


COUNCIL COMMUNICATION

	Number:	23-272	Meeting:	May 30, 2023
	Agenda Item:	3	Roll Call:	23-0786
	Submitted by:	Matthew A. Anderson, Deputy City Manager		

AGENDA HEADING:

Approval of first amendment to purchase and sale contract between Nationwide Mutual Insurance Company and City of Des Moines, Iowa, dated September 12, 2022.

SYNOPSIS:

On September 12, 2022, the City Council approved a purchase agreement for an office building and parking garage located at 1200 Locust Street and 1200 Mulberry Street respectively as well as the assignment of a parking lot lease at 13th Street and Walnut Street.

The City Council is asked to approve an extension to that agreement containing the terms as outlined below in Additional Information.

City administration and Police Department staff currently operate in multiple buildings at scattered locations throughout the City. Some staff, such as the Housing and Civil and Human Rights Divisions, are located in leased space. Other departments, such as the Human Resources Department, have moved to space not originally intended for their use due to overcrowding at existing facilities. The City's three (3) primary riverfront buildings (City Hall, Argonne Armory, and Police Station) are 80 – 110 years old and the Armory and Police Station need substantial reinvestment. Police Station operations face significant space and parking shortages, while their current facilities sit at the edge of the Market District redevelopment area.

With 360,000 square feet of office space and over 1,600 structured parking spaces, the skywalk connected 1200 Locust and 1200 Mulberry can meet the City's long-term facilities needs at a fraction of the cost of building new facilities and allow for continued growth of services, which will never be accommodated in existing facilities.

FISCAL IMPACT:

Amount: The purchase price is unchanged from the original agreement:

- 1200 Locust Street and the Assignment of Parking Lot Lease: \$30,000,000
 - Includes earnest money in the amount of \$106,000
- 1200 Mulberry Street: \$10,600,000

Funding Source: The earnest money will be paid from the unallocated general fund. The remainder of the purchase price for 1200 Locust Street, the Assignment of Parking Lot Lease, and 1200 Mulberry Street will be determined during the budget process.

ADDITIONAL INFORMATION:

The original September 12, 2022, Purchase Agreement included a nine (9) month due diligence period. That period is hereby amended to August 10, 2023. The purchase price includes \$106,000 of earnest money to be applied to the purchase upon closing. Prior to August 11, 2023, if the City elects, it may terminate this agreement and receive a full refund of the earnest money.

Closing dates for the office building and garage shall be on or before September 29, 2023, and December 31, 2025, respectively. There shall be no further extensions outside these terms without additional earnest money escrowed. Any such further extension would then be negotiated and agreed upon by both parties.

PREVIOUS COUNCIL ACTION(S):

Date: September 12, 2022

Roll Call Number: [22-1483](#)

Action: [Approving](#) Purchase and Sale Contract with Nationwide Mutual Insurance Company for the purchase of 1200 Locust Street, 1200 Mulberry Street, and Assignment of Parking Lot Lease at 13th Street and Walnut Street. Sponsors: Mayor Cownie and Council Member Mandelbaum. ([Council Communication No. 22-435](#)) Moved by Gatto to adopt. Second by Boesen. Motion Carried 6-1. Nays: Sheumaker.

Date: December 12, 2022

Roll Call Number: [22-1861](#)

Action: [Approving](#) Professional Services Agreement with OPN, Inc. d/b/a OPN Architects, Inc. for the City Facility Expansion Pre-Design Study, not to exceed \$528,000. ([Council Communication No. 22-565](#)) Moved by Gatto to adopt. Second by Voss. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

- Approval of financing for purchase and renovations.
- Design and construction approvals related to building reconfiguration.
- Potential actions related to administration of agreement and repurposing of existing City-owned buildings and land.

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.