

**CITY COUNCIL
COMMUNICATION:**

ITEM _____

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

99-507

SYNOPSIS -

AGENDA:
NOVEMBER 15, 1999

On the November 15, 1999 City Council agenda are two roll calls relating to land acquisition for the proposed Court Avenue Entertainment Center. One roll call sets the date of public hearing on the City's intent to use eminent domain, if necessary, to acquire property for this redevelopment project. The second roll call authorizes acceptance of offers to sell property to the City from two property owners with land located within the footprint of the entertainment center site.

SUBJECT:

PROPERTY
ACQUISITION FOR
COURT AVENUE
ENTERTAINMENT
CENTER

FISCAL IMPACT -

TYPE:

Funding for the property acquisition has been previously identified as from tax increment funding. Payment of the purchase prices totaling about \$1.4 million and related closing costs **will not be incurred** unless the entertainment center proceeds.

RESOLUTION
ORDINANCE
RECEIVE/FILE

The City will make a \$25,000 earnest money payment from this funding for the Norfolk Southern Railroad property; the earnest money will be applied to the purchase price if the City proceeds with the purchase of the property.

SUBMITTED BY:

RICHARD CLARK
DEPUTY CITY
MANAGER

RECOMMENDATION -

Approve the roll calls which direct the City Manager and Corporation Counsel to:

1. Set date of hearing for December 20, 1999 and authorize related notices on the acquisition of property for the Court Avenue Entertainment Center site as required by new state law on use of eminent domain.

2. Accept the offers to sell from Systems Property Development for \$943,920 and Norfolk Southern Railroad

for \$481,596 with an immediate earnest money payment of \$25,000 from the purchase price, subject to the offers not being closed until the developer, Centertainment and Steiner + Associates, provide satisfactory evidence of financing, tenant commitments, and other related documentation to the City and the City approves such documentation on or by January 30, 2000.

BACKGROUND -

Public Hearing

The City Council previously directed staff to make offers to the various property owners for property located in the footprint of the proposed Court Avenue Entertainment Center. The offers are based on appraisals received in November 1998 and are contingent upon the entertainment center project proceeding. The Council also indicated that if the project proceeded and the City was not able to obtain title to the property on a voluntary basis, eminent domain would be used.

Since this project began, there has been a change in state law regarding the process the City has to follow when acquiring land by eminent domain. There is now a process to be followed including notices to the property owners and a public hearing. The roll call on the November 15, 1999 Council agenda sets the date of public hearing for December 20, 1999.

Approval of Offers to Sell

The Council previously directed staff in April 1999 to make offers to the various property owners. These offers contained several contingencies relating to when the City would close on the property based on the entertainment center project proceeding.

At this time, two property owners (the Norfolk and Southern Railroad and Systems Property Development) have agreed to the contingencies in the offers from the City.

Property Owner	Assessed Value	Purchase Price	Appraisal Value as of 11/98
Systems Property Development (surface parking	\$554,815	\$943,920	\$910,000

lots)			
Norfolk Southern Railroad (surface parking lots)	\$394,970	\$481,596 with earnest money payment of \$25,000 immediately from the purchase price	\$500,000

Systems Property Development counteroffered a slightly higher purchase price-3 percent above the November 1998 appraisal fair market value of \$910,000-which staff believes should be accepted. This settlement value is probably less than the costs the City would incur proceeding to condemnation as well as what the condemnation panel may return as a value.

Norfolk Southern Railroad was offered \$500,000 for its property; because it could not provide clear title to a portion of one lot, the purchase price has been adjusted downward accordingly.