

★ **Roll Call Number**

✓  
**Agenda Item Number**

42

.....  
**Date** July 12, 2010

**COMMUNICATION FROM THE CITY MANAGER REGARDING  
THE PURCHASE OF THE YWCA PROPERTY**

WHEREAS, on June 14, 2010, by Roll Call No. 10-992, the City Council approved the voluntary acquisition of the property at 717 Grand Avenue owned by the Young Women's Christian Association (the "YWCA"), and the property at 517 8th Street owned by the Estate of Charles W. Rogg, for assembly with the City's adjoining 7th and Grand Parking Garage property; and,

WHEREAS, Roll Call No. 10-992 further provides "that the City Manager and Real Estate Division Manager shall not close on the purchase of the properties without further approval by the City Council"; and,

WHEREAS, the agreements for the City's purchase of these properties give the City an option to terminate the agreements prior to closing if the results or findings of the City's inspection of the properties "are not satisfactory to the City for any reason;" and,

WHEREAS, the research and inspection of the YWCA building and the associated Skywalk Corridors by the City's staff and consultants has revealed information that has caused the estimated costs for operation, maintenance and demolition of the facility to increase substantially above that originally expected; and,

WHEREAS, on June 28, 2010, by Roll Call No. 10-1093, the City Council accepted and approved an offer from the YWCA to extend the due diligence period and closing date to July 14, 2010; and,

WHEREAS, the City Manager has negotiated a preliminary agreement, subject to final approval by the City Council and the YWCA Board of Directors, for a further extension of the due diligence period and closing date to August 16, 2010, to allow further discussions between the City, YWCA and other interested parties; IT IS THEREFORE,

( continued )

★ **Roll Call Number**

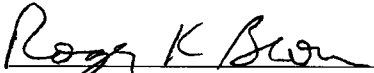
Agenda Item Number

42

Date July 12, 2010

MOVED, by \_\_\_\_\_, to approve an extension of the due diligence period and closing date to August 16, 2010 as described above; to direct that the City Manager report back to the City Council at its meeting on August 9, 2010, regarding the status of the YWCA property; and, in the event such extension is not approved by the YWCA Board of Directors, to authorize and direct the City Manager to exercise the City's right to terminate the agreement.

FORM APPROVED:



Roger K. Brown  
 Assistant City Attorney  
 C:\rog\Eco Dev\YWCA\RC - 10-07-12 continue.doc

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
COWNIE				
COLEMAN				
GRIESS				
HENSLEY				
MAHAFFEY				
MEYER				
MOORE				
TOTAL				

MOTION CARRIED

APPROVED

**CERTIFICATE**

I, DIANE RAUH, City Clerk of said City hereby certify that at a meeting of the City Council of said City of Des Moines, held on the above date, among other proceedings the above was adopted.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal the day and year first above written.

\_\_\_\_\_ Mayor

\_\_\_\_\_ City Clerk

July 9, 2010



The Honorable Mayor  
and  
Members of the City Council

Re: YWCA Property

Dear Mayor and Council,

As you know, the City's due diligence on the YWCA property resulted in substantially higher estimated costs for demolition than what was originally provided by the YWCA. Staff has also determined that delaying demolition until redevelopment occurs is not feasible, due to substantial one-time repairs that are needed and required for on-going maintenance and operating costs that would be incurred over time.

On June 28, 2010, Council approved a request from the YWCA for a two week extension on the due diligence period, with a closing date of July 14, 2010. Over the past two weeks, we have had constructive discussions with the principal mortgage holder on the property and other interested parties, and they have confirmed a willingness to consider substantial contributions towards the increased cost of demolition of the property. It is in the City's best interest to evaluate these additional considerations.

In order to continue discussions for the purchase of the property, the YWCA is offering to extend the due diligence period, with a closing date of August 16, 2010. Given this new development, I would recommend that we take the additional time to see if further discussions with all interested parties will make the transaction feasible for the City. As I indicated previously, if the City's cost of acquisition/demolition is not significantly reduced, I will continue to recommend that we **not** purchase the property. This is on your agenda for Monday with a Roll Call extending the closing date to August 16, 2010.

Yours truly,

Richard A. Clark  
City Manager