COUNCIL COMMUNICATION

CITY OF DES MOINES CITY MANAGER'S OFFICE	Number:	**26-241**	Meeting:	**July 13, 2026**
	Agenda Item:	**22**	Roll Call:	**26-0831**
	Submitted by:	**Chris Johansen, Neighborhood Services Department Director**		

AGENDA HEADING:

Amend Community Development Block Grant (CDBG) Agreement with 615 Euclid, LLC to Increase Award from $750,000 to $850,000 for the Historic Rehabilitation of the University of Commerce Building at 615 Euclid Avenue

SYNOPSIS:

On March 9, 2026, City Council approved an award of $750,000 in CDBG funds to 615 Euclid, LLC (Brian Clark, manager and developer) for the historic rehabilitation of the University of Commerce building at 615 Euclid Avenue. The project will result in 14 residential rental units. That agreement and all supporting documentation will be amended to increase the CDBG award from $750,000 to $850,000.

FISCAL IMPACT:

Amount: $750,000 Original Award Previously Approved; $100,000 Increase for a total of $850,000 Amended Award

Funding Source: Fiscal Year (FY) 2027 Operating Budget; Neighborhood Services Department; Special Revenue and Other Funds; Grants, Community Development Block Grants, p. 131.

ADDITIONAL INFORMATION:

- The total project cost is anticipated to be approximately $5.75 million.
- The additional $100,000 was originally requested by the developer in September 2025. Consideration of that request was postponed by staff until after the City received its annual allocation of federal funding for fiscal year 2026 (FY26) from the U.S. Department of Housing and Urban Development (HUD) to verify adequate availability of CDBG funds. In April 2026, the City received notification from HUD of an increased annual CDBG allocation for FY26. Staff have completed the underwriting process for this project and determine the increased award is appropriate.
- The additional funding is intended to primarily cover the increased construction costs attributed to federal regulations required as a condition of this funding source such as Build America Buy America (BABA) Act and Davis Bacon and Related Acts (DBRA).

- BABA Act is a federal regulation requiring all iron, steel, manufactured products, and construction materials used on the project be manufactured or built in the United States.

- DBRA is a federal regulation requiring contractors and sub-contractors to pay prevailing wages as published annually by the U.S. Department of Labor with other modifications published more often.

- Overall, there are additional direct labor and administrative costs to track and document compliance with BABA and DBRA. The developer requested the $100,000 additional funding in September 2025 after discussing changes to BABA and DBRA with the construction team and determining construction costs would increase as a result.

- Disbursement of CDBG funds is contingent on the developer demonstrating proof of successfully securing any and all sources of funding to complete the project.

PREVIOUS COUNCIL ACTION(S):

Date: March 9, 2026

Roll Call Number: 26-0306

Action: Award of $750,000 in Community Development Block Grant (CDBG) Funds for the Historic Rehabilitation of the University of Commerce Building at 615 Euclid Avenue, resulting in 14 Residential Rental Units. (Council Communication No. 26-084) Moved by Gatto to adopt. Second by Voss. Motion Carried 7-0.

Date: June 9, 2025

Roll Call Number: 25-0833

Action: Preliminary Award of $750,000 in Community Development Block Grant (CDBG) Funds for the Rehabilitation of the University of Commerce Building at 615 Euclid Avenue, resulting in 14 Affordable Residential Rental Units. (Council Communication No. 25-238) Moved by Gatto to adopt. Second by Voss. Motion Carried 6-0. Council Member Simonson declares a conflict of interest and abstains from voting.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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 second floor of T.M. Franklin Cownie City Administration Building, 1200 Locust Street. 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.