

Date March 7, 2016

RESOLUTION APPROVING COMPETITIVE PROCESS FOR SALE AND REDEVELOPMENT OF THE CITY OWNED PARKING LOTS EAST OF CITY HALL; RECEIVING PROPOSAL FROM 101 EAST GRAND PARKING, LLC (JAKE CHRISTENSEN AND TIM RYPMA, OFFICERS AND JIM COWNIE, PRINCIPAL INVESTOR) FOR REDEVELOPMENT OF SUCH PROPERTIES; AND, SCHEDULING HEARING ON THE SALE OF SUCH PROPERTIES

WHEREAS, the City of Des Moines owns the surface parking lots east of City Hall, bordered by East Grand Avenue, East Locust Street, and East Second Street, and currently used for City employee parking and leased to Embassy Suites for parking purposes; and

WHEREAS, on December 21, 2015, by Roll Call No. 15-2184, the City Council approved preliminary terms of agreement with 219 East Grand, LLC (Jake Christensen and Tim Rypma, officers, and Jim Cownie, principal investor), for the purchase and redevelopment of portions of the City-owned parking lots with three phases of development as follows:

- Phase 1 to be the construction of a 5-story parking garage containing approximately 535 parking spaces fronting on E. 2nd Street midway between E. Grand Avenue and E. Locust Street, to be acquired by the City for public use pursuant to a separate Lease Purchase Agreement; and,
- Phases 2 and 3 to be the construction of two buildings along Grand Avenue and Locust Street, each having a minimum floorplate of 14,000 square feet, a minimum height of 4 stories, with at least 75% of the 1st floor used for retail or restaurant uses, with residential or commercial uses above, and having a combined total of at least 28,000 square feet of office use;

all to be designed and constructed in conformance with a City approved Conceptual Development Plan as more specifically described in Council Communication No. 15-668.

WHEREAS, the development team of Jake Christensen, Tim Rypma and Jim Cownie have established 101 East Grand Parking, LLC (hereinafter the "Developer"), as the development entity for the purchase and redevelopment of the City-owned parking lots; and,

WHEREAS, the City Manager has negotiated final terms of agreement with the Developer whereby the Developer would undertake to purchase portions of the City-owned parking lots more specifically described below (the "Property") for a purchase price of \$48 per square foot, and to redevelop the Property with the Phase 1, 2 and 3 improvements identified above, and the City would undertake to provide the following incentives for each of the Phase 2 and 3 improvements:

- An initial economic development grant equal to the amount of the sales price of the development parcel;
- A deferred economic development grant to be paid in semi-annual installments equal to 70% of project generated tax increment in years 1-8, 60% of project generated tax increment in years 9-10, and 50% of project generated tax increment in years 11-15 or residential tax abatement as provided by the City-wide Urban Revitalization Plan; and,



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- If the City does not maintain and extend the existing urban revitalization tax abatement schedules, the City shall provide a further economic development grant in installments equal to the incremental taxes paid on the taxable value of the improvements assessed as residential or multiresidential property resulting from the loss of the anticipated tax abatement.

all as more specifically described in the *Urban Renewal Agreement for Sale of Land for Private Redevelopment* (the "Proposed Agreement"); and,

WHEREAS, the Property referenced in this resolution is more specifically described as follows:

Except the West 82 feet, all of Block 3 and the intervening vacated East/West alley right-of-way in East Fort Des Moines, an Official Plat, all now included in and forming a part of the City of Des Moines, Polk County, Iowa.

WHEREAS, it is necessary and appropriate that City Council take certain actions in accordance with Iowa Code Section 403.8 in order to receive the Proposed Agreement and give full and fair opportunity for other potential buyers to submit competing proposals for the purchase and redevelopment of the Property; and

WHEREAS, the City Council believes it is in the best interests of the City of Des Moines to consider the Proposed Agreement from the Developer and any competing proposals for the purchase and redevelopment of the Property in accordance with the procedures identified below.

NOW THEREFORE, BE IT RESOLVED, by the City Council of the City of Des Moines, Iowa, as follows:

1. The Proposed Agreement submitted by 101 East Grand Parking, LLC, is hereby received and filed, and shall be available for public inspection in the office of the City Clerk.
2. Any interested party (hereinafter referred to as an "Applicant") may submit a competing proposal for the acquisition and redevelopment of the Property in accordance with the following procedures:
 - A. Permitted uses of the Property include retail and service uses, office, off-street structured parking, transient lodging, and housing as part of a mixed development with other permitted uses, with minimal surface parking.
 - B. The design and exterior materials shall substantially comply with the Commercial Construction and Sustainability Design Standards and with the Eastern Gateway Area 1 Design Standards set forth in Appendix A-1 and A-3, respectively, to the Third Restated Urban Revitalization Plan for the Citywide Urban Revitalization Area.
 - C. All proposals for the redevelopment of the Property shall:
 - 1) Provide a detailed description of the proposed development,
 - 2) Provide for the construction of one or more buildings on the Property containing approximately 112,000 square foot of space devoted to residential, office, and retail

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uses. At least 70% of the ground floor of each building and a total of at least 28,000 square feet of the upper levels within all the buildings on the Property shall be devoted to commercial uses. The buildings shall have steel or concrete frames with exterior finishes utilizing high quality materials such as full dimension brick, concrete and architectural panels.

