

**CITY COUNCIL
COMMUNICATION:**

ITEM _____

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

99-458

SYNOPSIS -

AGENDA:

OCTOBER 4, 1999

On the October 4, 1999 Council agenda are two related land sale/purchase items for the downtown Norwest drive-up bank facility.

SUBJECT:

DOWNTOWN
RELOCATION -
NORWEST DRIVE-
UP BANK

1. Purchase of 400 Court Avenue: This large site (about 37,000 sq. ft.) with an entire block frontage on Court Avenue has excellent redevelopment potential as identified in the recently approved Court Avenue Neighborhood Design Plan. It has also been identified as part of the footprint for the proposed Court Avenue Entertainment Center Project. A purchase agreement for \$1,645,587 (based on a \$28/sq. ft. land value and a building value of about \$600,000) has been negotiated; this amount does not include payment to Norwest relocation costs which will not be known until plans for the replacement bank have been finalized.

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

2. Sale of 7th and Mulberry Street site: Public hearings and related actions were continued to the October 4, 1999 Council meeting for items relating to the proposed sale of City-owned property located at the southeast corner of Mulberry and 7th Streets, including the entire 16.5 foot width of the north-south alley, to Norwest Bank. The bank is proposing to construct a drive-up bank to replace its current downtown drive-up facility at 400 Court Avenue. Norwest's offer to purchase the Mulberry Street site is contingent on the City agreeing to purchase its Court Avenue location. The purchase price for the 7th and Mulberry site, including the vacated 16.5-foot wide alley, is approximately \$845,000 (\$43 per sq. ft. for the approximately 19,600 sq. ft. site).

SUBMITTED BY:

RICHARD CLARK
DEPUTY CITY
MANAGER

FISCAL IMPACT -

City Acquisition of Court Avenue Site:

Funding for the property acquisition (approximately \$1.646 million) is provided from Tax Increment Financing (TIF)

backed General Obligation bonds that have already been sold. The property has excellent redevelopment potential for a variety of uses including the entertainment center. The developer for the Court Avenue Entertainment Center has not yet provided a notice to proceed to the City; however, if such notice is provided, the City will receive land sale proceeds that will help offset the price of this and other land acquisitions required for the project.

Sale of Mulberry Street Site:

Sales proceeds, which includes the entire alley, will total about \$845,000. The estimated cost of the City portion of paving the alley is about \$20,000. Norwest will be responsible for 50 percent of the cost of paving the alley as well as 100 percent of the costs of other improvements such as landscape planters.

RECOMMENDATION -

Approve of the following items:

- 1. Vacation of the north-south alley located on the south side of Mulberry Street between 6th and 7th Streets.**
- 2. Purchase Agreements for the 400 Court Avenue drive-up bank site from Norwest and the sale of the Mulberry Street site located at southeast corner of Mulberry and 7th Streets, including the entire 16.5 foot width of the vacated north-south alley, to Norwest, contingent on City purchase of its Court Avenue site.**

BACKGROUND -

The Court Avenue Neighborhood Design Plan, adopted by the Council in January 1999, shows the Norwest drive-up bank site as an excellent location for redevelopment in the Court Avenue area. Its location with an entire block frontage on Court Avenue makes this an important site for the overall redevelopment of the area.

On April 19, 1999, the City Council approved acquisition of property for the proposed entertainment center to be located on the south side of Court Avenue between 3rd and 5th Streets. The City purchase of the various properties is subject to the selected developer, Centertainment and Steiner + Associates, meeting various contractual requirements which are to be addressed by a separate agenda item on the October 4, 1999

meeting.

One of the properties identified for the entertainment center acquisition is the Norwest Bank drive-up facility (400 Court Avenue). The bank has made an extensive survey of available downtown property to relocate its facility. It has identified a vacant property, owned by the City, located on the southeast corner of the intersection of 7th and Mulberry Streets as its first choice for the replacement location. This property, previously the site of the Mulberry Street parking ramp, is owned by the City.

Norwest Bank is requesting sale of the property, including the north-south alley in its entirety, for construction of its new facility. Norwest's offer to purchase is contingent upon the City purchasing its property on Court Avenue and conveying the Court Avenue property to the City no later than May 15, 2000, when it believes the replacement drive-up bank will be ready for business.

The purchase agreement restricts the City from leasing or selling the property to another banking entity for use as a motor bank if the entertainment center is not constructed. The restriction will be removed upon conveyance of the Norwest property to the developer or by June 1, 2003, whichever occurs first.

In addition, the purchase agreement states the City will provide for the following requirements on Plum Street:

- One-way east to west vehicular traffic movement.
- No parking.
- Speed limit conforming with similar-sized (i.e., alley) rights-of-way.
- The following time restrictions, excluding Saturdays, Sundays, and holidays, on vehicular delivery: 7 a.m. to 9 a.m.; 11:00 a.m. to 1:30 p.m.; and 4:00 p.m. to 6:30 p.m.

In order to meet the timeline needed by Norwest to begin construction prior to winter, it is appropriate to proceed with the purchase of the Norwest property. The purchase of this property is recommended at this time for the reasons noted above. The developer of the Entertainment Center has not yet provided a commitment to proceed with the project and, in accordance with the proposed contract extensions elsewhere on this agenda, would not do so until January 24, 2000.

Other:

The Plan and Zoning Commission reviewed the request to vacate and sell the north-south alley at its September 16, 1999 meeting. It recommended approval of the alley vacation and sale.