



Roll Call Number

12-1503

Agenda Item Number

23

Date September 24, 2012

**RESOLUTION APPROVING AGREEMENT WITH WATERFRONT LODGING, INC.,
FOR THE UNDERGROUNDING OF OVERHEAD ELECTRIC LINES ON
MARKET STREET BETWEEN 2ND AVENUE AND WATER STREET**

WHEREAS, on January 23, 2012, by Roll Call No. 12-0121, the City Council approved an Urban Renewal Development Agreement with Waterfront Lodging, Inc., represented by Ravi Patel, its Vice-President, whereby Waterfront Lodging has undertaken to improve the "Block" bounded by 2nd Avenue and Vine, Water and Market Streets 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; and,

WHEREAS, on August 27, 2012, by Roll Call No. 12-1383, the City Council approved a Revised Final Development Plan establishing the design and exterior materials for the two hotels and garage to be constructed on the Block; and,

WHEREAS, the planned redevelopment of this Block will cause MidAmerican Energy Company ("MidAmerican") to relocate the overhead electric line now existing along the north side of Market Street between 2nd Avenue and Water Street, to an overhead location on the south side of Market Street where it would continue to be an impediment to redevelopment of adjoining properties; and,

WHEREAS, the City and Waterfront Lodging desire to have the affected electric line placed underground consistent with the objectives to set forth in Article V, Paragraph A(10) of the Metro Center Urban Renewal Plan to provide more dependable utility services and to eliminate the blighting influence of above-ground installations wherever possible; and,

WHEREAS, on September 10, 2012, by Roll Call No. 12-1419, the City Council approved the preliminary terms of an agreement with Waterfront Lodging for the undergrounding of the overhead electric lines in Market Street between 2nd Avenue and Water Street; and,

WHEREAS, the City Manager has negotiated a proposed Agreement with Waterfront Lodging consistent with the approved preliminary terms which is on file and available for public inspection in the office of the City Clerk, whereby Waterfront Lodging has agreed to work to cause the overhead electric lines in Market Street between 2nd Avenue and Water Street to be

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relocated underground, in exchange for a one-year exemption from taxation (tax abatement) on the value added to the Block in calendar year 2012 by the construction of the hotels and garage, up to a maximum value as measured by the avoided property taxes of \$52,000.00, or by the payment of an equivalent economic development grant if the City does not timely amend the Metro Center Urban Renewal Plan to allow such a temporary exemption from taxation; and,

WHEREAS, City believes that the undergrounding of the electric line within Market Street pursuant to the proposed Agreement, and the fulfillment generally of the proposed 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 Metro Center Urban Renewal Project has been undertaken, and warrant the provision of the economic assistance set forth in the proposed Agreement.

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

1. The proposed Agreement with Waterfront Lodging described above is hereby approved.
2. The Mayor is hereby authorized and directed to sign the proposed Agreement on behalf of the City, and the City Clerk is authorized and directed to attest to the Mayor's signature on such document.
3. The City Manager is further authorized to enter into agreements with MidAmerican Energy Company to cause the overhead electric lines in the streets adjoining the Block to be relocated underground upon receipt of payment from Waterfront Lodging, Inc., of the full amount required to be paid to MidAmerican Energy under such agreements for the relocation of such lines.
4. The Finance Director is authorized and directed to receive and accept the funds to be advanced by Waterfront Lodging, Inc., for relocation of the overhead electric lines, and to disburse those funds to MidAmerican Energy Company or to return those funds to Waterfront Lodging, Inc., as provided in the Agreement.
5. The City Manager is further authorized and directed to prepare an amendment to the Metro Center Urban Renewal Plan for consideration by the City Council to provide for a one-year exemption from taxation (tax abatement) on the value added to the Block in calendar year 2012 by the construction of the hotels and garage, up to a maximum value as measured by the avoided property taxes of \$52,000.00.
6. The Finance Director is further authorized and directed to make the installment payments on the economic development grant as provided in the proposed Agreement in the event

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the City Council does not approve an amendment to the Metro Center Urban Renewal Plan to allow a one-year exemption from taxation on the value added to the Block in calendar year 2012 by the construction of the hotels and garage as anticipated by the Agreement.

(Council Communication No. 12- 510)

MOVED by Hensley 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 | ✓ | | | |
| GRIESS | ✓ | | | |
| HENSLEY | ✓ | | | |
| MAHAFFEY | ✓ | | | |
| MEYER | ✓ | | | |
| MOORE | ✓ | | | |
| TOTAL | 7 | | | |

MOTION CARRIED

APPROVED

T. M. Franklin
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