 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date:	October 10, 2016
	Agenda Item No.	56
	Roll Call No.	<u>16-1755</u>
	Communication No.	<u>16-596</u>
	Submitted by:	Matthew A. Anderson, Assistant City Manager

AGENDA HEADING:

Approving Second Amendment to the development agreement with Grand 7 Partners, LLC, continued hearing for vacation of alley right-of-way and vacation of air space in Grand Avenue and 7th Street adjoining 665 Grand Avenue, and conveyance of such alley right-of-way and an air space easement to Grand 7 Partners, LLC.

SYNOPSIS:

Recommend approval for vacation of alley right-of-way and vacation of air space in Grand Avenue and 7th Street adjoining 665 Grand Avenue, and conveyance of such alley right-of-way and an air space easement to Grand 7 Partners, LLC, Michael K. Nelson, Managing Member, 218 6th Avenue, Suite 200, Des Moines, Iowa, 50309, for \$224,525, in order to allow for open space improvements and second floor entrance canopy encroachments. There is no current or anticipated public need for the alley right-of-way and easement area to be conveyed. This action is required by Iowa law prior to making a final determination on the proposed easement by resolution. The Second Amendment to the development agreement allows for rebate of the alley sale proceeds as an economic development grant consistent with the understanding that the purchase price of the land would be granted to the project. The Second Amendment also provides for an amendment to the Skywalk Agreement for project to address the insurance and indemnity requirements for the work undertaken by Grand 7 Partners to attach the new building to the existing Skywalk Bridge over Grand Avenue, and to construct the foundation and support for the future connection of a Skywalk Bridge from the new building over 7th Street to the new Principal garage.

FISCAL IMPACT:

Amount: \$224,525 (Revenue dispersed as follows: The alley portion of the revenue, set at \$220,605, is to be used to fund an equal and offsetting economic development grant per the terms of the development agreement for this project. The air rights portion of the revenue, set at \$3,920, is to be deposited into the account below.)

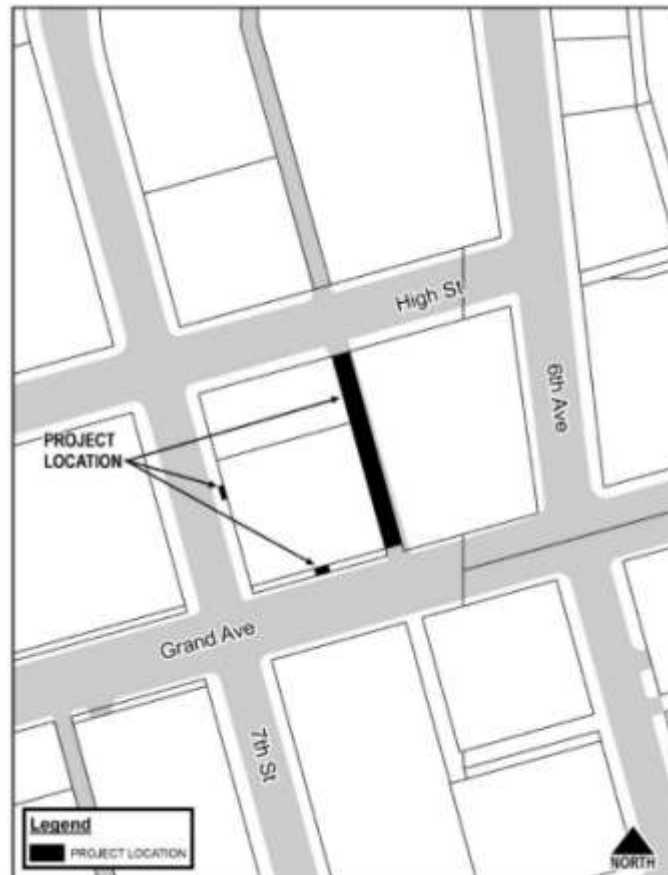
Funding Source: Non-project related land sale proceeds are used to support general operating budget expenses: Org – EG064090.

ADDITIONAL INFORMATION:

- On September 12, 2016, by Roll Call No. 16-1505, the City Council of the City of Des Moines, Iowa, received and filed a recommendation from the City Plan and Zoning Commission recommending approval of a request from Nelson Development, LLC for vacation of the

north/south alley between 6th Avenue and 7th Street from High Street to Grand Avenue, and vacation of a portion of air space in 7th Street and Grand Avenue right-of-way to allow for second floor entrance canopy encroachments, all adjoining 665 Grand Avenue, as part of the construction of a proposed 12-story mixed used building project, subject to the reservation of easements for existing utilities in place until such time as they are abandoned or relocated, and further subject to a City-approved Site Plan.

- On September 12, 2016, by Roll Call No. 16-1531, Council approved the First Amendment to the development agreement with Grand 7 Partners, LLC providing for a graduated scale of project-generated tax rebates for a 12-story, \$66 million mixed-use building on the east side of 7th Street on the north side of Grand Avenue, now known as Miesblock.
- On September 26, 2016, by Roll Call No. 16-1644, the City Council of the City of Des Moines, Iowa, voted to continue the hearing on the vacation and conveyance to October 10, 2016 in order to allow for further negotiations on an Amendment to Development Agreement between the City of Des Moines and Grand 7 Partners, LLC.
- The City and the Developer have negotiated an amendment to the development agreement that provides for an economic development grant in an amount of \$220,605, which is equal to the fair market value of the alley right-of-way to be conveyed. The alley consists of approximately 3,151.5 square feet, and the use of the alley is subject to continued public use for pedestrian passage and open space. The air space easement areas to be conveyed consist of approximately 160 square feet and is valued at \$3,920. The total combined purchase price of \$224,525 reflects the fair market value of the property as determined by an independent appraisal.



PREVIOUS COUNCIL ACTION(S):

Date: September 26, 2016

Roll Call Number: [16-1644](#)

Action: **On** vacation of alley right-of-way and vacation of air space in Grand Avenue and 7th Street adjoining 665 Grand Avenue, and conveyance of such alley right-of-way and an Airspace Easement to Grand 7 Partners, LLC for \$224,525 and authorizing the City Manager to execute a Temporary Access Agreement and to continue to October 10, 2016 at 5:00 PM. Moved by Gatto to adopt. Motion Carried 6-1. Absent: Hensley

Date: September 12, 2016

Roll Call Number: [16-1509](#)

Action: **On** vacation and conveyance of alley right-of-way and vacation of air space in Grand Avenue and 7th Street adjoining 665 Grand Avenue and an air space easement to Grand 7 Partners, LLC and authorizing the City Manager to execute a Temporary Access Agreement, \$224,525, (9-26-16). Moved by Gatto to adopt. Motion Carried 7-0.

Date: September 12, 2016

Roll Call Number: [16-1505](#)

Action: **Regarding** request from Nelson Development for vacation of right-of-way adjoining 665 Grand Avenue for development of a 12-story mixed-use building with first floor retail, second and third floor office space and 168 residential units, subject to conditions. Moved by Gatto to receive and file the Communication from the Plan and Zoning Commission, and to refer to the Engineering Department, Real Estate Division. 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: City Plan and Zoning Commission

Date: August 18, 2016

Resolution Number: 11-2016-1.18

Action: Recommend approval of the request from Nelson Development for vacation of the north/south alley between 6th Avenue and 7th Street from High Street to Grand Avenue, and vacation of a portion of air space in 7th Street and Grand Avenue right-of-way, 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.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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