



Council Communication No. 97-293

SYNOPSIS –

The Fred Nesbit Distributing Company, Inc. and Fitz-Gold, L.L.C. jointly have amended their developer-initiated proposal to redevelop Disposition Parcel No. 30A/Guthrie Avenue Business Park (vicinity of Mattern Avenue east of DeWolf Street) that was originally submitted to the Council on April 21, 1997. The redeveloper is proposing to purchase an additional .7 acres (60 feet of frontage along DeWolf Street) and to construct larger buildings would include redevelopment of a 108,000-square-foot office/distribution facility and a 7,000-square-foot truck maintenance building on the approximate 8.5-acre parcel.

On the June 2, 1997, Council agenda is a roll call that requests Council to:

1. Set date of public hearing to accept the amended developer-initiated proposal from the Fred Nesbit Distributing Company, Inc. and Fitz-Gold, L.L.C. jointly to redevelop Disposition Parcel No. 30A, and
2. Authorize advertisement extending the offering period for competing redevelopment proposals and authorize notice of intent to enter into an Agreement to Purchase Land for Private Redevelopment with the Fred Nesbit Distributing Company, Inc. and Fitz-Gold, L.L.C. jointly if no competing proposals are received.

FISCAL IMPACT –

The Fred Nesbit Distributing Company, Inc. and Fitz-Gold, L.L.C. jointly have offered a purchase price of \$321,265 for Disposition Parcel No. 30A. Sale proceeds will be allocated to the Guthrie Avenue Business Park Account. The City will pay \$22,490 (seven percent commission) to Kevin Sullivan of Hubbell Realty/C.B. Commercial, which is the real estate broker retained by the Fred Nesbit Distributing Company, Inc. and Fitz-Gold, L.L.C. to secure acceptance of the redevelopment proposal.

RECOMMENDATION –

- 1. Accept the amended redevelopment proposal submitted by the Fred Nesbit Distributing Company, Inc. and Fitz-Gold, L.L.C. jointly for Disposition Parcel No. 30A/Guthrie Avenue Business Park, subject to terms and conditions described in the staff report and contained in the Agreement, and set date of public hearing on intent to accept said proposal; and**

2. Authorize extension of the competing offering period of approximately 15 days for others interested in developing Disposition Parcel No. 30A.

BACKGROUND –

The Fred Nesbit Distributing Company, Inc. and Fitz-Gold, L.L.C. (“ Redeveloper”) jointly have amended their developer-initiated proposal to purchase Disposition Parcel No. 30A that was originally submitted to the Council on April 21, 1997. Initially, the Redeveloper proposed to construct a 99,825 sq. ft. office/distribution facility and a 6,400 sq. ft. truck maintenance building on approximately 7.8 acres in the vicinity of Mattern Avenue east of DeWolf Street. Due to a franchiser policy change that Anheuser-Busch has made, the Redeveloper must expand its refrigerated storage area. Consequently, the Redeveloper is proposing to purchase an additional .7 acres (60 feet of frontage along DeWolf Street) and construct a 108,000-square-foot office/distribution facility and a 7,000-square-foot truck maintenance building on approximately 8.5 acres.

The Redeveloper is proposing to purchase Disposition Parcel No. 30A for \$321,265 (\$.87/sq. ft.). This amount is consistent with the approved Minimum Development Requirements for this parcel. Kevin Sullivan, real estate broker with Hubbell Realty/C.B. Commercial, is representing the company in this transaction.

The Redeveloper is the Fred Nesbit Distributing Company, Inc., an Iowa corporation, and Fitz-Gold, L.L.C., an Iowa limited liability company, involved in the wholesale distribution of beer throughout metropolitan Des Moines. The Fred Nesbit Distributing Company, Inc. was organized on October 1, 1968, and Fitz-Gold, L.L.C. was created in Fall 1996. Both are closely held companies. The ownership structure of both businesses is similar. Fred Nesbit, Michael Nesbit and John Nesbit, all of Des Moines, Iowa, each own 20 percent of the company. Mary Fitzgibbons of Omaha, Nebraska and Nancy McGoldrick of Edina, Minnesota also own 20 percent each of the company. All of the owners are siblings.

The Redeveloper has owned and operated a 65,000-square-foot office/distribution facility at 207 SW 5th Street in Des Moines’ Riverpoint area for over 34 years. The company has outgrown its present facility and would like to expand its operations in Des Moines. Nesbit lost a substantial amount of money as a result of flood damage to its building, equipment and inventory during the summer of 1993. The company has been reluctant to expand at its current location because of the fear of future flooding. In addition, the City has proposed to acquire the Redeveloper’ s property as part of the MLK Parkway project.

The proposed development will facilitate the Redeveloper’ s growth in Des Moines through the construction of their facility in the Guthrie Avenue Business Park. The Redeveloper employs 85 full-time people and anticipates creating about 25 jobs within the next five years. In addition, the company pays non-supervisory personnel an average of about \$13.45/hr. including benefits. Nesbit requires rail service and nearby interstate access. The development site meets the Redeveloper’ s needs because it adjoins the Union Pacific Railroad right-of-way and is located approximately 1/2 mile west of I-235.

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