

 <p style="text-align: center;"><b>Council Communication</b> Office of the City Manager</p>	<b>Date:</b>	December 8, 2014
	<b>Agenda Item No.</b>	<b>69</b>
	<b>Roll Call No.</b>	<b><u>14-1903</u></b>
	<b>Communication No.</b>	<b><u>14-583</u></b>
	<b>Submitted by:</b>	<b>Matthew A. Anderson, Assistant City Manager</b>

**AGENDA HEADING:**

Resolution approving Urban Renewal Development Agreement with 713 Walnut, LLC, for an \$18.7 million historic restoration of the Wilkins Building at 713 Walnut Street; approving Conceptual Development Plan for such restoration; and, approving termination of prior Development Agreement with The Alexander Company, Inc., for the restoration of the former Younkers Building.

**SYNOPSIS:**

On November 17, 2014, by Roll Call No. 14-1776, City Council approved preliminary terms of an Urban Renewal Development Agreement with Wilkins Building, LLC, a single purpose development entity to be created by the Alexander Company (Joe Alexander, President, 145 East Badger Road, Suite 200, Madison, Wisconsin, 53713) for the historic renovation of the Wilkins Building, which consists of the western portion of the former Younkers Building at 713 Walnut. The \$18.7 million project will include 60 housing units and renovation of the former Younkers Tea Room space, as well as first floor retail space.

Wilkins Building LLC has not been established; instead the project is to be undertaken by 713 Walnut, LLC, an Iowa limited liability company which is controlled by The Alexander Company and currently holds title to the former Younkers Building site.

City assistance through tax increment financing (TIF) for the new project will be \$1,539,590, to be paid out over 10 years. The TIF assistance will function to provide a backstop for the lease-up of the Tea Room space. The project will incorporate improvements that will conform to the final design for the Walnut Street Streetscape Renovation Plan, and will include provision of a temporary skywalk corridor along 7<sup>th</sup> Street to the Partnership Building at 700 Locust. Construction will begin by December 31, 2014 and be completed by December 31, 2015.

This resolution also serves to formally terminate the prior agreement approved by City Council on December 3, 2012, by Roll Call No. 12-1884, for the renovation of the full Younkers Building by Alexander Company.

**FISCAL IMPACT:**

Amount: Economic Development Grant not to exceed \$1,539,590 payable in annual installments over 10 years.

Funding Source: Metro Center Urban Renewal Area Tax Increment Financing District Revenues

**ADDITIONAL INFORMATION:**

The Wilkins Building was originally constructed as a separate building, later incorporated into and becoming the second half of the Younkers Building. Following the March 2014 fire and several months of cleanup and evaluation, Alexander Company determined that there was enough remaining historic fabric in the Wilkins Building (specifically the former Tea Room) to proceed with its redevelopment into 60 housing units; 29 market rate and 31 workforce units for residents earning 80% of the area median income for a period of 10 years. The Tea Room will undergo historic rehabilitation, and the first floor will include 10,000-square-feet of commercial space.

Alexander Company has included funds in the Wilkins building project calculations for the Walnut Street Streetscape project, to be incorporated as final design plans when Walnut Street is completed. A temporary skywalk corridor will be provided between the west end of skywalk bridge 6D-7D over 7<sup>th</sup> Street and the southern terminus of the skywalk corridor in the Partnership building at 700 Locust by June 1, 2015, per the requirements under the existing Younkers Skywalk Agreement. This temporary corridor will be operated and maintained by the future owner of the east site until the site is redeveloped with a new building and a new permanent skywalk corridor.

**PREVIOUS COUNCIL ACTION(S):**

Date: November 17, 2014

Roll Call Number: [14-1776](#)

Action: [Preliminary](#) terms of agreement with Wilkins Building LLC for City assistance for the renovation of the Wilkins Building (formerly the west half of the Younkers Building). ([Council Communication No. 14-545](#)) Moved by Gatto to receive, file and approve preliminary terms of agreement as set forth in Council Communication No. 14-545 and to direct the City Manager to proceed with negotiation of formal agreement consistent with such terms. Motion Carried 7-0.

Date: June 24, 2013

Roll Call Number: [13-1037](#)

Action: [Approving](#) First Amendment to the Urban Renewal Development Agreement with Alexander Company for the \$36,000,000 Historic Renovation of the former Younkers Building. ([Council Communication No. 13-309](#)) Moved by Hensley to adopt. Motion Carried 7-0.

