

**CITY COUNCIL
COMMUNICATION:**

03-545

AGENDA:

NOVEMBER 17, 2003

SUBJECT:

FAIR MARKET
VALUE APPEALS
POLICY FOR
COMMERCIAL
ALLEY VACATION
AND CONVEYANCE

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

SUBMITTED BY:

ERIC A. ANDERSON
CITY MANAGER

ITEM _____

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

SYNOPSIS —

This policy (attached to the roll call) establishes a process to resolve potential disagreements between the City of Des Moines and potential buyers of vacated commercial alleys over what constitutes Fair Market Value (FMV) for these properties.

FISCAL IMPACT —

None.

RECOMMENDATION —

Receive and file.

BACKGROUND —

At an August 7, 2000 meeting, the City Council received a vacation and conveyance request for part of the north/south alley right-of-way located between 2nd Avenue and 2nd Place between Clark Street and College Avenue, to Commonwealth Investments, LLC and MidAmerican Energy Company.

Disagreement arose about the FMV and price of the property. The item was subsequently continued to the August 21, 2000 meeting to allow the involved parties to reach agreement on purchase price of the alley right-of-way. At the August 21, 2000 meeting, the vacation and conveyance was approved and Council furthermore directed staff to develop a policy for commercial alley vacation and conveyance to alleviate misunderstandings concerning price and FMV in the future.

At present, the only appeal and resolution to these disagreements is with the City Council. This new policy will instead direct appeals to a three-member panel consisting of a representative from the City Manager's Office, a private realtor in private practice, and a representative from the Plan and Zoning Commission (appointed by the Commission).

The Panel would review competing appraisals to make its decision for setting the FMV. Any potential buyer would also be required to submit a copy of their appraisal for the panel's review. Appeals will only consider the FMV set forth by the City staff and not include decisions made regarding incentive packages, in the case of economic development negotiations.

The panel would be in place for one year on a trial basis, at the end of which

an assessment would be made as to its effectiveness and a decision made to keep it in place or not. During this year, quarterly reports would be submitted to the City Council as to its activities and decisions.

