

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date	March 8, 2010
	Agenda Item No. 31 Roll Call No. <u>10-</u> Communication No. <u>10-133</u> Submitted by: Merrill Stanley, Deputy City Manager	

AGENDA HEADING:

Resolution granting an extension on the time allowed to negotiate a contract for the sale and redevelopment of 801 University Avenue.

SYNOPSIS:

By Roll Call 09-2306, dated December 21, 2009, the City Council selected a group comprised of the Community Foundation of Greater Des Moines, Des Moines Area Community College (DMACC) and Save Stores, LLC, as the Preferred Redeveloper of the property located at 801 University Avenue (formerly occupied by Top Value Foods), and authorized the City Manager or his designee to negotiate with the Preferred Redeveloper over the next 60 days on a contract for the disposition and redevelopment of the property in substantial compliance with the terms submitted in the Letter of Intent To Redevelop Property. The chosen Redeveloper has requested an extension to March 31, 2010 to negotiate a contract for the sale and redevelopment of the property to complete the following items: (1) environmental review of the property, and (2) finalization of its financial arrangements in order to provide the City with evidence of financing commitments to complete the redevelopment proposal.

FISCAL IMPACT:

Amount: Preferred Redeveloper is expected to fully pay the outstanding balance (\$1,780,957) of the Housing and Urban Development (HUD) Section 108 Loan Guarantee Note within 60 days after execution of the formal agreement. Additionally, upon completion of the disposition of the property to the Developer, the portion of the site that contains retail uses will become taxable.

Funding Source: HUD Section 108 Loan to be paid; does not impact City funds.

ADDITIONAL INFORMATION:

Staff's recommendation to select a group comprised of the Community Foundation of Greater Des Moines, DMACC and Save Stores, LLC as the Preferred Redeveloper of the Property was based on the evaluation that their proposal most closely fulfills the City's goals for redevelopment of the site.

The recommended proposal provides that 66% of the building will be dedicated to retail services by providing:

- (1) a 17,200 square foot Save-A-Lot grocery store offering fresh meats, breads, dairy, frozen and fresh fruits and vegetables, private and national label non-perishable goods and general household items; and

(2) a 5,000 square foot Dollar Plus Store offering housewares, baby supplies, health and beauty and office and school supplies.

Both of these retail outlets will be owned and operated by Save Stores, LLC, with Ray Brown as general manager.

The remaining 12,800 square feet will house the Evelyn Davis Workforce/Re-engagement Center. The Evelyn Davis Center will be administered by DMACC as a one-stop workforce center delivering enhanced services and supplemental wrap-around support. Services to be provided include: Workforce Center, Education Re-engagement Center and connections to job opportunities.

Both the retail operator and the Evelyn Davis Center have indicated their desires to incorporate citizen participation into the final development of their respective operations.

In the recommended proposal, DMACC has expressed its interest to purchase any vacant space that may come available, if the retail ventures are not successful. Further, DMACC commits to make every attempt to seek out and occupy that space with new commercial retail outlets.

PREVIOUS COUNCIL ACTION(S):

Date: December 21, 2009

Roll Call Number: 09-2306

Action: Approving City Manager recommendation on redevelopment proposal for 801 University Avenue, (former Top Value Foods). (Council Communication No. 09-890) Moved by Vlassis to receive and file, and to direct the City Manager to proceed with the negotiation of a contract with the preferred redeveloper for the disposition and redevelopment of the property upon terms consistent with the Letter of Intent to Redevelop Property and the recommendation set forth in the accompanying Council Communication; refer to the City Manager to work with the other developer to find alternate locations for their project. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

Approval of the Redevelopment Agreement stipulating the terms and conditions required to convey title to the property at 801 University Avenue.

For more information on this and other agenda items, please call the City Clerk's Office at 515-283-4209 or visit the Clerk's Office on the second floor of City Hall, 400 Robert D. Ray Drive. Council agendas are available to the public at the City Clerk's Office on Thursday afternoon preceding Monday's Council meeting. Citizens can also request to receive meeting notices and agendas by email by calling the Clerk's Office or sending their request via email to cityclerk@dmgov.org.