



Agenda Item:

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## **COUNCIL COMMUNICATION**

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

#### **GENERAL INFORMATION**

Agenda Date: 7/26/04

Communication No.: 04-

381

Agenda Item Type: Resolution

Roll Call No.: 04-

Submitted by: Richard Clark, Deputy City Manager

#### **SUBJECT—**

Receive, file and set the date of public hearing on executing a 50-year lease with Nelson Development LLC for the construction of a privately-owned parking structure available for public use.

#### **SYNOPSIS—**

Receive developer-initiated proposal from Nelson Development LLC (Jake Christensen and Mike Nelson, Officers/ 4183 NW Urbandale Drive, Urbandale, Iowa 50322) for a 50-year lease of City-owned property (Disposition Parcel No. 01-05/Metro Center Urban Renewal Area) at 102 SW 4<sup>th</sup> St. for the construction of a parking deck. This proposal includes a provision for a two-year sublease of 88 spaces by the City and a five-year restriction on leasing spaces for a long-term user other than residential as directed by the Council at its June 21, 2004 meeting.

In addition, the developer has requested that if no competing proposals are received during the competition period, the City consider issuance of a license agreement for site demolition and grading prior to a hearing on approval of the lease. Any work performed during the licence period would be totally at the developer's risk.

### **FISCAL IMPACT—**

The Council previously approved the preliminary terms of the agreement that proposed City participation in this project at its June 26<sup>th</sup> meeting. The terms for City financial participation, which are incorporated in the urban renewal lease agreement, are:

- City will pay for 88 stalls at \$120/month/stall (for \$10,560 monthly/\$126,720 annually). The City's payment will be for a two-year term commencing on or about April 1, 2005 and ending two years later.
- In return, the City will be able to lease these spaces and receive the revenue from its subleases.
- City has reserved spaces in the ramp for an additional 5 years (to 2012) for long-term lease for housing use.

### **RECOMMENDATION—**

Approval to set date of hearing for September 13, 2004.

### **BACKGROUND—**

The City Council previously directed staff to draft a long-term lease and related urban renewal offering requirements for the private construction of a parking ramp by the Science Center of Iowa 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.

Since that time, the Science Center has worked with Nelson Development LLC, which has now become the project developer. The project has undergone some significant revisions from its initial review in June 2003 that necessitate changing the previously reviewed development requirements for the project to proceed.

The major items proposed for change are:

- a reduction in size from 4-5 levels (400-500 parking spaces) to 3 levels with about 298 spaces with sufficiently-sized foundations installed to allow for future expansion.
- An inclined circulation ramp will be located by the north property line rather than having the parking structure's wall located on the north property line. The visual impact of this design creates an "empty" space with the underside of the ramp facing pedestrians using 4<sup>th</sup> Street. A wall has been added to screen this space.
- The first floor *clear* ceiling height will be in the 8-9 foot range rather than the 11 foot clearing previously proposed.

Urban Design Review Board

The Urban Design Review Board has reviewed the proposed changes and made a number of suggestions relating to the project design. At its June 1, 2004 meeting, the Board recommended approval of the project, noting that it was working with partially completed site and design plans.

The Board had a number of comments on the proposed changes; the developer's responses are noted:

- The Board prefers a taller first floor appearance and requested the developer to review costs associated with brick versus increasing the first floor clear height to 11 ft. to accommodate future commercial use in the building. The developer has indicated a taller floor-ceiling clearance is not financially feasible.
- The proposed vehicular access/egress locations appeared to funnel vehicular traffic to a major pedestrian crossing point directly in front of the SCI main entrance. The developer has revised the vehicular accesses to other locations that reduced the interface with pedestrians.
- The Board strongly recommended screening on the north side of the structure, the design of the underside of the vertical circulation ramp, and the ground area appearance and function. The developer has responded with the addition of the requested screening wall.

*Conflict of Interest Declarations:*

Two members of the Board have not voted or participated on matters relating to this project:

- Jake Christensen: one of the developers (a Nelson Development LLC manager)
- Art Wittmack: his firm (Neumann Brothers) will construct the project.

Developer Information

Nelson Development LLC is a subsidiary of Nelson Construction Company. The developer is working to complete the structure by spring 2005 in conjunction with the opening of the Science Center of Iowa.

The estimated construction cost is \$4,800,000. Project financing is being provided by developer equity and Freedom Financial Bank (7380 Vista Dr./West Des Moines). The developer has provided an option for the SCI to purchase the ramp by January 2007.