- 3) Provide for the construction of a structured parking facility on the Property containing approximately 535 parking spaces for lease or lease-purchase by the City.
 - 4) Provide approximately 60 parking spaces on or within 2 blocks of the Property for use by the City's current parking tenant and in coordination with the City, identify a parking solution for the employees and visitors to the Des Moines City Hall until the structured parking facility is substantially completed and placed into use.
 - 5) Provide a proposed form of the *Urban Renewal Agreement for Sale of Land for Private Redevelopment* tailored to the Applicant's proposal.
 - 6) Provide documentation of the Applicant's experience completing comparable development projects and documentation of the Applicant's and its management team's experience managing similar projects over a long term.
 - 7) Provide evidence of the Applicant's financial capacity to complete its proposal, including a complete financing plan identifying proposed sources and uses of funds and a cash flow analysis that shows projected revenues and expenses with all underlying assumptions.
 - 8) Provide letters of support or commitments for the project from equity and lending sources.
 - 9) Be in substantial conformity with the provisions of this resolution.
- D. It is hereby determined that a minimum purchase price for the Property is \$48 per square foot, for uses in accordance with the Metro Center Urban Renewal Plan, taking into account the expected restrictions upon the Property and the covenants, conditions and obligations to be assumed by any Applicant for redevelopment and use of the Property.
- E. The City Council hereby declares its intent to make available financial incentives in a form and amount acceptable to the City Council to encourage quality development. The financial incentives may include:
- 1) A temporary exemption from taxation (tax abatement) pursuant to the City-wide Urban Revitalization Plan for the value added by improvements to any portion of the Property assessed as residential property, or as commercial or multiresidential property if such property consists of 3 or more separate living quarters with at least 75% of the space used for residential purposes.
 - 2) Economic development grants to be paid in installments from the proceeds of the purchase price and/or from project generated tax increment over a period of not to exceed 15 years.



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- 3) Assistance in seeking additional funding and financial assistance from other sources including but not limited to the City of Des Moines and State of Iowa HOME Program, the State of Iowa Enterprise Zone Program, and Low Income Housing Tax Credits.
- F. All inquiries regarding the terms and conditions of this competitive bid process must be submitted to the Office of Economic Development, City Hall, 400 Robert D. Ray Drive, Des Moines, Iowa, 50309. All interested potential developers are invited to contact the Office of Economic Development to discuss the types and levels of economic incentives that are available and acceptable to the City.
- G. Written proposals for the purchase and development of said Property must be received by the Office of Economic Development on or before 1:00 p.m., on April 8, 2016. Each proposal shall be opened and reviewed by the City staff after such deadline.
- H. If a competing proposal is received, the following Selection Criteria shall be applied to judge the relative merits of the proposals:
 - 1) The extent to which the project will advance and encourage further private investment to advance the redevelopment of the East Village Area in conformance with the Metro Center Urban Renewal Plan, the Des Moines 2020 Community Character Land Use Plan, and the Eastern Gateway District Area "1" Design Standards.
 - 2) The potential return on investment to the City over a 20 year period from the project and from further private investments anticipated to be attracted by the project.
 - 3) The extent to which the Applicant has demonstrated the experience and capacity to successfully complete its plans for the redevelopment of the Property.
- I. The City Council will hold a public hearing on April 11, 2016 at 5:00 p.m. in the Council Chambers at City Hall to receive all competing proposals. If no responsive competing proposals are timely received, the City Council will consider approval of the Proposed Agreement and the sale of the Property to the Developer at the public hearing on April 11th. If any responsive competing proposals are timely received, the public hearing will be continued until April 25, 2016, at 5:00 p.m. in the Council Chambers at City Hall, and the Proposed Agreement and all competing proposals will be referred to the Urban Design Review Board for review and recommendation.
- J. If any responsive competing proposals are timely received, the Proposed Agreement and all such competing proposals will be reviewed by the Urban Design Review Board at a special meeting on April 19, 2016, at 7:30 a.m., in the Council Chambers at City Hall. The Board will be asked to apply the Selection Criteria to judge the relative merits of the proposals, and to make a report and recommendation to the City Council.
- K. If any responsive competing proposals are timely received, the City Council hereby declares its intent to select a developer for the sale and redevelopment of the Property consistent with the Selection Criteria identified above, at the conclusion of the public hearing on April 25th. If the Agreement submitted by the selected developer is not then



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in a form acceptable to the City Council, the City Council will schedule a later public hearing to consider approval of the Agreement after further negotiations with the selected developer.

- 3. The City Clerk is hereby authorized and directed to cause the accompanying notice of the competitive bid process and the City's intent to enter into an urban renewal agreement for the sale and redevelopment of the Property to be published in the Des Moines Register on March 9, 2016.
- 4. The competitive bid process set forth in this resolution is hereby determined to comply with the provisions of Iowa Code Section Chapter 403.8(2), requiring "reasonable competitive bidding procedures" for the sale of the Property and this competitive bid process is hereby determined to be the appropriate method for making the Property available for redevelopment in accordance with the Metro Center Urban Renewal Plan.

(Council Communication No. 16-131)

MOVED by _____ to adopt.

FORM APPROVED:

Roger K Brown

Roger K. Brown, Assistant City Attorney

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COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
COWNIE				
COLEMAN				
GATTO				
GRAY				
HENSLEY				
MOORE				
WESTERGAARD				
TOTAL				
MOTION CARRIED	APPROVED			
_____ Mayor				

CERTIFICATE

I, DIANE RAUH, City Clerk of said City hereby certify that at a meeting of the City Council of said City of Des Moines, held on the above date, among other proceedings the above was adopted.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal the day and year first above written.

City Clerk