 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date:	September 12, 2016
	Agenda Item No.	54
	Roll Call No.	<u>16-1531</u>
	Communication No.	<u>16-517</u>
	Submitted by:	Matthew A. Anderson, Assistant City Manager

AGENDA HEADING:

Approving First Amendment to the development agreement with Grand 7 Partners, LLC for redevelopment of the eastern parcel formerly occupied by the 7th & Grand parking structure.

SYNOPSIS:

On April 11, 2016, Council approved items regarding the sale and redevelopment of the City-owned property formerly occupied by the YWCA and the 7th & Grand parking garage in the Metro Center Urban Renewal area, including financial incentives for new development at these sites. At that time, it was anticipated that project-generated Tax Increment Financing (TIF) assistance would be necessary to advance the development of the eastern parcel.

Subsequent to these actions, 7&Grand Ramp Developer, LLC (represented by Principal) closed on the sale of the western portion of the property and has begun construction on the mixed-use parking ramp west of 7th Street. Grand 7 Partners, LLC (represented by Mike Nelson, Nelson Construction and Development) has developed the design for a 12-story, \$66 million mixed-use building on the parcel on the east side of 7th Street, now known as Miesblock. As designs for Miesblock advanced, the developer identified a financial gap and has requested a rebate of project-generated tax increment.

FISCAL IMPACT:

Amount:

In addition to incentives approved by Council on April 11, 2016:

- Rebate of project-generated commercial taxes (after subtraction of debt-protected levies):
 - Years 1-10: 100%
 - Years 10-20: 80%
- Rebate of project-generated residential taxes:
 - Years 11-13: 100% (after subtraction of debt-protected levies)
 - Years 14-16: 90% (after subtraction of debt-protected levies)
 - Years 17-19: 80% (after subtraction of debt-protected levies)
 - Year 20: 70% (after subtraction of debt-protected levies)

Funding Source: TIF rebate from the Metro Center Urban Renewal District.

ADDITIONAL INFORMATION:

Miesblock is an estimated \$66 million mixed-use “boutique” apartment building proposed for the City-owned property located at the northeast corner of the intersection at 7th Street and Grand Avenue in

the core of downtown. The project consists of a 12-story, 217,500-square-foot building that will include a first floor restaurant, lobby space and amenity space for residential and commercial tenants. Floor two (2) includes rentable office space, additional residential amenity space, and the skywalk corridor which will transition to an open-air staircase leading to the ground level. Floor three (3) will be entirely composed of rentable office space, for a total of approximately 25,000 square feet of office space on floors two (2) and three (3). Floors four (4) through 11 are the residential apartment portion of the building, with a total of 168 units with a mix of studio, one (1) and two (2) bedroom units that will boast a high level of finish with a targeted market of skilled working professionals. Floor 12 contains both indoor and outdoor residential amenity space, with an outdoor rooftop terrace that will take advantage of the rooftop views of downtown.

A landscaped pedestrian plaza between Miesblock and the neighboring Catholic Diocese Building will be created by vacation and conveyance of the adjoining alleyway to the east of the project site. Plaza materials are proposed to be a combination of scales of granite and permeable concrete pavers with panels of landscape areas and honey locust trees. The exterior building materials include concrete and architectural metal panels. Windows are a combination of aluminum storefront at the upper residential levels and curtainwall at the lower commercial levels.

