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|  <p style="text-align: center;">Council Communication Office of the City Manager</p> | Date: February 10, 2014 |
| | Agenda Item No. 23 Roll Call No. <u>14-0217</u> Communication No. <u>14-056</u> Submitted by: Matthew A. Anderson, Assistant City Manager |

AGENDA HEADING:

Resolution Approving Urban Renewal Development Agreement with Market One, L.L.C. for the Redevelopment of Property in the Vicinity of 130 East 3rd Street, and Approving Proposed Conceptual Development Plan.

SYNOPSIS:

On November 4, 2013, by Roll Call No. 13-1726, City Council approved preliminary terms of agreement with Doyle Properties, L.L.C. (Justin Doyle, Member, 1717 Ingersoll, Des Moines, Iowa 50309) for a \$14 million project to redevelop the Advance Rumely Building at 130 East 3rd into the corporate headquarters for Modus Engineering. The building, constructed in 1903, will undergo a historic rehabilitation to convert the former warehouse into professional office space. The project is intended to be the first net zero commercial building in the State of Iowa, generating as much energy as it consumes, and will achieve LEED Platinum designation.

The project will enable Modus Engineering to retain and grow high quality jobs, retaining their current 22 member workforce and providing the space to expand to an estimated total of 65 employees, with the majority of positions being licensed professional engineers.

The Office of Economic Development has negotiated final terms of agreement for the project to provide a 15 year economic development grant to consist of tax increment generated by the project. Details are in the fiscal impact section below.

FISCAL IMPACT:

Amount: 100% of tax increment generated by the project in years 1-10, 75% of tax increment generated by the project in years 11-15. Based on current market area comparables, the estimated NPV of the assistance over the 15 year term is approximately \$1.5 million, or less than 8% of the total project cost. In the event that the building's valuation after the improvements exceeds this estimate, the annual payments will not exceed 100% of the increment in years 1-10 or 75% of the increment generated in years 11-15.

Funding Source: Tax increment generated by project in the Metro Center Urban Renewal Area. Account, fund and project code to be provided by the Finance Department.

ADDITIONAL INFORMATION:

The Market One, L.L.C. project will be a pioneer in the Market District, the area located between East Court Avenue, Martin Luther King Jr. Parkway, the Des Moines River, and S.E. 7th Street. An urban design and planning study was conducted for the area in 2010.

The building at 130 East 3rd was originally used as the first steam tractor manufacturing site in the United States. The original materials and building character will be retained through the project. Sustainable design elements will include a photovoltaic structure to be located east of the building, a geothermal heating and cooling system, low impact stormwater management practices where possible, LED lighting, and extensive natural lighting usage within the building.

PREVIOUS COUNCIL ACTION(S):

Date: November 4, 2013

Roll Call Number: [13-1726](#)

Action: [Preliminary](#) Terms of an Urban Renewal Development Agreement with Doyle Properties, LLC for the historic redevelopment of 130 E. 3rd Street in the Metro Center Urban Renewal Area. ([Council Communication No. 13-547](#))

BOARD/COMMISSION ACTION(S):

Board: Urban Design Review Board

Date: February 4, 2014

Resolution Number: N/A

Action: Board consensus to approve the proposed project as presented.

Board: Urban Design Review Board

Date: December 17, 2013

Resolution Number: N/A

Action: Board support for the financial assistance package and the preliminary project design.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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