


# COUNCIL COMMUNICATION

	Number:	<b>26-178</b>	Meeting:	<b>May 18, 2026</b>
	Agenda Item:	<b>35</b>	Roll Call:	<b>26-0631</b>
	Submitted by:	<b>Carrie Kruse, Economic Development Administrator, Steven L. Naber, P.E., City Engineer</b>		

## AGENDA HEADING:

Hold hearing for conveyance of excess City-owned property locally known as 2704, 2706, 2714 and 2718 George Flagg Parkway, along with two adjoining parcels, to South by Southwest, LLC for \$155,000.

## SYNOPSIS:

Recommend approval of conveyance of excess City-owned property locally known as 2704, 2706, 2714 and 2718 George Flagg Parkway, along with two (2) adjoining parcels, to South by Southwest, LLC, 808 13th Street, West Des Moines, IA 50265; Matthew McCormick, Managing Member, for \$155,000. This action is required by Iowa law prior to making a final determination on the proposed sale by resolution.

This proposed land sale is needed for approximately 16,000 square feet of planned 'flex' industrial space with office and storage uses. There is no current or anticipated public need for this property, and this conveyance will eliminate future maintenance and liability costs for the City and will return the property to the tax rolls.

## FISCAL IMPACT:

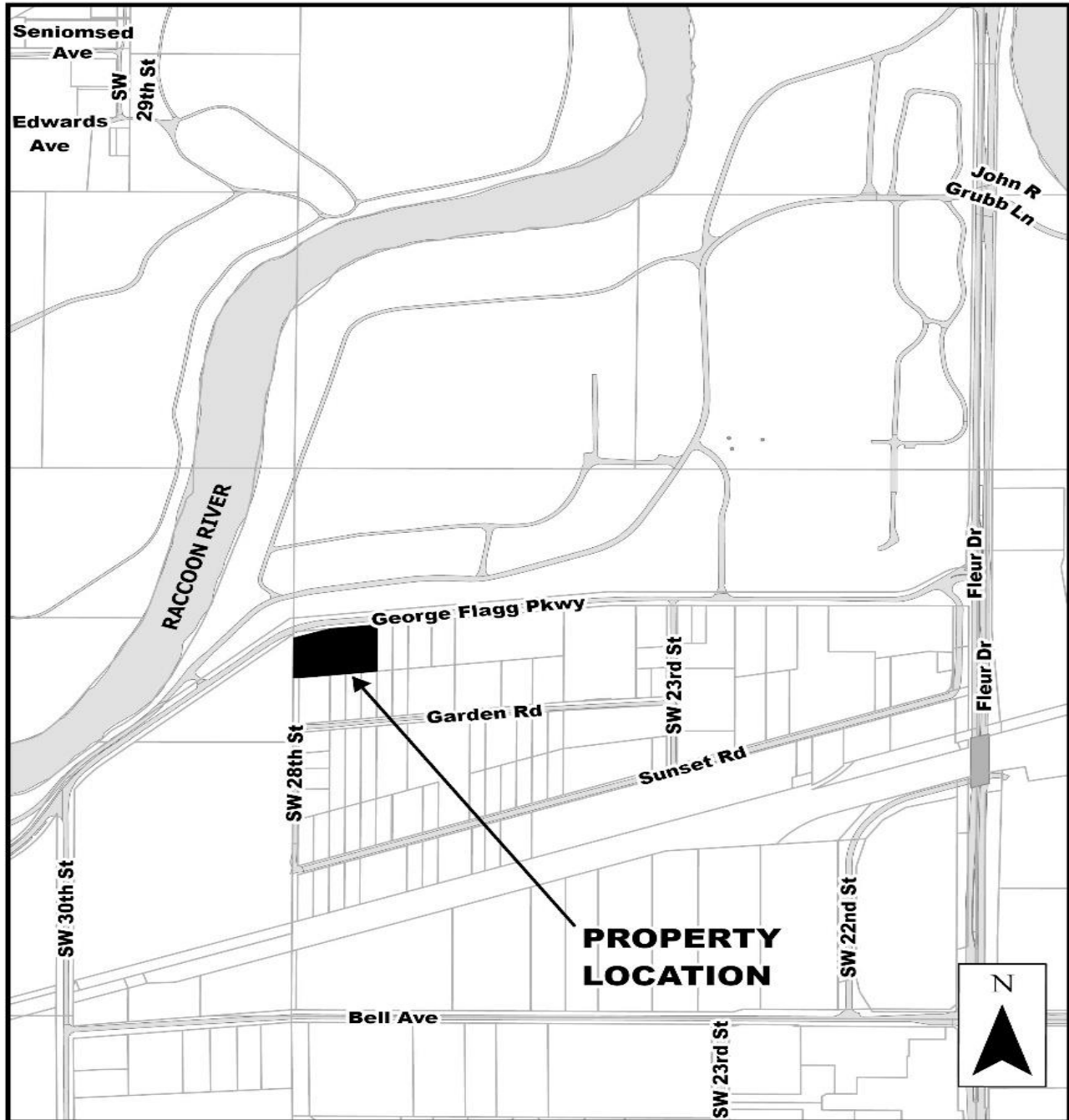
Amount: \$155,000 (Revenue)

