

**CITY COUNCIL  
COMMUNICATION:**

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

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

**00-537**

**SYNOPSIS -**

**AGENDA:**

NOVEMBER 20, 2000

**SUBJECT:**

CONTRACT  
EXTENSION  
REQUESTED BY  
THE QUALITY WINE  
CO. FOR  
DISPOSITION  
PARCEL NO.  
31A/GUTHRIE  
AVENUE BUSINESS  
PARK (2001  
DEWOLF STREET)

The Quality Wine Company is requesting a one-year contract extension to complete 20,000 square feet of additional building improvements at 2001 DeWolf Street in the Guthrie Avenue Business Park. The company was required to develop a total 65,000 square feet office/distribution facility by December 1, 2000 or to pay the equivalent taxes as though it had constructed the additional improvements. Jack Goldenberg is the President of the Quality Wine Company, headquartered in Bloomington, Minnesota. The company employs 40 people at 2001 DeWolf Street and pays on average a wage of \$19.44/hour plus benefits, excluding supervisory personnel. Ellen Walkowiak with the City's Office of Economic Development is coordinating the City activities relative to this project.

**TYPE:**

**FISCAL IMPACT -**

The City has retained \$16,935 plus accrued interest of the Quality Wine Company's good faith deposit, which represents the proportionate balance of good faith deposit funds for the additional improvements. Tax revenue generated from the additional 20,000 square feet is estimated at \$30,330 per year.

**RESOLUTION**  
ORDINANCE  
RECEIVE/FILE

**RECOMMENDATION -**

**Approval.**

**SUBMITTED BY:**

RICHARD CLARK  
DEPUTY CITY  
MANAGER

**BACKGROUND -**

In March 1997, the Quality Wine Company completed a 45,000 square foot office/distribution facility at 2001 DeWolf Street in the Guthrie Avenue Business Park. This \$1.8 million project represented an expansion of the company's only location in Iowa. The company was required to build a total of 65,000 square feet by December 1, 2000 or pay the equivalent taxes as though it had constructed the

improvements.

Quality Wine does not need the additional space currently. It has explored several alternatives to meet the building density requirement but has been unsuccessful in completing the project. The company has worked with real estate brokers, attorneys, developers and the City Office of Economic Development. Strategies have involved building the 20,000 square feet and leasing it to identified tenants, selling a portion of land to Moss Development to expand its development to the south, and selling the balance of site (approximately two acres) to a user-owner business or to a developer.

The company continues to pursue prospective tenants and explore various alternatives to meet its contractual requirement. Quality Wine has developed a quality project and has acted in good faith during the term of its contract. The extension will assist in ascertaining additional market opportunities.