

Date March 8, 2021

**RESOLUTION APPROVING URBAN RENEWAL DEVELOPMENT AGREEMENT WITH
3523 6TH AVENUE, LLC (JOE CORDARO, RANDY REICHARDT) FOR THE
COMMERCIAL RENOVATION OF 3523 6TH AVENUE**

WHEREAS, 3523 6th Avenue, LLC (“Developer”), represented by Joe Cordaro, Principal, Benchmark Real Estate Group and Randy Reichardt, Owner, RWR Development, LLC, proposes to undertake the historic renovation of an existing one-story, approximately 8,870 square-foot building at 3523 6th Avenue, within the Oak Park-Highland Park Urban Renewal Area, for commercial uses (collectively “Improvements”), at an estimated total project cost of \$1,760,000.00, subject to receipt of the financial assistance identified below as well as State and Federal Historic Tax Credits; and

WHEREAS, the existing building was originally constructed in 1917 as the Euclid Avenue State Bank, is on the National Register of Historic Places, and occupies a visually prominent location within the Highland Park business district and within a Special Investment District established by the City Council, 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 2021 and to be completed within an approximately 12-month period; and

WHEREAS, pursuant to Roll Call No. 21-0106, approved on January 25, 2021, 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 and in lieu of commercial tax abatement, the City will provide an economic development grant for 15 years on a declining schedule of ninety percent (90%) in years 1-5, eighty-five percent (85%) in years 6-10, and eighty percent (80%) in years 11-15 of the project-generated tax increment (TIF), in the estimated amount of \$534,012.00 (cash basis; \$347,170.00 on a net present value basis at a 4.5 percent discount rate); and

WHEREAS, the Developer has agreed as further agreed, as stated in the Development Agreement to participate in and comply with MidAmerican Energy’s Commercial New Construction program; and



Date March 8, 2021

WHEREAS, at its meeting on February 23, 2021, the Urban Design Review Board voted 6-0 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 6-0 to recommend approval of financial assistance as set forth above and in said Agreement.

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 3523 6th Avenue, LLC (“Developer”)

- a. Developer's obligations under the Development Agreement to redevelop the Property for commercial uses furthers the objectives of the Oak Park-Highland Park Urban Renewal Plan to encourage and facilitate high quality commercial uses and the associated employment opportunities and slum and blight elimination within the Plan area; foster economic prosperity and stability by retaining existing businesses; focus economic development efforts in strategic locations for continued vitality and growth; further Des Moines’ revitalization efforts to improve the strength, stability, and vitality of the Project Area; promote redevelopment and revitalization in the neighborhood node and corridor; and protect Des Moines’ historic and cultural assets that contribute to neighborhood and community identity.
- 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 encourage and assist with the redevelopment and/or removal of blighted, obsolete, and underutilized properties within the Project Area; (ii) it will facilitate the development and re-development of commercial uses for the creation and retention of jobs in the City of Des Moines; (iii) it will increase the overall tax base; and (iv) it will maximize the return on past investment in road and public utility networks.
- 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 3523 6th Avenue, LLC, 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.



Roll Call Number

Agenda Item Number

29

Date March 8, 2021

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 Development 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 conditions of the Agreement. The Development 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. 21-119)

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

Mayor

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.

City Clerk