 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date: February 28, 2011
	<p>Agenda Item No. 61</p> <p>Roll Call No. <u>11-0370</u></p> <p>Communication No. <u>11-110</u></p> <p>Submitted by: Richard A. Clark, City Manager</p>

AGENDA HEADING:

Approval of general procedures and process to solicit proposals for the private redevelopment of the Des Moines Building property (405 6th Ave. and 513 Locust St.).

SYNOPSIS:

The City is working to obtain legal title to the Des Moines Building with the intention of then offering the property for redevelopment. This communication outlines the general parameters for offering the property which, subject to Council concurrence, will permit staff to provide information to potential developers for the purpose of soliciting redevelopment proposals for City Council consideration. This approach is being suggested to expedite the sale process once the City has title to the property.

This approach will allow the City to contact developers with information on the property and the sale process prior to having title. The City will receive written proposals from interested developers that will be evaluated with the criteria discussed in this communication. It is the intent to have a finalized redevelopment proposal that will outline the level of City financial assistance. This finalized proposal will then be forwarded to the Council which, if it desires to proceed with the particular proposal, will set a public hearing on the proposed sale.

The exact timing of this process is uncertain and depends on how rapidly the various legal items requiring court action are decided subject to court scheduling; estimates on when the City could have title vary from within the next two months to the end of summer/beginning of fall 2011.

The suggested criteria a redevelopment proposal should address are contained in the Additional Information section of this communication. The criteria are directed to selecting a developer with experience in similar-type projects and sufficient financial resources to begin redevelopment on this National Register-eligible property as rapidly as possible.

This process is intended to be relatively simple and rapid to permit sale of the property in a short time-frame while providing a level field for all interested developers. Developers are invited to contact Andrea Hauer in the Office of Economic Development (OED@DMgov.org) to indicate their interest in the property; an email system and web posting system will be provided for updates and information.

FISCAL IMPACT: NONE

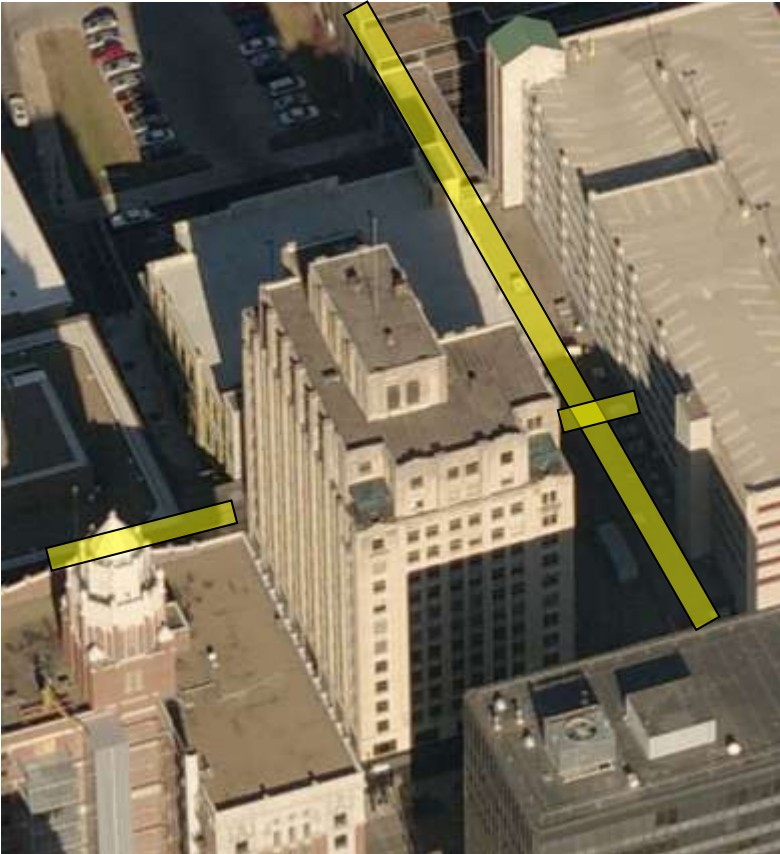
Amount: N/A

Funding Source: N/A

ADDITIONAL INFORMATION:

Background

The Des Moines Building property, located on the northeast corner of Locust and Sixth Avenues, consists of two vacant buildings that interconnect on their east/west walls and two skywalk corridors.



Skywalks (yellow shaded areas):

--The east/west skywalk corridor adjoins the northern wall of each building and connects from the former Keck Parking Structure to the Ruan II Building.

--A north-south corridor adjoins the smaller building’s east wall and connects from the Liberty Building parking ramp to the Bank of America Building.

405 6th Ave.: The larger 14-story building, constructed in 1930-1932, faces 6th Avenue and contains over 132,000 square feet of interior space formerly used for office and retail uses and a full basement.

513 Locust St.: The smaller 3-story building, built in 1950, faces Locust Street, has about 17,000 square feet and was used primarily for offices. It also has a full basement.

As stated in the January 10, 2011 communication to Council, the Legal Department is pursuing a district court judgment that the building has been abandoned and title should be awarded to the City.

Evaluation Criteria

The City has received several developer inquiries about the process the City will use to sell the Des Moines Building property. The following is suggested as a general outline of the criteria a development proposal should address. Renovation of the structure is the most likely redevelopment approach; estimated costs are in the \$15-20 million range.

The building will be sold “as-is” with transfer of the utilities and other maintenance costs occurring at the time of conveyance.

At the time the City can reasonably predict when title to the property will be in its name, the City will request interested parties to submit the following information, in writing to City staff. This information will be used by staff to make recommendations to the Council about selecting a developer. The requested information is intended to provide a reasonable basis to determine the economic and physical viability of a proposal by the City while keeping developer expense as low as possible in preparing a submission.

The prospective developer will be asked to provide information on the following:

- A concept plan showing the uses for the space.
- Financial information showing the ‘sources and uses’ budget (the costs and the sources of financing) for the redevelopment and a 10 year pro-forma.
- The ability to finance the redevelopment in conformance with the plans; commitments from financial institutions are especially desirable.
- Experience in doing comparable projects.
- Knowledge of historic and other tax credit programs that are likely sources of financing and how these programs will impact use and/or alteration of the building.
- A project schedule.
- Any request for economic development assistance will be evaluated with preference given to proposals that provide a payback of costs the City has incurred (estimated to be in the \$150,000 range) and minimal ‘upfront’ City assistance until the project is underway or completed.

The staff evaluation and recommendation to the Council will consider these criteria as key points.

Access to the property is limited because the City's only authority to enter the building is for the limited purpose of providing adequate heat to prevent severe damage to the sprinkler system and to prevent any other and further nuisance situations. The City is seeking Court approval to allow the building to be shown to prospective redevelopers at several scheduled times.

PREVIOUS COUNCIL ACTION(S):

Date: January 10, 2011

Roll Call Number: 11-0040

Action: [Declaring](#) the Des Moines Building at 405 6th Avenue and 513 Locust Street to be a public nuisance, authorizing the Legal department to pursue a court order to abate the nuisance and declare the building abandoned and award title to the City. ([Council Communication No. 11-005](#)) **Moved by Mahaffey to adopt. Motion Carried 7-0.**

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

- Future actions by staff relate to the:
 - Legal Department’s filings to the Polk County District Court to obtain title.
 - Office of Economic Development will meet with prospective developers. Provided the City does obtain title to the property, OED intends to have a real estate offer ready to present to Council for approval for prompt conveyance of the property for redevelopment. A separate development agreement for financial assistance is likely to be

presented for City Council approval, concurrent with the real estate offer or as soon thereafter as possible.

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.