

## Meeting Agendas/Info

**CITY COUNCIL  
COMMUNICATION:**

**ITEM \_\_\_\_\_**

**01-604**

**OFFICE OF THE CITY MANAGER  
CITY OF DES MOINES, IOWA**

**AGENDA:**

DECEMBER 3, 2001

**SUBJECT:**

CONTRACT  
EXTENSION  
REQUESTED BY  
THE QUALITY WINE  
CO. FOR  
DISPOSITION  
PARCEL NO.  
31A/GUTHRIE  
AVENUE BUSINESS  
PARK (2001  
DEWOLF STREET)

**SYNOPSIS -**

On the December 3, 2001 Council agenda is a roll call that authorizes the City Manager and the Legal Department to negotiate a one-year contract extension with the Quality Wine Company to complete 20,000 square feet of additional building improvements at 2001 DeWolf Street in the Guthrie Avenue Business Park. The company was required to develop a total 65,000 square foot office/distribution facility by December 1, 2000 or to pay the equivalent taxes as though it had constructed the additional improvements. Council granted a one-year extension until December 1, 2001. Jack Goldenberg is the President of the Quality Wine Company, headquartered in Bloomington, Minnesota. The company has 46 full-time employees at 2001 DeWolf Street and pays an average wage of \$16.82/hour plus benefits, excluding supervisory personnel.

Ellen Walkowiak with the City's Office of Economic Development is coordinating the City activities relative to this project.

**FISCAL IMPACT -**

**TYPE:**

**RESOLUTION**  
ORDINANCE  
RECEIVE/FILE

The City has retained \$21,505, including accrued interest, of the Quality Wine Company's good faith deposit, which represents the proportionate balance of good faith deposit funds for the additional improvements. Tax revenue generated from the additional 20,000 square feet is estimated at \$37,280 per year, based on Quality Wine's assessment and the current tax rate.

**SUBMITTED BY:**

RICHARD CLARK  
DEPUTY CITY  
MANAGER

**RECOMMENDATION -**

**Approval.**

**BACKGROUND -**

In March 1997, the Quality Wine Company completed a 45,000

square foot office/distribution facility at 2001 DeWolf Street in the Guthrie Avenue Business Park. This \$1.8 million project represented an expansion of the Company's only location in Iowa. The Company was required to build a total of 65,000 square feet by December 1, 2000 or to pay the equivalent taxes as though it had constructed the improvements. Council granted a one-year extension until December 1, 2001.

Quality Wine is requesting that the Council grant it a one-year extension until December 1, 2002 to meet its contractual requirements. During the past year, the Company has explored several alternatives to meet the building density requirement but has been unsuccessful in completing the project. Quality Wine listed the property with C.B. Richard Ellis/Hubbell Commercial. It hired an engineer to survey a subdivision of the property and had an architect develop various site plans for up to a 30,000 square foot building on the subdivision. The Company worked with potential interested businesses, the City's Office of Economic Development, and the Greater Des Moines Partnership.

Quality Wine does not need additional space currently. The economic downturn has greatly affected the hospitality business, of which it is a part. Strategies have also involved building the 20,000 square feet and leasing it to identified tenants and selling the balance of site (approximately two acres) to a user-owner business or to a developer. Recent commercial real estate inventories indicate that there are over 3.1 million square feet of warehouse space available for lease or sale in greater Des Moines. Some of this vacant space is located in the Guthrie Avenue Business Park. Sprint has extended an Offer to Purchase the two-acre parcel so that it can build a 6,000 square foot telecommunications storage facility and create about three jobs at the location. Quality Wine has not accepted the proposal because it does not meet its contractual requirement nor is it consistent with the density and job creation goals for the Business Park.

The Company continues to pursue prospective purchasers and explore various alternatives to meet its contractual requirement. Quality Wine has developed an attractive project and has acted in good faith during the term of its contract. The extension will assist in ascertaining additional development opportunities.

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