

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date: February 25, 2013
	Agenda Item No. 25 Roll Call No. <u>13-0316 – 13-0317</u> Communication No. <u>13-105</u> Submitted by: Matthew A. Anderson, Assistant City Manager

AGENDA HEADING:

Approval of:

- Resolution to Approve Evidence of Financing and Business Plan of Des Moines Social Club (DMSC) for the Property Located at 900 Mulberry Street and Authorize Conveyance; and
- Resolution of Support for State of Iowa VISION Iowa/Community Attraction and Tourism (CAT) Application by the DMSC and Approval of Economic Development Grant.

SYNOPSIS:

There are two roll calls relating to the DMSC (Chad Cox, Executive Committee Board Chairperson and Zachary Mannheimer, Executive Director, 400 Walnut Street, Des Moines, Iowa) on this agenda.

Project Financing and Business Plan: The Council previously approved the sales contract for the former central fire station property in October 2012 and authorized conveyance of the property once the contractual benchmarks had been met. The final benchmarks – evidence of financing and submission of a business plan – have been submitted for Council approval.

VISION Iowa/CAT Application: The roll call provides a resolution of local support for the DMSC reuse and renovation of the property with a \$10,000 economic development grant if the application is approved.

FISCAL IMPACT:

Amount:

1. To be received by the City:

--\$600,000 purchase price to be paid to the City at time of conveyance (anticipated to be March 2013) which will be receipted to Account 480060 CP041 FIR990000 FIR039 from the FY13/18 - CIP – Page Fire – Page 4 to be applied to the costs of constructing the new central fire station at 1330 Mulberry Street. DMSC previously requested a 3-year contract sale but has obtained a 5 year mortgage which obviates the need for the contract sale.

--\$10,000 annual payment in lieu of property taxes with payment to the City to start on July 1, 2015 to be receipted to the Economic Development Enterprise Account (SP743CMO980717).

-- The for-profit portion of the property (first floor facing Cherry Street) will be subject to property taxes.

2. Payment to the DMSC:

-- \$10,000 payment to DMSC for construction of improvements if Vision Iowa/CAT award is made by the State of Iowa.

Funding Source: The one-time \$10,000 payment to the DMSC is from the Economic Development Enterprise Account (SP743CMO980717, FY12/13 Operating Budget, Page 39).

ADDITIONAL INFORMATION:

The City received proposals for the purchase and re-use of the soon-to-be-vacated central fire station property at 900 Mulberry Street in June 2012. The City Council selected the DMSC's proposal to reuse the property as an arts incubator providing a wide range of arts, cultural and educational events and for-profit space that could include restaurant and coffee shop functions. The City and DMSC entered into a contract for the sale of the property in October 2012 which details conditions that must be satisfied before the property would be conveyed.

Key conditions to be met before conveyance of the property include submission of a five (5) year business plan and evidence of financing. The submitted business plan provides a five (5) year budget shows sources and uses of funds; with proposed space and programming income covering costs and expenses in addition to an extensive discussion of future programming. Based on the current fundraising pledges of over \$3 million and an approved bank mortgage, the financing conditions have been met and conveyance of the property may proceed.

VISION Iowa/CAT Application: The State is now requiring a cash contribution by a local municipality as part of the VISION Iowa/CAT application; for previous projects, the City has been able to forego building permit fees as an in-kind contribution. A contribution of \$10,000 from the City will meet this requirement.

Local Landmark Designation: At the December 17, 2012 meeting, Council directed staff to meet with DMSC to discuss options such as landmark designation. Staff met and discussed various options with DMSC which has indicated it is willing to request Local Landmarks listing when the renovation and rehabilitation work outlined in the State of Iowa historical credit application and National Register of Historic Places nomination is complete which is anticipated to occur in late 2014.

Staff believes DMSC's nomination of the buildings to the National Register of Historic Places and use of State of Iowa historical tax credits provides a significant degree of oversight on the proposed redevelopment as will the protective covenants contained in the sales contract regarding changes to the buildings.

