

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date: June 22, 2014
	Agenda Item No. 59 Roll Call No. <u>14-998</u> Communication No. <u>14-309</u> Submitted by: Matthew A. Anderson, Assistant City Manager

AGENDA HEADING:

Resolution approving terms of an Urban Renewal Development Agreement with Locust Street Investments, L.L.C. for redevelopment of 1420, 1424, and 1430 Locust Street, Des Moines.

SYNOPSIS:

Recommend approval of an Urban Renewal Development Agreement with Locust Street Investments (owned by Kyle and Sharon Krause, represented by Chad Rasmussen and managed by Charles W. Campbell, 6400 Westown Parkway, West Des Moines, IA 50266) for a restoration and adaptive reuse of two (2) historic 2-story buildings at 1420 (19,626 square feet) and 1430 (15,020 square feet) Locust Street. The buildings will be restored to Secretary of Interior building rehabilitation standards and placed on the National Register of Historic Places. The buildings’ owners are pursuing office tenants for the upper floors and restaurant, retail, and office users for the ground floors. The vacant lot between the two (2) buildings (1424) is proposed as a parking lot. The project cost is estimated at \$8.4 million; completion of the restoration is projected for fall 2014.

Financial assistance for this project has been negotiated for an economic development grant of 75% of the new incremental value of the project for 10 years. The three (3) properties are currently assessed at just over \$1.5 million; the new valuation is projected to be over \$4.8 million, resulting in an estimated annual grant amount of \$97,400.

FISCAL IMPACT:

Amount: 75% of the new project generated tax increment (estimated at \$97,400 annually), paid in 10 equal annual installments. Payment of each annual installment is subject to the developer meeting conditions contained in the development agreement.

Funding Source: Metro Center Urban Renewal Area Tax Increment Financing District. The Finance Department will establish a new project code for the development.

ADDITIONAL INFORMATION:

The two (2) historic buildings were once auto showrooms designed by the storied Des Moines architecture firm Proudfoot and Rawson. They are directly across Locust Street from the John and Mary Pappajohn Sculpture Park in the Western Gateway area of downtown. Over the years, they have suffered from insensitive building renovations and deferred maintenance. The developer is proposing a significant overhaul of these buildings, modernizing them and completing a historically appropriate restoration. Façade elements will be restored to Secretary of Interior building rehabilitation standards,

the building shell will be given new integrity, and building systems will be modernized for contemporary office and commercial uses. The end result will be real estate that preserves the cultural heritage of the western end of Locust Street and is complementary to the high quality of old and new building stock surrounding Gateway Park.

PREVIOUS COUNCIL ACTION(S): NONE

BOARD/COMMISSION ACTION(S):

Board: Urban Design Review Board

Date: June 17, 2014

Resolution Number: N/A

Action: Recommended final design (6-0).

Board: Urban Design Review Board

Date: March 25, 2014

Resolution Number: N/A

Action: Recommended proposed financial incentive package (6-0), recommended preliminary design (6-0).

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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