

Date March 9, 2026

RECOMMENDATION FOR SELECTION OF PREFERRED DEVELOPER FOR DISPOSITION OF CITY-OWNED PROPERTY AT 2704-2718 GEORGE FLAGG PARKWAY

WHEREAS, the City of Des Moines, Iowa, (“City”) is the owner of certain excess real estate locally known as 2704-2718 George Flagg Parkway, Des Moines, Iowa (hereinafter collectively “Property”), and;

WHEREAS, the City has no known current or anticipated public need for the Property proposed to be sold and the City will not be inconvenienced by sale of said Property, and;

WHEREAS, the Property consists of 69,490 square feet and is currently composed of five (5) tax parcels and vacated right-of-way. There is a 42” 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, and;

WHEREAS, the property to be conveyed was previously encumbered with 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 Industrial Park that is owned by the City. Its purchase price is \$155,214, equal to the fair market value of the property, as determined by the City’s Real Estate Division, and;

WHEREAS, 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 for approval; there is typically not a Council recommendation action. However, a unique situation emerged with this subject property as the City received two (2) formal development proposals at roughly the same time, and;

WHEREAS, one proposal is from South by Southwest, LLC (808 13th Street, West Des Moines, IA 50265) and consists of approximately 16,000 square feet of ‘flex’ industrial space (office and storage) to be spread across eight (8) individual tenant bays. The other proposal is from VareCo (Daniel Doyle, Director of Asset Management; 601 Forest Avenue, Des Moines, IA 50314) and consists of approximately 1,600 square feet of office space and 12,000 square feet of warehouse space, to be used by two unique users, and;

WHEREAS, Office of Economic Development staff are recommending the selection of the proposal brought forth by South by Southwest, LLC, as it is the superior proposal of the two received for this Property for the following reasons:

- The development proposal better meets the economic development goals of the City’s land disposition process, as it proposes to meet an identified building/use typology that is



Roll Call Number

26-0335

Agenda Item Number

44

Date March 9, 2026

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 is provided with the submission, 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 and visually appealing design as 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, and;

WHEREAS, Office of Economic Development staff are working with representatives from VareCo to find an alternate City-owned site to locate their proposal/a similar concept, and;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Des Moines, Iowa, as follows:

Select only 1 of letters A-C:

- 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.
- B. The Proposal from VareCo 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 VareCo to be reviewed by Council at a subsequent date.
- C. Both proposals received for the development of 2704-2718 George Flagg Parkway are rejected and the Office of Economic Development will continue to receive additional development proposals for this Property.

MOVED by Mendelbaum TO ADOPT, OPTION A. If all proposals are rejected, property will remain for sale until a suitable development proposal is identified.

SECOND by Gatto



Roll Call Number

26-0335

Agenda Item Number

44

Date March 9, 2026

(Council Communication No. 26- 091)

APPROVED AS TO FORM:

/s/ Gary D. Goudelock Jr.
Gary D. Goudelock Jr.
Assistant City Attorney

Table with 5 columns: COUNCIL ACTION, YEAS, NAYS, PASS, ABSENT. Rows include BARRON, BOESEN, GATTO, MANDELBAUM, SIMONSON, VOSS, WESTERGAARD, and TOTAL. Includes MOTION CARRIED and APPROVED labels.

CERTIFICATE

I, LAURA BAUMGARTNER, 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 signature

City Clerk signature