Funding Source: Non-project related land sale proceeds are used to support general operating budget expenses; Org – EG064090

## ADDITIONAL INFORMATION:

- The City of Des Moines is the owner of excess real estate locally known as 2704, 2706, 2714 and 2718 George Flagg Parkway, and adjoining Geoparcels 7824-17-102-042 and 7824-17-102-005, consisting of approximately 69,490 square feet. Approximately 20,000 square feet in the northwest portion of the property is encumbered with a 42-inch water main easement, which restricts the use of the easement area to greenspace purposes only and cannot be developed.
- South by Southwest, LLC has offered the City an amount of \$155,000 for the purchase of the excess City-owned property, subject to the following restrictions, easements and covenants:

- Reservation of a permanent easement for the continued use and maintenance of, and the right to access, any existing utilities now in place on the property, until such time said utilities are abandoned or relocated, at no cost to the City.
  - A covenant shall be recorded with the deed that requires continual use of the property for the construction and maintenance of approximately 16,000 square feet of ‘flex’ industrial space (office and storage) to be spread across eight (8) individual tenant bays. In the event that said condition is violated, the City may exercise a reversionary interest in the property and all improvements thereon.
  - The property is being sold “as is” and the buyer is assuming all obligation, liability, responsibility and cost with respect to any contamination of the property. The City is also reserving a permanent easement for accessing and conducting environmental testing and remediation, which includes access by federal and state agencies and their contractors, if required in the future.
  - 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. The deed conveying the property will include a statement that the property was acquired by the City under the 1993 FEMA Hazard Mitigation Grant Program and is not eligible for future federal disaster assistance pursuant to 44 CFR 80.19 (a(4)).
- The purchase price of \$155,000 reflects the restricted-use fair market value of the property based on the above conditions, easements, and covenants, as determined by the City’s Real Estate Division.



**PREVIOUS COUNCIL ACTION(S):**

Date: May 4, 2026

Roll Call Number: [26-0552](#)

Action: [On](#) conveyance of excess City-owned property locally known as 2704, 2706, 2714 and 2718 George Flagg Parkway, along with two adjoining parcels, to South by Southwest, LLC for \$155,000, (5-18-26). Moved by Gatto to adopt. Second by Voss. Motion Carried 7-0.

Date: March 9, 2026

Roll Call Number: [26-0335](#)

Action: [Recommendation](#) for selection of a preferred developer for disposition of City-owned property at 2704-2718 George Flagg Parkway: ([Council Communication No. 26-091](#)) Moved by Mandelbaum to adopt, option A. (A)The proposal from South by Southwest, LLC is selected for the development of 2704-2718 George Flagg Parkway, and the City Manager or his designee(s) are hereby directed to negotiate a purchase agreement with South by Southwest, LLC to be reviewed by Council at a subsequent date. Second by Gatto. Motion Carried 7-0.

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

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE**

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