

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date: February 24, 2014
	Agenda Item No. 52 Roll Call No. <u>14-0329</u> Communication No. <u>14-080</u> Submitted by: Matthew A. Anderson, Assistant City Manager

AGENDA HEADING:

Recommendation for preferred developer and process for the sale of City-owned property at 420 Court Avenue (Disposition Parcel 99-C/Metro Center Urban Renewal Area).

SYNOPSIS:

Staff recommends the City Council select Knapp Properties/Hy-Vee as the preferred developer of the site. (The 2.3 acre site, owned by the City, is located on the south side of Court Avenue between 4th and 5th Streets.) Their development concept for the property shows a 35,000 square feet, full-service, 24-hour Hy-Vee store with a 2-story Market Grille full-service restaurant that will provide full-time employment for about 100 people, 60 market-rate apartments and a combination of surface and structured parking. A “pocket” park is shown on the south end of the property, immediately north of the former railroad depot.

Staff will work with the Knapp/Hy-Vee team to refine and finalize the project design, present the project to applicable boards and commissions, finalize project financing and prepare a formal development agreement for the purchase and redevelopment of the property that will be presented to the City Council for approval.

FISCAL IMPACT:

Amount: There is no direct fiscal impact with the selection of the preferred developer. Staff will work with the development team to determine the exact financial parameters of the project and funding sources. The detailed fiscal impact will be available at the time of Council’s formal consideration of the development agreement.

Funding Source: To be determined.

ADDITIONAL INFORMATION:

History

The site, currently leased for public surface parking, was purchased about 15 years ago for redevelopment as an ‘entertainment center’ after receiving two (2) development proposals for a large multi movie theater complex with related uses. After selection of a developer and numerous extensions, the City terminated the redevelopment contract in 2002 because the selected redeveloper was unable to obtain the required financing. In 2006, the City requested developer interest in the site;

two (2) developers were selected for a multiple use concept. Again, financing proved difficult and redevelopment did not proceed.

2014 Development and Design Concepts Submissions

The City's request for developer interest in this site was issued on January 3, 2014. It asked for identification of a development team, its experience in undertaking projects similar in scope and scale to this site, a narrative, site layout and general graphics describing the proposed project.

The City indicated the architectural design needed to be appropriate in building scale, massing, materials and site placement given its important location next to several National Register buildings (the Polk County Courthouse, the Randolph Hotel complex, the Lederer-Strauss Building and close to the Saddlery Building) and the historic former Rock Island Depot. In addition, on-site parking should include 150-250 parking spaces available to the public as potential replacement for public spaces currently on the site.

The City received five (5) development concepts on February 7, 2014 in response to the request. A listing of the developers and a summary of their proposals is included at the end of this section. Each proposal provided a well-conceived concept that ranged from a movie theater based entertainment complex to various mixed use proposals incorporating market-rate housing, commercial and parking uses.

The Knapp/Hy-Vee proposal is recommended by staff. The proposed uses of housing, a full service grocery store with restaurants and parking are appropriate for the Court Avenue area and will provide a much desired downtown grocery store with strong financing and experience backing the project. Both entities have extensive experience in housing and commercial development and the ability to undertake the development in a timely manner with financing identified.

Key Negotiation Points

Because the submitted information was conceptual, additional design and project details need to be worked upon. Staff recommends the following precepts be followed in bringing the project to the formal proposal stage.

- Additional housing be placed on 4th Street and potentially on the south side of the property to provide an extension of the housing now in place on the east side of 4th Street and an attractive view to buffer the surface parking area. The additional housing will also increase the building density on this urban site, which is desirable.
- The 5th Street frontage, facing the Polk County Courthouse in part, is a difficult mix of functions serving as the loading dock area, access to structured parking and pedestrian traffic. Additional design development, screening and selection of appropriate cladding materials on the west facade is important.
- The overall architecture needs to respect the historic buildings and context of its Court Avenue surrounding and generally meet the Court Avenue design guidelines which address floor heights, exterior materials, window proportions and other key elements in maintaining the right "feel" for this area.
- Landscaping, signage, and site lighting need to be adapted to this urban site. Parking should be screened to the greatest extent possible by utilizing inhabitable development, architectural treatments and underground parking, if viable, to minimize views from the public ways.

- The site's south end should buffer the historic Depot building, allow daylight to its north-facing windows and provide pedestrian circulation through this large block.
- Work with the neighborhood for their input into the development of the proposal.

