

 <p style="text-align: center;"><b>Council Communication</b> Office of the City Manager</p>	<b>Date:</b>	February 11, 2013
	<b>Agenda Item No.</b>	<b>21</b>
	<b>Roll Call No.</b>	<b><u>13-0196</u></b>
	<b>Communication No.</b>	<b><u>13-069</u></b>
	<b>Submitted by:</b>	<b>Matthew A. Anderson, Assistant City Manager</b>

**AGENDA HEADING:**

Resolution approving Construction Period Tax Abatement for two new hotels at 100 and 120 Water Street and a new parking garage at 101 SW 2nd Street.

**SYNOPSIS:**

On September 24, 2012, by Roll Call No. 12-1503, City Council approved an agreement with Waterfront Lodging, Inc. (Developer: Hawkeye Hotels, Inc., Ravi Patel, Vice President, 1701 Mount Pleasant Street, Suite 1, Burlington, Iowa 52601) for the undergrounding of overhead electric lines on Market Street between 2<sup>nd</sup> Avenue and Water Street. The agreement provided for Waterfront Lodging, Inc. to pay the costs of the overhead electric lines being relocated underground, in accordance with urban design and beautification goals for the area.

Undergrounding the electric service added additional unanticipated cost to the developer, and was undertaken at the City’s request. The agreement provided for Waterfront Lodging, Inc. to receive a one year exemption from taxes based on the value added by construction of the two hotels and parking garage in 2012, in an amount not to exceed \$52,000, which reflects the developer’s additional unanticipated costs for undergrounding the overhead electric lines.

**FISCAL IMPACT:**

Amount: Not to exceed \$52,000.

Funding Source: One year exemption from taxes on the taxable value added to the block bounded by 2<sup>nd</sup> Avenue and Vine Street, Market and Water Street.

**ADDITIONAL INFORMATION:**

On August 27, 2012, by Roll Call No. 12-1383, City Council approved the Revised Conceptual Development Plan for the Waterfront Lodging, Inc. project to construct two (2) hotels and a parking garage at 121 SW 2nd Avenue. Three (3) existing overhead electric service lines on the north side of Market Street needed to be moved to allow for footing and foundation work to be initiated on the project. An initial proposal had the poles moved to the south side of Market Street and continued as overhead electric service. Adjacent residents at Brown Camp and Tone Lofts requested that City staff perform an evaluation with the developer and Mid American Energy Company to determine if the overhead service could be placed underground. The evaluation determined an ability to underground the services at an additional cost. This information provided the basis for the agreement terms described in this Council Communication.

**PREVIOUS COUNCIL ACTION(S):**

Date: September 24, 2012

Roll Call Number: [12-1503](#)

Action: [Agreement](#) with Waterfront Lodging, Inc. for the undergrounding of overhead electric lines on Market Street between 2<sup>nd</sup> Avenue and Water Street. ([Council Communication No. 12-510](#)). Moved by Hensley to adopt. Motion Carried 7-0.

Date: September 10, 2012

Roll Call Number: [12-1419](#)

Action: [Regarding](#) a proposed agreement with Waterfront Lodging, Inc. for the undergrounding of the overhead electric lines in Market Street between 2<sup>nd</sup> Avenue and Water Street. ([Council Communication No. 12-497](#)). Moved by Hensley to receive and file, and to authorize based on the preliminary terms of agreement as outlined in Council Communication No. 12-497. Motion Carried 7-0.

Date: August 27, 2012

Roll Call Number: [12-1383](#)

Action: [Approval](#) of revised final development plan for Waterfront Lodging, Inc., project at 2<sup>nd</sup> Avenue and Water Street. ([Council Communication No. 12-468](#)). Moved by Hensley to adopt; refer to the City Manager to work with the Developer and MidAmerican Energy on options for possibly burying the power lines in the area. Motion Carried 7-0.

Date: February 6, 2012

Roll Call Number: [12-0149](#)

Action: [Approving](#) Final Development Plan for Waterfront Lodging, Inc. project at 2<sup>nd</sup> Avenue and Water Street. ([Council Communication No. 12-044](#)). Moved by Hensley to adopt; subject to the Final Development Plan being amended to identify the second hotel to be a Marriott, Hilton of InterContinental brand hotel. Motion Carried 6-1. Nays: Meyer.

