

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date:	December 19, 2016
	Agenda Item No.	50
	Roll Call No.	<u>16-2189</u>
	Communication No.	<u>16-706</u>
	Submitted by:	Matthew A. Anderson, Assistant City Manager

AGENDA HEADING:

Resolution approving final terms of agreement with 701 Walnut Partnership, LLC for the development of the east side of the former Younkens site at 701 Walnut Street.

SYNOPSIS:

701 Walnut Partnership, LLC (Justin Doyle, Partner, 130 East 3rd Street Des Moines, Iowa 50309) is proposing a 276 unit market rate residential project at 701 Walnut Street. The estimated \$80 million project includes a minimum 26-story tower, offers first floor commercial space, numerous tenant amenities, and will introduce significant project elements for both tenant and general public benefit. These elements include a publicly accessible park space at the skywalk level that will be owned and maintained by 701 Walnut Partnership, LLC, and an electric vehicle garage with a minimum of 12 vehicles to be available to tenants and the general public, in addition to activation of Walnut Street and programming the street level space between the new project and the Wilkins Building for public use.

The project will be required to undertake building and connecting entries to the skywalk system, as well as substantial subsurface structural work below the building and around the adjacent street system. The proposed high rise construction will utilize cast in place concrete, steel and a cladding of glass curtainwall on the building exterior, providing a signature project to augment public and private investments into Walnut Street.

Final terms of the Urban Renewal Development Agreement with 701 Walnut Partnership, LLC have been negotiated by the Office of Economic Development (OED) for the project, with project generated tax increment (TIF) to be provided in semi-annual payments for a period totaling 12 years. As the project will not be able to initiate the required level of work to receive the originally anticipated 10 year 100% tax abatement schedule, additional project generated tax increment will be provided in years nine (9) and 10 of the project to provide an approximation of the 10 year schedule. Construction is expected to begin in April 2017 and be completed in June 1, 2019.

FISCAL IMPACT:

Amount: 100% of project generated tax increment (TIF) in years 9-20. TIF will serve as backfill in years 9 and 10 of the project to achieve the equivalent of the 10 year 100% residential tax abatement schedule. Estimated NPV of TIF payments is \$4,273,982 or approximately 5% of the total project cost of \$80 million.

Funding Source: Project generated tax increment in the Metro Center Urban Renewal Area

ADDITIONAL INFORMATION:

- 701 Walnut Partnership, LLC is also engaged in the historic redevelopment of the Wilkins Building adjacent to the tower project site, which will include the restoration of first floor commercial space and the former Tea Room. Ownership in both sites has provided an ability for the buildings to complement one another and maximize benefit to the Walnut Street area.
- Provision for clarifying public access and use of project amenities has been defined in the development agreement per Urban Design Review Board and City Council comments.
- City staff will continue to coordinate with 701 Walnut Partnership, LLC on the completion of the Walnut Street Streetscape components that are programmed for the frontage of both the proposed 701 Walnut site and the 713 Walnut Wilkins Building site. 701 Walnut Partnership, LLC has already provided a contribution for their portion of the streetscape project for both properties.
- Coordination is underway with OED, City Engineering, Traffic and Transportation, the development team, project contractors and other Walnut Street businesses for access and navigation of the vicinity during construction.

PREVIOUS COUNCIL ACTION(S):

Date: September 26, 2016

Roll Call Number: [16-1637](#)

Action: [Regarding](#) preliminary terms of agreement with Blackbird Investments, LLC for development of the east side of the former Younkers site at 701 Walnut Street. ([Council Communication No. 16-548](#)) Moved by Coleman to approve the preliminary terms of agreement as set forth in Council Communication No. 16-548, and to direct the City Manager or his designee to negotiate final terms of agreement for future consideration by the City Council that include long-term agreements for the skywalk access from the street, the public park, the second-story restrooms, the public access to the decks and availability of rental cars. Motion Carried 6-1. Absent: Hensley.

BOARD/COMMISSION ACTION(S):

Board: Urban Design Review Board

Date: November 1, 2016

Resolution Number: N/A

Action: Motion to approve final design noting Board comments by Reynolds. Seconded by C. Nagle. Motion carried. Yes = 9, No = 0, Absent = 2, Abstain = 0.

Board: Urban Design Review Board

Date: October 4, 2016

Resolution Number: N/A

Action: Motion to approve final financial assistance as proposed by Rypma. Seconded by Hielkema. Motion carried. Yes = 8, No = 0, Absent = 2, Abstain = 1. Motion to approve preliminary design as presented noting the Boards comments by Rypma. Seconded by Hielkema. Motion carried. Yes = 8, No = 0, Absent = 2, Abstain = 1.

Board: Urban Design Review Board

Date: September 6, 2016

Resolution Number: N/A

Action: No action; informational review for board input.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

Issuance of Certificate of Completion for the project.

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