

**CITY COUNCIL
COMMUNICATION:**

ITEM _____

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

99-541

SYNOPSIS -

AGENDA:

DECEMBER 6, 1999

SUBJECT:

LAND OPTION
AGREEMENT

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

SUBMITTED BY:

RICHARD CLARK
DEPUTY CITY
MANAGER

Des Moines Development Corporation (DMDC) is asking the City to share the cost of an option agreement for land owned by the Norfolk and Southern Railroad located west of First Street and south of Court Avenue. (A copy of the letter from DMDC is attached.) DMDC would pay \$25,000 toward the option agreement on land between Second and Third Streets, and the City would pay \$25,000 for the option agreement on the land between First and Second Streets. The option agreement would extend to April 30, 2000. The City's payment for the option would be for the land located between First and Second Streets. The option fee will be applied to the purchase price of the land if the decision is made to buy the property. In the event the decision is made not to buy the property, the fee would be forfeited. The price of the land located between First and Third Streets is \$800,746.

The land in question is strategically located for future development, including housing. Although there have been proposals in the past for this property, no developer currently has a plan under consideration by the City at this time. If the option is not obtained, it is likely the land will be sold to another entity.

FISCAL IMPACT -

The City's \$25,000 would be funded from the Economic Development Enterprise account, to be reimbursed at a future date from tax increment dollars. If a decision is subsequently made to purchase the property, the staff, in conjunction with DMDC, will present a funding proposal to cover the cost of the land purchase for future Council consideration. Any additional funding for the acquisition of this property must be approved by Council.

RECOMMENDATION -

Approval.

Attachment