


COUNCIL COMMUNICATION

 CITY OF DES MOINES OFFICE OF THE CITY MANAGER	Number:	24-378	Meeting:	September 16, 2024
	Agenda Item:	51	Roll Call:	24-1259
	Submitted by:	Cody Christensen, Development Services Director		

AGENDA HEADING:

Resolution approving the preliminary terms of an Urban Renewal Development Agreement with Riverview Parking LLC and Riverview DSM LLC for the construction of a multilevel parking structure with a minimum of 249 parking stalls located at 200, 210, and 216 East Court Avenue to support the renovation and re-occupancy of the existing office building at 218 East 2nd Street.

SYNOPSIS:

Riverview Parking LLC (Doug Wells, Principal, Wells Porter Design, 2200 Grand Avenue, Des Moines, IA 50312) is proposing the construction of a multi-level parking structure consisting of a minimum of 249 parking stalls at 200, 210, and 216 East Court Avenue, located on a 0.849-acre parcel in the East Village. The proposed parking structure will include photovoltaic solar panels, Electric Vehicle (EV) charging stations, and will be available for use by the public on nights and weekends.

It is also anticipated that there will be a full-scale renovation of the adjacent office building, located at 218 East 2nd Street and owned by Riverview DSM LLC (ownership of which is related to Riverview Parking LLC). The combined total project cost, inclusive of the parking structure and office building renovation, is estimated at \$28.9 million. Construction is expected to begin as soon as possible, with completion anticipated in 2025.

The Office of Economic Development has negotiated preliminary terms of an urban renewal development agreement with Riverview Parking LLC, which provides for tax increment financing (TIF) to serve as a means for responding to a financing gap, as presented by the development team. Additional details on the preliminary terms are provided in the fiscal impact section below.

FISCAL IMPACT:

Amount: The financial terms propose approximately \$5.57 million in project-generated tax increment at a net-present-value at a 4.5% discount rate (\$9.3 million on a cash basis), to be paid with 100% of the project-generated building TIF in years one (1) through 20. The projected TIF will be generated from the increased valuation of the renovated office building as well as the new valuation of the parking structure. The TIF is estimated to comprise of 19.29% of the combined project cost.

The combined current assessed value of the existing properties is \$9,102,300. Upon completion of the parking structure project and the office renovation, the total assessed value of the property is projected to be approximately \$20,618,568.

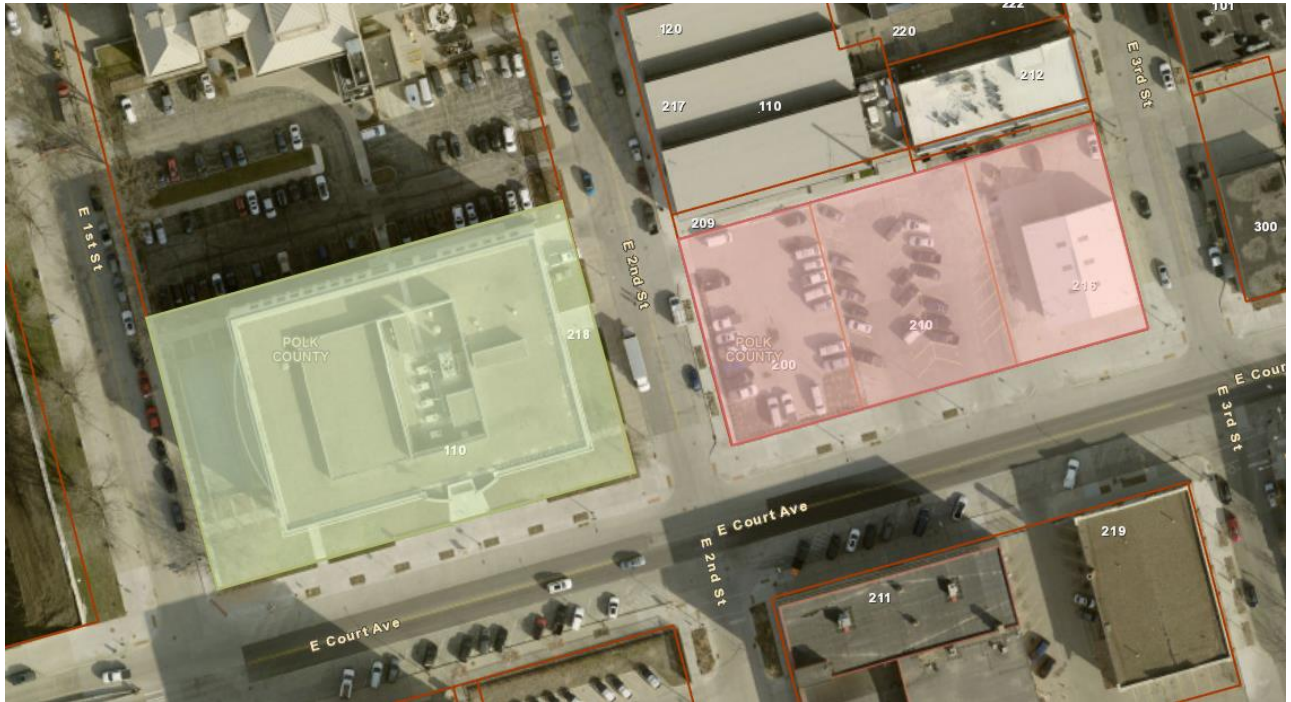
Year	Estimated Taxes Received without Project*	Estimated Taxes Received with Project*	Incentive Paid	Estimated Net Taxes Received
Sum 10 Years	\$ 3,883,170	\$ 8,844,085	\$4,041,259	\$ 4,802,826
Sum 20 Years	\$ 8,695,525	\$19,628,707	\$9,295,148	\$10,333,559
Sum 30 Years	\$14,561,055	\$32,775,803	\$9,295,148	\$23,480,655

