



**CITY COUNCIL  
COMMUNICATION:**

**ITEM \_\_\_\_\_**

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

**98-388**

**SYNOPSIS —**

**AGENDA:**

SEPTEMBER 14, 1998

**SUBJECT:**

DEVELOPER-INITIATED  
PROPOSAL— FREDERICK  
C. JAMES/PARCEL 18A/  
GUTHRIE AVENUE  
BUSINESS PARK (1901  
DIXON STREET)

Frederick C. James has submitted a developer-initiated proposal to redevelop Disposition Parcel No. 18A/Guthrie Avenue Business Park (south of Thompson Avenue between Dixon and DeWolf Streets - 1901 Dixon Street). The redeveloper is proposing to construct a 39,200 sq. ft. office, distribution, and light industrial flex space building on the approximate 3.5 acre parcel. Ellen Walkowiak with the City’ s Office of Economic Development is coordinating the City activities relative to this project.

**TYPE:**

**RESOLUTION  
ORDINANCE  
RECEIVE/FILE**

On the September 14, 1998, Council agenda are two roll calls that request Council to:

**SUBMITTED BY:**

**RICHARD CLARK  
DEPUTY CITY  
MANAGER**

1. Accept the developer-initiated proposal from Frederick C. James to redevelop Disposition Parcel No. 18A; and
2. Authorize advertisement for competing redevelopment proposals and authorize notice of intent to enter into an Agreement to Purchase Land for Private Redevelopment with Frederick C. James if no competing proposals are received.

**FISCAL IMPACT –**

This \$1 million project (excluding tenant improvements) is estimated to generate at least \$34,500 in tax revenue annually. Frederick C. James has offered a purchase price of \$169,000 for Disposition Parcel No. 18A. Sale proceeds will be allocated to the Guthrie Avenue Business Park Account. No real estate commission will be paid because no real estate broker has been retained by Mr. James to secure acceptance of the redevelopment proposal.

**RECOMMENDATION –**

**1. Approve the Minimum Development Requirements and Competitive Criteria for Disposition Parcel No. 18A/Guthrie Avenue Business Park as described in Attachment “ C” to the roll call;**

**2. Accept the redevelopment proposal submitted by Frederick C. James for Disposition Parcel No. 18A/Guthrie Avenue Business Park, subject to terms and conditions described in the staff report and contained in the Agreement; and**

**3. Authorize a competing offering period of approximately 30 days for others interested in developing Disposition Parcel No. 18A.**

#### **BACKGROUND –**

##### **Developer-Initiated Proposal**

Frederick C. James has submitted a developer-initiated proposal to purchase Disposition Parcel No. 18A for development of a 39,200 sq. ft. office, distribution, and light industrial flex space building on approximately 3.5 acres located south of Thompson Avenue between Dixon and DeWolf Streets (1901 Dixon Street). Mr. James is proposing to acquire Disposition Parcel No. 18A for \$169,000.

The redeveloper, Frederick C. James, is the President and majority shareholder of Library Binding Service Inc. (LBS), an Iowa corporation that has operated in Des Moines for over 60 years. LBS has two divisions– Archival Products and Corporate Image. The company is involved in the manufacture and distribution of bookbinding and archival storage materials used by colleges and universities (Archival Products), as well as the printing of presentation materials distributed to a nationwide marketing base (Corporate Image).

Mr. James is proposing to construct the building and lease 10,000 sq. ft. to his expanding company, Archival Products, and the remaining 29,200 sq. ft. to unidentified tenants. Due to LBS’ s phenomenal growth in sales (27 percent in 1997), the redeveloper needs additional space to expand Archival Products immediately. He anticipates that

the entire company' s sales will double in five years and that his business will use all available space in the new structure within a similar timeframe. It is projected that the employment requirement of 35 jobs will be met by the company and other tenants. LBS expects to pay its employees initially, excluding supervisory personnel, an average wage of at least \$11/hour including benefits. The proposed development will accommodate LBS' s expansion in Des Moines and provide lease space which may be used to meet the company' s future growth needs.

The redeveloper is committed to business growth on the east side of Des Moines. He currently owns a 28,000 sq. ft. industrial building at 3801 Delaware Avenue. In June 1996, he completed construction of a 42,475 sq. ft. office/light industrial facility at 1801 Thompson Avenue in the Guthrie Avenue Business Park which houses the Corporate Image division. In just two years, he has added 20 additional employees to his business in the Park. His quality, well-landscaped development has been a catalyst to new investment in the Guthrie Avenue Business Park.

The total estimated cost of building construction and site preparation is \$1 million (approximately \$25/sq. ft.) excluding tenant finish. Construction is proposed to start in fall 1998 and be completed by spring/summer 1999.

An irrevocable letter of credit from Firststar Bank of Milwaukee, Wisconsin, by order of Firststar Bank of Des Moines, Iowa, for \$42,250 was submitted as the good faith deposit for Disposition Parcel No. 18A. This represents 25 percent of the offered purchase price. Frederick C. James intends to finance 75 percent of the project cost through a loan from Firststar Bank and provide the remaining 25 percent by borrowing against equity in his building at 3801 Delaware Avenue. Mr. James has provided a letter from Firststar Bank dated August 26, 1998, that indicates its interest in financing 75 percent of the project cost. Based on review of the developer' s personal financial statement and audited statements of his major asset, LBS, there should be sufficient resources to provide the equity needed to complete the project.

#### **Urban Renewal Board Action**

On September 1, 1998, the Urban Renewal Board unanimously recommended approval of the redevelopment

proposal, subject to the staff recommendation as noted in the staff report (Attachment “ B” to the roll call).

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