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|  <p style="text-align: center;"><b>Council<br/>Communication</b><br/>Office of the City Manager</p> | <b>Date:</b>             | January 23, 2012   |
|  | <b>Agenda Item No.</b>   | <b>36</b>  |
|  | <b>Roll Call No.</b>     | [ _____ ]  |
|  | <b>Communication No.</b> | <b><u>12-035</u></b>   |
|  | <b>Submitted by:</b>     | <b>Terrance N. Vorbrich,<br/>Acting Economic<br/>Development<br/>Administrator</b> |

**AGENDA HEADING:**

Resolution Approving Purchase Agreement with Des Moines Area Community College and CDT Investments, LLC for sale of City property located at 801 University for \$1.2 million

**SYNOPSIS:**

By Roll Call 11-1832, dated October 24, 2011 Council received, filed and referred to the City Manager and City Attorney for preparation of sales documents an informal offer to purchase 801 University Avenue (formerly occupied by Top Value Foods) submitted by Community Foundation of Greater Des Moines, Des Moines Area Community College and CDT Investments, LLC (Simon Cotran, Managing Member) for \$1.2 million. A purchase agreement for \$1.2 million has been negotiated by City Legal, Des Moines Area Community College and CDT Investments, LLC and is being presented to City Council for approval.

**FISCAL IMPACT:**

Amount: \$1,347,105.20 is required to prepay the remaining balance of the HUD Section 108 Loan on August 1, 2012. The sale proceeds of \$1.2 million will be used for the prepayment and the remaining balance of \$147,105.20 will be funded from the Economic Development Enterprise Fund. This will relieve the City of the annual debt service payment of approximately \$190,000.

Funding Source: FY2011-2012 Recommended Operating Budget, Economic Development Enterprise Fund, SP743, CMO0980717, page 56.

**ADDITIONAL INFORMATION:**

The City has been working diligently to achieve the successful redevelopment of 801 University for several years. The property was formerly the home of Top Value Foods. It has been the City’s intent to see the property purchased and redeveloped in a manner that provides direct benefit, value and services to the surrounding neighborhoods. The submittal of the purchase offer by the Community Foundation, CDT Investments, LLC and DMAACC, for the 801 University site, fulfills this intent. The proposed uses for the building are the Evelyn Davis Training Center (12,800 square feet), as well as a grocery store and other retail uses (23,200 square feet). CDT Investments is actively pursuing a financing commitment for the grocery store and other retail uses.

Defeasement of the outstanding balance of the HUD Section 108 loan on the building relieves the City of an annual payment obligation of approximately \$195,000.

**PREVIOUS COUNCIL ACTION(S):**

Date: October 24, 2011

Roll Call Number: 11-1832

Action: Receipt of informal offer to purchase 801 University Avenue (formerly occupied by Top Value Foods) for \$1.2 million. ([Council Communication No. 11-670](#)) **Moved by Griess to receive, file, and refer to the City Manager and City Attorney for preparation of sales documents. Motion Carried 7-0.**

Date: March 8, 2010

Roll Call Number: 10-366

Action: [Extension](#) of time to negotiate a contract for sale and redevelopment of 801 University Avenue (formerly occupied by Top Value Foods). ([Council Communication No. 10-133](#)) **Moved by Griess to extend the time allowed to complete negotiations with the Preferred Developer on a contract for the sale and redevelopment of 801 University Avenue until March 31, 2010. Motion Carried 7-0.**

Date: December 21, 2009

Roll Call Number: 09-2306

Action: [Approving](#) City Manager recommendation on redevelopment proposal for 801 University Avenue, (formerly occupied by 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: NONE**

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