

 <p style="text-align: center;"><b>Council Communication</b> Office of the City Manager</p>	<b>Date:</b>	March 19, 2018
	<b>Agenda Item No.</b>	<b>42</b>
	<b>Roll Call No.</b>	<b><u>18-0477</u></b>
	<b>Communication No.</b>	<b><u>18-123</u></b>
	<b>Submitted by:</b>	<b>Erin Olson-Douglas, Economic Development Director</b>

**AGENDA HEADING:**

Resolution authorizing extension of timelines in the Urban Renewal Agreement for Sale of Land for Private Redevelopment with 5th and Walnut Parking, LLC regarding the redevelopment of the Fifth and Walnut Parking Garage site.

**SYNOPSIS:**

On April 3, 2017, the City Council approved an Urban Renewal Development Agreement for the sale of land for private redevelopment of a 1.3-acre site located along 5th Avenue between Walnut Street and Court Avenue with 5th and Walnut Parking, LLC (Justin Mandelbaum, Developer, Mandelbaum Properties, 4500 Westown Parkway, West Des Moines, Iowa). The City Council approved a first amendment to the Urban Renewal Development Agreement on July 17, 2017, which allowed for an increase in the number of parking stalls from 564 to 671 to accommodate the additional 3-stories of approximately 41,000 square feet of office space above the movie theater and an increase in the size of hotel from an 84-key hotel to 117-key hotel. The City Council approved a second amendment to the Urban Renewal Development Agreement on December 18, 2017, which acknowledged an increase in the parking stall count to 690 and allowed for an extension for the completion date of the parking garage component from October 31, 2019 to February 28, 2020, to allow additional time to construct the now larger garage. The second amendment also allowed the property to be divided into three (3) building sites by a declaration of a horizontal property regime instead of a plat of survey.

On March 8, 2018, the City Council approved the retention of Robert Douglas and the Davis Brown Law Firm to consult on issues relating to the City’s interest in the formation of a condominium regime for this mixed-use project. Because of the complexity of this project, the time needed to adequately review the condominium document, the time needed for the developer to finalize various design elements for building plan set submittals, and having adequate time for building permit review prior to issuing permits for footings and foundations to comply with the secondary closing requirements, staff is recommending the City Council authorize the following timeline extensions:

<u>Building:</u>	<u>Current Deadline:</u>	<u>Amended Deadline:</u>
Secondary Closing	03/31/2018	07/07/2018 (14-week extension)
Commence Garage	04/30/2018	07/23/2018 (12-week extension)
Complete Garage	02/28/2020	05/22/2020 (12-week extension)
Commence Theater	10/31/2019	no change
Complete Theater	10/31/2021	no change
Commence Tower	10/31/2019	no change
Complete Tower	09/01/2022	no change

**FISCAL IMPACT:**

Amount: Authorization is for an adjustment of timelines only and results in no change to the financial terms with the development agreement.

Funding Source: N/A

**ADDITIONAL INFORMATION:**

- Significant progress has been made by the development team on the project to date. A listing of significant milestones for the development team and the City on this project is included below:
  - Executed development agreement
  - Completed traffic study
  - Preliminary closing and sale of property
  - Conceptual development plan approval by the City Council
  - Schematic design set completed for the entire project
  - Demolition substantially completed on the former parking structure
  - Temporary pedestrian pathway constructed to re-establish connectivity of the skywalk system between the Kirkwood building and the Capitol Square building
  - Preliminary submittal of full building permit sets on the parking structure to Permit and Development
  - Signed commitment letter with the lender on the garage component
  - Draft submittal of the condominium document
  
- The development team is expecting to make an announcement providing more details on the hotel component in the coming weeks.
  
- Subject to City Council approval of a future amendment to the approved Conceptual Development Plan for the Parking Garage, the number of parking spaces in the garage is anticipated to increase by 20 to 30 spaces. The development team is considering further amendments to the project design to consolidate the south elevator bank and stairs in the parking garage with the elevator bank and stairs in the theater/office building. This may decrease the construction and future operating costs, and further increase the number of parking spaces. Each additional parking space increases the Stipulated Price by \$46,547, per the terms of the current development agreement.
  
- Any increase in the Stipulated Purchase price is significant to the City because the City is providing a Parking Shortfall Loan payable in semi-annual installments generally equal to the difference between the installments required to amortize the Stipulated Price over 20 years, and the available net operating income from the operation of the parking component of the Parking Garage.

**PREVIOUS COUNCIL ACTION(S):**

Date: December 18, 2017

Roll Call Number: [17-2194](#)

Action: [Approving](#) Second Amendment to Urban Renewal Agreement for Sale of Land for Private Redevelopment with 5th and Walnut Parking LLC, represented by Justin Mandelbaum, Officer, regarding the sale and redevelopment of the Fifth and Walnut Parking Garage at 422 Walnut Street. ([Council Communication No. 17-841](#)) Moved by Hensley to adopt. Motion Carried 7-0.

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

Board: Urban Design Review Board

Date: September 26, 2017

Action: Motion to approve incorporating the Board's comments by Reynolds. Seconded by Rypma. Motion carried. Yes – 8, No – 0, Absent – 2, Abstain – 0.

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:**

- Amended Conceptual Development Plan
- Third Amendment to the Urban Renewal Development Agreement

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