



Roll Call Number

18-0702

Agenda Item Number

37

Date April 23, 2018

APPROVING FIRST AMENDMENT TO URBAN RENEWAL AGREEMENT FOR SALE OF LAND FOR PRIVATE REDEVELOPMENT WITH 101 EAST GRAND PARKING, LLC, FOR THE MULTI-PHASED REDEVELOPMENT OF THE BLOCK EAST OF CITY HALL, AND APPROVING A CONCEPTUAL DEVELOPMENT PLAN FOR THE PROPOSED NEW BUILDING AT 111 E. GRAND AVENUE

WHEREAS, on April 11, 2016, by Roll Call No. 16-0634, the City Council approved an *Urban Renewal Agreement for Sale of Land for Private Redevelopment* (the "Original Agreement") with 101 East Grand Parking, LLC (the "Developer"), represented by Paul Hayes, President, which provided for the sale of the following parcels by City to the Developer:

Parcels 2016-20, 2016-21 and 2016-22, as shown by the Plat of Survey recorded on March 24, 2016, in Book 15934, at Page 39, being a part of Block 3, East Fort Des Moines, an Official Plat, all now included in and forming a part of the City of Des Moines, Polk County, Iowa.

and for the redevelopment of such parcels by Developer with a parking garage on Parcel 2016-21 to be reacquired by City under a lease purchase agreement, and with separate 4-story mixed-use buildings on Parcels 2016-20 and 2016-22 that are both required to have at least 75% of the ground floor devoted to retail or restaurant space and a combined total of at least 28,000 square feet of office space on the upper floors; and,

WHEREAS, Developer has completed the parking garage on Parcel 2016-21 in conformance with the Original Agreement, and such parking garage is now in operation as the East Second Parking Garage; and,

WHEREAS, Developer now proposes to construct a 4-story with approximately 48,000 square feet of office space on the upper three floors, and with retail and restaurant space and a lobby for the office use and on the ground floor, subject amending the economic development incentives for the building as described below; and,

WHEREAS, the Original Agreement provides economic development incentives for each of the two planned buildings consisting of a rebate of the land costs and a Deferred Grant to be paid in installments equal to the following percentages of the annual incremental taxes generated by the commercial portions of each building:

- 70% in years 1 through 8
- 60% in years 9 and 10
- 50% in years 11 through 15

WHEREAS, the Economic Development Director recommends that the economic development incentives for the first building be amended to consist of a rebate of the land costs, a Secondary Grant in the amount of \$64,000 to be paid upon completion of the new building on Parcel 2016-20, and an enhanced Deferred Grant to be paid in installments equal to the following



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percentages of the annual incremental taxes generated by the commercial portions of the first building:

100% in years 1 through 10

50% in years 11 thorough 15

all as more specifically described in the accompanying council communication and the proposed *First Amendment to Urban Renewal Agreement for Sale of Land for Private Redevelopment* (the "First Amendment"), which is on file and available for review in the office of the City Clerk; and,

WHEREAS, on April 10, 2018, the Urban Design Review Board voted 5-1, with one abstention, in support of motions to recommend approval of the proposed Conceptual Development Plan for the new building and to recommend approval of the proposed financial incentives for that building.

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

1. The City Council hereby makes the following findings regarding the proposed sale and conveyance of the Property pursuant to the Agreement:
 - a) The proposed 4-story building on Parcel 2016-20 will provide a substantially larger amount of office space than required under the Original Agreement, with additional employment opportunities and a higher taxable valuation than anticipated under the Original Agreement.
 - b) The economic development incentives for the planned improvements to the new building shall be provided by the City to Developer pursuant to the Iowa Urban Renewal Law and Chapter 15A of the Code of Iowa and Developer's obligations under the Original Agreement as amended by the First Amendment to construct the new building predominantly for office use will generate the following public gains and benefits: (i) it will advance the improvement and redevelopment of the East Village in accordance with the Urban Renewal Plan, the Downtown Plan titled "What's Next, Downtown?" and the Eastern Gateway District Area 1 Design Standards; (ii) it will encourage further private investment and will attract and retain residents and businesses in the East Village area; and, (iii) it will further the City's efforts to create and retain job opportunities within the Metro Center Urban Renewal Area which might otherwise be lost.
 - c) The construction of the new building designed for predominantly office use is a speculative venture and the construction and resulting employment and redevelopment opportunities would not occur without the additional economic incentives to be provided by the City pursuant to the First Amendment.
 - d) The construction of the new building pursuant to the First Amendment, and the fulfillment generally of the Agreement as amended by the First Amendment, are in the vital and best

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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 additional economic assistance set forth in the First Amendment.

- 2. The proposed Conceptual Development Plan for the new building is hereby approved.
3. The proposed First Amendment to Urban Renewal Agreement for Sale of Land for Private Redevelopment is hereby approved.
4. Upon requisition by the City Manager or the City Manager's designee, the Finance Department shall advance the installments on the Initial and Deferred Economic Development Grants pursuant to Article 4 of the Original Agreement as amended by the First Amendment.
5. The City Manager or his designees are hereby authorized and directed to administer the Original Agreement, as amended by the First Amendment, on behalf of the City and to monitor compliance by the Developer with the terms and conditions of the amended agreement.

MOVED by Gatto to adopt.

FORM APPROVED:

(Council Communication No. 18- 193)

By: Roger K. Brown, Assistant City Attorney

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Table with 5 columns: COUNCIL ACTION, YEAS, NAYS, PASS, ABSENT. Rows include COWNIE, BOESEN, COLEMAN, GATTO, GRAY, MANDELBAUM, WESTERGAARD, and TOTAL.

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. Franklin Council Mayor

Diane Rauh City Clerk