



**CITY COUNCIL
COMMUNICATION:**

ITEM _____

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

99-061

SYNOPSIS -

AGENDA:

FEBRUARY 15, 1999

The City has the option of either accepting an offer to purchase the entirety of a parcel of property owned by Equitable American Insurance Company or, pursuing the acquisition of a small portion of that parcel for rights-of-way for street improvements for the Martin Luther King, Jr. Parkway Project.

SUBJECT:

MARTIN LUTHER
KING, JR.
PARKWAY-6TH/7TH
STREETS; AND,
LAND ACQUISITION
FOR PARKING
SYSTEM
EXPANSION

Equitable prefers to sell to the City the entire parcel and not sell just the rights-of-way for the street improvements. If the larger parcel is not acquired, it is likely that the City would need to pursue the street improvement rights-of-way using its power of eminent domain.

FISCAL IMPACT -

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

Funds are available for the acquisition of the property from two Capital Improvement Program (CIP) accounts (\$16,570 from ML King, Jr. Parkway Fund, Index Code 383943 for the rights-of-way for the street improvements and \$783,430 from Eighth and Mulberry Garage Expansion, Index Code 352666 for the remainder parcel).

RECOMMENDATION -

SUBMITTED BY:

FLOYD BENTZ, P. E.
ACTING CITY
ENGINEER

Approval and acceptance of the Offer to Purchase the entirety of certain property owned by Equitable American Insurance Company in the amount of \$800,000.

BACKGROUND -

The City Council approved the design for the Martin Luther King, Jr. Parkway Project (CBD Loop) by Roll Call No. 97-2236 and, has authorized the acquisition of the Equitable parcel which is south of and adjacent to the City's parking garage at

8th Street and Mulberry Street, by Roll Call No. 98-3057.

The right-of-way needed for the Martin Luther King, Jr. Project consists of 790 square feet in fee and 544 square feet in temporary easement, with total acquisition costs of \$16,570.

Appraisal work was completed on that portion of the Equitable property needed for the Martin Luther King, Jr. Project prior to the authorization to acquire the larger parcel. The appraisal of the entire property, given the current condition of the 7th Street Viaduct in place, indicated a value of \$720,000.

During negotiations with Equitable for the Project right-of-way, the appraisal on the larger parcel was received, indicating a total value of \$872,000. The new and higher value is based upon the assumption that 7th Street would be a new, surface road to which the parcel would have access, beginning after the street improvements were completed.

Although Equitable had an appraisal on the property, completed in 1995, indicating a value for the property of \$950,000, the firm offered to sell the larger parcel to the City for \$800,000. They did so knowing of the recent appraisal of \$872,000 where the property is considered in the future, improved condition. The firm is also aware of the appraised value of \$720,000 in the current condition, with the 7th Street Viaduct in place.