



Roll Call Number

20-2158

Agenda Item Number

55(E)

Date December 21, 2020

RESOLUTION APPROVING COMPETITIVE PROCESS FOR SALE AND REDEVELOPMENT OF THE MARKET DISTRICT IN THE METRO CENTER URBAN RENEWAL PROJECT AREA, AND RECEIPT OF REDEVELOPMENT PROPOSAL FROM THE DEVELOPER, LLC

WHEREAS, the City of Des Moines owns approximately six blocks of real estate and right of way located in the Market District of the East Village (the “City-Owned Property”) more specifically described in the attachment titled LEGAL DESCRIPTION OF CITY-OWNED PROPERTY; and,

WHEREAS, the City Council adopted a master plan for the Market District of the East Village on November 4, 2019 in Roll Call Number 19-1761 (the “Master Plan”); and,

WHEREAS, on December 16, 2019, in Roll Call number 19-2061, the City received and filed a proposal from an affiliate of The District Developer, LLC (the “Developer”) proposing developing a large area in the Market District as a high-quality mixed-use development that could include residential, office, hotel, retail and entertainment venues consistent with the master plan for the Market District, including a proposal to purchase the City-Owned Property and for development incentives and further directed the City Manager to prepare an urban renewal development agreement that includes purchasing and re-developing the City-Owned Property; and,

WHEREAS, in Roll Call number 19-2061, the City Council further directed the City Manager to entertain competing proposals for sale of the City-Owned Property, propose a final agreement and an approved process for the sale of the City-Owned Property, thus notifying any other interested developers in the potential sale of the City-Owned Property; and,

WHEREAS, on June 8, 2020, in Roll Call number 20-0914, The City Council approved preliminary terms of a development agreement that proposed to develop an 11-block area of property within the Market District that would include a mix of residential, office, hotel, retail and entertainment venues and included the sale of the City-Owned Property and further directed the City Manager or his designee to negotiate final terms of agreement for future consideration by the City Council; and,

WHEREAS, in Roll Call number 20-0914, the City Council further directed the City Manager or his designee to submit to the Council a reasonable competitive bidding process in compliance with Iowa Code section 403.8 for the sale and redevelopment of the City-Owned Property when submitting a proposed final agreement; and,

WHEREAS, in Roll Call number 20-0914, the City Council again notified potentially interested parties “that they may contact the City Manager to express any interest in the acquisition



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of the City-owned real estate prior to commencement of the formal competitive bidding process and consideration of approval of a final agreement"; and,

WHEREAS, the City's Office of Economic Development and the Developer have negotiated final terms of a proposed Urban Renewal Agreement for Sale of Land for Private Redevelopment (the "Proposed Agreement") that includes the sale of the City-Owned Property whereby:

- The Developer will purchase the City-Owned Property for market value as adjusted over the time period of the Proposed Agreement as specified in the Proposed Agreement, with the exception of rights of way presently owned by the City that will be used for private streets and sidewalks;
- The City will transfer the rights of way presently owned by the City that will be used for private streets and sidewalks in exchange for a permanent easement grant of access to the public;
- The Developer additionally agrees to redevelop the City-Owned Property in conjunction with adjacent property owned by the Developer or its affiliates by replatting both the City-Owned Property and its adjacent property, demolishing existing buildings, preparation of the property for development, construction of required public and private infrastructure and the development of or sale of individual development blocks of the property for the construction of multiple commercial and residential buildings;
- The Developer additionally agrees to restrict construction of development blocks to certain construction standards, to provisions requiring affordable housing and parking availability to the public in the area, and to waive tax abatement;
- The proposal is subject to the City providing economic development incentives including an economic development grant for each development block whereby the City returns 93% of the tax increment generated by that development block for 20 years and contribution of real estate upon which the Developer is required to construct private streets and sidewalks that will be subject to public access;

all as more specifically described in the Proposed Agreement which is on file in the office of the City Clerk; and,

WHEREAS, it is necessary and appropriate that City Council take certain actions in accordance with Iowa Code Section 403.8 in order to receive the Proposed Agreement and give full and fair opportunity for other potential developers to submit competing proposals for the redevelopment of the City-Owned Property; and,

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WHEREAS, the City Manager has proposed a competitive bidding process in compliance with Iowa Code section 403.8 for the sale and redevelopment of the City-Owned Property.

WHEREAS, the City Council believes it is in the best interests of the City of Des Moines to consider the Proposed Agreement from the Developer and any competing proposals for the purchase and redevelopment of the City-Owned Property in accordance with the procedures identified below.

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

1. The Proposed Agreement submitted by the Developer, is hereby received and filed, and shall be available for public inspection in the office of the City Clerk.

2. Any interested party (hereinafter referred to as an "Applicant") may submit a competing proposal for the purchase and redevelopment of the City-Owned Property in accordance with the following procedures:

- a. Permitted uses of the City-Owned Property include any use allowed by zoning in the area as provided in the Large Scale Development Plan, as approved by the City's Planning & Zoning Commission for the area unless the Applicant explains the reasons for altering the Plan with a detailed explanation of the changes in the proposal.
- b. The proposal must include a detailed explanation addressing the needs for parking generated by the proposal.
- c. The proposal must include provisions for affordable housing.
- d. The design and exterior materials shall substantially comply with the Commercial Construction and Sustainability Design Standards set forth in Appendix A-1 and A-2, respectively, to the Third Restated Urban Revitalization Plan for the Citywide Urban Revitalization Area.
- e. All proposals for the redevelopment of the City-Owned Property shall:
 - i. Provide a detailed description of the proposed development.
 - ii. Provide a proposed form of the *Urban Renewal Agreement for Sale of Land for Private Redevelopment* tailored to the Applicant's proposal.



