

Date December 21, 2020

RESOLUTION APPROVING URBAN RENEWAL DEVELOPMENT AGREEMENT WITH 217 E SECOND LC (JAKE CHRISTENSEN), AND APPROVING CONCEPTUAL DEVELOPMENT PLAN, FOR THE RENOVATION OF THE EXISTING 20,500-SQUARE FOOT COMMERCIAL BUILDING LOCATED AT 217 EAST 2ND STREET FOR COMMERCIAL AND OFFICE USES

WHEREAS, 217 E Second LC (“Developer”), represented by Jake Christensen of Christensen Development, proposes to undertake a historic renovation of the existing Globe Hoist commercial building located at 217 East 2nd Street, and replacement of all systems, utilities, and finishes associated therewith (“Improvements”), for commercial and office uses at an estimated total project cost of \$8,600,000.00, subject to receipt of the financial assistance identified below and State and Federal Historic Tax Credits being sought by the Developer; and

WHEREAS, the existing building was originally constructed in 1928 and currently has a commercial tax-exempt property taxation status, and the Developer is working with the State Historic Preservation Office (SHPO) on design requirements and intends to undertake the renovation consistent with the Secretary of the Interior’s Standards and Guidelines for Historic Rehabilitation; and

WHEREAS, construction of the Improvements is anticipated to commence in fall 2020 with completion in late 2021; and

WHEREAS, pursuant to Roll Call No. 20-1455, approved on September 14, 2020, the City Council directed the City Manager to proceed with negotiation of a Development Agreement with the Developer for the project; and

WHEREAS, the City’s Office of Economic Development has negotiated an Urban Renewal Development Agreement (the “Development Agreement”) with the Developer, whereby the Developer has agreed to construct the Improvements, in accordance with the Conceptual Development Plan, which proposed Development Agreement and Conceptual Development Plan related thereto are on file in the office of the City Clerk; and

WHEREAS, the proposed Development Agreement provides that in consideration of the Developer’s commencement and completion of the Improvements, the City will provide an economic development grant in a total amount not to exceed \$1,075,000.00 (net present value basis at a four and one-half percent (4.5%) discount rate), to be paid on a sliding scale from ninety-five percent to seventy-five percent in project years 1-15 from the tax increment generated by the project; and

WHEREAS, the Developer has further agreed, as stated in the Development Agreement, to follow recommendations for air quality from the American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE) as a result of the COVID-19 pandemic, in addition to participation in and compliance with MidAmerican Energy’s Commercial New Construction Energy Efficiency Program; and

WHEREAS, at its meeting on November 3, 2020, the Urban Design Review Board voted 9-0 to recommend approval of final design of the Improvements as proposed by the Developer and set forth in the Conceptual Development Plan incorporated in the Development Agreement, and voted 9-0 to recommend approval of financial assistance as set forth above and in said Agreement.

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NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Des Moines, Iowa, that:

1. The City Council hereby makes the following findings in support of the proposed Development Agreement with 217 E Second, LC (“Developer”)
 - a. Developer's obligations under the Development Agreement to redevelop the Property for commercial and office uses further the objectives of the Metro Center Urban Renewal Plan to preserve and create an environment which will protect the health, safety and general welfare of City residents; to encourage the elimination of substandard and obsolescent buildings, blighting influences, and environmental deficiencies and to establish conditions which will attract new investments and prevent the recurrence of blight and blighting conditions; to support the maintenance and rehabilitation of sound existing structures; to provide facilities which will help meet the needs of persons who work and live in and near the project area; and to maintain and expand taxable values and employment opportunities within the Metro Center Urban Renewal Project Area.
 - b. The economic development incentives for the development of the Project are provided by the City pursuant to the Urban Renewal Law and Chapter 15A of the Code of Iowa, and Developer's obligations under this Agreement to construct the Improvements will generate the following public gains and benefits: (i) it will advance the improvement and redevelopment of the Metro Center Urban Renewal Project Area, and specifically of the East Village, in accordance with the Metro Center Urban Renewal Plan; (ii) it will establish conditions which attract further new investments and prevent the recurrence of blight and blighting conditions; and (iii) it will further the City’s efforts to retain and create job opportunities within the Metro Center Urban Renewal Project Area which might otherwise be lost; (iv) it will encourage further private investment and will attract and retain residents and businesses in the East Village area of the Metro Center Urban Renewal Project Area to reverse the pattern of disinvestment and declining resident population; (v) it will further the City’s efforts to create and retain job opportunities within the Metro Center Urban Renewal Project Area that might otherwise be lost; and (vi) it will advance the improvement and redevelopment of the downtown area, in accordance with the Metro Center Urban Renewal Plan.
 - c. The construction of the Project is a speculative venture and the construction and the construction and resulting benefits would not occur without the economic incentives provided by the Development Agreement.
 - d. The development of the Property pursuant to the Development Agreement, and the fulfillment generally of the Agreement, are in the vital and best interests of City and the health, safety, morals, and welfare of its residents, and in accord with the public purposes and provisions of the applicable state and local laws and requirements under which the Project has been undertaken, and warrant the provision of the economic assistance set forth in the Agreement.
2. The Urban Renewal Development Agreement between the City and 217 E Second, LC, and the Conceptual Development Plan attached thereto, both as on file in the office of the City Clerk, are hereby approved, and the Mayor and City Clerk are hereby authorized and directed to execute and attest to, respectively, the Agreement on behalf of the City of Des Moines.
3. The Director of the Office of Economic Development or her designee are directed to submit a copy of the fully executed Development Agreement to the Finance Department for purposes of required Electronic Municipal Market Access disclosure filings.
4. Upon requisition by the Office of Economic Development, the Finance Department shall advance the installments on the Economic Development Assistance pursuant to Article 4 of the Development Agreement.
5. The Department Services Director or designee(s) are hereby authorized and directed to administer the Development Agreement on behalf of the City, and to monitor compliance by the Developer with the terms and



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conditions of the Agreement. The Department Services Director is further directed to forward to City Council all matters and documents that require City Council review and approval in accordance with the Agreement.

(Council Comm. No. 20-563)

MOVED BY _____ TO ADOPT.

APPROVED AS TO FORM:

/s/ Glenna K. Frank

Glenna K. Frank, Assistant City Attorney

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
BOESEN				
COWNIE				
GATTO				
GRAY				
MANDELBAUM				
VOSS				
WESTERGAARD				
TOTAL				
MOTION CARRIED			APPROVED	

CERTIFICATE

I, P. KAY CMELIK, City Clerk of said City hereby certify that at a meeting of the City Council of said City of Des Moines, held on the above date, among other proceedings the above was adopted.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal the day and year first above written.

Mayor

City Clerk