

 <p style="text-align: center;"><b>Council Communication</b> Office of the City Manager</p>	<b>Date:</b> October 22, 2012
	<b>Agenda Item No.</b> 37 <b>Roll Call No.</b> <u>12-1643</u> <b>Communication No.</b> <u>12-552</u> <b>Submitted by:</b> <b>Matthew A. Anderson,</b> <b>Assistant City Manager</b>

**AGENDA HEADING:**

Open and close public hearing for October 22, 2012 on sale by installment contract of Central Fire Station #1, 900 Mulberry Street to Des Moines Social Club (Chris Draper, President and Zachary Mannheimer, Executive Director, 400 Walnut St., Des Moines, Iowa).

**SYNOPSIS:**

This roll call opens and closes the required public hearing for the October 22, 2012 City Council meeting on the proposed installment contract for sale of the City-owned property located at 900 Mulberry Street. This proposed installment sales agreement details the terms and conditions that must be met by Des Moines Social Club, as the purchaser of property, before conveyance occurs in February 2013.

**FISCAL IMPACT:**

Amount: The sales price, which will be paid to the City in 2013 with three annual installments of \$200,000 plus 5% annual interest on the remaining balances for total payments of about \$630,000, will be receipted to Account 480060 CP041 FIR990000 FIR039 from the FY13/18 - CIP – Page Fire – Page 4.

Funding Source: Sales proceeds will be applied to the costs of constructing the new central fire station at 1330 Mulberry Street.

**ADDITIONAL INFORMATION:**

The Fire Station #1 property at 900 Mulberry Street will be vacated in early 2013 when the Fire Department moves operations to its new headquarters at 1330 Mulberry Street.

In June 2012, the City Council selected the Des Moines Social Club (DMSC) as the preferred redeveloper for the property and directed staff to prepare the sales agreement with the incorporation of the key redevelopment requirements detailed below:

- Developer must agree to preserve the exteriors of the two buildings and to nominate the property to the National register of Historic Places and or to the City of Des Moines Local Landmarks listing.
- Any change in use and/or ownership –for a period of 10 years from the date of conveyance must be approved by the City Council.

- Sale of any portion of the property is subject to a 50/50 split of the profit for a period of up to ten years from the date of conveyance.
- Before property is conveyed, developer must provide the following:
  - A viable business plan demonstrating its capacity for the long-term operation and maintenance of the property in accordance with the contract for sale. As part of this requirement, the entity that will own the building as well as its Board of Directors must be identified with an annual update of this information for a period of ten years to be submitted to the City.
  - Evidence of financing with the developer having equity and capital for the purchase price and 50% of the estimated improvement costs in-hand.
  - Building and site design plans that have been reviewed and recommended for approval by the Urban Design Review Board.
  - Provision of an annual Payment in Lieu of Taxes of \$10,000.

One of the provisions cited at the June 25, 2012 Council – the sales price of \$600,000, to be paid at the time of conveyance, has been changed at the request of the DMSC to provide for three annual installment payments starting at delivery of possession in 2013 with completion of the payments in 2015. A 5% interest rate will be charged on the remaining balance of the installment payment which will provide about \$30,000 in interest payments.

These proposed requirements provide reasonable protections for the City while allowing for the long-term retention and improvement of this iconic property. The 10 year covenants in the sales agreement will preserve and improve the buildings, require City Council approval of any changes in uses and provide for City profit participation in sale of any portion of the property.

A successful meeting with the Des Moines Social Club representatives was held on October 18, 2012 to address several items relating to the sales agreement pursuant to Roll Call No. 12-589 (approved on October 8, 2012).

### **PREVIOUS COUNCIL ACTION(S):**

Date: October 8, 2012

Roll Call Number: [12-1588](#) and [12-1589](#)

Action: Items regarding property in the vicinity of 900 Mulberry Street (Central Fire Station No. 1):

- (A) Directing the Community Development Department and Plan and Zoning Commission to consider rezoning. Moved by Hensley to adopt. Motion Carried 7-0.
- (B) Setting date of hearing on sale by installment contract of City-owned property to Des Moines Social Club, \$600,000, (10-22-12). ([Council Communication No. 12-540](#)). Moved by Hensley to adopt; refer to City Manager to set up a meeting with the Des Moines Social Club Board of Directors prior to the hearing. Motion Carried 7-0.

Date: June 25, 2012

Roll Call Number: [12-1055](#)

Action: [Selection](#) of preferred redeveloper for the Central Fire Station at 900 Mulberry Street. ([Council Communication No. 12-356](#)) Moved by Hensley to refer to the City Manager to negotiate a contract with Des Moines Social Club per the provisions contained in Council Communication No. 12-356. Motion Carried 7-0.

Date: November 21, 2011

Roll Call Number: [11-1987](#)

Action: [Letter](#) of Interest from Des Moines Social Club, to lease or purchase fire station property at 900 Mulberry Street. Moved by Hensley to receive and file and refer to the City Manager to explore the potential sale or lease of the property and direct the City Manager to work with the Des Moines Social Club on potential development of the property. Motion Carried 7-0.

**BOARD/COMMISSION ACTION(S): NONE**

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:**

Once the sales agreement is executed by the City, DMSC is required to meet certain ‘milestones’ such as design and building plan review and approval, fund raising targets and submission of the nomination to National Register of Historic Places, before the property is conveyed. It is anticipated the conveyance will occur in first or second quarter 2013.

The Plan and Zoning Commission will consider the rezoning of the site at its November 1, 2012 meeting.

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