



**CITY COUNCIL
COMMUNICATION:**

ITEM _____

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

98-500

SYNOPSIS -

AGENDA:

NOVEMBER 2, 1998

SUBJECT:

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

Frederick C. James previously 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. It is projected that the employment requirement of providing 35 full-time equivalent jobs will be met by the redeveloper and future tenants. 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 November 2, 1998 Council agenda are three roll calls that request Council to:

1. Execute the Agreement to Purchase Land for Private Redevelopment;
2. Approve the redeveloper's evidence of financing and final design plans; and
3. Authorize the execution and delivery of the Special Warranty Deed for Disposition Parcel No. 18A.

SUBMITTED BY:

RICHARD CLARK
DEPUTY CITY MANAGER

FISCAL IMPACT -

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

RECOMMENDATION -

Approve the three roll calls regarding redevelopment of Disposition Parcel No. 18A/ Guthrie Avenue Business Park.

BACKGROUND -

On September 14, 1998, by Roll Call No. 98-2917, the City Council accepted Frederick C. James' redevelopment proposal for Disposition Parcel No. 18A/Guthrie Avenue Business Park, subject to receipt of competing proposals by October 27, 1998. No competing proposals have been received. The redeveloper proposes to construct 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). This project will be located directly south of Mr. James' 42,475 sq. ft. office/light industrial facility at 1801 Thompson Avenue and west of Houghton Properties' 61,200 sq. ft. flex space building.

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 an average wage of at least \$11/hour including benefits, excluding supervisory personnel. 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 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.

Urban Renewal Agreement

The offering period authorized by Council for receipt of competing proposals has ended. The Urban Renewal Board has received no competing proposals. The redeveloper has provided the information required to proceed with execution of the Urban Renewal Agreement and conveyance of the property.

Evidence of Financing

The Urban Renewal Agreement requires that the redeveloper provide sufficient evidence of financing to purchase the disposition parcel and construct the proposed improvements. The estimated cost of land acquisition is \$169,000 and site preparation/building construction (excluding tenant finish) is \$1 million for a total project cost of nearly \$1.2 million.

Frederick C. James has submitted evidence of financing in the form of a letter of commitment dated October 15, 1998, from Firststar Bank in Des Moines, Iowa, which will provide 75 percent of the appraised project value. He has also provided a letter dated October 20, 1998, which affirms his commitment to provide the balance of funds needed to complete the project, estimated at \$300,000.

On October 27, 1998, the Urban Renewal Board

unanimously recommended that the City Council accept the evidence of financing submitted by Frederick C. James as sufficient for construction of the proposed improvements on Disposition Parcel No. 18A/Guthrie Avenue Business Park.

Final Design Plans

The redeveloper has submitted final design plans for approval by the City, including a lighting and signage plan. The design plans comply with the minimum development requirements and exceptions to the landscaping plan approved by the Planning Director. These exceptions allow the redeveloper to plant larger trees which need broader spacing than 25 feet apart, accommodate vision clearance at the entry and exit points to the development, and allow for the creation of a park-like area including extensive berming along DeWolf Street.

On October 27, 1998, the Urban Renewal Board unanimously recommended that the City Council accept the final design plans submitted by Frederick C. James for Disposition Parcel No. 18A/Guthrie Avenue Business Park.

Special Warranty Deed

The Urban Renewal Agreement 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.