

Meeting Agendas/Info

CITY COUNCIL
COMMUNICATION:

ITEM _____

01-028

OFFICE OF THE CITY MANAGER CITY OF DES MOINES, IOWA

AGENDA:

JANUARY 22, 2001

SUBJECT:

SALE OF CITY
PROPERTY AT
807/823 WALNUT TO
THE FEDERAL HOME
LOAN BANK

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

SUBMITTED BY:

RICHARD CLARK
DEPUTY CITY
MANAGER

SYNOPSIS -

It is proposed that the City sell property located a 807/823 Walnut-the old MidAmerican Energy building-to the Federal Home Loan Bank (FHLB). (See the attached map.) The President and CEO of the Des Moines FHLB is Pat Conway. The property will be used by the FHLB for their immediate short-term needs and will provide the FHLB with a location for a new regional headquarters. The City will be responsible for demolishing the existing vacant building. The sale price is \$1,035,000, of which \$450,000 will be paid upon conveyance. The remaining \$585,000 payment will be waived in the event construction on the new building is initiated within five years. The new building must have a minimum of 150,000 square feet, or have a comparable taxable value. As part of the agreement with the City, the FHLB also agrees to construct a skywalk corridor from their existing building at 901 Walnut to 10th Street. The proposal to sell this property is detailed in a "Terms of Agreement" which must be approved by the FHLB and the City Council.

FISCAL IMPACT -

The proceeds from the sale of the property should be more than sufficient to pay the cost of building demolition which is estimated to be about \$370,000. A new building of 150,000 square feet would pay about \$645,000 per year in taxes. Total sale proceeds in the event no building is constructed will be \$1,035,000.

RECOMMENDATION -

Approve the "Terms of Agreement" between the City of Des Moines and the FHLB; authorize the City Manager and the Corporation Counsel to prepare a formal contract for Council's consideration by February 26, 2001; and direct the City Manager to carryout the various actions outlined in the Terms of Agreement.

BACKGROUND -

The City acquired the old MidAmerican Energy property several months ago as part of a larger transaction with the Graham Group. The property has a land area of about 28,314 square feet, which includes the vacant office building and an adjoining parking lot. Attempts by the prior owner to sell and/or lease the building for re-occupancy were unsuccessful and the building has remained vacant. The proposed sale of this property is a mutually beneficial transaction that allows construction of a new corporate headquarter building in an area of the downtown that is experiencing considerable growth based in large part on the Gateway project. Other new growth in the same area includes the new Allied Gateway Campus, Wells Fargo Corporate Headquarters, and further improvements to the Hotel Fort Des Moines.