



Roll Call Number

22-1431

Agenda Item Number

51

Date September 12, 2022

RESOLUTION APPROVING FINAL TERMS OF AN URBAN RENEWAL DEVELOPMENT AGREEMENT WITH ONESPEED DSM, LLC FOR THE RENOVATION AND CONVERSION OF THE EXISTING AUTO REPAIR SHOP LOCATED AT 303 SCOTT AVENUE INTO A CRAFT BREWING SPACE

WHEREAS, ONESPEED DSM, LLC (“Developer”), represented by Jake Christensen, Managing Manager, proposes to undertake a conversion of the existing 9,207 square-foot auto repair shop located at 303 Scott Avenue into a craft brewing space (collectively “Improvements”) in the Metro Center Urban Renewal Area; and

WHEREAS, construction of the Improvements is anticipated to be commenced in summer 2022 and completed in spring 2023 at an estimated total project cost of \$5,400,000.00, subject to receipt of the financial assistance identified below; and

WHEREAS, the Developer seeks reimbursement from the taxable building valuations (exclusive of land) in 95% for fifteen (15) years and \$38,000 per year for ten (10) years from tax increment generated by the Metro Center TIF district; and

WHEREAS, the non-project generated incentive will be structured as a forgivable loan, absolved when the tax receipts exceed the incentive paid; and

WHEREAS, the projected total amount of TIF assistance is estimated at \$949,490 on a cash basis; and

WHEREAS, pursuant to Roll Call No. 22-0702, approved on May 9, 2022, 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 at 95% of the project-generated tax increment (TIF) for taxable building valuations (exclusive of land) and \$38,000 per year for ten (10) years from tax increment generated by the Metro Center TIF district, which shall be secured by annual forgivable loans; and



Roll Call Number

22-1431

Agenda Item Number

51

Date September 12, 2022

WHEREAS, at its meeting on September 6, 2022, 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 voted 7-0 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 Developer:

- a. Developer's obligations under the Development Agreement to redevelop the Property for a craft brewing space furthers the objectives of the Metro Center Urban Renewal Plan to: (a) advance the improvement and redevelopment of the Project Area in accordance with the Urban Renewal Plan; (b) protect the health, safety, and general welfare of City residents; (c) maintain and expand taxable property values; (d) establish conditions which attract further new investments and prevent the recurrence or spread of blight and blighting conditions to the surrounding area; and (e) further the City's efforts to retain and create job opportunities within the Project Area and surrounding area which might otherwise be lost.
- 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; and (iii) it will increase the overall tax base.
- 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 Developer, 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.



Roll Call Number

22-1431

Agenda Item Number

51

Date September 12, 2022

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 and to enable the Finance Director to make any appropriate disclosure filings in accordance with the City's adopted revised Disclosure Policy..

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 Communication No. 22-405)

MOVED BY Gatto TO ADOPT.

SECOND BY Boesen.

APPROVED AS TO FORM:

/s/ Lisa A. Wieland
Lisa A. Wieland, Assistant City Attorney

Table with 5 columns: COUNCIL ACTION, YEAS, NAYS, PASS, ABSENT. Rows include BOESEN, COWNIE, GATTO, SHEUMAKER, MANDELBAUM, VOSS, WESTERGAARD, and TOTAL. Includes MOTION CARRIED and APPROVED labels.

CERTIFICATE

I, LAURA BAUMGARTNER, 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.

Handwritten signature of M. Franklin Cownie, Mayor

Handwritten signature of Laura Baumgartner, City Clerk