by Hearn. Amended by

Wattier – to approve the conceptual exterior design of the two hotels, not the garage building, and to bring the garage and the materials of all buildings back to the Board. Subject to HOA review. Motion passed 5-1

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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