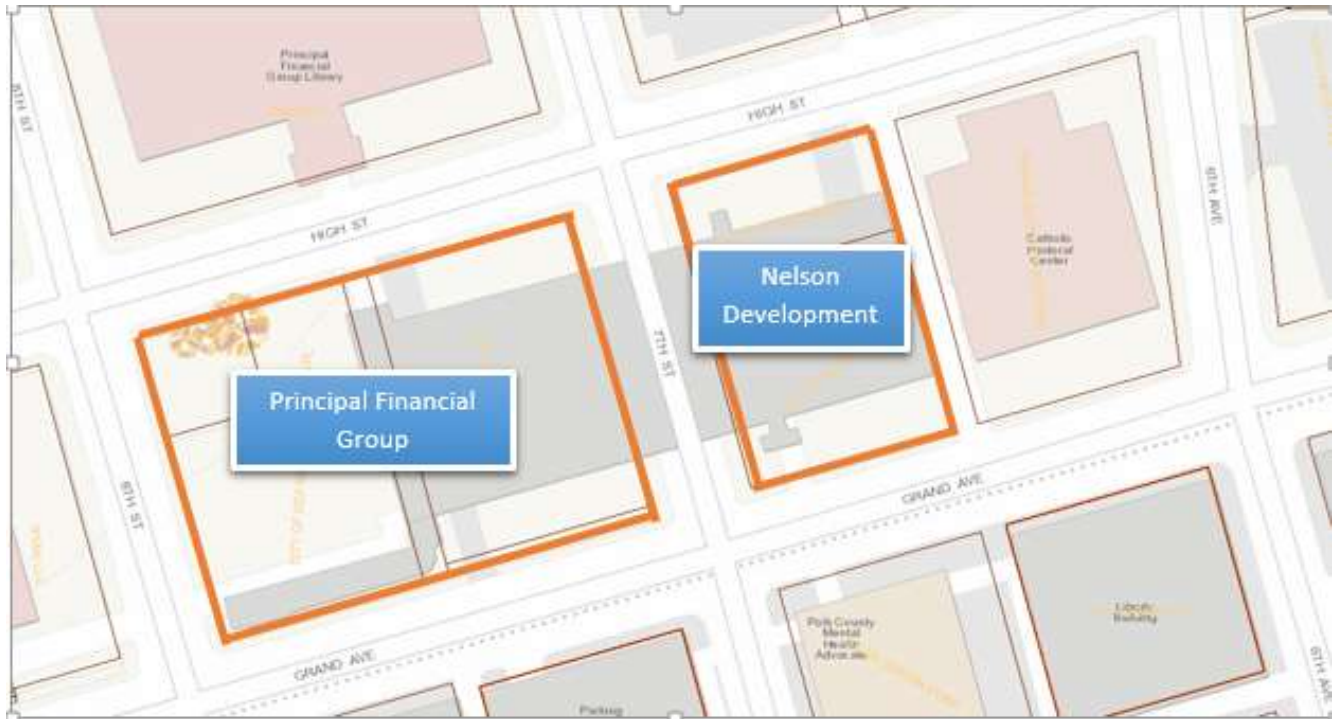
The project team has given much attention and consideration to the site's relationship with the adjacent Mies Van Der Rohe-designed Catholic Diocese Building at 601 Grand Avenue (designated as a local landmark). The building massing is tight to the street-facing property lines while recessing to form a plaza at the interior of the block and respect the smaller scale of the historic Catholic Diocese. This produces spectacular upper floor units with exposure on three sides, a sheltered outdoor public plaza used in part by a ground floor restaurant, and reverence for the historic building.

The site is at an intersection of the skywalk system and will be highlighted with an exterior stair connecting between the plaza and skywalk levels. The skywalk bridge south to Ruan I will be reused and, as separate project, the City will be responsible for construction of a new bridge across 7th Street connecting Miesblock to Principal's new 7th and Grand parking structure. This bridge will be programmed into the Fiscal Year (FY) 17-18 CIP. Parking for the project will be provided under a shared parking arrangement within the Principal Financial Group's parking garage to the west of this site, which is now under construction.

At the April 11, 2016 meeting, Council approved an Urban Renewal Development Agreement with Grand 7 Partners, LLC (Nelson) that included the following:

- \$1 million forgivable predevelopment loan for architecture and engineering services;
- A grant equal to the land purchase price;
- An economic development grant of \$2 million at certificate of occupancy; and
- Further project-generated TIF assistance is anticipated for the Nelson project. This amount will not be known until project design is completed and will be presented to the City Council in a future amendment to the Development Agreement if necessary.

Nelson was provided the \$1 million loan in late April 2016. Their project team has advanced the design and is now able to quantify the TIF request identified in this amendment.



