

Meeting Agendas/Info

CITY COUNCIL COMMUNICATION:	ITEM _____
01-473	OFFICE OF THE CITY MANAGER CITY OF DES MOINES, IOWA
AGENDA:	SYNOPSIS -
SEPTEMBER 10, 2001	A proposal was received on August 20, 2001 from Urban Development Corporation (Tim Urban, President) for the redevelopment of the AIB building at 10th and Grand. At their August 6, 2001 meeting, the Council requested that the proposal be submitted by August 20, 2001 and established September 10, 2001 as the date for the Council to make a decision.
SUBJECT:	
REDEVELOPMENT PROPOSAL FOR THE AIB BUILDING	Staff recommends rejection of the proposal to redevelop the AIB building and approval of the contracts for asbestos abatement and demolition of the structure.
TYPE:	FISCAL IMPACT -
<u>RESOLUTION</u> ORDINANCE RECEIVE/FILE	The funds for asbestos abatement and demolition are available in the Gateway budget.
SUBMITTED BY:	RECOMMENDATION -
ERIC A. ANDERSON CITY MANAGER	It is recommended that the Council reject the proposal to redevelop the AIB building and approve the demolition of the structure. This recommendation is based on several points: • The retainage of the building does not conform to the Western Gateway Concept Framework Plan approved by Council on October 26, 2000, by Roll Call No. 00-4166. Although there has been much debate about retention of buildings within the western Gateway, the plan was developed with extensive public input (over 80 meetings), and a decision was made with this input in mind. While the plan does not represent a unanimous agreement, it does represent a balanced consensus of the many diverse stakeholders. It is important that the basic elements of the plan be maintained. Taken by itself, Mr. Urban's proposal has merit. However, it does violate the intent of the Western Gateway Concept Framework Plan upon which stakeholders are relying.

· **Mr. Urban's proposal states that the total project cost for the rehabilitation of the AIB building is about \$2.2 million. Our experience indicates that this number is low, particularly given its location within the Gateway. Moreover, the construction cost for the rehabilitation of the 16 apartment units is shown as \$60 per square foot. This number appears low compared to other buildings where commercial space is being converted to housing. For example, cost estimates for the rehabilitation of the Rumley building and the McCoy building both are about \$90 per square foot. A project which is attempted with inadequate funding will encounter delays or may not be completed in the manner originally planned, either of which would be very detrimental to the Gateway project and the downtown.**

· **Mr. Urban's written proposal states that: "The City would assume the cost of constructing the skywalk bridge between ING and the AIB, the skywalk access structure with the Carillon Clocktower, and the Wintergarden structure. The City would also complete all streetscape and promenade improvements as it determines necessary." His proposal also includes a new school. Although Mr. Urban's letter of August 20, 2001 indicates that his proposal does not include these extra elements, we are left with some ambiguity about what is actually intended. The inclusion of even a few of these elements could easily cost the City in excess of \$1 million. Also, it is important to note that ING is under no obligation to extend skywalk to the western edge of their property, and the Gateway plan clearly prohibits skywalks within the park.**

· **If the AIB building is retained, significant funding currently pledged to the Masonic Temple is jeopardized. Given the strong desire on the part of Council to save the Masonic Temple, the City may be placed in a position of finding these lost dollars.**

BACKGROUND -

Urban Development Corporation proposes to rehabilitate the AIB building to accommodate mixed uses. The proposal describes retail on the ground level, office uses on the second floor, and residential units on the third and fourth floors. All building systems would be replaced. The \$2.2 million project budget is based on securing substantial historic tax credits and subordinated financing from community development agencies.

The concept plan includes linkages between the building and neighboring properties. These connections include skywalks to the ING building and the Masonic Temple, a promenade from the ING building through the corridor between the AIB and Masonic Temple, a Wintergarden and a skywalk bridge from the Masonic Temple, a clocktower, and a school site.

The approved Western Gateway Concept Framework Plan does not retain the AIB building. The process utilized to develop the plan was participatory and inclusive. Over 80 meetings with stakeholders, downtown employers, and the public were held. Council approved the plan in October 2000 and directed staff to begin implementation activities. It is anticipated that the implementation plan, which will include space programming, building sites, a management plan, streetscape and development design guidelines, and use covenants and restrictions, will be presented to Council in spring 2002.
