


COUNCIL COMMUNICATION

 CITY OF DES MOINES OFFICE OF THE CITY MANAGER	Number:	23-120	Meeting:	March 6, 2023
	Agenda Item:	29	Roll Call:	23-0305
	Submitted by:	Matthew A. Anderson, Deputy City Manager		

AGENDA HEADING:

Resolution approving the First Amendment to the Urban Renewal Development Agreement for Des Moines Climate Controlled Self Storage, LLC, for property located at 503 SE 12th Street.

SYNOPSIS:

Recommend approval of the first amendment to the Urban Renewal Development Agreement for proposed indoor climate controlled self-storage project located on property addressed as 503 SE 12th Street with Des Moines Climate Controlled Self Storage, LLC (Mark Bockenstedt, Owner, 1003 NW Ridge Road, Ankeny, IA 50023).

This amendment to the development agreement provides an extension of time to commence construction of Phase I of the project to May 1, 2025, and adjusts completion dates for both phases of the project accordingly. The amendment also allows the closing on the City-owned property that comprises most of the development site but will require the Developer to complete necessary soil remediation work, undergrounding of utilities, and relocation of a Verizon Fiber Line within one (1) year of closing on the property. The amendment also inserts a provision that if the project does not materialize within the timelines indicated in the agreement, the City will have the first option to repurchase the property back at the Developer's original purchase price, and includes the adjacent land already owned by the Developer, that would be purchased at fair market value.

FISCAL IMPACT:

Amount: \$200,000 (2019 appraised value of property was \$520,000, less credits offered for soil remediation and fiber and utility line relocations).

Funding Source: Proceeds from the sale to be allocated as follows: \$72,000 (36%) to ST500 and \$128,000 (64%) to the General Fund.

ADDITIONAL INFORMATION:

- On December 6, 2021, by Roll Call No. 21-1846, the City Council approved the sale of City-owned land an Urban Renewal Development Agreement with Des Moines Climate Controlled Self Storage, LLC for the phased redevelopment of two (2) 4-story indoor climate-controlled storage buildings located on a 1.97-acre site addressed as 503 SE 12th Street for \$15.5 million.

- Des Moines Climate Controlled Self Storage, LLC is proposing to construct two (2) 4-story indoor climate-controlled storage buildings with a cumulative total of 153,600 square feet on a vacant site located at 503 SE 12th Street. The construction of the second building will be phased accordingly with market demand but shall begin within four (4) years of completion of the Phase I building.
- The project experienced delays related to economic conditions resulting from increased materials and construction costs, inflation, and higher interest rates for financing. The Developer and City staff have remained in communication on the intent to continue with the development of the site when market conditions are more appropriate, and the project can feasibly be built. The scope and design of the project remains unchanged.
- The development is proposed on a combination of City-owned and privately assembled land that comprises a 1.97-acre site adjacent to Cohen Park, which has seen recent improvements and the construction of a new regional stormwater basin. A land swap for a small 5,454-square-foot sliver of Cohen Park has occurred between the Developer and the Parks and Recreation Department to help shore up irregular site boundaries. Additional improvements to Cohen Park are already under construction.
- The first amendment to the Urban Renewal Development agreement will provide additional time to commence and complete construction of Phases I and II of the project, and allow for the closing of City-owned property shortly thereafter, with the condition that the Developer show good faith in progress of the development by getting the site prepared for construction by remediating poor soil conditions, undergrounding overhead utility wires, and relocating an existing fiber line through the site. This work shall be completed within one (1) year of the closing of property. The amendment also inserted a clause that the City will have the first right to repurchase the City-owned land and purchase the privately-owned land comprising the project site, should the Developer opt to not move forward with the project. If the City opts to exercise its option, it would repurchase the City-owned land for the same amount that it was sold to the Developer for, and could purchase the privately-owned property for fair market value, as determined by a licensed appraiser.

PREVIOUS COUNCIL ACTION(S):

Date: December 6, 2021

Roll Call Number: [21-1846](#)

Action: [Accepting](#) revised development proposal from Des Moines Climate Controlled Self Storage, LLC (Mark Bockenstedt, Owner) to develop City-owned property in the vicinity of 503 SE 12th Street in the Metro Center Urban Renewal Area and accepting the conceptual development plan for the project. ([Council Communication No. 21-527](#)) Moved by Gatto to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S):

Board: Plan and Zoning Commission

Date: October 7, 2021

Resolution Number: N/A

Action: Plan and Zoning Commission voted 10-0 to approve a site plan for property located at 503 SE 12th Street, with Type 2 Design Alternatives in accordance with City Code.

Board: Urban Design Review Board

Date: September 21, 2021

Resolution Number: N/A

Action: Motion to recommend approval of the final design as presented with the addition of arched windows on the first floor by Ward. Seconded by Hielkema. Motion carried. Yes – 6, No – 0, Absent – 4, Abstain- 0.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

- City Council to approve certificate of completion upon finishing each phase of project construction.

For more information on this and other agenda items, please call the City Clerk's Office at 515-283-4209 or visit the Clerk's Office on the first floor of City Hall, 400 Robert D Ray Drive. Council agendas are available to the public at the City Clerk's Office on Thursday afternoon preceding Monday's Council meeting. Citizens can also request to receive meeting notices and agendas by email by calling the Clerk's Office or sending their request via email to cityclerk@dmgov.org.