PREVIOUS COUNCIL ACTION(S):

Date: April 11, 2016

Roll Call Number: [16-0630](#)

Action: [Resolution](#) closing the hearing on Urban Renewal Agreement for Sale of Land for Private Redevelopment with 7&Grand Ramp Developer, LLC, represented by Thomas Pospisil of Principal Life Insurance Company, for the sale and redevelopment of the block bounded by Grand Avenue, High Street, 7th and 8th Streets, and approving same. Moved by Hensley to adopt. Motion Carried 7-0.

Date: April 11, 2016

Roll Call Number: [16-0631](#)

Action: [On Resolution](#) closing the hearing on Urban Renewal Agreement for Sale of Land for Private Redevelopment with Grand 7 Partners, LLC, represented by Mike Nelson, for the sale and redevelopment of the west half of the block bounded by Grand and 6th Avenues and High and 7th Streets, and approving the same. Moved by Hensley to adopt. Motion Carried 7-0.

Date: April 11, 2016

Roll Call Number: [16-0632](#)

Action: [Approving](#) Skywalk Agreement with 7&Grand Ramp Developer, LLC, and Grand 7 Partners, LLC for the block bounded by Grand Avenue and High, 7th and 8th Streets, and the west half of the block bounded by Grand and 6th Avenues and High and 7th Streets. Moved by Hensley to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S):

Board: Urban Design Review Board

Date: September 6, 2016

Resolution Number: N/A

Action: Motion to approve the final design as presented by Hielkema. Seconded by Heiman-Godar. Motion carried. Yes – 5, No – 0, Absent – 5, Abstain – 1. Motion to approve the financial assistance package as presented by Weisenbach. Seconded by A. Nagle. Motion carried. Yes – 5, No – 0, Absent – 5, Abstain – 1.

Board: Plan and Zoning Commission

Date: August 18, 2016

Resolution Number: N/A

Action: Motion by Jann Freed to approve the staff recommendation of Part A) the proposed vacation subject to the provision of easements for any existing utilities until such time that they are abandoned or relocated and so long as any proposed structure is constructed in compliance with the approved Site Plan and approval of Part B) the submitted site plan and building elevations subject to the following conditions:

1. Compliance with all administrative review comments of the City's Permit and Development Center.
2. Provision of black Autobahn LED Series ATBO Street Light Fixtures and metal poles.
3. All site lighting shall be directed downward and shielded from adjoining properties. Private light poles and pole mounted light fixtures are to be similar in style to a black KIM Archetype light fixture, black Autobahn LED Series ATBO light fixture, or of other similar esthetic quality as approved by the Planning Administrator.
4. Review and approval of the final design and building materials by the Urban Design Review Board.

Motion passed 10-0.

Board: Urban Design Review Board

Date: August 2, 2016

Resolution Number: N/A

Action: The consensus of the members present was support for the preliminary design.

Board: Plan and Zoning Commission

Date: April 7, 2016

Resolution Number: N/A

Action: Motion to approve the vacation of subsurface rights in the North five (5) feet of Grand Avenue.

Board: Urban Design Review Board

Date: April 5, 2016

Resolution Number: N/A

Action: Motion to approve the financial assistance package as presented by Hielkema. Seconded by Gray. Motion carried. Yes – 5, No – 0, Absent – 4, Abstain – 2. Motion to approve the design as presented by Hielkema. Seconded by Gray. Motion carried. Yes – 5, No – 0, Absent – 4, Abstain – 2.

Board: Urban Design Review Board

Date: March 1, 2016

Resolution Number: N/A

Action: Informational review; no action requested. Comments included:

- Well thought out; nice massing; sound skywalk organization; liked placement of vertical elements (stairs and elevators).
- Appreciate the effort to add retail; great addition -- downtown needs more street level retail; like the strategy of retail placement.
- Discussion on minimal expression of elevations:
 - Concern expressed over the open elevation and lack of screening.
 - Requested more variation on north and east elevations.
 - Holistic composition of the structure is important.
 - Suggested articulating and elongating necessary elements – canopy and stair tower.
- Site plan needs additional development.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

Council hearing on the vacation and conveyance of the north-south alley and any other air rights or subsurface easements needed to execute the Nelson Development project.

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