


COUNCIL COMMUNICATION

 CITY OF DES MOINES OFFICE OF THE CITY MANAGER	Number:	23-121	Meeting:	March 6, 2023
	Agenda Item:	31	Roll Call:	23-0307
	Submitted by:	Matthew A. Anderson, Deputy City Manager		

AGENDA HEADING:

Fourth Amendment to the Urban Renewal Development Agreement with 101 East Grand Parking, LLC (Phase 3).

SYNOPSIS:

Recommend approval of the fourth amendment to the Urban Renewal Development Agreement for the final phase (Phase 3) of a mixed-use project on the property at 148 East Locust Street with 101 East Grand Parking, LLC (officers Paul Hayes, Tim Rypma, and Jim Cownie, principal investor, 350 East Locust Street, Suite 500, Des Moines, IA 50309). This amendment to the development agreement allows for an additional 2-year extension (until December 31, 2025) to the final phase of development due to a slowdown in development activity related to current economic conditions such as higher interest rates and construction cost inflation.

FISCAL IMPACT: NONE

ADDITIONAL INFORMATION:

- On April 11, 2016, City Council approved an urban renewal development agreement for the phased redevelopment of the former City Hall parking lot. The first phase was a public parking structure at the center of the block completed in 2017. The second phase of the redevelopment on the north side of the East 2nd Street Parking Garage was a 4-story, 64,000-square-foot, mixed-use office building with retail space on the ground floor completed in 2019 and is nearly completely leased.
- The existing development agreement requires the development team to begin construction on the third phase on the south side of the block along East Locust Street within 18-months of the completion of the second phase. The second phase office building at 111 East Grand was issued its certificate of completion on June 24, 2018, and December 24, 2020, was the original deadline for commencing phase 3 on East Locust Street. The agreement was previously amended on December 21, 2020, to exercise the first four (4) of the maximum of eight (8) 3-month extensions for the project and to provide waiver of the penalty fees for delay
- Citing delays related to the current economic conditions and the need for more time to pursue opportunities for site-specific real estate investments that would reduce developer risk, the Developer has requested an amendment to the agreement that would allow additional time to bring forward an appropriate project for the site.

PREVIOUS COUNCIL ACTION(S):

Date: February 21, 2022

Roll Call Number: [22-0243](#)

Action: [Third](#) Amendment to Urban Renewal Agreement for sale of land for private development with 101 East Grand Parking, LLC (Paul Hayes, President) for multi-phased redevelopment of the block east of City Hall. ([Council Communication No. 22-056](#)) Moved by Gatto to adopt. Second by Boesen. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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