

★ Roll Call Number
20.2116

Agenda Item Number
31

Date December 21, 2020

RESOLUTION APPROVING URBAN RENEWAL DEVELOPMENT AGREEMENT WITH SPOT 515, LLC (RANDY REICHARDT), AND APPROVING CONCEPTUAL DEVELOPMENT PLAN, FOR THE RENOVATION OF THE EXISTING 12,100-SQUARE FOOT COMMERCIAL BUILDING LOCATED AT 515 28TH STREET FOR COMMERCIAL USES

WHEREAS, Spot 515, LLC (“Developer”), represented by Randy Reichardt, Owner, proposes to undertake a renovation of the existing Iowa Lithographing Company commercial building, located at 515 28th Street (“Improvements”) in the Ingersoll-Grand Commercial Urban Renewal Area, for commercial (retail, restaurant, and/or office) uses at an estimated total project cost of \$2,332,238.00, subject to receipt of the financial assistance identified below; and

WHEREAS, the existing building, originally constructed in 1925, has been vacant for a number of years and remains structurally intact subject to significant deferred roof maintenance issues, previous demolition of most interior improvements, and asbestos, lead-based paint, and environmental concerns, all to be addressed during rehabilitation and construction of the Improvements as anticipated to commence by March 2021 with completion in spring 2022; and

WHEREAS, pursuant to Roll Call No. 20-1574, approved on October 5, 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 from the tax increment generated by the Improvements in twenty-six semi-annual installments, in the amount of ninety-five percent (95%) of project-generated TIF in project years 1-5, eighty-five percent (85%) of project-generated TIF in project years 6-9, and seventy-five percent (75%) of project-generated TIF in project years 10-13, in an estimated total amount of \$887,105.00 (on a cash basis; \$634,283.00 on a net present value basis at a four percent (4.5%) discount rate); and

WHEREAS, the Developer has further agreed, as stated in the Development Agreement, to participate in and compliance with MidAmerican Energy’s Commercial New Construction Energy Efficiency Program, which will include a roof mounted solar installation to reduce energy usage in common areas; and

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WHEREAS, at its meeting on October 20, 2020, the Urban Design Review Board voted 7-0 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 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 Spot 515, LLC (“Developer”):
 - a. The Developer's obligations under the Development Agreement to redevelop the Property for commercial (retail, restaurant, and/or office) use further the goals and objectives of the Ingersoll-Grand Commercial Urban Renewal Plan to encourage commercial development with the following attributes: (i) place-making with development that respects the neighborhood's character and human-scale, design and historic features while creating attractive live/work/play environments; (ii) commercial diversity with a variety of cultural, social, recreation, business and related services provided; (iii) livability to provide an attractive and appealing physical environment for residents; and (iv) provision of employment opportunities by the creation of new jobs.
 - 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 the Development Agreement to construct the Improvements will generate the public gains and benefits stated above in subsection (a).
 - 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 Spot 515, 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.
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.

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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 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. 20-565)

MOVED BY Boesen 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 | 7 | | | |

MOTION CARRIED APPROVED
J. M. Franklin Cownie
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.

P. Kay Cmelik

City Clerk