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 reconveyance 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: 12-0114 thru 12-0121

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

- (A) [Recommendation](#) from Plan and Zoning Commission. Moved by Hensley to receive and file and refer to the Engineering Department, Real Estate Division. Motion Carried 6-1. Nays: Meyer.
- (B) [Hearing](#) on vacation and conveyance of a small segment of remaining public alley right-of-way. Moved by Hensley to adopt, subject to approval of the Final Development Plan by the City Council. Motion Carried 6-1. Nays: Meyer.
  - (1) [First](#) consideration of vacation ordinance. Moved by Hensley that this ordinance be considered and given first vote for passage. Motion Carried 6-1. Nays: Meyer.
  - (2) [Final](#) consideration of vacation ordinance, (waiver requested by the applicant), requires 6 votes. Moved by Hensley that the rule requiring that an ordinance must be considered and voted on for passage at two Council meetings prior to the meeting at which it is to be finally passed be suspended, that the ordinance be placed upon its final passage and that the ordinance do now pass, [#15,076](#). Motion Carried 6-1. Nays: Meyer.
- (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 2<sup>nd</sup> Street. Moved by Hensley to adopt, subject to approval of the Final Development Play by the City Council. Motion Carried 6-1. Nays: Meyer.
  - (1) [First](#) consideration of vacation ordinance. Moved by Hensley that this ordinance be considered and given first vote for passage. Motion Carried 6-1. Nays: Meyer.
  - (2) [Final](#) consideration of vacation ordinance, (waiver requested by the applicant), requires 6 votes. Moved by Hensley that the rule requiring that an ordinance must be considered and voted on for passage at two Council meetings prior to the meeting at which it is to be finally passed be suspended, that the ordinance be placed upon its final passage and that the ordinance do now pass, [#15,077](#). Motion Carried 6-1. Nays: Meyer.
- (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](#)). Moved by Hensley to adopt. Motion Carried 6-1. Nays: Meyer.

Date: November 7, 2011

Roll Call Number: [11-1920](#) and [11-1921](#)

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 2<sup>nd</sup> and Water Streets. ([Council Communication No. 11-696](#)). Moved by Hensley to receive, file and approve the preliminary terms of agreement as set forth in Council Communication No. 11-696, and to direct the City Manager to proceed with negotiation of formal agreements with Waterfront Lodging,

Inc., consistent with the terms set forth in Council Communication No. 11-696. Motion Carried 6-1.  
Nays: Meyer.

(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 2<sup>nd</sup> Streets to Waterfront Lodging, Inc., (11-21-11). Moved by Hensley to adopt. Motion Carried 6-1. Nays: Meyer.

### **BOARD/COMMISSION ACTION(S):**

Board: Urban Design Review Board

Date: August 21, 2012

Resolution Number: N/A

Action: Recommended approval of the revised Conceptual Development Plan with recommendations to screen the parking garage on the west side with preference for also screening the south side, reduce the number of exterior materials, removing either the ledge stone or the cast stone and replacing with full dimension brick already proposed, and have garbage enclosure constructed of brick similar to that of the Hampton Inn, with screening doors to be constructed of a solid, opaque material such as metal

Board: Urban Design Review Board

Date: August 7, 2012

Resolution Number: N/A

Action: Preliminary design, no formal action. Board members stated that the revised plan was going in the right direction. The redesign efforts are on a good path and the revisions give a better understanding of the proportions. Board members requested demonstration of the context to adjacent buildings right next to the project on all sides be provided at the next meeting, cut sheets of all light fixtures that are not city standard, detailed planting plan, examples of any hardscape material enhancements being used, detail of the cement board system, typical details of the wall sections.

Board: Urban Design Review Board

Date: January 25, 2012

Resolution Number: N/A

Action: A motion by Mormann to approve the project design 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 on only the first floor lower level. Amendment rejected by Mormann. A second amendment to the motion requested by Hearn to require traditional dimension 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: Urban Design Review Board

Date: January 17, 2012

Resolution Number: N/A

Action: A motion by Garner to approve the level of financial assistance with the criteria that UDRB have a more thorough review of the design of the parking structure and the materials in the entire development if that allows the development team to proceed with financing. 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 carried 5-1.

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE**

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