

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date:	August 6, 2018
	Agenda Item No.	43
	Roll Call No.	<u>18-1358</u>
	Communication No.	<u>18-416</u>
	Submitted by:	Erin Olson-Douglas, Economic Development Director

AGENDA HEADING:

Approving Contingent Purchase Agreement with East Village Green, LLC to purchase real estate at 306 SE 5th Street if exercised by April 1, 2020.

SYNOPSIS:

East Village Green, LLC (Jim Cownie, Managing Member, 350 E. Locust Street, Suite 500, Des Moines, IA 50309) is intending to purchase and ultimately redevelop the existing Scrap Processors Inc. site located at 306 SE 5th Street in the Historic East Village Neighborhood. East Village Green, LLC is pursuing redevelopment of the Property, but is willing to sell the land to the City of Des Moines for \$2,333,000 in the event that redevelopment efforts have not been successful on or before April 1, 2020.

In addition to the April 1, 2020 date, the City’s obligation to purchase the Property under this agreement will terminate if East Village Green, LLC submits an accepted or approved developer-initiated proposal, or is the selected developer for any future request for proposals for any City-owned property within the area bounded by E. Court Avenue on the north, the Des Moines River on the west, E. Martin Luther King Jr. Parkway on the south and SE 14th Street on the east.

FISCAL IMPACT:

Amount: Not to exceed \$2,333,000 for the land purchase. The City source of funding is intended to function as a backstop only and will not be put in motion unless the Contingent Purchase Agreement is exercised by East Village Green, LLC.

Funding Source: The \$2,333,000 land purchase will be funded by tax increment funds in the Metro Center Urban Renewal Area.

ADDITIONAL INFORMATION:

- Scrap Processors Inc. is long-established Iowa business that has operated for decades at the current 306 SE 5th Street location. East Village Green, LLC has entered into a purchase agreement for this 2.04-acre property.
- City staff from various departments have been working with Scrap Processors Inc. to find a suitable relocation site on vacant property at 804 SE 30th Street. The site was recently rezoned to M-2 “Heavy Industrial” to support the proposed use on August 28, 2017.

- The City intends to enter into the Contingent Purchase Agreement with East Village Green, LLC to purchase the property for purposes of urban renewal on the condition that the Seller has removed existing buildings that are incompatible with the future redevelopment of the property prior to the City obtaining ownership.
- This agreement provides a unique opportunity to relocate the last remaining salvage yard out of the emerging Market District of the East Village, and will allow for additional redevelopment momentum within the district to continue.

PREVIOUS COUNCIL ACTION(S): NONE

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

- Presentation of Preliminary Terms of an Economic Development Agreement to City Council.
- Required Board and Commission reviews of any development project on the site.

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 first 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.