

 <p style="text-align: center;"><b>Council Communication</b> Office of the City Manager</p>	<b>Date:</b> January 26, 2015
	<b>Agenda Item No.</b> 12 <b>Roll Call No.</b> <u>15-0093</u> <b>Communication No.</b> <u>15-026</u> <b>Submitted by:</b> Matthew A. Anderson, Assistant City Manager, and Pamela S. Cooksey, P.E., Interim City Engineer

**AGENDA HEADING:**

Authorize issuing Request for Proposals (RFP) for professional services for the 7th & Grand Avenue Parking Garage.

**SYNOPSIS:**

Recommend approval of revised project scope and issuing RFP for design of the 7th & Grand Avenue Parking Garage, to include demolition of both the existing parking structure and remaining structure of the former YWCA and construction of a 600 car replacement parking structure. The project will include retail and commercial space at the skywalk level and 1st floor along Grand Avenue. The conceptual design phase of the project will include looking at potential future development and use of air rights above the garage structure. The estimated construction cost of the demolition and replacement of this parking ramp is \$22,000,000.

**FISCAL IMPACT:**

Amount: \$2,000,000 (estimated)

Funding Source: Parking Revenue Bonds to be issued - this is a new project – not included in the adopted 2014-2015 Capital Improvement Program (CIP). Parking System Improvement E054EG99 PG034.

**ADDITIONAL INFORMATION:**

The purpose and process for the 7th & Grand redevelopment was presented to the City Council at a Council Workshop on May 20, 2013. The garage is estimated to be at the end of its useful life in 2019. At the request of Principal Financial Group, the City Council agreed to accelerate the replacement of this garage to better coordinate with Principal’s \$238 million campus redevelopment project.

On February 24, 2014, by Roll Call No. 14-0330, the City Council selected Opus as the preferred developer for the redevelopment of the 7th & Grand parking garage site and former YWCA parcel. The primary reason for seeking a private redevelopment partner was the goal of developing a dense mixed-use project on the site to include residential, hotel, or office space in addition to the required public parking. Opus and their development partner, Sherman Associates, were unable to close the financing gap on a proposed hotel and a further attempt to include market-rate apartments faced much

uncertainty. Both parties negotiated in good faith throughout 2014 and could not arrive at a suitable financing structure that would meet the needs of both Opus and the City. Due to the coordination required with Principal's 711 High Street renovations, staff recommends closing further negotiations with Opus and proceeding with a City-led parking garage with skywalk and first floor commercial space.

Financing has since been reviewed, including a financial analysis of the parking system. During garage demolition and reconstruction, the study showed that if one-third of the patrons relocate to a garage outside of the City system, the net income of the parking system would remain the same at \$3.5 million annually due to reduced operating costs. When 7th & Grand comes back on line, this net income number is expected to rise as the cost of operation and maintenance of this new facility will be lower. The new project will be funded through a combination of parking revenue bonds and tax increment financing. The exact proportions of these sources will be determined and recommended to the City Council after the design and pricing of the project is completed.

### Scope of Services

The scope services will include design and construction phase services for the parking garage, demolition of the existing structures, clearing, and restoration of the redevelopment site, skywalk bridges and corridors, and retail/commercial at ground and skywalk levels. In lieu of Leadership in Energy and Environmental Design (LEED) certification, which would be difficult for this type of project, the scope includes identification of sustainable strategies. The eastern parcel will be utilized for construction staging for the 7th & Grand Avenue Parking Garage before becoming available for redevelopment.

### Timeline

- February 2015: Issue RFP
- March 2015: Recommend consultant and Professional Services Agreement to Council
- April - November 2015: Project design and pricing, board and commission review
- Late 2015 - 2017: Demolition and project construction
- Mid-late 2017: Project completion to correspond w/ completion of renovation of Principal Financial's headquarters and receive a new skywalk connection across High Street between Principal and the 7th & Grand Avenue Parking Garage

### **PREVIOUS COUNCIL ACTION(S):**

Date: February 24, 2014

Roll Call Number: [14-0330](#)

Action: [Selection](#) of the Opus Group as the preferred developer of the 7<sup>th</sup> Street and Grand Avenue Parking Garage site. ([Council Communication No. 14-076](#)) Moved by Hensley to adopt and include the following: 1. Evidence of financial support consistent with the Developer's proposal. 2. Developer will submit a third-party market assessment demonstrating viability of the extended-stay hotel and the market-rate housing. 3. Developer will commission an appraisal for the housing component to determine if the proposed financial structure is achievable. 4. Staff will report back to Council on the status of those items in the next 45 days at a workshop. Motion Carried 6-1. Absent: Cownie.

Date: October 21, 2013

Roll Call Number: [13-1684](#)

Action: [Issuance](#) of a Request for Proposals (RFP) for redevelopment of the current 7th & Grand Parking Garage Site and the former YWCA site. ([Council Communication No. 13-520](#)) Moved by Hensley to adopt; refer to the City Manager to develop a comprehensive communication strategy for the project. Motion Carried 7-0.

Date: July 29, 2013

Roll Call Number: [13-1235](#)

Action: [Presenting](#) the City Manager's recommended development teams for the 7th & Grand Parking Garage Redevelopment project and authorizing the City Manager to proceed to the next stage of the process with the selected Developers. ([Council Communication No. 13-391](#)) Moved by Hensley to receive and file, and to authorize and direct the City Manager to proceed to the next stage of the process with selected developers and to prepare a Request for Proposals for future consideration by the City Council. Motion Carried 7-0.

Date: February 11, 2013

Roll Call Number: [13-0255](#)

Action: [Communication](#) presenting a Conceptual Assistance package with Principal Financial Group for campus-wide renovations and approving submittal of an Iowa Economic Development Authority Business Financial Assistance Application on behalf of Principal Financial Group. ([Council Communication No. 13-070](#)) Moved by Hensley to receive and file the accompanying Council Communication; to direct the City Manager and staff to proceed with negotiation of preliminary terms of agreement consistent with the proposed conceptual assistance package; and to authorize the Mayor to sign Principal's Business Financial Assistance Application on behalf of the City as the sponsoring entity. Motion Carried 7-0.

**BOARD/COMMISSION ACTION(S): NONE**

#### **ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:**

Professional Services Agreement for design of the replacement parking structure.

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