

 <p style="text-align: center;"><b>Council Communication</b> Office of the City Manager</p>	<b>Date:</b> February 23, 2015
	<b>Agenda Item No.</b> 26 <b>Roll Call No.</b> <u>15-0311</u> <b>Communication No.</b> <u>15-093</u> <b>Submitted by:</b> Matthew A. Anderson, Assistant City Manager

**AGENDA HEADING:**

Resolution approving Urban Renewal Development Agreement with Fort Des Moines Restoration, L.L.C. for the Historic Redevelopment of Properties in the Southside Economic Development District Urban Renewal Area, Approving Proposed Conceptual Development Plan and Authorizing City Manager to sign Iowa Finance Authority (IFA) “Exhibit 5S, Local Government Contribution” for 4% Bond Issue Application for Fort Des Moines Restoration, LLC.

**SYNOPSIS:**

Fort Des Moines Restoration, L.L.C. (Justin Doyle, Partner, 130 East 3<sup>rd</sup> Street, Des Moines, Iowa 50309) has proposed a \$37 million rehabilitation of six (6) buildings in Historic Fort Des Moines into 142 residential units. The developer intends to provide a model of stewardship and high performance construction practices through the use of sustainable green technologies, including geothermal heating, ventilation, and air conditioning (HVAC), several small photovoltaic shade structures, light-emitting diode (LED) lighting, and low-impact storm water management practices.

Located south of Army Post Road and east of SW 9<sup>th</sup> Street, the Fort Des Moines properties are listed on the National Register of Historic Places and have been the subject of significant work through the SuperBlock Master Plan in 2008 and the Fort Des Moines Historic Preservation Plan in 2010. Fort Des Moines Restoration, LLC’s plan will provide the significant financial investment and substantial rehabilitation necessary to bring these structures back to active use. Future phases of the Fort Des Moines Restoration project propose the incorporation of additional residential units as well as neighborhood commercial and recreational uses following additional land and building acquisition from various entities in the Fort boundary, including the City of Des Moines, the State of Iowa, and the Blank Park Zoo Foundation.

Project-generated tax increment financing will serve as the core mechanism for responding to the financial assistance request presented by Fort Des Moines Restoration, LLC. The developer is also seeking 4% bond financing administered by the Iowa Finance Authority (IFA) which is an essential financing element that will allow the complex project to move forward. The roll call for this item also provides for the submittal of Exhibit 5S, Local Government Contribution for 4% bond issue application for Fort Des Moines Restoration, LLC.

**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 10-15. Estimated NPV \$2,037,983. Payments will be made on a semi-annual basis according to the terms of the development agreement. The project will forego any available tax abatement on the residential units

Funding Source: Tax increment generated by the project in the Southside Economic Development District Urban Renewal Area. A project account will be established by the Finance Department.

**ADDITIONAL INFORMATION:**

Fort Des Moines Restoration, L.L.C. has approached the project with the intent to provide a respectful historic rehabilitation of the Fort Des Moines properties, bringing them back to active use and creating a new thriving neighborhood. The developers have envisioned future commercial development that is compatible with the recreational/educational nature of the adjacent Blank Park Zoo and nearby school and park, taking into account the full context of the area that the Fort Des Moines properties exist within.

The Fort Des Moines properties are located within the boundary for the Southside Economic Development District Urban Renewal Plan, which was approved by City Council in 2010 in order to facilitate economic reinvestment in the SuperBlock area between Army Post Road, SE 14<sup>th</sup> Street, County Line Road, and SW 9<sup>th</sup> Street. Significant investment has already been seen with improvements to Blank Park Zoo and Southridge Mall. The Fort Des Moines Restoration project will provide another substantial contribution to the fabric of this area.

Fort Des Moines Restoration, LLC development partner Justin Doyle concluded a historic rehabilitation of 130 East 3<sup>rd</sup> Street in 2014. The building was converted into professional office space as the headquarters of Modus Engineering and became a pioneer investment in the City's Market District. This project also led with a sustainable high performance development strategy, becoming the first net zero (0) commercial building in Iowa with a design that allows the building to produce as much energy as it consumes.

Work is scheduled to begin on the Fort Des Moines Restoration project in summer 2015, with completion by December 2016.

**PREVIOUS COUNCIL ACTION(S):**

Date: October 21, 2013

Roll Call Number: [13-1647](#)

Action: [Preliminary](#) terms of an Urban Renewal Development Agreement with Fort Des Moines Restoration, LLC for the Historic Redevelopment of properties in the Southside Economic Development District Urban Renewal Area. ([Council Communication No. 13-526](#)) Moved by Hensley to receive, file and approve the preliminary terms of agreement as set forth in the accompanying Council Communication, and to direct the City Manager to proceed with negotiation of a formal agreement with Fort Des Moines Restoration, LLC, consistent with the terms set forth in Council Communication No. 13-526. Motion Carried 7-0.

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

Board: Urban Design Review Board

Resolution Number: N/A

Action: Motion by Todd for preliminary approval of the design and financial assistance as presented. Seconded by Clark. Approve-5; Recusal-1, Absent-3.

Board: Urban Design Review Board

Date: November 19, 2013

Resolution Number: N/A

Action: Motion by Clark for final approval of the design and financial assistance as presented. Seconded by Hearn. Approve-6; Recusal-1; Absent-2.

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:**

A certificate of completion will be presented for City Council approval following the conclusion of the project.

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