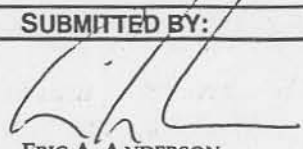


OFFICE OF THE CITY MANAGER  
DES MOINES, IOWA

CITY COUNCIL COMMUNICATION 96-006  
JANUARY 2, 1996 AGENDA

SUBJECT:	TYPE:	PREPARED BY:	SUBMITTED BY:
AMENDMENT TO FORM OF AGREEMENT AND SUBMISSION REQUIREMENTS (YOUNKERS WAREHOUSE PROPERTY)	◆ RESOLUTION ORDINANCE RECEIVE/FILE	SCOTT STRICKER ECONOMIC DEVELOPMENT ADMINISTRATOR	 ERIC A. ANDERSON CITY MANAGER

**SYNOPSIS —**

On December 18, 1995, the City Council approved the Minimum Development Requirements (including *Casino and related uses* as a permitted use), Competitive Criteria, Submission Requirements, and Offering Documents for the Younkens Warehouse urban renewal offering.

On the January 2, 1996, Council agenda is a roll call to approve an amendment to the form of the *Agreement for Sale of Land for Private Redevelopment* and submission requirements for the competitive requirements to sell Disposition Parcel No. 6/Riverpoint Capitol-Center Development Area Urban Renewal Area (Younkens Warehouse Rehabilitation Project).

**FISCAL IMPACT —**

The amendment would have no adverse impact on the City's Operating Budget. The amendment will help ensure the City receives fair consideration in the event a proposal is selected which contemplates the development of the property to serve a riverboat casino on the Des Moines River. In addition, these changes will protect the City from potential adverse affects due to the extremely speculative nature of riverboat casino development. The increased Good Faith Deposit amount for proposals with casino and related uses will fairly compensate the City for time lost due to the addition of about 14 months to submit final construction plans and opportunity lost should riverboat casino approvals not materialize. Should riverboat casino approvals not materialize, it is likely that other interested developers will disappear due to the passage of time. There is also the possibility that the relatively favorable interest rates that exist today will increase making a development in the future more difficult. Finally, should a riverboat development not materialize, the City will suffer from a loss of tax base that would have resulted from another development.

**RECOMMENDATION —**

Approval of the amendment is recommended.

**BACKGROUND —**

The proposed amendment includes the following:

1. Submission requirements have been amended to require a Good Faith Deposit of \$500,000 by cashier's or certified check payable to the City or a certificate of deposit redeemable by the City for proposals to serve a riverboat casino.
2. The *Agreement for Sale of Land for Private Redevelopment* has been revised as follows:
  - Offers proposing uses to serve a riverboat casino must provide a Good Faith Deposit in the amount of \$500,000 by cashier's check or certified check payable to the City or a certificate of deposit redeemable by the City, consistent with the submission requirements.
  - For uses to serve a riverboat casino, final construction plans for the project must be submitted within 18 months of execution of the agreement by the City.
  - The agreement places the selected developer on notice that the agreement is only for the sale of the Younkers Warehouse property and does not provide for or guarantee river access to the property to accommodate a riverboat casino operation. It advises that future approval for the river access must be obtained from the City Council, and the Council makes no commitments for the approval through this agreement.
  - The property will only be conveyed to the selected developer proposing a way to serve riverboat casino provided *all* approvals/licenses, evidence of financing and submittal of final construction plans have been submitted and approved by the City within 18 months from the date of execution of the agreement by the City.

If the above does not occur within the prescribed 18-month time period, the developer will forfeit the \$500,000 Good Faith Deposit and the City will retain ownership of the property.

Notwithstanding the above, if the selected developer had proposed an alternative development scheme with its offer, the developer would have 60 days from the date of denial of a license or referendum to submit final construction plans and evidence of financing for the alternative development scheme. However, submittal of the above shall occur within the original 18-month period.

- The time period for submitting construction plans for any use other than a use to serve a riverboat casino has been extended from 60 to 90 days.

The offering period began on Friday, December 22, 1995, with a published notice of the sale in the Des Moines Register. Proposals must be submitted to the City in care of the Urban Renewal Board by January 23, 1996, at 8:15 AM. The City Council is scheduled to make its selection of the preferred developer at its February 5 meeting.

The development of a riverboat casino will require that the County electorate approve a proposition to allow the conduct of gambling games on an excursion gambling boat in Polk County. The earliest date an election can be lawfully held is November 8, 1996.