



Council Communication No. 97-372

SYNOPSIS —

The Fred Nesbit Distributing Company, Inc. and Fitz-Gold, L.L.C. (“ Redeveloper”) previously submitted a developer-initiated proposal to redevelop Disposition Parcel No. 30A/Guthrie Avenue Business Park (vicinity of Mattern Avenue east of DeWolf Street). The Redeveloper is proposing to construct 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 July 7, 1997 Council agenda is a roll call that requests Council enter into the Agreement to Purchase Land for Private Redevelopment and the Amendment to the Agreement with the Fred Nesbit Distributing Company, Inc. and Fitz-Gold, L.L.C. jointly.

FISCAL IMPACT —

Sale proceeds of \$321,265 for Disposition Parcel No. 30A will be deposited into 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 —

Approve the roll call to enter into the Agreement to Purchase Land for Private Redevelopment and the Amendment to the Agreement for Disposition Parcel No. 30A/Guthrie Avenue Business Park.

BACKGROUND —

On April 21, 1997, by Roll Call No. 97-1421, and on June 2, 1997, by Roll Call No. 97-1915, the City Council accepted a developer-initiated redevelopment proposal and amendment to the proposal respectively submitted by the Fred Nesbit Distributing Company, Inc. and Fitz-Gold, L.L.C. jointly, subject to receipt of any competing proposals. This project will be located south of the new 45,000 square foot building nearly completed by the Quality Wine Company, Inc., and east of Library Binding Service’ s new 42,475 square foot light manufacturing facility.

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 the fall of 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/hour 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.

Urban Renewal Agreement

The offering period was authorized by Council with competing proposals to be received initially by the Urban Renewal Board on May 27, 1997, and subsequently on June 24, 1997. No competing proposals were received. The Redeveloper has provided the information required to proceed with execution of the Urban Renewal Agreement.

The City is in the process of completing the demolition and environmental remediation work on Disposition Parcel No. 30A. It is anticipated that the property will be conveyed to the Redeveloper in August, 1997, after the required evidence of financing and final design plans have been reviewed and approved by the City Council.