



**CITY COUNCIL
COMMUNICATION:**

ITEM _____

98-142

**OFFICE OF THE CITY MANAGER
CITY OF DES MOINES, IOWA**

AGENDA:
APRIL 20, 1998

SYNOPSIS –

SUBJECT:
FRED NESBIT
DISTRIBUTING
COMPANY/GUTHRIE
AVENUE BUSINESS
PARK

The Fred Nesbit Distributing Company, Inc. and Fitz-Gold, L.L.C. (“ Redeveloper”) jointly have entered into an urban renewal contract with the City in order to construct a 108,775 sq. ft. office/distribution facility and a 7,000 sq. ft. truck maintenance building on Disposition Parcel No. 30A/Guthrie Avenue Business Park. This 8.5 acre parcel is located in the vicinity of Mattern Avenue east of DeWolf Street (1901 DeWolf Street). The total project cost is estimated at \$6.3 million. Upon completion, the project will yield approximately \$172,000 annually in new property taxes after tax abatement. The Redeveloper will employ 85 people full-time and anticipates creating about 25 jobs within the next five years. Ellen Walkowiak with the City’ s Office of Economic Development is coordinating the City activities relative to this project.

TYPE:
RESOLUTION
ORDINANCE
RECEIVE/FILE

SUBMITTED BY:
RICHARD CLARK
DEPUTY CITY
MANAGER

On the April 20, 1998, Council agenda are two roll calls that request Council to:

1. Approve evidence of financing and a signage plan submitted by the Redeveloper; and
2. Execute and deliver the Special Warranty Deed and authorize payment of a real estate broker commission for Disposition Parcel No. 30A.

The City Council recently approved the acquisition of the existing Nesbit Distribution property as part of the Martin Luther King, Jr. Parkway project.

FISCAL IMPACT –

Sale proceeds of \$321,265 for Disposition Parcel No. 30A will be deposited into the Guthrie Avenue Business Park account. Subsequently, the City will pay \$22,490 (7 percent

commission) at closing to Kevin P. Sullivan of C.B. Commercial/Hubbell Commercial, who 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 –

Approval.

BACKGROUND –

Developer-Initiated Proposal

On July 7, 1997, the City Council entered into an Agreement to Purchase Land for Private Redevelopment with the Fred Nesbit Distributing Company, Inc. and Fitz-Gold, L.L.C.

(“ Redeveloper”) jointly to redevelop Disposition Parcel No. 30A/Guthrie Avenue Business Park. The Redeveloper intends to construct a 108,775 sq. ft. office/distribution facility and a 7,000 sq. ft. truck maintenance building on approximately 8.5 acres in the vicinity of Mattern Avenue east of DeWolf Street (1901 DeWolf Street). This project will be located south of the Quality Wine Company’ s new 45,000 sq. ft. office/distribution facility and east of Corporate Image’ s 42,475 sq. ft. light manufacturing facility.

The Redeveloper is the Fred Nesbit Distributing Company, Inc., an Iowa corporation involved in the wholesale distribution of beer throughout metropolitan Des Moines, and Fitz-Gold, L.L.C., an Iowa limited liability company that will own and lease the property to Nesbit Distributing. 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, each also own 20 percent of the company. All of the owners are siblings.

Evidence of Financing and Signage Plan

The urban renewal contract requires that the Redeveloper

provide sufficient evidence of financing to conduct the project. The total project cost is estimated at \$6.3 million, which includes land acquisition, site preparation, building construction, rail spur installation, and equipment purchase.

Fitz-Gold, L.L.C. has submitted evidence of financing in the form of a letter of commitment dated March 20, 1998, from the Bankers Trust Company of Des Moines, Iowa, which will finance up to \$5 million of project costs. In addition, Fitz-Gold, L.L.C. has provided a letter of commitment dated April 2, 1998, that certifies it has the financial capability to perform all urban renewal contract obligations and will provide the balance of funds needed to complete the project, estimated at \$1.3 million. Bankers Trust has provided a letter dated April 3, 1998, attesting that Fitz-Gold, L.L.C. has the equity necessary to complete the project.

The Redeveloper has also submitted a signage plan which complies with the minimum development requirements approved by the City Council on April 21, 1997.

On April 14, 1998, the Urban Renewal Board unanimously recommended that the Redeveloper's evidence of financing and signage plan be approved.

Special Warranty Deed

The urban renewal contract requires that evidence of financing and final design plans be submitted and approved prior to conveyance of the disposition parcel by special warranty deed. The Redeveloper has met all requirements and is requesting conveyance of the property.