



Roll Call Number

21-11663

Agenda Item Number

29

Date November 1, 2021

**RESOLUTION ACCEPTING REVISED DEVELOPMENT PROPOSAL FROM
DES MOINES CLIMATE CONTROLLED SELF STORAGE, LLC (MARK BOCKENSTEDT)
TO DEVELOP CITY-OWNED PROPERTY IN THE VICINITY OF
503 SOUTHEAST 12TH STREET IN THE METRO CENTER URBAN RENEWAL AREA,
AND SETTING DATE OF PUBLIC HEARING**

WHEREAS, on March 20, 2000, by Roll Call Nos. 00-788 and 00-789, the City Council of the City of Des Moines approved the Urban Renewal Plan for the Metro Center Urban Renewal Project, and such Plan has been amended twenty-eight times (the urban renewal plan as so amended is herein referred to as the “Plan”), encompassing an irregularly shaped area that includes the downtown core and the areas surrounding the downtown core; and

WHEREAS, on June 28, 2021, by Roll Call No. 21-0980, the City Council authorized the City Manager to negotiate an urban renewal development agreement based on preliminary terms of agreement with Des Moines Climate Controlled Self Storage, LLC, represented by Mark Bockenstedt, owner (“Developer”), for redevelopment of real property locally known as 503 Southeast 12th Street with construction of a four-story indoor climate-controlled storage facility (“Phase 1 Improvements”) in the Metro Center Urban Renewal Area, on property that is at a highly visible location along East Martin Luther King, Jr. Parkway and near the Market District redevelopment area; and

WHEREAS, said project may include a second four-story indoor climate-controlled storage facility at the site (“Phase 2 Improvements”), at an estimated total project cost for both Phases of \$15,500,000.00

WHEREAS, said terms of agreement include the sale of a 62,259 square-foot City-owned vacant parcel (“City-owned property”) adjoining, and for assemblage with, the development site owned by the Developer, with anticipated construction of the Phase 1 Improvements to commence in spring 2022 and completion in spring 2024, and the Phase 2 Improvements commenced in fall 2027 and completed by summer 2029; and

WHEREAS, on August 9, 2021, by Roll Call No. 21-1220, the City Council accepted a development proposal from the Developer for purchase of the City-owned property and construction of the Improvements, defined the competitive bid process and timelines for purchase and development of the City-owned property, and set a public hearing for September 13, 2021 on said proposal, which hearing was continued to October 18, 2021 by City Council Roll Call No. 21-1436 to allow additional time to obtain Urban Design Review Board recommendation on the Conceptual Development Plan for the project prior to Council consideration; and

WHEREAS, on October 18, 2021, by Roll Call No. 21-1589, the City Council dismissed said public hearing due to unforeseen conditions related to the City-owned property as identified by the Developer, which required the Developer to reevaluate the scope of the proposed improvements and add soil replacement and compaction work to prepare the property for development, and to slightly delay the proposed project schedule; and

WHEREAS, the Developer and City staff have negotiated an updated Urban Renewal Development Agreement (“Development Agreement”) for Developer to purchase and develop the City-owned property, and to develop the adjoining development site owned by Developer, in exchange for economic development assistance up to \$1,200,000.00 total for completion of both project Phases, which Development Agreement is in substantially the form on file in the office of the City Clerk, and which Development Agreement



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addresses the above-described soil replacement and compaction by providing a closing credit to Developer related thereto; and

WHEREAS, the Development Agreement, tendered herewith and to be executed by the Developer, proposes development of the City-owned property and adjoining development site owned by Developer as follows:

1. Purchase from the City and development of the City-owned property, consisting of approximately 62,259 square feet of land and legally described as follows, and development of the adjoining development site owned by Developer for the above-described commercial warehouse project:

