



Agenda Item:

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## **COUNCIL COMMUNICATION**

### **City Manager's Office**

#### **GENERAL INFORMATION**

Agenda Date: 6/21/04

Communication

No.: 04-319

Agenda Item Type: Resolution

Roll Call

No.:

Submitted by: Richard Clark, Deputy City Manager

#### **SUBJECT—**

Approve preliminary terms for short-term sublease of space to be included in urban renewal lease for proposed ramp at 101 SW 4<sup>th</sup> Street.

#### **SYNOPSIS—**

Approve preliminary terms for a two-year sublease of 88 spaces by the City and a five-year restriction on developer leasing spaces for a long-term user other than residential uses. Such terms relate to an expected developer-initiated proposal from Nelson Development LLC (Mike Nelson, President/ 4183 NW Urbandale Drive, Urbandale, Iowa 50322) for a long-term lease of City-owned property at 101 SW 4<sup>th</sup> St. for construction of a parking deck with approximately 300 spaces.

Council is asked to approve the preliminary terms for sublease outlined in this communication and authorize the City Manager to finalize the terms in the urban renewal lease that will then be incorporated in the developer-initiated proposal from Nelson Development that will be presented to the Council within the next month and in any competing proposals.

#### **FISCAL IMPACT—**

The proposed sublease provides for a two-year sublease of 88 spaces by the City with the following terms:

- City will pay \$126,720 for 88 stalls annually. The City's payment will be on a semi-annual basis to be paid on months 1 and 7 of each year for a two-year term commencing April 1, 2005 (or such later date when the garage is open for public use) and ending on March 31, 2007 (or 24 months from the garage opening).
- In return, the City will be able to assign or sublease the 88 spaces and will receive all revenues from such assignments or subleases.
- The developer agrees not to sublease space in the ramp for an additional 5 years (up to 2012) except for long-term leases for housing use.

### **RECOMMENDATION—**

Approval

### **BACKGROUND—**

The City Council previously directed staff to draft a lease and related urban renewal offering requirements for the private construction of a parking ramp on the City-owned surface parking lot located south of Vine St./railroad tracks between SW 3<sup>rd</sup> and SW 4<sup>th</sup> Sts.; this site is immediately north of the new Science Center of Iowa currently under construction.

In addition, the Council has strongly encouraged housing development in the downtown. One of the major perceived obstacles has been the lack of parking for residents. In the immediate area south of Court Ave. where the proposed ramp is located, one major property – the Rumely Building at 104 SW 4<sup>th</sup> Street – is a prime candidate for conversion to residential. The addition of a 3<sup>rd</sup> level to this ramp provides the prospect for sufficient parking for the Rumely Building redevelopment.

#### Sublease Information

The proposed sublease has two components:

- Two year agreement (from 2005 to 2007) to sublease 88 spaces
- Reservation of 88 spaces for residential use (from 2007 to 2012)

#### *Two-Year Agreement*

Discussions with Nelson Development has indicated the third level of parking is not financially feasible unless the Science Center of Iowa and the City provide certain short term assistance. The third level will increase the structure from about 200 spaces to 300 spaces. The general details of this proposed assistance are:

- SCI commits to guaranteeing an additional 13 stalls on the potential third level.
- City will provide \$126,720 annually to be paid on a semi-annual basis, for 88 stalls. The City's payments will be for a sublease term commencing April 1, 2005 (or such later date when the garage is open for public use)

and ending on March 31, 2007 (or 24 months after the opening of the ramp).

- City and/or its parking operator can market and enter into agreements/subleases that expire no later than March 31, 2007 for the 88 spaces. The City will retain all revenues generated from its agreements/subleases of these spaces.

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#### *Residential Use*

These proposed provisions to the urban renewal lease will encourage residential development in this downtown area by removing a lack of parking as an obstacle to residential redevelopment.

In exchange for the City sublease, the urban renewal lease will require that, for a period of five years, the 88 spaces will be available for parking in conjunction with residential use on a long-term basis. During this five-year period, the 88 spaces cannot be subleased on a long-term basis for non-residential related parking except as may be permitted by the City.