


COUNCIL COMMUNICATION

	Number:	22-056	Meeting:	February 21, 2022
	Agenda Item:	28	Roll Call:	22-0243
	Submitted by:	Erin Olson-Douglas, Development Services Department Director		

AGENDA HEADING:

Third Amendment to the Development Agreement with 101 East Grand Parking, LLC (Phase 3).

SYNOPSIS:

Recommend approval of the third amendment to an Urban Renewal Development Agreement for the final phase (Phase 3) of a mixed-use project at 148 East Locust Street with 101 East Grand Parking, LLC (Officers Paul Hayes and Tim Rypma, and Jim Cownie, principal investor Des Moines, Iowa, 50309). This Amendment to the development agreement allows for the waiver of fees associated with an additional 1-year extension to the final phase of development due to current economic and pandemic conditions.

FISCAL IMPACT:

Amount: \$43,176.84 fee being waived

Funding Source: N/A

ADDITIONAL INFORMATION:

- On April 11, 2016, City Council approved an urban renewal development agreement for the phased redevelopment of the former City Hall parking lot. The first phase was a public parking structure at the center of the block completed in 2017. The second phase of the redevelopment on the north side of the East 2nd Street Parking Garage was a 4-story, 64,000-square-foot, mixed-use office building with retail space on the ground floor completed in 2019 and is nearly completely leased.
- The existing development agreement requires the development team to begin construction on the third phase on the south side of the block along East Locust Street within 18-months of the completion of the second phase. The second phase office building at 111 East Grand was issued its certificate of completion on June 24, 2018, and December 24, 2020 was the original deadline for commencing phase 3 on East Locust Street. The agreement was previously amended on December 21, 2020, to exercise the first four (4) of the maximum of (8) 3-month extensions for the project and to provide waiver of the penalty fees for delay.

- The approved development agreement provides for a total of eight (8) 3-month extensions, with a formula for a fee for each extension based on the lack of parking demand provided. As calculated by the formula, a 1-year waiver of fees has a value of \$43,176.84. This requested waiver would exercise the last of the allowed extensions as specified in the development agreement.
- Citing delays related to the current pandemic conditions and the need for more time to pursue opportunities for site-specific real estate investments that would reduce developer risk, the developer is choosing to exercise four (4) of the eight (8) 3-month extensions and has requested waiver of the associated fees.

PREVIOUS COUNCIL ACTION(S):

Date: December 21, 2020

Roll Call Number: [20-2119](#)

Action: [Second](#) Amendment to Urban Renewal Agreement for Sale of Land for Private Redevelopment with 101 East Grand Parking, LLC (Paul Hayes), for the multi-phased redevelopment of the block east of City Hall. ([Council Communication No. 20-557](#)) Moved by Boesen to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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