<i>Developer</i>	<i>Developer Team</i>	<i>Main Development Components</i>
Hubbell Realty West Des Moines	Slingshot Architecture, Des Moines Reynolds Urban Design, Des Moines Walker Parking Consultants, Minneapolis	160 market-rate apartments 20,350 square feet of commercial space Parking: 363 structured parking spaces Extensive public/private courtyard space
Knapp Properties / Hy-Vee Joint venture by Knapp Properties, Inc. and Hy-Vee, both of West Des Moines	OPN Architects, Des Moines	35,000 square feet, full-service, 24-hour Hy-Vee store 2-story Hy-Vee Market Grille full-service restaurant 75 full-time and 128 part-time employees 60 market-rate apartments Parking: 256 space parking structure and 125 surface spaces for use primarily by Hy-Vee customers Pocket park on the south end of the property Expect to pursue LEED
Mandelbaum Properties West Des Moines, IA		110,800 square feet entertainment complex with 12-screen upscale movie theater. Developer provided letters of interest from three (3) movie theater operators Potential complementary uses of restaurants, jazz club, karaoke, ping pong bar, coffee shop, bowling Parking: 582 space parking structure
OPUS Minneapolis	ESG Architects, Minneapolis Confluence, Des Moines	180 market-rate apartments Large resident courtyard with swimming pool 15,000 square feet of commercial space Parking: Structured parking with 200 public and 165 below-grade spaces for residents Pocket park on the south end of the property
Sherman Associates Minneapolis (has Des Moines office)	Substance Architects, Des Moines Confluence, Des Moines	121 market-rate units: 112 units in multi-story building and nine (9) 2-story rental townhomes on 4 th Street 14,400 square feet of commercial space 10,000 square feet of covered courtyard space to be utilized by farmers' market and other commercial users Parking: Structured parking with 375 public and 205 spaces for nearby residential developments.

PREVIOUS COUNCIL ACTION(S):

Date: January 9, 2006

Roll Call Number: [06-0097](#)

Action: Regarding City-owned site between 4th and 5th Street on south side of Court Avenue and direct negotiations of Preliminary Terms of Agreement for redevelopment. ([Council Communication No. 06-019](#)) Moved by Hensley to adopt; and include the following key items: 1) Penalty on subsidies. 2) Financial feasibility of the project. 3) Dialog on hotel feasibility. Motion Carried 6-1. Nays: Brooks.

Date: February 4, 2002

Roll Call Number: [02-0360](#)

Action: Termination of Redevelopment Agreement with Centertainment Development, Inc. for the Court Avenue Entertainment Center Project. Moved by Brooks to adopt. Motion Carried 7-0.

Date: August 17, 1998

Roll Call Number: 98-2604 to 98-2609

Action: Hearing on items regarding Proposals for redevelopment of property south of Court Avenue, between 3rd and 5th Streets, Capitol-Center Development Area and Riverpoint Capitol-Center Development Area Urban Renewal projects, (Court Avenue Entertainment Center Project):

98-2604 (A) Recommendation from Architectural Advisory Committee. Moved by Vlassis to receive and file. Motion Carried 5-2. Nays: Flagg and McPherson.

98-2605 (B) Recommendation from Urban Renewal Board. Moved by Vlassis to receive and file. Motion Carried 5-2. Nays: Flagg and McPherson.

98-2606 (C) Recommendation from City Manager's Office. ([Council Communication No. 98-343](#)). Moved by Vlassis to receive and file. Motion Carried 5-2. Nays: Flagg and McPherson.

ALTERNATE RESOLUTIONS:

98-2607 (D) Accepting Proposal from PLC Commercial, Inc., Newport Beach, CA, or; Moved by Vlassis to receive and file. Motion Carried 5-2. Nays: Flagg and McPherson.

98-2608 (E) Accepting Proposal from Centertainment, Inc., Kansas City, MO. Moved by Vlassis to approve. Motion Carried 5-2. Nays: Flagg and McPherson.

WITHDRAWN (F) Selection of Appraisers for Appraisal Services.

98-2609 (G) Communications/petitions received regarding proposals for Court Avenue Entertainment Center. Moved by Vlassis to receive and file. Motion Carried 5-2. Nays: Flagg and McPherson.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

With the Council selection of a preferred developer, staff will work with the developer on the submission of a Developer Initiated Proposal pursuant to State of Iowa Urban Renewal Law. Project design will be refined with input from city staff, neighboring residents and businesses, and required City boards and commissions. Staff will negotiate the final development agreement, and the land sale is expected to occur as early as early fall 2014 with site preparation beginning at that time. Project construction would occur in 2015 and completion is anticipated in late 2015/early 2016.

Expected City Council actions include:

- Appropriate board and commission review and recommendation.
- Actions pursuant to State Urban Renewal land disposition.
- Development Agreement review and approval.

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