A PARCEL OF LAND IN PARCEL 2019-34, AN OFFICIAL PARCEL RECORDED IN BOOK 18580, PAGE 467 AT THE POLK COUNTY RECORDER'S OFFICE, CITY OF DES MOINES, POLK COUNTY, IOWA AND PARCEL 'A' AN OFFICIAL PARCEL RECORDED IN BOOK 15781, PAGE 375 AT THE POLK COUNTY RECORDER'S OFFICE, CITY OF DES MOINES, POLK COUNTY, IOWA AND LOTS 1, 2, 3, 4, 6, 7, 8, 9, 10, 11, & ALLEY, BLOCK 13, ALLEN'S SECOND ADDITION TO THE CITY OF DES MOINES, AN OFFICIAL PLAT RECORDED IN BOOK 'B', PAGE 50 AT THE POLK COUNTY RECORDER'S OFFICE, CITY OF DES MOINES, POLK COUNTY, IOWA THAT IS MORE PARTICULARLY DESCRIBED AS FOLLOWS: PARCEL 2019-34, AN OFFICIAL PARCEL RECORDED IN BOOK 18580, PAGE 467 AT THE POLK COUNTY RECORDER'S OFFICE, CITY OF DES MOINES, POLK COUNTY, IOWA AND ALL THAT PART OF LOT 3 LYING SOUTH OF SAID PARCEL 2019-34 AND THE NORTH 12.43 FEET OF SAID LOT 4 AND ALL THAT PART OF THE VACATED SE 11 STREET LYING DIRECT EAST OF AND PARALLEL WITH TH STREET LYING DIRECT EAST OF AND PARALLEL WITH THE WEST LINE OF SAID PARCEL 2019-34 AND BEING ADJACENT TO THE WEST LINE OF SAID LOT 3 AND THE NORTH 12.43 FEET OF SAID LOT 4, THE SOUTH LINE COINCIDES WITH THE SOUTH LINE OF SAID NORTH 12.43 FEET OF SAID LOT 4 AND LOTS 6, 7, & THE SOUTH 8.00 FEET OF LOT 8 AND ALL THAT PART OF THE ALLEY IN SAID BLOCK 13 LYING SOUTH OF THE SAID PARCEL 2019-34 EXCEPTING THEREFROM THE EAST 8.00 FEET LYING SOUTH OF THE NORTH 12.43 FEET OF SAID LOT 4 BEING DIRECTLY ADJACENT TO SAID LOTS 4 & 5

2. Phase 1 Economic Development Grant, subject to and upon completion of the Phase 1 Improvements, in an amount not to exceed \$900,000.00 (net present value at a 4.5% discount rate; \$1,116,000.00 on a cash basis), to be paid in project years 1-10 in up to 20 semi-annual installments, providing seventy-five percent (75%) of project generated tax increment (TIF) funding on the Phase 1 Improvements.
3. Phase 2 Economic Development Grant, subject to and upon completion of the Phase 2 Improvements, in an amount not to exceed \$300,000.00 (net present value at a 4.5% discount rate; \$348,000.00 on a cash basis), estimated to be paid in project years 7-10 in semi-annual installments, providing seventy-five percent (75%) of project generated tax increment (TIF) funding on the Phase 2 Improvements; and



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WHEREAS, said Development Agreement provides that the Developer will purchase the City-owned property for the Purchase Price of \$520,000.00, which amount represents fair market value as recently appraised, subject to closing credit(s) in the amounts of (1) \$100,000 for Developer’s relocation of an existing privately-owned Verizon Wireless fiber line, as documented in bid provided by Verizon Wireless, (2) \$82,000 for Developer’s undergrounding of the entirety of the overhead north-south utility line(s) from and between East Martin Luther King, Jr. Parkway and Scott Avenue over the project site and adjoining City-owned property, as documented by the construction estimates provided, and (3) up to \$138,000 for Developer’s soil replacement and compaction on the City-owned property to prepare the property for development, as documented in the bid estimate provided; and

WHEREAS, the proposed development of the City-owned property and adjoining development site owned by Developer furthers the objectives of the Plan to preserve and create an environment which will protect the health, safety, and general welfare of City residents, and maintain and expand taxable values of property within the area, to help assemble land into parcels which are adequate in both shape and size for development in accordance with contemporary requirements and standards, and to provide facilities which will help meet the convenience needs of persons who work and live in and near the project area; and

WHEREAS, City believes that the redevelopment of the City-owned property and adjoining development site owned by Developer pursuant to the proposed Development Agreement, and the fulfillment generally of the proposed Development 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 incentives as set forth in the proposed Development Agreement; and

WHEREAS, prior to hearing on the sale and Development Agreement, Developer will submit a good faith deposit in the amount of \$52,000.00 for the purchase of the City-owned property; and

WHEREAS, it is necessary and appropriate that the City Council take certain actions in accordance with Iowa Code Section 403.8 with respect to the City-owned property in order to accept the proposal for the development of said property and give full and fair opportunity for other potential developers to submit a proposal for the development of said property; and

WHEREAS, the City Council believes that the acceptance of the Developer’s proposal and the Development Agreement to develop the City-owned property as assembled with the adjoining development site owned by Developer, and the advertisement for competing development proposals, is in the best interest of the City of Des Moines, Iowa.

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

1. The Developer’s updated proposal, which includes the terms set forth in Roll Call No. 21-0980 on June 28, 2021, and further includes the proposed Development Agreement in substantially the form on file with the City Clerk for development of the City-owned property and adjoining development site owned by Developer (hereinafter collectively “Proposal”), be and is hereby accepted and approved as to form for the purposes hereinafter stated.



