



Roll Call Number

12-0121

Agenda Item Number

38D

Date January 23, 2012

RESOLUTION APPROVING URBAN RENEWAL DEVELOPMENT AGREEMENT WITH WATERFRONT LODGING, INC., AND CONCEPTUAL DEVELOPMENT PLAN FOR TWO NEW HOTELS AND A PARKING GARAGE IN THE 100 BLOCK OF WATER STREET, AND SCHEDULING A SPECIAL MEETING TO CONSIDER THE FINAL DEVELOPMENT PLAN FOR THE PROJECT

WHEREAS, on November 7, 2011, by Roll Call No. 11-1920, the City Council approved preliminary terms of agreement with Waterfront Lodging, Inc. (the "Developer"), for immediate construction of a hotel and parking garage, and the future construction of a second hotel upon the Property bounded by 2nd Avenue and Vine, Water and Market Streets; and,

WHEREAS, the City Manager has negotiated an Urban Renewal Development Agreement (the "Agreement") with the Developer which provides that in exchange for an undertaking by the Developer to improve the Property by the construction of the following Improvements:

- The construction of a hotel having approximately 125 to 130 lodging rooms and a parking garage providing space for approximately 238 parking spaces, to commence within 90 days; and
- The construction of a second hotel having between 100 and 120 lodging rooms, to commence by November 1, 2018,

the City would provide the following financial incentives:

- An Initial Economic Development Grant in the amount of \$1,100,000 to be advanced by the City promptly after commencement of construction of the parking garage;
- A Supplemental Economic Development Grant to be advanced in installments over 15 years after completion of the first hotel and parking garage, with the installments payable in each fiscal year to be equal to 75% of the incremental tax revenues generated by the first hotel; and,
- A Second Supplemental Economic Development Grant to be advanced in installments over 15 years after completion of the second hotel, with the installments payable in each fiscal year to be equal to 75% of the incremental tax revenues generated by the second hotel,

all as more specifically described in the Agreement and in the proposed Conceptual Development Plan, which are on file and available for public inspection in the office of the City Clerk; and,

WHEREAS, the Developer's obligations under the Agreement to construct the Improvements furthers the objectives of the Metro Center Urban Renewal Plan to preserve and create an environment which will protect the health, safety and general welfare of City residents,

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and maintain taxable values and employment opportunities within the Metro Urban Renewal Project Area (the "Project Area"); and,

WHEREAS, the economic development incentives for the development of the Improvements are provided by the City to Developer pursuant to the Urban Renewal Law and Chapter 15A of the Code of Iowa, and Developer's obligations under the Agreement to construct the Improvements, including the Parking Garage that will accommodate more intensive redevelopment of the Property, will generate the following public gains and benefits: (i) it will advance the improvement and redevelopment of the Project Area in accordance with the Metro Center Urban Renewal Plan; (ii) it will encourage further private investment to reverse the pattern of disinvestment and declining property values in the surrounding area; and, (iii) it will further the City's efforts to retain and create job opportunities within the Project Area which might otherwise be lost; and,

WHEREAS, the construction of the Improvements is a speculative venture and the construction of the Parking Garage and resulting benefits would not occur without the economic incentives provided by the Agreement; and,

WHEREAS, City believes that the redevelopment of the Property pursuant to the Agreement, and the fulfillment generally of the Agreement, are in the vital and best interests of City and the health, safety, morals, and welfare of its residents, and in accord with the public purposes and provisions of the applicable state and local laws and requirements under which the project has been undertaken, and warrant the provision of the economic assistance set forth in the Agreement; and,

WHEREAS, the Urban Design Review Board has reviewed the level of financial incentives to be provided by the City pursuant to the Agreement and voted to recommend approval of the financial incentives; and,

WHEREAS, the Urban Design Review Board has also reviewed the Conceptual Development Plan for the Improvements and has recommended changes to the design of the parking garage and has raised concerns with, and recommended further review of, the exterior materials proposed for the two hotels; and,

WHEREAS, in response to the recommendations from the Urban Design Review Board the Developer has made further amendments to the design of the parking garage and provided further information regarding the exterior materials for the two hotels which have not been considered by the Board.

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

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1. The Conceptual Development Plan for the construction of the two hotels and garage as described above is hereby conditionally approved. This approval does not extend to the design of the parking garage and the exterior materials for the two hotels, which will be further defined in a Final Development Plan.
2. The Final Development Plan showing the exterior materials and appearance of the two hotels and the parking garage is hereby referred to the Urban Design Review Board for further review and recommendation. The Board is asked to complete its review and to have a recommendation for consideration by the City Council by Friday, January 27th. The City Council hereby declares its intent to take final action on the Final Development Plan at the earliest opportunity.
3. The Urban Renewal Development Agreement between the City and Waterfront Lodging, Inc., described above is hereby approved. The Mayor and City Clerk are hereby authorized and directed to execute the Agreement on behalf of the City of Des Moines.
4. The Mayor and City Clerk are further authorized and directed to execute the Right of First Refusal, and the two Minimum Assessment Agreements in the forms and at the times established by the Agreement upon approval of the final form of each document by the Legal Department.
5. Upon requisition by the City Manager or the City Manager's designee, the Finance Department shall advance the installments on the Initial Economic Development Grant, and the Supplemental and Second Supplemental Economic Development Grants pursuant to Article 3 of the approved Development Agreement.
6. The City Council hereby approves the advance of funds necessary to pay the Initial Economic Development Grant of \$1,100,000 pursuant to the Urban Renewal Development Agreement with Waterfront Lodging, Inc. The advance shall be treated as an internal loan to the special fund created pursuant to Iowa Code §403.19 for the Metro Center Urban Renewal Tax Increment District. The internal loan shall be certified as an indebtedness payable from the said special fund, and shall be repaid from the tax increment revenues received with respect to the Metro Center Urban Renewal Area, as those funds become available.

(Council Communication No. 12- 038)

(continued)

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MOVED by Hensley to adopt.

FORM APPROVED:

Roger K Brown

Roger K. Brown
Assistant City Attorney

C:\Rog\Eco Dev\Waterfront\RC Approve Agr V3.Doc

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
COWNIE	✓			
COLEMAN	✓			
GRIESS	✓			
HENSLEY	✓			
MAHAFFEY	✓			
MEYER		✓		
MOORE	✓			
TOTAL	6	1		

MOTION CARRIED

APPROVED

Y. M. Franklin Council 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.

Diane Rauh

City Clerk