

 <p style="text-align: center;"><b>Council Communication</b> Office of the City Manager</p>	<b>Date:</b>	May 23, 2016
	<b>Agenda Item No.</b>	27
	<b>Roll Call No.</b>	[ _____ ]
	<b>Communication No.</b>	<u>16-288</u>
	<b>Submitted by:</b>	<b>Matthew A. Anderson, Assistant City Manager</b>

**AGENDA HEADING:**

Resolution authorizing the City Manager to negotiate agreement based on preliminary terms with PDM Precast, Inc, and GPS Impact for commercial development at 220 SE 6th Street.

**SYNOPSIS:**

The ownership group, led by Adam Petersen (president and owner, PDM Precast, Inc.) and Jim Kottmeyer (owner and partner, GPS Impact), proposes to build a 47,000-square-foot office building on a vacant lot at the corner of SE 6th Street and Elm Street and an approximately 115-stall parking structure at the corner of SE 5th Street and Elm Street in the Market District. Approximately half of the office building will be used by the professional staff of their businesses, with the remaining half available for lease. The project will include construction of a segment of Elm Street, a public right-of-way that is currently undeveloped. The project is anticipated to cost \$10.7M.

Staff has negotiated a financial assistance package to support the implementation of structured parking and infrastructure, and provide gap funding for this pioneering project in the emerging Market District.

**FISCAL IMPACT:**

Amount: The financial assistance package will consist of a grant in the amount of \$200,000 to be paid upon completion of the Improvements, and a declining percentage of project-generated tax increment revenues based on the following: 100% in years 1-2, 95% in years 3-5, 90% in years 6-10, 85% in years 11-12, 75% in years 13-15, and 50% in years 15-20.

Funding Source: Metro Center TIF - a specific fund code will be assigned by the Finance Department.

**ADDITIONAL INFORMATION:**

PDM Precast and GPS Impact, local Des Moines businesses, are proposing a new 3-story, 47,000-square-foot commercial building on a vacant half-block at 220 SE 6th Street in the Market District. PDM Precast, GPS Impact and other equity partners will occupy a majority of the building with about 18,000 square feet available for additional office and/or first-floor retail occupants. The building is anticipated to initially attract office users, but as the District evolves, retail or restaurant uses could be accommodated along the SE 6th Street frontage, with taller first floor heights planned to support future ground floor commercial activity. The project also includes a parking deck with capacity to park approximately 115 vehicles; the garage will be designed to expand, should future development in this area produce demand for additional parking. The ownership group intends to utilize the parking

structure to support the office building users; staff will work with the development group to examine the potential for spaces to be made available for off-hours uses.

This project is a major step towards realizing the plan envisioned in the City's May 2010 Market District of East Village Urban Design Study. The district is currently occupied by the City's Public Works and Fleet facilities, the main Police Station, the Federal Courthouse, maintenance and operations warehouses for MidAmerican Energy, a salvage yard and a collection of industrial and warehouse uses. Set on the eastern edge of the Market District, this project has the potential to stimulate additional nearby development.

The project also creates much-needed infrastructure in this area. The construction of Elm Street between East 6th Street and East 5th Street and an extension of sewer to this block continues the reinvestment in infrastructure needed to foster redevelopment in the Market District. Elm Street is planned to have 2-way traffic and on-street parking. The project will bring high-speed, fiber internet into the area, as well.

**PREVIOUS COUNCIL ACTION(S): NONE**

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

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:**

- Urban Design Review Board – financial review and preliminary and final design review.
- Plan and Zoning Commission – site plan review.
- City Council – consideration of final terms of Urban Renewal Development Agreement and private construction contract for Elm Street right-of-way.

For more information on this and other agenda items, please call the City Clerk's Office at 515-283-4209 or visit the Clerk's Office on the first floor of City Administration Building, 400 E. Court Avenue Ste.116. Council agendas are available to the public at the City Clerk's Office on Thursday afternoon preceding Monday's Council meeting. Citizens can also request to receive meeting notices and agendas by email by calling the Clerk's Office or sending their request via email to [cityclerk@dmgov.org](mailto:cityclerk@dmgov.org).