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2. For the purposes of defining the competitive bid process for purchase and development of the City-owned property, said Proposal of Developer shall be deemed to be and to illustrate the minimum proposal acceptable to the City of Des Moines in terms of: general form of proposal and data required for competing proposals; City-owned property description; purchase price, good faith deposit, time for commencement and completion of improvements; time permitted for conceptual plan submission and review; development requirements for improvements; construction plans and certificate of completion; urban renewal covenants; remedies and all miscellaneous provisions.
3. Competing proposals to the Developer's Proposal shall:
 - A. Provide a detailed description of the proposed development that shall be substantially similar to or superior than the development proposed by Developer.
 - B. Devise a proposed method and sources of financing which must be adequate to assure financing of the development in a timely manner.
 - C. Provide a good faith deposit in the amount of \$52,000.00 for the City-owned property, in acceptable form to the City of Des Moines.
4. It is hereby determined that the Developer possesses the qualifications and financial resources necessary to purchase and develop the City-owned property and adjoining development site owned by Developer in the manner stated in its Proposal and the proposed Development Agreement in accordance with the Plan.
5. It is hereby determined that the purchase price for the City-owned property of \$520,000.00, to be paid by the Developer, meets the fair market value thereof for uses in accordance with the Plan and shall be the established minimum sales price for the competitive bid process, taking into account the restrictions upon the City-owned property, the terms, covenants, conditions and obligations assumed by the Developer for construction of the improvements on the City-owned property in accordance with the terms of the proposed Development Agreement, and the proposed credits for relocation of the Verizon Wireless fiber line, undergrounding of the entirety of the north-south overhead utility line(s), and soil replacement and compaction work on the property, all as described above.
6. The City Clerk shall retain for public examination the Proposal as stated in the proposed Development Agreement in substantially the form on file and in the event of no timely qualified competing proposals, the City Clerk and staff shall submit the same to this Council for formal consideration, approval and execution at a public hearing at 5:00 p.m. in the Council Chambers, City Hall, 400 Robert D. Ray Drive, Des Moines, Iowa, during the regular City Council meeting of December 6, 2021.
7. The City Clerk shall be authorized to publish, on November 3, 2021, the attached notice of the competitive bid process and the City's intent to accept the Developer's Proposal and to enter into the proposed Development Agreement if no competing proposals are received.
8. This resolution and the Proposal as stated in the proposed Development Agreement shall be on file at the office of the City Clerk, City Hall, 400 Robert D. Ray Drive, Des Moines, Iowa.



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9. Approval and acceptance of the Developer's Proposal is conditioned upon there being no better proposal submitted by a competitor for the development of the City-owned property within the period hereinafter stated.
10. This competitive bid process, conducted in accordance with the terms of this resolution, is hereby determined to comply with the provisions of Iowa Code Section 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 said property available for development in accordance with the Plan.
11. The submittal of proposals and statements by competing developers, including the form of Development Agreement executed by competing developers, shall be in substantial conformance with the provisions of this resolution.
12. All inquiries regarding the terms and conditions of this competitive bid process must be submitted in writing to the Office of Economic Development, 400 Robert D. Ray Drive, Des Moines, Iowa. All responses to inquiries shall be made in writing and will be kept on file at the Office of the City Clerk and the Office of Economic Development, City Hall. No written inquiries shall be accepted after 5:00 p.m. on November 19, 2021.
13. Written competing proposals for the purchase and development of the City-owned property must be received in the Office of Economic Development on or before 5:00 p.m., November 24, 2021. Said proposals shall be received in the Office of Economic Development located at 400 Robert D. Ray Drive, Des Moines, Iowa. Each proposal will then be submitted to City Council at the public hearing on December 6, 2021.
14. The Office of Economic Development staff is directed to receive competing proposals for the purchase and development of the City-owned property and prepare a report on each competing proposal for the City Council, regarding the following, to-wit:
 - A. The degree to which the proposal meets the objectives and requirements of the Plan, as amended.
 - B. The ability of the competing developer to commence and complete the development activity in an expeditious and timely manner.
 - C. Ambiguity or lack of information in the proposal shall be judged negatively.
15. Following public hearing on December 6, 2021, as set herein above, the City Council may take action to select the Developer's Proposal, a competing proposal, or no proposal, and to approve sale of the City-owned property.

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(Council Comm. No. 21-474)

MOVED BY Gatto to adopt.

FORM APPROVED:

/s/ Glenna K. Frank
Glenna K. Frank, Assistant City Attorney

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
COWNIE				✓
BOESEN	✓			
GATTO	✓			
GRAY	✓			
MANDELBAUM	✓			
VOSS	✓			
WESTERGAARD	✓			
TOTAL	6			1
MOTION CARRIED			APPROVED	
<u>Linda Westergaard</u> Mayor				
MAYOR PRO TEM				

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