

**CITY COUNCIL
COMMUNICATION:**

ITEM _____

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

02-012

SYNOPSIS -

AGENDA:

JANUARY 7, 2002

SUBJECT:

EXPANSION OF THE
QUIKTRIP STORE
LOCATED AT EAST
15TH STREET AND
EAST GRAND
AVENUE

On the January 7, 2002, Council agenda are two roll calls related to a proposed expansion of the QuikTrip store located at the intersection of East Grand Avenue and East 15th Street. The roll calls set a hearing date for the vacation of a portion of the east/west alley rights-of-way and give preliminary approval for City participation in the form of a forgivable loan totaling \$50,000 for the proposed project consisting of vacated alley (valued at \$13,000) and loan proceeds funded through the Economic Development Financial Assistance-Neighborhood Commercial Revitalization (NCR) Loan Program in the amount of \$37,000 to assist toward project costs associated with needed environmental testing, hazardous waste remediation, and demolition costs.

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

By Roll Call No. 01-2596, 01-2597, and 01-2598, dated August 20, 2001, City Council approved rezoning of property located at 1518 Capitol to allow extension of the off-street parking area, and by Roll Call No. 00-446, dated February 21, 2000, City Council approved the vacation and conveyance of a portion of the east/west alley between East 15th to East 16th Street and south of East Grand Avenue, and to replace an existing ingress/egress easement with a new relocated easement south to Capitol Avenue for the QuikTrip store located at the intersection of East Grand and East 15th Street.

SUBMITTED BY:

RICHARD CLARK
DEPUTY CITY
MANAGER

FISCAL IMPACT -

The City's Real Estate Division has appraised the alley rights-of-way to be vacated and conveyed at \$13,000. The value of the alley will be included in the forgivable loan that will require QuikTrip Corporation to perform covenants with respect to the project and maintain retail services at the site. The \$37,000 portion of the forgivable loan will be made under the Economic Development Financial Assistance-NCR Loan Program, which is funded from Community Development Block Grant (CDBG) funds. The NCR program is to assist in the revitalization and maintenance of the City's neighborhood commercial areas by providing loans for property and site improvements.

RECOMMENDATION -

Approval.

BACKGROUND -

QuikTrip Corporation has proposed creating an entryway and expanded parking on the eastside of the store located at East 15th Street and East Grand Avenue. As part of the project, QuikTrip Corporation proposes to purchase and clean up an adjacent property that is vacant and blight on the neighborhood. The City participation will assist in the cost of environmental testing, environmental and hazardous waste remediation, and demolition of the vacant building. The total project costs are estimated at \$800,000. QuikTrip Corporation states that due to the high project costs this project will not go forward without the proposed City assistance.

The Capitol East Neighborhood Association and staff from the City's Community Development Department, Neighborhood Development Division have been working with QuikTrip Corporation on this project for over a year and supports approval of the project (letter attached to the roll call).

Terms of Agreement

Based on discussions with QuikTrip staff, preliminary agreement has been reached on the following points that comprise the key features of the restrictive covenants to be applied to the conveyance of the alley and contained in the proposed loan agreement.

1. QuikTrip will undertake the improvement of the store located at East 15th and East Grand at a minimum investment of \$800,000. The improvements are to include the purchase, removal, and environmental remediation, if any, of the blighted property located at 1515 East Grand. All improvements made to the site will comply with existing City site plan and building regulations.
2. QuikTrip will continue to provide retail services at the improved location for at least five years from the date of improvements.
3. The City will vacate and convey a portion of the east/west alley valued at \$13,000 and provide NCR loan proceeds to QuikTrip in an amount not to exceed \$37,000 for a total forgivable loan of \$50,000. The NCR loan will be forgiven over a term of five years.

4. If QuikTrip does not comply with the terms of the agreement, the entire \$50,000 amount of the loan will be repaid.
