

 <p style="text-align: center;"><b>Council Communication</b> Office of the City Manager</p>	<b>Date:</b>	December 18, 2017
	<b>Agenda Item No.</b>	<b>32</b>
	<b>Roll Call No.</b>	<b><u>17-2151</u></b>
	<b>Communication No.</b>	<b><u>17-863</u></b>
	<b>Submitted by:</b>	<b>Erin Olson-Douglas, Economic Development Director</b>

**AGENDA HEADING:**

Resolution approving the First Amendment to the Development Agreement with 219 East Grand, LLC.

**SYNOPSIS:**

219 East Grand, LLC (Jake Christensen and Tim Rypma, officers and Jim Cownie, principal investor) request an amendment to their development agreement that will grant a TIF rebate in lieu of tax abatement to the commercial portion of their mixed-use project at the southeast corner of East Grand Avenue and East 2nd Street. The amendment will also allow the market rate rental apartments to be converted to condominium units that could be offered for sale.

**FISCAL IMPACT:**

Amount: Commercial Project TIF: 30 semi-annual installments: Years 1-10 (20 semiannual installments) = 100% (minus the debt-protected levies). Commercial Project TIF, years 11-15 (10 semi-annual installments) = 50% of the Commercial Project TIF (minus the debt-protected levies). Residential Project TIF: 10 semi-annual installments (years 11-15) = 50%. Residential Project TIF capped at \$1,000,000 on a cash basis.

Funding Source: Project generated tax increment; Metro Center Urban Renewal area.

**ADDITIONAL INFORMATION:**

- On December 21, 2015, City Council approved final terms of agreement with 219 East Grand, LLC for a proposed development mix of market rate housing and retail space on the southeast corner of East Grand and East 2nd Street. The \$27 million, 6-story building was completed earlier this year and includes ground floor retail anchored by West Elm and 98 market rate apartments.
- The negotiated incentive terms remain unchanged in the proposed amendment. The amendment will shift the incentive for the commercial portion of the project from tax abatement that is currently available to the entirety of the project under the Citywide Urban Revitalization plan to TIF and allow the protection of debt service levies. The development agreement currently prevents sale of individual residential units; the amendment will allow for the conversion of apartments to for-sale condominium residential units.

**PREVIOUS COUNCIL ACTION(S):**

Date: December 21, 2015

Roll Call Number: [15-2183](#), [15-2184](#), and [15-2185](#)

Action: Items regarding 219 E. Grand Avenue:

- (A) [Approving](#) Urban Renewal Development Agreement with 219 East Grand, LLC for the redevelopment of the existing parking lot at 219 E. Grand Avenue with a six-story mixed-use building and approving the conceptual development plan. ([Council Communication No. 15-653](#)) Moved by Gatto to adopt. Motion Carried 7-0.
- (B) [Communication](#) from the City Manager regarding Preliminary Terms of Agreement with 219 East Grand, LLC for development of the City-owned parking lot, east of City Hall. Moved by Gatto to approve the preliminary terms of agreement as set forth in Council Communication 15-653, and to direct the City Manager or his designee to negotiate final terms of agreement for future consideration by the City Council. Motion Carried 7-0.
- (C) [Approving](#) agreement with 219 East Grand, LLC for City reimbursement of portions of its out-of-pocket pre-development costs for the proposed parking garage, east of City Hall, in the event the City does not agree to lease-purchase the garage. ([Council Communication No. 15-668](#)) Moved by Gatto to adopt. Motion Carried 7-0.

**BOARD/COMMISSION ACTION(S):**

Board: Urban Design Review Board

Date: December 1, 2015

Resolution Number: NA

Action: Motion to approve final design as presented by Reynolds. Seconded by C. Nagle. Motion carried. Yes – 9, No – 0, Absent -0, Abstain – 1.

Board: Plan and Zoning Commission

Date: November 19, 2015

Resolution Number: NA

Action: Dory Briles moved staff recommendation for approval of Parts A & B) the requested vacations, subject to reservation of any necessary easements for existing utilities in place until such time that they are abandoned or are relocated and approval of Part C) Staff recommends approval of the proposed Site Plan, subject to the following conditions:

1. Compliance with all administrative review comments of the City's Permit and Development Center.

2. Bike racks shall be provided at appropriate locations near the entrances to the retail and multiple-family residential areas on the public streetscape.
3. All mechanical equipment and utility meters shall be architecturally integrated into the structure and shall be entirely screened from public street views.

The vote: 8-0 (Jacqueline Easley and John “Jack” Hilmes were not yet present).

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE**

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