



**CITY COUNCIL
COMMUNICATION:**

ITEM _____

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

00-011

SYNOPSIS -

AGENDA:

JANUARY 3, 2000

On the January 3, 2000, agenda is a roll call to receive and file communications from Charles Wasker and George LaMarca on behalf of Robert J. Conley expressing his interest in purchasing the City's 7th & Grand Parking Structure property.

SUBJECT:

SALE OF 7TH AND
GRAND PARKING
GARAGE
STRUCTURE

The roll call also directs the City Manager to evaluate the proposals for purchase using the criteria described in the Background portion of this communication from the two groups that have expressed their interest: - Ruan Center Corporation (President, John Ruan III, 666 Grand Ave., Des Moines) and Robert J. Conley J. Investment Group (President, Robert Conley, 1050 6th Ave., Des Moines). The City Manager will then make a recommendation at the January 24, 2000, Council meeting as to which entity to negotiate a contract for the sale and development of the property.

TYPE:

RESOLUTION
ORDINANCE

RECEIVE/FILE

FISCAL IMPACT -

SUBMITTED BY:

RICHARD A. CLARK
DEPUTY CITY
MANAGER

As detailed in City Council Communication No. 99-506, the sale of the property for private development will have a positive impact on property and hotel/motel tax revenues as well as providing revenue to the parking system which will assist in expanding the 8th & Mulberry facility.

RECOMMENDATION -

- 1. Receive and file communications regarding Robert J. Conley's interest in purchasing the 7th & Grand Parking Structure property.**
- 2. Authorize City Manager (or his designee) to evaluate the proposals. Proposals will be considered that meet the criteria listed below.**

BACKGROUND -

Council, at its November 15, 1999, meeting received a communication from Ruan Center Corporation indicating a strong interest in purchasing the City's 7th & Grand Parking Structure property. He proposed the development of a hotel operation on top of the existing parking facility while retaining parking on the lower levels. Robert J. Conley subsequently expressed an interest in pursuing a similar project with the 7th & Grand property.

In order to proceed to the next step in selling the property, the roll call authorizes the City Manager (or designee) to evaluate the proposals to purchase and how each proposal will meet and/or exceed the criteria specified below.

- The existing parking (approximately 555 spaces) must continue to be used for parking with at least 35 percent (about 195 spaces) available for public daily parking. However, parking rates and operation of the ramp would be determined solely by the new owner. During construction, the owner will minimize the number of spaces impacted by the hotel construction.
- The ramp will be sold in "as-is" condition with any additional structural support modifications at the new owner's expense.
- A 165+ room hotel on the top of the ramp is to be constructed within three years from conveyance of the property.
- The new owner must enter into a City skywalk agreement.
- The sale price of the property will be at least \$3,700,000.

In addition, the City Manager will review::

- Development team members;
- Experience in developing and operating similar facilities;
- Ability to secure an operating agreement with hotel franchiser;
- Capacity to obtain necessary financing;
- Revenue returns to the City from sales proceeds, property and hotel/motel taxes;
- General project schedule; and
- Contingencies that may delay or cause withdrawal from the project.

Based on the responses, the City Manager will make a recommendation at the January 24, 2000, meeting on which party to proceed with for contract negotiations for the sale of the property.

General Schedule:

The schedule for this project is impacted by the proposed refinancing of bonds for the parking system. The process outlined in City Council Communication No. 99-534 on December 6, 1999, for the refinancing requires that bond documents addressing changes in parking system operations be completed by mid-April.

To meet this bond documents schedule, the City should have its decision made on the sale of the 7th & Grand parking structure prior to time to coordinate with the bond sale. Thus, our goal is to present a completed contract with the purchaser on or by the March 27, 2000, Council meeting.



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