

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date: July 14, 2014
	Agenda Item No. 42 Roll Call No. <u>14-1068</u> Communication No. <u>14-328</u> Submitted by: Matthew A. Anderson, Assistant City Manager

AGENDA HEADING:

Resolution approving Certificate of Completion to Waterfront Lodging, Inc. for the Development of the Hotels at 100 and 120 Water Street and the Parking Garage at 101 SW 2nd.

SYNOPSIS:

Waterfront Lodging, Inc. (Developer-Hawkeye Hotels, Inc. Ravi Patel, Vice President, 1701 Mount Pleasant Street Suite 1, Burlington, Iowa 52601) has submitted documentation required to demonstrate completion of their development project located at 100 and 120 Water Street and 101 SW 2nd, which consisted of the construction of two (2) hotels and a parking garage. Both hotels are open for business and the parking garage is in use.

The Urban Renewal Development Agreement with Waterfront Lodging, Inc. requires a certificate of completion to be issued by the City Council. The Office of Economic Development has reviewed the project and has confirmed the terms of the Agreement have been satisfied. Project-generated economic development assistance payments for both hotels will be paid concurrently over 15 years, as the second hotel was completed five (5) years ahead of schedule. This early completion will allow the full taxable valuation for the project to be available to the City five (5) years ahead of what was originally contemplated.

FISCAL IMPACT:

Amount: 75% of the project-generated tax increment from both hotels for a term of 15 years.
Estimated Net Present Value: \$4,627,612 for the \$32.4 million project.

A \$1.1 million one-time grant to assist in construction of the parking garage requested by the City was provided following the issuance of building permits for the first hotel and the parking garage. The Economic Development Enterprise Account will be reimbursed for this amount from 100% of the tax increment revenue generated by the parking garage, and 25% of the tax increment revenue generated by the hotels.

Funding Source: Project generated tax increment in the Metro Center Urban Renewal Area, funding and project code to be established by the Finance Department.

ADDITIONAL INFORMATION:

The Development Agreement approved by the City Council on September 24, 2012, by Roll Call No. 12-1503, anticipated the construction of a 131 room hotel and a 245 space parking garage to be

completed in 2013, with a second 127 room hotel to be completed by 2019 on the same site in the Metro Center Urban Renewal Area. The developer completed the first hotel and the parking garage on time and has completed construction of the second hotel five (5) years ahead of schedule.

Waterfront Lodging, Inc. constructed the first new downtown hotel in nearly 25 years, adding hotel options for business travelers and families to the downtown market that are adjacent to the Principal Riverwalk and proximate to the Court Avenue District, Principal Park, and Martin Luther King Jr. Parkway.

PREVIOUS COUNCIL ACTION(S):

Date: February 11, 2013

Roll Call Number: [13-0196](#)

Action: [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. ([Council Communication No. 13-069](#)) Moved by Hensley to adopt. Motion carried 7-0.

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 2nd 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 2nd 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 2nd 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 2nd Avenue and Water Street. ([Council Communication No. 12-044](#)). 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: 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.

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:

Payments of the economic development assistance will proceed according to the terms of the development agreement.

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