


COUNCIL COMMUNICATION

	Number:	19-547	Meeting:	December 16, 2019
	Agenda Item:	60	Roll Call:	19-2062
	Submitted by:	Erin Olson-Douglas, Economic Development Director		

AGENDA HEADING:

Resolution approving parcel Development Agreement with Blackacre Development, LLC, and River Point West, LLC, regarding the construction of a mixed-use development with an outdoor sports and entertainment venue along SW 14th Street, south of Martin Luther King Jr Parkway.

SYNOPSIS:

Blackacre Development (Jerry Haberman, President, Krause Group Real Estate, 1459 Grand Avenue, Des Moines, Iowa 50309), is proposing to purchase approximately 11-acres of property from River Point West, LLC (represented by George Sherman, Sherman Associates, 233 Park Avenue, Suite 201, Minneapolis, MN 55415), in order to construct a 6,000-8,000 seat outdoor sports and entertainment venue that would host a future Des Moines professional soccer team, as well as other users, such as local rugby or lacrosse clubs, marching band competitions, concerts, NCAA Division II and III Championships, World Cup or Olympics viewing parties, community festivals, etc. The venue would include:

- A street level plaza to handle pre- and post- gathering
- \$35 million in additional development, including a 500-car structured parking ramp and a 5-story 150,000-square-foot mixed-use retail and office building.

In accordance with the Third Amended and Restated Urban Renewal Development Agreement, dated September 9, 2019 with River Point West, LLC., it is required to have a parcel Development Agreement, as well as City review and approval of the development plans for each parcel of land sold in the development area. The primary goal for the City under the Master Development Agreement with Sherman is to ensure the creation of new taxable valuation in the area through the development of high quality projects.

FISCAL IMPACT: NONE

ADDITIONAL INFORMATION:

- An \$8.5 million Section 108 U.S. Housing and Urban Development (HUD) loan, along with Developer equity and other project financing elements, was a significant funding source for the necessary tasks to acquire, clear and remediate the land, construct streets and utilities and redevelop the former industrial brownfields area that is now called Gray's Landing (formerly known as Riverpoint West).

- Following the 2015 amendment, Sherman Associates continues to pay the semi-annual payments on the Section 108 HUD loan, as well as bringing forward new projects to create new increment.
- This new taxable valuation creates the tax increment (TIF) that is the source for making semi-annual payments on the Section 108 HUD loan.
- Sherman Associates has brought forward four (4) projects in the last couple of years (Holiday Inn Express Hotel, The Edge Apartments, the Nexus Apartments, and New Horizon Childcare Academy), totaling approximately \$60.3 million of investment. The proposed Gray's Lake Office Building will add an additional \$15 million.
- The \$95 million Blackacre Development project, of which at least \$35 million will be taxable, is anticipated to initiate construction in spring 2021 with the first phase of construction complete in fall 2022. The ownership structure of the sports and entertainment venue has not yet been determined.
- This parcel Development Agreement also provides for a portion of the incremental tax revenues generated by the project, that would otherwise be used to fund economic development grants to River Point West LLC under the Master Development Agreement, be retained by the City pending a future Agreement with the Blackacre regarding any incentives to be provided by the City for the Blackacre Development project.
- This parcel Development Agreement does not require a Minimum Assessment Agreement with Blackacre Development as would normally be required. The Minimum Assessment Agreement will be addressed in a later Development Agreement if any City incentives are provided for the project.

PREVIOUS COUNCIL ACTION(S):

Date: September 9, 2019

Resolution Number: [19-1408](#) and [19-1409](#)

Action: Items regarding the Gray's Landing Project:

- (A) [Approving](#) First Amendment to Contract for Loan Guarantee Assistance with the U.S. Department of Housing and Urban Development regarding the Section 108 Loan used. ([Council Communication No. 19-387](#)) Moved by Boesen to adopt. Motion Carried 7-0.
- (B) [Ratifying](#) Third Amended and Restated Urban Renewal Development Agreement with River Point West LLC (George Sherman, President). ([Council Communication No. 19-388](#)) Moved by Boesen to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S):

Board: Urban Design Review Board

Date: November 5, 2019

Resolution Number: N/A

Action: The Urban Design Review Board (UDRB) members present offered comments on the project during the informational review. Further UDRB review will occur as the project progresses.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

Urban Design Review Board – preliminary review and final review of the Conceptual Development Plan.

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