Date: December 3, 2012

Roll Call Number: [12-1883](#), [12-1884](#), and [12-1885](#)

Action: Items regarding historic renovation of former Younkers building at 713 Walnut Street: ([Council Communication No. 12-600](#))

- (A) [Approving](#) \$3,000,000 in Community Development Block Grant Disaster Recovery (CDBG-DR) funds and \$250,000 HOME Investment Partnerships Funding (HOME) loan with 713 Walnut, LLC for the development of 120 housing units as part of the Younkers Building Project.

- (B) [Approving](#) Urban Renewal Development Agreement with the Alexander Company, Inc. and Conceptual Development Plan.
- (C) [Approving](#) application for Enterprise Zone Benefits to be referred to the Des Moines Enterprise Zone Commission and the Iowa Economic Development Authority for Younkers Building, LLC (Joe Alexander, President, Alexander Company) \$35 million dollar project constructing of 120 housing units at 713 Walnut Street in the Gateway Enterprise Zone.

Date: June 11, 2012

Roll Call Number: [12-0893](#)

Action: [Regarding](#) amended preliminary terms of agreement with The Alexander Company, for redevelopment of the former downtown Younkers Department Store, 813 Walnut Street. ([Council Communication No. 12-260](#)). Moved by Hensley to receive, file and approve amended preliminary terms of agreement as set forth in the accompanying Council Communication and to direct the City Manager to proceed with negotiations of formal agreements with The Alexander Company consistent with such terms. Motion Carried 7-0.

Date: October 25, 2010

Roll Call Number: [10-1782](#)

Action: [Preliminary](#) terms of agreement with The Alexander Company for redevelopment of the former downtown Younkers Department Store at 713 Walnut Street. ([Council Communication No. 10-623](#)). Moved by Hensley to receive, file and approve preliminary terms of agreement set forth in the Council Communication and to direct the City Manager to proceed with negotiations of formal agreements with The Alexander Company consistent with the terms set forth in the Council Communication. Motion Carried 7-0.

Date: November 8, 2010

Roll Call Number: [10-1849](#)

Action: [Major](#) Amendment No. 4 to Community Development Block Grant Housing Disaster Recovery (CDBG-DR) Fund Contract with Iowa Department of Economic Development (IDED) adding funds for Anawim/Hubbell Project in 2200 block of Forest Avenue and Younkers Building/Alexander Company projects. ([Council Communication No. 10-675](#)) Moved by Hensley to approve. Motion Carried 7-0.

Date: June 28, 2010

Roll Call Number: [10-1096](#)

Action: Submittal of Multi-Family New Construction Applications for Community Development Block Grant Disaster Recovery (CDBG-DR) funds to the Iowa Department of Economic Development (IDED) for the following: ([Council Communication No. 10-391](#))

B) [Redevelopment](#) of 140 rental units at 713 Walnut (Former Younkers Building), \$3,060,000. Moved by Griess to approve. Motion Carried 7-0.

Date: December 8, 2008

Roll Call Number: [08-2161](#)

Action: [Communication](#) from the Office of Economic Development seeking authorization to negotiate with New Market Investors, LLC for the possible redevelopment of the former Younkers Building, 713 Walnut Street ([Council Communication No. 08-728](#)). Moved by Hensley to receive, file and authorize the City Manager to negotiate with New Market Investors, LLC as set forth in the accompanying Council Communication and to direct the City Manager to engage the State of Iowa, Polk County, the local business community and other stakeholders to gauge their interest in assisting with the redevelopment of the property. Motion carried 7-0.

**BOARD/COMMISSION ACTION(S):**

Board: Urban Design Review Board

Date: December 2, 2014

Resolution Number: N/A

Action: Motion: to approve final design provided the Walnut Street streetscape will address the pocket park by Heiman-Godar seconded by Peters. Motion carried yea 9 – nay 0 – absent 2.

Board: Urban Design Review Board

Date: November 18, 2014

Resolution Number: N/A

Action: Motion: to approve the financial assistance package by Allen, seconded by Dietz-Kilen. Motion carried yea 8 – nay 0 – absent 3. Motion: to approve the preliminary design by Heiman-Godar, seconded by Nagle. Motion carried yea 8 – nay 0 – absent 3.

Board: Urban Design Review Board

Date: July 17, 2012

Resolution Number: N/A

Action: Motion for final approval as submitted by Hearn. Seconded by Rypma. Motion carried.

Board: Urban Design Review Board

Date: June 19, 2012

Resolution Number: N/A

Action: Motion to approve by Allen. Seconded by Clark. Motion carried.

Board: Urban Design Review Board

Date: February 15, 2011

Resolution Number: N/A

Action: No action taken. Board requested that Low Income Housing Tax Credits be evaluated for the projected to potentially reduce the amount of City tax increment assistance needed.

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:**

Certificate of Completion to be issued following project completion.

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