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- iii. Provide documentation of the Applicant's experience completing comparable development projects and documentation of the Applicant's and its management team experience managing similar projects over a long term.
 - iv. Provide evidence of the Applicant's financial capacity to complete its proposal, including a complete financing plan identifying proposed sources and uses of funds and a cash flow analysis that shows projected revenues and expenses with all underlying assumptions.
 - v. Provide letters of support or commitments for the project from equity and lending sources, if available.
 - vi. Be in substantial conformity with the provisions of this resolution.
- f. It is hereby determined that a minimum purchase price for the City-Owned Property is as provided in the Proposed Agreement for uses in accordance with the Metro Center Urban Renewal Plan, taking into account the expected restrictions upon the City-Owned Property and the covenants, conditions and obligations to be assumed by any Applicant for redevelopment and use of the City-Owned Property.
- g. The City Council hereby declares its intent to make available financial incentives in a form and amount acceptable to the City Council to encourage quality development. The financial incentives may include economic development grants to be paid in installments from project generated tax increment over a period of not to exceed 20 years per development block.
- h. All inquiries regarding the terms and conditions of this competitive bid process must be submitted to the Office of Economic Development. All interested potential developers are invited to contact the Office of Economic Development to discuss the types and levels of economic incentives that are available and acceptable to the City.
- i. Written proposals for the purchase and development of the City-Owned Property must be received by the Office of Economic Development on or before 4:30 p.m., on January 22, 2021. Each proposal shall be opened and reviewed by the City staff after such deadline.
- j. If a competing proposal is received, the following Selection Criteria shall be applied to judge the relative merits of the proposals:
- i. The extent to which the project will advance and encourage further private investment to advance the redevelopment of the Market Area in



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- conformance with the Metro Center Urban Renewal Plan, the Des Moines comprehensive plan titled *PlanDSM: Creating our Tomorrow*.
- ii. The potential return on investment to the City over the period of the project and from further private investments anticipated to be attracted by the project.
 - iii. The extent to which the Applicant has demonstrated the experience and capacity to successfully complete its plans for the redevelopment of the City-Owned Property.
- k. The City Council will hold a public hearing on January 25, 2021, at 5:00 p.m. The location of the hearing will be in accordance with the Governor's and Mayor's proclamations related to the COVID-19 outbreak and the City Manager's decision to delay the opening of City buildings to the public and as provided in the attached NOTICE OF URBAN RENEWAL COMPETITIVE BID PROCESS.
 - l. If any responsive competing proposals are timely received, the public hearing will be continued until February 8, 2021, at 5:00 p.m., and the Proposed Agreement and all competing proposals will be referred to the Urban Design Review Board for review and recommendation. The location of the continued hearing will be in accordance with the Governor's and Mayor's proclamations related to the COVID-19 outbreak and the City Manager's decision to delay the opening of City buildings to the public and as provided in the attached NOTICE OF URBAN RENEWAL COMPETITIVE BID PROCESS.
 - m. If any responsive competing proposals are timely received, the Proposed Agreement and all such competing proposals will be reviewed by the Urban Design Review Board at a public meeting on February 2, 2021, at 7:30 a.m. pursuant to notice issued by the Urban Design Review Board.
 - n. If any responsive competing proposals are timely received, the City Council hereby declares its intent to select a developer for the sale and redevelopment of the City-Owned Property consistent with the Selection Criteria identified above, at the conclusion of the public hearing on February 8, 2021. If the Agreement submitted by the selected developer is not then in a form acceptable to the City Council, the City Council will schedule a later public hearing to consider approval of the Agreement after further negotiations with the selected developer.
3. The City Clerk is hereby authorized and directed to cause the accompanying NOTICE OF URBAN RENEWAL COMPETITIVE BID PROCESS and the City's intent to enter into an urban

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renewal agreement for the sale and redevelopment of the City-Owned Property to be published in the Des Moines Register on December 22, 2020.

4. The competitive bid process set forth in this resolution is hereby determined to comply with the provisions of Iowa Code Section Chapter 403.8(2), requiring "reasonable competitive bidding procedures" for the sale of the City-Owned Property and this competitive bid process is hereby determined to be the appropriate method for making the City-Owned Property available for redevelopment in accordance with the Metro Center Urban Renewal Plan.

(Council Communication No. 20- 568)

MOVED by Gatto to adopt.

FORM APPROVED:

/s/ Thomas G. Fisher Jr.

Thomas G. Fisher Jr.
Assistant City Attorney

* Mayor Cownie abstains from voting based on an appearance of a conflict of interest.

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
* COWNIE				
BOESEN	1			
GATTO	1			
GRAY	1			
MANDELBAUM	1			
VOSS	1			
WESTERGAARD	1			
TOTAL	6			

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.

MOTION CARRIED APPROVED
T. M. Franklin Cownie
Mayor

P. Kay Cmelik
City Clerk