

 <p style="text-align: center;"><b>Council Communication</b> Office of the City Manager</p>	<b>Date:</b>	May 21, 2018
	<b>Agenda Item No.</b>	<b>44</b>
	<b>Roll Call No.</b>	<b><u>18-0886</u></b>
	<b>Communication No.</b>	<b><u>18-257</u></b>
	<b>Submitted by:</b>	<b>Erin Olson-Douglas, Economic Development Director</b>

**AGENDA HEADING:**

Resolution approving Urban Renewal Development Agreement with KOK Vermont Street, LLC for Redevelopment of 1300-1350 Vermont Street.

**SYNOPSIS:**

Recommend approval of the Urban Renewal Development Agreement with KOK Vermont Street, LLC, represented by Todd Mendenhall, Officer, for the sale of City-owned land and construction of a new 62,000 square feet, high cube warehouse at 1300-1350 Vermont Street in Central Place Industrial Park, at an estimated investment of \$13.9 million.

**FISCAL IMPACT:**

Amount:

- (A) Revenue: \$210,000 sale of City-owned land
- (B) \$210,000 forgivable loan
- (C) \$200,000 Economic Development Grant
- (D) \$25,000 City participation in environmental remediation costs
- (E) \$395,000 estimated value of property tax abatement

Funding Source:

- (A) Purchase price of City-owned land at appraised fair market value.
- (B) Proceeds from sale of City-owned land.
- (C) Non-project generated tax increment revenues, as available, from the Central Place Industrial Park Urban Renewal Tax Increment District.
- (D) Maximum amount to be matched by Developer for payment of costs paid to unrelated, third-party contractors for investigation and remediation of environmental and geotechnical conditions on the City-owned site at 1300-1350 Vermont.
- (E) Estimated gross value of property tax abatement on the proposed value-added improvements under the Citywide Urban Revitalization Plan, 10-year declining commercial tax abatement schedule.

**ADDITIONAL INFORMATION:**

On January 8, 2018, by Roll Call No. 18-0058, City Council approved preliminary terms of agreement and directed the Office of Economic Development (OED) to negotiate a final urban renewal development agreement, which is now presented for final approval. The final terms are consistent with the preliminary terms provided on January 8, 2018, including:

- Sale of land at the appraised fair market value of \$210,000, with the land conveyance subject to the Developer compliance with the Central Place Industrial Park Redevelopment Program Urban Renewal Plan that directs the proposed new 62,000-square-foot warehouse be built in substantial compliance with the Third Restated Citywide Urban Revitalization Plan Construction and Sustainability Design Standards and all applicable City site plan and construction codes.
- In recognition of the site's existing geotechnical conditions that will require additional construction costs to improve the ground support conditions beneath the proposed warehouse footings and floor slabs to allow it to be built, staff recommends:
  - A \$210,000 forgivable loan, at 0% interest, to be funded from the land sale proceeds, and forgiven upon the issuance of a certificate of completion for the value-added improvements.
  - A \$200,000 economic development grant to be funded from non-project generated tax increment revenues, as available, from the Central Place Industrial Park Tax Increment Financing District. The grant would be paid in one (1) payment on or before December 1<sup>st</sup> of the year following the issuance of the certificate of completion for the value-added improvements, with an anticipated payment date of December 1, 2019.
  - The City and Developer will split on a dollar for dollar basis up to \$25,000 each, out-of-pocket costs paid to unrelated third-party contractors for the costs associated with environmental and geotechnical investigations (Phase I and Phase II) any subsequent remediation of environmental contaminated materials discovered on the site prior to the issuance of a certificate of completion for the value-added improvements.
  - It is required that the project be in substantial compliance with the Construction Design and Sustainability Requirements under the City's Third Restated Urban Revitalization Plan and will be eligible for commercial tax abatement for commercial tax abatement under either the 3-year, 100% exemption schedule or the 10-year, declining percentage exemption schedule.

**PREVIOUS COUNCIL ACTION(S):**

Date: May 7, 2018

Roll Call Number: [18-0806](#)

Action: On conveyance of City-owned property at the northwest corner of Vermont Street and Indiana Avenue to KOK Vermont Street, LLC for construction of a new high cube warehouse containing approximately 60,000 square feet, \$210,000. ([Council Communication No. 18-223](#)) Moved by Gray to adopt. Motion Carried 6-1. Absent: Gatto.

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

Board: Urban Design Review Board

Date: May 8, 2018

Resolution Number: N/A

Action: Motion to recommend approval of the final design as presented by Barnum. Seconded by Hielkema. Motion carried. Yes = 7, No = 0, Absent = 2, Abstain – 1.

Board: Plan and Zoning Commission

Date: May 3, 2018

Resolution Number: N/A

Action: Motion for approval of the revised Site Plan with an indefinite waiver of the public sidewalk along Forest Avenue subject to the following conditions: 1) Provision of 5-foot public sidewalk along the entirety of the Forest Avenue portion of the property; 2) The sidewalk specified in Condition 1 shall be constructed no later than May 3, 2020. A final Certificate of Occupancy will be issued after installation of the sidewalk; 3) Compliance with all administrative review comments of the City's Permit and Development Center. Motion passed: 11-0-1

Board: Urban Design Review Board

Date: February 13, 2018

Resolution Number: N/A

Action: A consensus of the members present recommend approval of the preliminary design and financial assistance as presented noting Board comments.

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE**

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