

★ Roll Call Number

14-1903

Agenda Item Number

69

Date December 8, 2014

RESOLUTION APPROVING URBAN RENEWAL DEVELOPMENT AGREEMENT WITH 713 WALNUT, LLC, FOR AN \$18.7 MILLION HISTORIC RESTORATION OF THE WILKINS BUILDING AT 713 WALNUT STREET; APPROVING CONCEPTUAL DEVELOPMENT PLAN FOR SUCH RESTORATION; AND, APPROVING TERMINATION OF PRIOR DEVELOPMENT AGREEMENT WITH THE ALEXANDER COMPANY, INC., FOR THE RESTORATION OF THE FORMER YOUNKERS BUILDING

WHEREAS, on December 3, 2012, by Roll Call No. 12-1884, the City Council approved an Urban Renewal Development Agreement (the "Original Agreement") with The Alexander Group, Inc., represented by Joe Alexander, President, for the renovation of the Younkens Building, which became impossible to complete when the eastern half of the building was destroyed by fire on March 29, 2014; and,

WHEREAS, The Alexander Group, Inc., has requested in the accompanying letter that the City agree to the termination of the Original Agreement; and,

WHEREAS, the remaining western half of the Younkens Building was originally a separate building known as the Wilkins Building, and a sufficient portion of the Wilkins Building remains to allow the renovation to qualify for state and federal historic tax credits; and,

WHEREAS, on November 17, 2014, by Roll Call No. 14-1776, City Council approved preliminary terms of agreement with Wilkins Building, LLC, a single-purpose development entity to be created by The Alexander Company, for the historic renovation of the Wilkins Building, and directed the City Manager and Economic Development Administrator to proceed with negotiation of a formal agreement upon terms consistent with the preliminary terms identified in Council Communication No. 15-545; and,

WHEREAS, the The Alexander Company did not create Wilkins Building, LLC, as expected, and has instead chosen to use 713 Walnut, LLC (hereinafter the "Developer"), as the development entity to own and renovate the Wilkins Building; and,

WHEREAS, the City Manager has negotiated an Urban Renewal Development Agreement (the "Agreement") with the Developer whereby the Developer has agreed to renovate the Wilkins Building with approximately 10,000 square feet on the ground floor for commercial use, with approximately 10,000 square feet within and adjoining the former Younkens Tea Room space for banquet and other assembly use, and with 60 residential apartments, all in conformance with the proposed Conceptual Development Plan and hereinafter collectively referred to as the "Improvements", in consideration of an Economic Development Grant in an amount up to

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\$1,539,590, to be paid in annual installments over 10 years, all as more specifically described in the accompanying Council Communication; and,

WHEREAS, the proposed Agreement and Conceptual Development Plan are on file and available for inspection in the office of the City Clerk; and

WHEREAS, at its meeting on November 18, 2014, the members of the Urban Design Review Board voted 8-0 in support of a motion to recommend approval of the level of financial assistance as originally proposed, and thereafter on December 2, 2014, the members of the Urban Design Review Board voted 9-0 in support of a motion to recommend approval of the final project design as reflected in the proposed Conceptual Development Plan, subject to the Conceptual Development Plan being amended in the future, as now required by the proposed Agreement, to incorporate the planned Walnut Street Streetscape Improvements in the adjoining Walnut Street right-of-way and the open area immediately east of the Wilkins Building.

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

1. The City Council hereby makes the following findings in support of terminating the Original Agreement with The Alexander Company, Inc., and approving the proposed Agreement with the Developer, 713 Walnut, LLC:
 - a) The destruction of the eastern half of the Younkers Building by fire on March 29, 2014, made it impossible achieve the purpose of the Original Agreement with The Alexander Company, Inc., and warrants termination of that agreement.
 - b) The Economic Development Grant for the redevelopment of the Wilkins Building by the construction of the Improvements are provided by the City to Developer pursuant to the Urban Renewal Law and Chapter 15A of the Code of Iowa,
 - c) The Developer's obligations under the Agreement to construct the Improvements will generate the following public gains and benefits: (i) it will renovate a blighted burned-out building to productive use and contribute to the local tax base; (ii) it will contribute to the improvement and redevelopment of the downtown area in accordance with the Metro Center Urban Renewal Plan and the Downtown Plan titled "What's Next, Downtown?"; (iii) it will advance the goal of providing a range of affordable housing in decent, safe and sanitary conditions in attractive settings to serve employees and other people who would like to live in the downtown area; (iv) it will encourage further private investment and will attract and retain other businesses in the downtown area to reverse the pattern of disinvestment and declining employment in the area; and, (v) it will lead to the creation and retention of job opportunities within the downtown area and in the Metro Center Urban Renewal Project Area which might otherwise be lost; and,

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- d) The redevelopment of the Wilkins Building 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 Development Grant as set forth in the Agreement.
 - e) The construction of the Improvements is a speculative venture and the construction and resulting benefits would not occur without the provision of the Economic Development Grant as set forth in the Agreement.
2. The request by The Alexander Company, Inc., for termination of the Original Agreement is hereby approved. The City Manager is hereby authorized and directed to sign a Termination Certificate pursuant to Section 7.7 of the Original Agreement certifying that Original Agreement has been terminated by mutual agreement and is of no further force or effect.
 3. The Conceptual Development Plan for the renovation of the Wilkins Building, which is Exhibit "A" to the Agreement, is hereby approved.
 4. The Urban Renewal Development Agreement between the City and 713 Walnut, LLC, 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.
 5. Upon requisition by the City Manager or the City Manager's designee, the Finance Department shall advance the installments on the Economic Development Grant pursuant to Article 5 of the Agreement.
 6. The City Manager or his designees are hereby authorized and directed to administer the Agreement on behalf of the City and to monitor compliance by the Developer with the terms and conditions of the Agreement. The City Manager is further directed to forward to City Council all matters and documents that require City Council review and approval in accordance with the Agreement.
 7. The City Clerk is hereby further authorized and directed to cause the Agreement and the Termination Certificate to be promptly recorded with the Polk County Recorder.

(Council Communication No. 14- 583)

MOVED by Wensley to adopt.

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APPROVED AS TO FORM:

Roger K Brown

Roger K. Brown, Assistant City Attorney
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COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
COWNIE	✓			
COLEMAN	✓			
GATTO	✓			
GRAY	✓			
HENSLEY	✓			
MAHAFFEY	✓			
MOORE	✓			
TOTAL	7			

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.

T. M. Younger
Mayor

Diane Rauh
City Clerk