

Meeting Agendas/Info

**CITY COUNCIL
COMMUNICATION:**

ITEM _____

01-151

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

AGENDA:

SYNOPSIS -

MARCH 28, 2001

On January 22, 2001, Council approved a "Terms of Agreement" between the City of Des Moines and the Federal Home Loan Bank (FHLB). The Terms of Agreement provided for the sale of City owned property at 9th and Walnut - the old MidAmerican Energy building - to the Federal Home Loan Bank (FHLB). The President and CEO of the Des Moines FHLB is Pat Conway. A formal contract has now been prepared for Council's approval.

SUBJECT:

CONTRACT FOR
SALE OF CITY
PROPERTY AT 9TH
AND WALNUT
TO THE FEDERAL
HOME LOAN BANK

The City will be responsible for demolishing the existing vacant building by August 15, 2001. The contract stipulates liquidated damages in the amount of \$2,000 per day, increasing to \$4,000 per day if the demolition is not accomplished in a timely manner as prescribed in the contract. The sale price is \$1,035,000, of which \$450,000 will be paid prior to closing. 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.

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

SUBMITTED BY:

RICHARD CLARK
DEPUTY CITY
MANAGER

The contract also provides for a new skywalk corridor across a portion of the existing FHLB property to 10th Street. A formal skywalk agreement has been prepared and is to be approved in conjunction with the contract for sale of the property. This skywalk agreement, together with other skywalk agreements with EMC, Wells Fargo Financial, and Hubbell Realty, fulfills a contractual requirement in the City's agreement with Allied which calls for a skywalk to be extended to the Allied site.

FISCAL IMPACT -

The proceeds from the sale of the property should be more than sufficient to pay the cost of building demolition. 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 -

Approval.

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.