As stated at the December 17, 2012 City Council meeting, the Legal Department has said the City cannot unilaterally impose the landmark requirement after the parties agreed to the terms and entered into the development agreement for the sale of the property. This would be considered a substantial and material encumbrance upon the property and change to the conditions upon which the property is sold.

PREVIOUS COUNCIL ACTION(S):

Date: December 17, 2012

Roll Call Number: [12-1944](#)

Action: [Conceptual](#) Development Plan for the restoration and renovation of Central Fire Station No. 1 by Des Moines Social Club. ([Council Communication No. 12-615](#)) Moved by Hensley to adopt; refer to the City Manager to set up a meeting with the Des Moines Social Club to discuss landmark designation options. Motion Carried 7-0.

Date: December 3, 2012

Roll Call Number: [12-1875](#), [12-1876](#), [12-1877](#) and [12-1878](#)

Action: Items regarding the rezoning of 900 Mulberry Street (existing Central Fire Station):

- A) [Amend](#) the Des Moines 2020 Community Character Land Use Plan future land use designation from Downtown Support Commercial to Downtown: Retail/Office Core/Core Fringe. Moved by Hensley to adopt and to approve the proposed amendment. Motion Carried 7-0.
- B) [Hearing](#) on rezoning of the property from “C3-A” (Central Business District Support Commercial) to allow use as the Des Moines Social Club with theater, restaurant and nightclub assembly venues. Moved by Hensley to adopt and approve the rezoning, subject to final passage of the rezoning ordinance. Motion Carried 7-0.
- C) [First](#) consideration of the ordinance above. Moved by Hensley that this ordinance be considered and given first vote for passage. Motion Carried 7-0.
- D) [Final](#) consideration of ordinance above (waiver requested by City Manager), requires 6 votes. Moved by Hensley that the rule requiring that an ordinance be considered and voted on for passage at two Council meetings 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, [#15,149](#). Motion Carried 7-0.

Date: December 3, 2012

Roll Call Number: [12-1872](#), [12-1873](#), and [12-1874](#)

Action: [On](#) vacation of alley right-of-way, Central Fire Station No. 1 at 900 Mulberry Street. Moved by Hensley to adopt. Motion Carried 7-0.

- A) [First](#) consideration of ordinance above. Moved by Hensley that this ordinance be considered and given first vote for passage. Motion Carried 7-0.
- B) [Final](#) consideration of ordinance above (waiver requested by Legal Department), requires six 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, [#15,148](#). Motion Carried 7-0.

Date: October 22, 2012

Roll Call Number: [12-1643](#) and [12-1644](#)

Action: [On](#) sale by installment contract of City-owned property in the vicinity of 900 Mulberry Street (Central Fire Station No. 1) to Des Moines Social Club, \$600,000. ([Council Communication No. 12-552](#)). Moved by Hensley to adopt. Motion Carried 7-0.

- A) [Communication](#) from Des Moines Social Club. Moved by Mahaffey to receive and file. Motion Carried 7-0.

Date: October 8, 2012

Roll Call Number: [12-1588](#) and [12-1589](#)

Action: Items regarding property in the vicinity of 900 Mulberry Street (Central Fire Station No. 1):

A) Directing the Community Development Department and Plan and Zoning Commission to consider rezoning. Moved by Hensley to adopt. Motion Carried 7-0.

B) Setting date of hearing on sale by installment contract of City-owned property to Des Moines Social Club, \$600,000, (10-22-12). ([Council Communication No. 12-540](#)). Moved by Hensley to adopt; refer to City Manager to set up a meeting with the Des Moines Social Club Board of Directors prior to the hearing. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S):

Board: Urban Design Review Board

Date: December 4, 2012

Resolution Number: [12-1944](#)

Action: The Urban Design Review Board recommended approval of the conceptual development plan.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

Conveyance of property is anticipated to occur within next two weeks. Covenants relating to the use of the property will be in effect upon completion of project for ten years.

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