

**CITY COUNCIL
COMMUNICATION:**

ITEM _____

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

**CITY COUNCIL
COMMUNICATION: SYNOPSIS -**

00-220

AGENDA:

MAY 15, 2000

SUBJECT:

AGREEMENT WITH
THE GRAHAM
GROUP, INC TO
PURCHASE
PROPERTY IN THE
ALLIED GATEWAY
CAMPUS PROJECT
AREA

TYPE:

**RESOLUTION
ORDINANCE
RECEIVE/FILE**

SUBMITTED BY:

RICHARD CLARK
DEPUTY CITY
MANAGER

On the May 15, 2000, Council agenda are roll calls approving (1) the second and third reading of an ordinance to vacate and convey the north/south alley right-of-way in the north ½ of the block between 9th and 10th Streets, south of Locust to The Graham Group, Inc. for \$104,544; and (2) an agreement between the City and The Graham Group, Inc. that provides for the City to:

- Purchase two parcels in the Allied site comprising about ¾ of a block along Walnut between 10th and 12th Streets for \$1,894,000.

- Pay severance damages to The Graham Group of \$1,249,409. The City's taking of the two Graham parcels in the Allied site has an adverse impact on the leasehold interest of Equitable of Iowa, which has been guaranteed by Graham. Equitable has a 20-year lease, with options to extend for another 20 years, for parking on the Graham property.

- Purchase from The Graham Group a portion of the property previously owned by MidAmerican Energy-including the office building-located north of Norwest Financial between 8th and 9th Streets for \$1,200,000. This property has a site area of about 28,000 square feet.

In addition to the above, the agreement provides to the City, at no additional cost, easements for a skywalk corridor that extends on or adjacent to property owned by Graham from the middle of the block south of Locust between 8th and 9th west to 10th Street. (The agreement does not obligate any party to construct the skywalk corridor.)

The total land transaction cost is \$4,343,409.

FISCAL IMPACT -

The source of funding for the \$4,343,409 will be tax increment cash and loans, together with land sale proceeds paid by Allied upon conveyance. The City is currently negotiating a short-term (five- to seven-year), non-appropriation loan agreement with Norwest Bank. In addition, the land purchased outside the Allied site will be available for resale. The Graham Group will purchase the north/south vacated alley right-of-way from the City for the total price of \$104,544.

RECOMMENDATION -

Approval.