



Roll Call Number

21-1412

Agenda Item Number

20 ✓

Date September 13, 2021

RESOLUTION APPROVING COMPETITIVE PROCESS FOR SALE OF LAND AND REDEVELOPMENT OF THE CRESCENT CHEVROLET BUILDING IN THE METRO CENTER URBAN RENEWAL PROJECT AREA, AN RECEIPT OF REDEVELOPMENT PROPOSAL FROM THE KRAUSE+ AFFILIATE KG STORE 543, L.L.C.

WHEREAS, the City of Des Moines owns 75,712 square feet of real estate and right of way (the “City-Owned Property”) more specifically described in the attachment titled LEGAL DESCRIPTION OF CITY-OWNED PROPERTY; and,

WHEREAS, the City Council adopted preliminary terms for phased development of multiple parcels of property by Krause+ (the “Developer”) that includes the building located at 555 17th Street, known as the Crescent Chevrolet Building and the adjacent City-Owned Property; and,

WHEREAS, the Developer proposed an Urban Renewal Development Agreement (the “Proposed Agreement”) pursuant to which the Developer’s affiliate KG Store 543, L.L.C. would remodel the Crescent Chevrolet Building and utilize the adjacent City-Owned Property as part of its project; and,

WHEREAS, pursuant to Iowa Code section 403.8 the Des Moines City Council must adopt a reasonable competitive bidding process for the sale and redevelopment of the City-Owned Property; and,

WHEREAS, the City's Office of Economic Development negotiated the final terms of the Agreement with the Developer for the Proposed Agreement, including the sale of land for private redevelopment including the sale of the City-Owned Property whereby:

- The Developer will purchase the City-Owned Property for market value,
- The Developer additionally agrees to redevelop the City-Owned Property in conjunction with adjacent property owned by the Developer or its affiliate,
- The proposal is subject to the City providing economic development incentives including an economic development grant whereby the City returns 90% of the tax increment generated by that development block for 20 years in addition to other incentives including forgivable loan,

all as more specifically described in the Proposed Agreement which is on file in the office of the City Clerk; and,

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 City-Owned Property; and,

WHEREAS, the City Manager has proposed a competitive bidding process in compliance with Iowa Code section 403.8 for the sale and redevelopment of the City-Owned 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 City-Owned Property in accordance with the procedures identified below.



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

1. The Proposed Agreement submitted by the Developer, 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 purchase and redevelopment of the City-Owned Property in accordance with the following procedures:

- a. Permitted uses of the City-Owned Property include any use allowed by zoning in the area unless the Applicant explains the reasons for an alternative zoning with a detailed explanation of the changes in the proposal.
- b. All proposals for the redevelopment of the City-Owned Property shall:
 - i. Provide a detailed description of the proposed development.
 - ii. Provide a proposed form of the *Urban Renewal Agreement for Sale of Land for Private Redevelopment* tailored to the Applicant's proposal.
 - iii. 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.
 - iv. 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.
 - v. Provide letters of support or commitments for the project from equity and lending sources, if available.
 - vi. Be in substantial conformity with the provisions of this resolution.
- c. It is hereby determined that a minimum purchase price for the City-Owned Property is as provided in the Proposed Agreement for uses in accordance with the Metro Center Urban Renewal Plan, taking into account the expected restrictions upon the City-Owned Property and the covenants, conditions and obligations to be assumed by any Applicant for redevelopment and use of the City-Owned Property.
- d. 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 economic development grants to be paid in installments from project generated tax increment over a period of not to exceed 20 years.

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- e. All inquiries regarding the terms and conditions of this competitive bid process must be submitted to the Office of Economic Development. 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.
- f. Written proposals for the purchase and development of the City-Owned Property must be received by the Office of Economic Development on or before 4:30 p.m., on October 15, 2021. Each proposal shall be opened and reviewed by the City staff after such deadline.
- g. If a competing proposal is received, the following Selection Criteria shall be applied to judge the relative merits of the proposals:
 - i. The extent to which the project will advance and encourage further private investment in conformance with the Metro Center Urban Renewal Plan, the Des Moines comprehensive plan titled *PlanDSM: Creating our Tomorrow*.
 - ii. The potential return on investment to the City over the period of the project and from further private investments anticipated to be attracted by the project.
 - iii. The extent to which the Applicant has demonstrated the experience and capacity to successfully complete its plans for the redevelopment of the City-Owned Property.
- h. The City Council will hold a public hearing on October 18, 2021, at 5:00 p.m. in the City Council Chambers, City Hall, 400 Robert D. Ray Drive, Des Moines, Iowa in the attached NOTICE OF URBAN RENEWAL COMPETITIVE BID PROCESS.
- i. If any responsive competing proposals are timely received, the public hearing will be continued until November 1, 2021, at 5:00 p.m. in the City Council Chambers, City Hall, 400 Robert D. Ray Drive, Des Moines, Iowa, and the Proposed Agreement and all competing proposals will be referred to the Urban Design Review Board for review and recommendation as provided in the attached NOTICE OF URBAN RENEWAL COMPETITIVE BID PROCESS.
- 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 public meeting on October 19, 2021, at 7:30 a.m. pursuant to notice issued by the Urban Design Review Board.
- 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 City-Owned Property consistent with the Selection Criteria identified above, at the conclusion of the public hearing on November 1, 2021. If the Agreement submitted by the selected developer is not then in a form acceptable to the City Council, the City Council will



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schedule a later public 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 URBAN RENEWAL COMPETITIVE BID PROCESS and the City's intent to enter into an urban renewal agreement for the sale and redevelopment of the City-Owned Property to be published in the Des Moines Register on September 15, 2021.

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 City-Owned Property and this competitive bid process is hereby determined to be the appropriate method for making the City-Owned Property available for redevelopment in accordance with the Metro Center Urban Renewal Plan.

MOVED by Boesen to adopt.

FORM APPROVED:

/s/ Thomas G. Fisher Jr.
Thomas G. Fisher Jr.
Assistant City Attorney

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

CERTIFICATE

I, P. Kay Cmelik, 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.

Handwritten signature of T.M. Franklin Cownie, Mayor

Handwritten signature of P. Kay Cmelik, City Clerk