


## COUNCIL COMMUNICATION

	Number:	<b>20-136</b>	Meeting:	<b>March 23, 2020</b>
	Agenda Item:	<b>31</b>	Roll Call:	<b>20-0531</b>
	Submitted by:	<b>Erin Olson-Douglas, Economic Development Director</b>		

### AGENDA HEADING:

Resolution Approving the First Amendment to the Contingent Purchase Agreement with East Village Green, LLC to purchase real estate at 306 SE 5th Street, if exercised by August 1, 2020.

### SYNOPSIS:

East Village Green, LLC (Paul Hayes, Managing Member, 350 E. Locust Street, Suite 500, Des Moines, IA 50309) has purchased and ultimately intends to redevelop the existing 2.04-acre Scrap Processors, Inc. site located at 306 SE 5th Street in the Market District area of the Historic East Village. East Village Green, LLC is pursuing redevelopment of the Property, but is willing to sell the land to the City of Des Moines for \$2,333,000 in the event that a development agreement has not been approved on or before August 1, 2020.

The only material amendment to the previously-approved Contingent Purchase Agreement is to modify the date to exercise a land purchase from April 1, 2020 to August 1, 2020. This will allow additional time for the developer and the Office of Economic Development staff to continue to negotiate an agreement for the significant redevelopment of City-owned properties within the Market District via a developer-initiated proposal. The developer has expressed intent to redevelop over 21-acres of land within the Market District with high quality, urban mixed-use construction, with an estimated construction value of \$750 million constructed over a span of at least 10 years.

### FISCAL IMPACT:

Amount: Not to exceed \$2,333,000 for the land purchase. The City source of funding is intended to function as a backstop only and will not be put in motion unless the Contingent Purchase Agreement is exercised by East Village Green, LLC.

Funding Source: The \$2,333,000 land purchase will be funded by tax increment funds in the Metro Center Urban Renewal Area.

### ADDITIONAL INFORMATION:

- Scrap Processors, Inc. is currently building a new facility at 804 SE 30th Street and intends to relocate out of the Market District in spring 2020 to allow their business to grow at a larger, more suitable location.

- The City intends to enter into the Contingent Purchase Agreement with East Village Green, LLC to purchase the property for purposes of urban renewal on the condition that the seller has removed existing buildings that are incompatible with the future redevelopment of the property prior to the City obtaining ownership.
- This agreement provides a unique opportunity to relocate the last remaining salvage yard out of the emerging Market District of the East Village, and will allow for additional redevelopment momentum within the district to continue.

**PREVIOUS COUNCIL ACTION(S):**

Date: August 6, 2018

Roll Call Number: [18-1358](#)

Action: [Contingent](#) Purchase Agreement with East Village Green, LLC to purchase real estate at 306 SE 5th Street, \$2,333,000. ([Council Communication No. 18-416](#)) Moved by Gatto to adopt. Motion Carried 7-0.

**BOARD/COMMISSION ACTION(S): NONE**

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:**

- Approval of Preliminary and Final Terms of an Economic Development Agreement to the City Council.
- Required Board and Commission reviews of the development agreement and development projects on the property.

For more information on this and other agenda items, please call the City Clerk's Office at 515-283-4209 or visit the Clerk's Office on the first floor of City Hall, 400 Robert D Ray Drive. Council agendas are available to the public at the City Clerk's Office on Thursday afternoon preceding Monday's Council meeting. Citizens can also request to receive meeting notices and agendas by email by calling the Clerk's Office or sending their request via email to [cityclerk@dmgov.org](mailto:cityclerk@dmgov.org).