COUNCIL COMMUNICATION

CITY OF DES MOINES CITY MANAGER'S OFFICE	Number:	**26-091**	Meeting:	**March 9, 2026**
	Agenda Item:	**44**	Roll Call:	**26-0335**
	Submitted by:	**Carrie Kruse, Economic Development Administrator**		

AGENDA HEADING:

Recommendation for selection of preferred developer for disposition of City-owned property at 2704-2718 George Flagg Parkway.

SYNOPSIS:

The Office of Economic Development (OED) is recommending the selection of a development proposal brought forth by South by Southwest, LLC (808 13th Street, West Des Moines, IA 50265) for excess City-owned property known locally as 2704-2718 George Flagg Parkway. For typical sales of City-owned excess property, the City will work with individual development proposals on a development concept and purchase agreement to bring forward to the Council with a recommendation for approval; there is typically not a Council recommendation action that requires a decision between multiple proposals. However, a unique situation emerged with this subject property as the City received two (2) formal development proposals at roughly the same time; the other proposal was brought forth by VareCo (601 Forest Avenue, Des Moines, IA 50314).

FISCAL IMPACT:

Amount: $155,214 (Revenue)

Funding Source: Proceeds from this land sale will be deposited into the Economic Development Enterprise Account, CM025033.

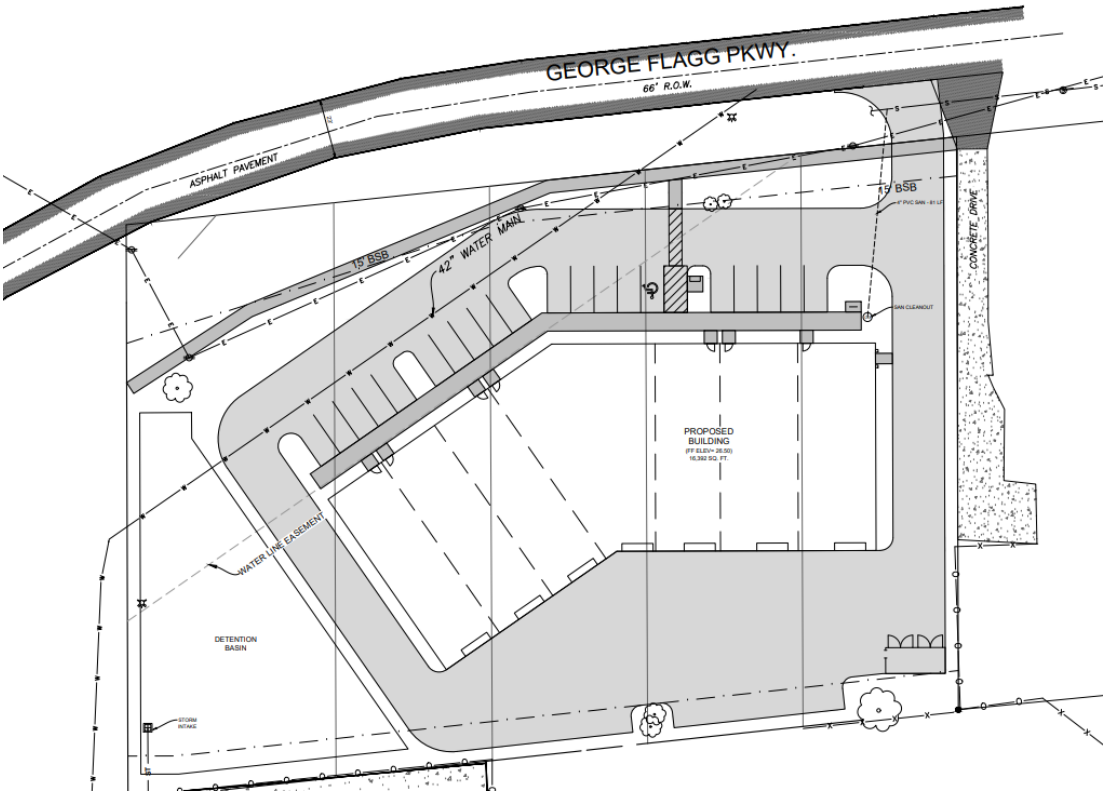
ADDITIONAL INFORMATION:

- This City disposition site consists of 69,490 square feet and is currently composed of five (5) tax parcels and vacated right-of-way. There is a 42 inch Des Moines Water Works feeder main that cuts through the northwestern corner of the site, with its associated no-build easement encumbering approximately one-third of the site and hampering its developability.

- The property to be conveyed was previously encumbered with Federal Emergency Management Agency (FEMA) flood buyout conditions and restrictions, which prohibited any sale of the property, but those restrictions were released by FEMA in April 2017 and the property can now be sold. This property is one of several in the Valley Gardens Business Park that is owned by the City.

- The property to be conveyed has a purchase price of $155,214, equal to the fair market value of the property, as determined by the City's Real Estate Division.

- The proposal by South by Southwest, LLC includes an approximately 16,000 square-foot building that would be demised for up to eight (8) individual, 'flex office' tenant spaces. Each tenant would have an individual, front-door-containing office/reception area and connected, indoor storage bays with overhead doors located in the rear of the building. A conceptual site plan and building rendering (viewed from George Flagg Parkway) are below.



- The proposal from VareCo includes an approximately 13,600 square-foot building that would have a common front-of-house office space and two (2) separate warehouse bays (approximately 8,000 and 4,000 square feet each) that would be occupied by unique tenants; these tenants would have west-facing overhead doors. A conceptual site plan and building rendering (viewed from George Flagg Parkway) are below.

BUILDING ELEVATIONS

North – Elevation

- OED staff are recommending the selection of the proposal brought forth by South by Southwest, LLC for the following reasons:
    - The development proposal better meets the economic development goals of the City's land disposition process, as it proposes to construct a building/use typology that is in high demand within the City. Economic development staff are aware that local, contractor-type, industrial businesses continue to seek centrally-located smaller-scale, multipurpose spaces that allow them to have a central office/administration area along with secure, indoor storage of equipment and vehicles. The subject proposal helps to meet this identified demand in the community.
    - More building square footage is proposed, increasing potential future taxable value for the City.
    - A greater level of detail within the submission has been provided, and the concept proposes the use of higher-quality exterior façade materials such as face brick and an architectural metal panel system.
    - The proposed site layout and exterior building design create a more interesting, visually appealing, and context-responsive design, particularly when viewed from George Flagg Parkway, a primary transportation artery that connects Downtown Des Moines, Water Works Park, and neighborhoods in the southwestern quadrant of the City.

- OED staff are working with representatives from VareCo to find an alternate City-owned site to locate their proposal/a similar concept.

PREVIOUS COUNCIL ACTION(S): NONE

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

- Urban Design Review Board – Design Review
- City Council – Set and hold hearing for future purchase agreement

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.