

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date:	August 22, 2016
	Agenda Item No.	34
	Roll Call No.	<u>16-1411</u>
	Communication No.	<u>16-479</u>
	Submitted by:	Matthew A. Anderson, Assistant City Manager

AGENDA HEADING:

Resolution approving Urban Renewal Development Agreement with 220 SE 6th Street Properties, LLC, for the construction of a new commercial office building and parking structure at 220 SE 6th Street, approving proposed Conceptual Development Plan, and approving parking license agreement for City use of parking spaces within the parking structure.

SYNOPSIS:

220 SE 6th Street Properties, LLC, 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 175-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. The development agreement includes a 25-year license agreement for City use of 60 parking spaces to support future redevelopment in the area. The license is assignable to a future parking user(s).

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 16-20.

The cost of the parking license will be \$94,500 in year one (1) (\$125 per stall with a .05% administration fee). The rate per stall will be subject to annual inflation based on the Consumer Price Index.

Funding Source: Metro Center TIF district will fund the development agreement obligations – a specific fund code will be assigned by the Finance Department.

Economic Development Enterprise Fund with reimbursement from Metro Center TIF will fund the parking license obligations.

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 3-floor parking deck with capacity to park approximately 175 vehicles. It is anticipated that the office building will need approximately 115 spaces during weekday work hours; staff will work with the development group for use of these spaces during non-office hours. The City will have a license to use 60 spaces; the license agreement allows for reassignment to a future development or user(s) as redevelopment occurs in the Market District. The massing of the parking deck maximizes the efficiency of a precast parking structure, leading to lower cost per stall than the market can typically produce. Meanwhile, there is private development planning underway on nearby blocks and the City owns six (6) blocks in the District that are intended for redevelopment. Additional parking on this site will promote higher density, higher value uses on surrounding blocks.

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):

Date: May 23, 2016

Roll Call Number: [16-0853](#)

Action: [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. ([Council Communication No. 16-288](#)) Moved by Moore to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S):

Board: Plan and Zoning Commission

Date: August 4, 2016

Resolution Number: N/A

Action: Approval of the proposed Site Plan amendment including a 4-level parking garage, subject to the following conditions: (1) Compliance with all administrative review comments of the City's Permit and Development Center; (2) Any proposed building must be placed outside of vision clearance triangles; (3) All exterior lighting shall be low-glare cut-off fixtures with any pole mounted fixtures not exceeding 20 feet in height; (4) Any street light within adjoining right-of-way shall be replaced with black Autobahn LED Series ATBO light fixtures; (5) Provision of bike racks at the southwest corner of the site along Southeast 5th Street and East Elm Street intersection; (6) Provision of adjusted parkway plantings in accordance with the City's Landscaping Standards and as approved by the Planning Administrator; (7) Any construction of traffic bumpouts shall be subject to review and approval by the City's Traffic Engineer. (Yes = 9, No = 0, Mike Simonson abstained from the vote.)

Board: Urban Design Review Board

Date: August 2, 2016

Resolution Number: N/A

Action: A consensus of the members present approved the final design and strongly supported the 3-story parking structure as a strategy that makes it a walkable neighborhood in the future.

Board: Urban Design Review Board

Date: June 21, 2016

Resolution Number: N/A

Action: Approval of the financial assistance as presented. Yes = 7, No = 0, Absent = 4, Abstain = 0.

Board: Urban Design Review Board

Date: June 14, 2016

Resolution Number: N/A

Action: A consensus of the members present offered design-related comments.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

- City Council – consideration of private construction contract for Elm Street right-of-way.
- City Council – consideration of re-assignment of parking license.

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