Funding Source: Tax increment generated by the project in the Metro Center Urban Renewal Area.

ADDITIONAL INFORMATION:

- The proposed parking structure project is located at the northeast corner of East 2nd Street and East Court Avenue and will include a minimum of 249 parking stalls. This structure will support projected office and commercial users with substantial parking needs in the East Village.
- The renovation scope of the office building at 218 East 2nd Street will include restaurant use on the first level, providing exclusive views of the downtown skyline and Des Moines River. The upper floors will include office uses. Interior non-bearing walls have been removed, leaving a wide-open floor plate ready for tenant buildout.
- All proposed projects which exceed the City's TIF policy (no more than 75% of project-generated TIF for 15 years) must be reviewed by the City's Debt Review Committee. The committee is comprised of staff from the Finance, Economic Development, and City Manager's departments. The committee is receptive of the project and its importance in solving parking constraints in the area; however, there is apprehension regarding the incentive level which could set a precedent for future developments. The unique circumstances of this project, such as a starting valuation of over \$9 million, a lack of adjacent or proximate parking availability, and the need to reposition and stabilize the building are likely to differentiate this from future projects.

Vicinity Map



PREVIOUS COUNCIL ACTION(S): NONE

BOARD/COMMISSION ACTION(S):

Board: Plan and Zoning Commission

Date: September 5, 2024

Resolution Number: N/A

Action: The Plan and Zoning Commission voted 12-0 to approve the following: Part A) The requested “DX2” District is not in conformance with PlanDSM Creating Our Tomorrow Comprehensive Plan future land use classification of Public/Semi Public. Part B) Approval of the requested amendment to the PlanDSM: Creating Our Tomorrow Plan to revise the future land use classification from Public/Semi-Public to Downtown Mixed Use. Part C) Approval of the request to rezone the property from “P2” Public, Civic, and Institutional District to “DX2” Downtown Mixed-Use District.

Board: Zoning Board of Adjustment

Date: July 24, 2024

Docket: ZBOA 2024-000035

Action: The foregoing Decision and Order was adopted by a vote of 7-0, with all Board members present voting in favor thereof. Signed, entered into record, and filed with the City of Des Moines Development Services Department serving as the office of the Board, on July 31, 2024.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

- Urban Design Review Board – Design Review
- City Council – Final Terms of an Urban Renewal Development Agreement; Approval of Certificate of Completion to commence economic development assistance.

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