

**CITY COUNCIL
COMMUNICATION:**

ITEM _____

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

99-235

SYNOPSIS -

AGENDA:

MAY 24, 1999

On the May 24, 1999 Council agenda is a roll call to set a public hearing on a proposal to lease the vacated 41st Street right-of-way between Ingersoll and Grand Avenues to the Plymouth Congregational Church and to St. Augustin's Catholic Church. The two churches hold legal or equitable title to all the adjoining land.

SUBJECT:

LEASE OF
VACATED 41ST
STREET BETWEEN
INGERSOLL AND
GRAND AVENUE

Separate Agreements for Lease to the two churches are proposed with each paying an equal rental per square foot of leased land. The initial rental would be as follows:

Plymouth Congregational	\$ 6,002
St. Augustin's	\$ 5,698
	\$ 11,700

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

The rental is based upon an assumed market value for the land of \$130,000 using a capitalization rate of 9 percent. This value is midway between the values established for the property by the appraiser hired by the churches and by an independent appraiser hired by the City.

SUBMITTED BY:

ERIC ANDERSON
CITY MANAGER

The basic terms of the two Agreements for Lease are as follows:

- 49-year base term with five ten-year options to extend.
- Rental adjusted every ten years at 50 percent of the change in the Consumer Price Index.
- Early termination by City if needed for a public purpose, subject to payment of liquidated damages. If terminated in first ten years, liquidated damages equal to 100 percent of the actual cost of the improvements to the leasehold made by the church and a refund of all rents. If terminated after ten years,

liquidated damages equal to the greater of 50 percent of the actual cost of the improvements to the leasehold made by the church; or the depreciated value of such improvements based upon a 40-year straight line depreciation.

- The churches are allowed to substitute property to move the vacated 41st Street right-of-way to the east up to half the distance to the next street. The substituted property must maintain the current right-of-way width.

- The site plan for any development which incorporates any portion of the vacated right-of-way must be approved by the Plan and Zoning Commission, subject to appeal to the City Council. Any such site plan must also conform to the following guidelines:

- a) All significant trees must be saved to the extent feasible.

- b) Any new buildings or additions to existing buildings shall be reviewed for compatibility with the existing church building and the character of the neighborhood.

- c) A north/south pedestrian connection between Ingersoll and Grand Avenues shall be provided in the vicinity of vacated 41st Street. An east/west pedestrian connection shall be provided between the church building and any parking lot east of vacated 41st Street.

- d) Interior parking lot landscaping and open space shall be provided.

- e) An appropriate landscape buffer shall be provided to the east.

- f) Stormwater detention shall be provided in a way that is aesthetically pleasing.

- Requires a Payment in Lieu of Taxes (PILOT) for ten years equal to 14 percent of the City levy upon any conversion of the property east of 41st Street to a tax-exempt status.

- Any house east of 41st Street must be offered for moving

prior to demolition, and the church must pay an amount equal to savings from reduced demolition costs to assist the move.

FISCAL IMPACT -

None. The lease of the 41st Street right-of-way will generate an initial annual rental to the City of \$11,700.

RECOMMENDATION -

Approval.