

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date: March 20, 2017
	Agenda Item No. 30 Roll Call No. <u>17-0485</u> Communication No. <u>17-288</u> Submitted by: Phillip Delafield, Community Development Director

AGENDA HEADING:

Authorizing Preliminary Commitment of \$250,000 of Community Development Block Grant (CDBG) funds to Des Moines Heritage Trust (DMHT) to be used toward purchase of 120 E. 5th Street, the historic Des Moines Union Depot.

SYNOPSIS:

The DMHT has an accepted purchase offer on the Union Depot building and site at 120 E. 5th Street from Two Brothers Holdings, LLC (101 E. 5th Street, Des Moines, IA) for \$500,000.

- The DMHT is represented by Board member Tim Waddell, 896 Polk Boulevard, Des Moines, IA 50312.
- The goal of the DMHT is to preserve the Union Depot building and repurpose it for use as gallery, office, and community use.

FISCAL IMPACT:

Amount: \$250,000

Funding Source: CDBG – Neighborhood Revitalization Plan Implementation Funds

ADDITIONAL INFORMATION:

- The Union Depot building was constructed in 1909 by W.H. Brereton for the Des Moines Union Railway. The grey-colored block warehouse connected to the north was constructed in 1951 as the two (2) buildings were used as a tomato storage facility.
- The Union Depot building and site (“Depot”) is eligible for the National Register of Historic Places.
- The Depot project as proposed will involve multiple phases. The initial phase will be to purchase the property, which is intended to layer public (CDBG) and private funding.
- Once the Depot is in DMHT ownership and additional funds are raised, the warehouse addition will be demolished, the depot will be rehabilitated for office and museum space, a new building will be constructed for community space, and parking/landscaping improvements will be installed.
- The finished project will cost approximately \$3.5 million.
- The City staff has identified \$250,000 of CDBG funding that is available for acquisition of the historic structure and site.
- Although this is the first project for DMHT, the board composition brings a great deal of financial, administrative and construction experience to the project. Board Member Tim Waddell is the Division Administrator for the CDBG program at the Iowa Economic Development Authority and

well acquainted with the use of CDBG funds and Historic Tax Credits. Other Board Members include local developer Jake Christensen, architect Tim Hielkema (AIA), Zack Mannheimer, and Polk County Historic Society member Pat Meiners.

The preliminary commitment of City funds will help the DMHT raise funds from other sources. Conditions of the final funding will be:

1. The DMHT has secured an additional \$250,000 for acquisition costs plus adequate funding to maintain and mothball the building and site until funding for demolition and rehabilitation is available.
2. Per CDBG requirements, an Environmental Review Record is completed and the City has a release of funds from US Department of Housing and Urban Development (HUD).
3. An appraisal is completed to verify just compensation is paid to Two Brothers Holdings, LLC.
4. The nonprofit organization has completed and City staff has accepted the support documents proving organization capacity and resource capacity.
5. The Urban Design Review Board holds an information review on April 25, 2017 to provide the Board an opportunity to offer input on the scope-of-work and a final design review by UDRB later at the time the project is beginning rehabilitation/new construction.



PREVIOUS COUNCIL ACTION(S):

Date: February 6, 2017

Roll Call Number: [17-0216](#)

Action: On the proposed 2017 Action Plan for the U.S. Department of Housing and Urban Development (HUD) Consolidated Plan. ([Council Communication No. 17-072](#)) Moved by Coleman to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S):

Board: Neighborhood Revitalization Board

Date: March 1, 2017

Resolution Number: NA

Action: Recommend approval of \$250,000 for purchase of Union Depot Building and site by Des Moines Heritage Trust.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

Approval of contract documents.

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