

COUNCIL ACTION FORM

SUBJECT: CHANGE IN DOWNTOWN FAÇADE GRANT FOR 121 MAIN STREET

BACKGROUND:

At its meeting on March 6, 2012, City Council approved Downtown Façade Grant Program funds for 121 Main Street, the former Pyle Photo building. The grant provided for a \$15,000 payment to the building owner, Iron Mountain Holdings, LLC, as a one-to-one matching grant to cover the cost of improvements estimated at that time to total \$60,000. The grant also provided \$1,000 for payment of fees for professional design services.

Upon partial removal of the existing façade material it became apparent that deterioration of the façade and its structure was severe and would require total removal and reconstruction of the front façade. It was also determined that the building next door at 123 Main Street (Sportsmens), which had also been awarded a façade grant, was in similar condition. This caused an extensive delay in the project as options were evaluated, designs were revised, additional financing was obtained and Integrity Construction was hired to reconstruct the facades on both buildings. The facade projects proceeded in September 2012 and were completed in May 2013. Both the Inspections Division and Planning Division have verified that all required work on the front facades of 121 Main Street and 123 Main meet City requirements. (See images attached.)

The owner of 123 Main Street requested reimbursement of the \$15,000 façade grant in September 2013, providing documentation of over \$77,000 paid to Integrity Construction for work on that building and was subsequently paid. The owner of 121 Main Street has never requested payment of the façade grant, which is a requirement of the terms and conditions agreed to when applying for the grant. City staff has determined that Integrity Construction has never received payment for the completed façade work. City staff has made several attempts to contact Caleb Mathews of Iron Mountain Holdings, including a letter by certified mail which was accepted, and has not received a response. The property at 121 Main Street has been sold. Staff is now requesting that the City Council authorize payment of the façade grant of \$15,000 directly to Integrity Construction.

City staff has also determined that the building owner did pay fees for professional design services, but did not request reimbursement from the façade grant. Staff is now recommending that the City Council authorize returning the unspent \$1,000 for design fees to the Downtown Façade Grant fund balance.

ALTERNATIVES:

1. The City Council can find that Iron Mountain Holdings, LLC has failed to comply with the Downtown Façade Improvement Grant terms and conditions and approve payment of the \$15,000 grant funds for 121 Main Street to Integrity Construction, and authorize returning the \$1,000 allocated for design fees on this project to the Downtown Façade Improvement Grant fund balance.
2. City Council can direct staff to take alternative action to resolve the remaining Downtown Façade Improvement Grant allocated for 121 Main Street.
3. The City Council can refer this request to staff for additional information.

MANAGER'S RECOMMENDED ACTION:

City staff has determined that all of the required work for the Downtown Façade Improvement Grant for 121 Main Street has been completed. Staff has further verified that the value of the work completed by Integrity Construction on that building exceeds the required dollar for dollar match. Staff has asked Iron Mountain Holdings LLC to comply with the terms and conditions of the façade grant by paying Integrity Construction for the work and requesting reimbursement and has allowed the grant awardee ample time to comply.

City Planning and Legal staff and the attorney for Integrity Construction have been unsuccessful in attempts to communicate with the grant awardee and work out a way to close out the grant. Integrity Construction completed the improvements over a year ago and has not been paid for all of the work.

Therefore, it is the recommendation of the City Manager that the City Council approve Alternative #1, thereby finding that Iron Mountain Holdings, LLC has failed to comply with the Downtown Façade Improvement Grant terms and conditions and approving payment of the \$15,000 grant funds for 121 Main Street to Integrity Construction, and authorizing returning the \$1,000 allocated for design fees on this project to the Downtown Façade Improvement Grant fund balance. This action will allow the staff and Integrity Construction to complete the payment process under the terms and conditions of the Downtown Façade Improvement Grant program.

413 Northwestern



Façade at 121 Main Street before reconstruction



Current façade at 121 Main Street