



**Council Communication No. 97-350**

**SYNOPSIS –**

On the June 23, 1997, Council agenda is a letter from James Hubbell, III, President, Hubbell Realty Company, asking the City to acquire property through negotiation or condemnation known as the *Blue Line property* located in the vicinity of SW 3rd and Elm Street. Hubbell Realty is making this request on behalf of Wellmark, Inc. (Blue Cross/Blue Shield). The property would be used by Wellmark, Inc for employee parking in conjunction with their use of the old Penney's Building located at 500 Walnut.

Subject to various conditions, we recommend that Council authorize staff to prepare a formal contract with the Hubbell Realty Company for your consideration at a future meeting. These conditions would include:

1. Compliance with applicable provisions of the State Code, including those provisions which govern the exercise of urban renewal powers by a municipality.
2. A provision requiring the redeveloper to pay the full pro rata cost of acquisition, demolition, relocation, any environmental remediation, and any other costs related to the property acquisition and conveyance. No subsidy in the form of land write-down would be provided to Hubbell Realty or Wellmark.
3. A provision which provides for the City to retain sufficient right-of-way at the south end of the property to allow the realignment of Tuttle Street, as well as a small sliver of property needed for ML King, Jr. Parkway at the north end.
4. A provision which provides for the City to retain the existing brick structure at the northwest corner of the property, plus sufficient land adjoining the building. This existing brick structure is architecturally and historically significant, and can be saved and rehabilitated for an alternative use. It is our intention that this brick building be offered and sold by the City to a developer using a competitive bid process.

Staff has already initiated consulting contracts for the necessary appraisals, land surveys, and environmental testing based on Hubbell Realty's agreement to reimburse the City for its share of the cost incurred in such studies.

**FISCAL IMPACT –**

It is intended that the City incur no cost related to the acquisition of the property to be conveyed to Hubbell Realty Company. The City will incur a cost related to the acquisition of the brick

building at the north end of the property, and the street rights-of-way. Staff will prepare estimates of City cost for presentation to the City Council in conjunction with your formal review of the contract. It is anticipated that the source of funding will be tax increment, and that sufficient tax increment dollars have been included within our current tax increment projections.

## **RECOMMENDATION –**

**Authorize the City Manager and Corporation Counsel to prepare the necessary contract with Hubbell Realty Company and to take other preliminary actions necessary for the City to proceed with the project as outlined herein. The contract will be presented to Council for review and approval at a future meeting.**

## **BACKGROUND –**

On December 5, 1994, the City Council took various actions designed to assist and facilitate Blue Cross/Blue Shield's proposed remodeling of the old Penney's Building located at 500 Walnut Street. These actions contemplated the development of a parking lot to be used by Blue Cross/Blue Shield employees on the block now identified for acquisition.