

★ Roll Call Number

15-0289

Agenda Item Number

16

Date February 23, 2015

RESOLUTION APPROVING COMPETITIVE PROCESS FOR SALE AND REDEVELOPMENT OF DISPOSITION PARCEL NO. 99C AT 420 COURT AVENUE IN THE METRO CENTER URBAN RENEWAL PROJECT AREA, AND RECEIPT OF REDEVELOPMENT PROPOSAL FROM 420 COURT AVENUE, LLC

WHEREAS, on December 23, 2013, by Roll Call No. 13-1971, the City Council authorized the City Manager to seek proposals for the purchase and redevelopment of the City-owned parcels in the vicinity of 420 Court Avenue designated as Disposition Parcel 99C, with a mixed use project; and,

WHEREAS, on February 24, 2014, by Roll Call No. 14-0329, the City Council received development concepts from five developer teams, and selected the joint venture by Knapp Properties, Inc., and Hy-Vee, Inc., as the preferred developer, with a proposal to redevelop the City-owned parcels for housing and a full service grocery store with restaurants and parking; and,

WHEREAS, by said Roll Call No. 14-0329, the City Council directed the City Manager or his designee to negotiate with Knapp Properties and Hy-Vee to refine and finalize their project design, to present the project to applicable boards and commissions, to finalize the project financing, and to prepare a formal development agreement for the purchase and redevelopment of the City-owned parcels for presentation to the City Council at a future meeting; and,

WHEREAS, 420 Court Avenue, LLC (hereinafter the "Developer") was created by Knapp Properties and Hy-Vee to serve as the development entity for the redevelopment of the City-owned parcels; and,

WHEREAS, on January 12, 2015, by Roll Call No. 15-0075, the City Council approved preliminary terms of agreement with the Developer for the redevelopment of the City-owned parcels with a 4 story mixed-use building containing a full-service Hy-Vee grocery store with a restaurant on the ground floor and market-rate apartments on the upper levels and a surface parking lot and a one story parking deck, all as more specifically described in Council Communication No. 15-019, and directed the City Manager to proceed with the necessary documents to proceed with the proposed sale and redevelopment; and,

WHEREAS, the City Manager has negotiated final terms of agreement with the Developer whereby the Developer would undertake to purchase the City-owned parcels more specifically described below (the "Property") for a purchase price of \$270,000 and to redevelop the Property with:

- A 108,00 square foot mixed use building with approximately 35,000 on the ground level devoted to a full service Hy-Vee grocery store with a restaurant, and approximately 81 market-rate apartments in the upper three floors;

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- A one-story parking deck with at approximately 100 parking spaces on the upper level;
- A surface parking with approximately 100 parking spaces; and,
- Landscape and streetscape improvements,

and the City would undertake to provide an Economic Development Grant payable in 15 annual installments, 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:

All of Block 20, Fort Des Moines, an Official Plat - except Lots 6 and 7 in said Block 20 and except all that part of the vacated North/South alley right of way in said Block 20 lying between said Lots 6 and 7, all now included in and forming a part of the City of Des Moines, Polk County, Iowa, and containing approximately 2.37 acres (103,085 square feet).

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 developers to submit competing proposals for the 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 420 Court Avenue, 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 with minimal surface parking, transient lodging, and housing as part of a mixed development with other permitted uses.
 - B. The design and exterior materials shall substantially comply with the Commercial Construction and Sustainability Design Standards and with the Court Avenue Design



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Standards set forth in Appendix A-1 and A-2, respectively, to the Second 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 a proposed form of the *Urban Renewal Agreement for Sale of Land for Private Redevelopment* tailored to the Applicant's proposal.
 - 3) Provide documentation of the Applicant's experience completing comparable development projects and documentation of the Applicant's and its management team experience managing similar projects over a long term.
 - 4) 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.
 - 5) Provide letters of support or commitments for the project from equity and lending sources.
 - 6) Be in substantial conformity with the provisions of this resolution.
- D. It is hereby determined that a minimum purchase price for the Property is \$270,000 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.
 - 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.

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- 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 2, 2015. 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 Court Avenue Area in conformance with the Metro Center Urban Renewal Plan, the Des Moines 2020 Community Character Land Use Plan, and the Court Avenue 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 6, 2015 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 6th. If any responsive competing proposals are timely received, the public hearing will be continued until April 20, 2015, 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 14, 2015, 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 20th. If the Agreement submitted by the selected developer is not then in a form acceptable to the City Council, the City Council will schedule a later public

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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 February 26, 2015.
- 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. 15- 075)

MOVED by Coleman 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 | ✓ | | | |
| 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.

MOTION CARRIED APPROVED
T. M. Franklin
 Mayor

Diane Rauh
 City Clerk