

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date:	December 22, 2014
	Agenda Item No.	25
	Roll Call No.	<u>14-1937</u>
	Communication No.	<u>14-596</u>
	Submitted by:	Matthew A. Anderson, Assistant City Manager

AGENDA HEADING:

Resolution Approving Issuance of Certificate of Completion for the Redevelopment of Property in the Vicinity of 130 E. 3rd Street by Market One, LLC.

SYNOPSIS:

On February 10, 2014, by Roll Call No. 14-0217, City Council approved an Urban Renewal Development Agreement with Market One, LLC (Justin Doyle, Member, 130 E. 3rd Street, Des Moines, Iowa 50309) for the historic redevelopment of 130 E. 3rd Street, also known as the Advance Rumely Building, into the corporate headquarters for Modus Engineering. The Market One, LLC 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 \$14 million project serves as a pioneer investment in the City’s Market District, and also as a model of sustainability and energy efficiency. The project includes the largest commercial photovoltaic canopy in Iowa, a geothermal heating and cooling system, LED lighting, and low impact stormwater management practices. Market One will be a “net zero facility”, producing as much energy as it consumes.

The Office of Economic Development has concluded that the requirements of the development agreement have been met and recommends issuance of the Certificate of Completion by City Council.

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's location in the Market District, which is between East Court Avenue, Martin Luther King Jr. Parkway, the Des Moines River, and S.E. 7th Street has increased the level of interest in this emerging east side district. An urban design and planning study was conducted for the area in 2010, which included recommendations for adaptive building reuse, professional office and mixed-use development, and a community wide geothermal system. The significance of the first project in the Market District to incorporate a geothermal system is tremendous and offers a bridge to other developments to follow suit.

The building at 130 E. 3rd was originally used as the first steam tractor manufacturing site in the United States. The original materials and building character have been retained through the project, and extensive use of natural lighting usage within the building has been provided. Market One, LLC also worked diligently with the Office of Economic Development, Engineering Real Estate Division, Public Works Department, MidAmerican Energy, Mediacom and others to coordinate the undergrounding of overhead electric services, which serves to provide a valuable urban aesthetic for E. 3rd Street.

PREVIOUS COUNCIL ACTION(S):

Date: July 28, 2014

Roll Call Number: 14-1180

Action: [First](#) Amendment to the Urban Renewal Development Agreement with Market One, LLC to address utility relocation in the 100 blocks of E. 3rd and SE 3rd Streets adjoining the redevelopment project. ([Council Communication No. 14-362](#)) Moved by Gatto to adopt. Motion Carried 7-0.

Date: February 10, 2014

Roll Call Number: [14-0217](#)

Action: [Urban](#) Renewal Development Agreement with Market One, LLC for the redevelopment in the vicinity of 130 E. 3rd Street and approving proposed conceptual development plan. ([Council Communication No. 14-056](#)) Moved by Hensley to adopt. Motion Carried 7-0.

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](#)) Moved by Coleman to receive, file and approve the preliminary terms of agreement as set forth in Council Communication No. 13-547, and to direct the City Manager to proceed with negotiation of a formal agreement with Doyle Properties, LLC, consistent with the terms set forth in Council Communication No. 13-547. Motion Carried 6-0.

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:

Initiate annual payment of the economic development assistance for the project.

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