

**CITY COUNCIL
COMMUNICATION:**

03-558

AGENDA:

NOVEMBER 21, 2003

SUBJECT:

EXTENSION OF
CLOSING DATE FOR
SALE OF FORMER
STEW HANSEN SITE
(MLK AND
INGERSOLL)

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

SUBMITTED BY:

RICHARD CLARK
DEPUTY CITY
MANAGER

ITEM _____

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

SYNOPSIS —

On July 14, 2003, by Roll Call No. 03-1646, Council directed the Mayor to sign the Offer to Buy Real Estate and Acceptance (Offer) for the conveyance of a portion of the former Stew Hansen site (2103 Ingersoll Avenue) to Knapp Properties (Gerry Neugent, 5000 Westown Parkway, Suite 100, West Des Moines, Iowa). On the November 21, 2003, agenda is a roll call to approve an extension of Knapp Properties' 60-day due diligence period to February 2, 2004. The extension will allow Knapp Properties time to complete a building redesign at the request of their client, Iowa Health Des Moines.

This is the second extension requested by Knapp Properties. On September 8, 2003, by Roll Call No. 03-2102, Council extended the deadline for satisfaction or waiver of conditions precedent to December 1, 2003.

FISCAL IMPACT —

The extension will have minimal fiscal impact on the City. The site is currently subject to a parking lease with the Des Moines Independent Community School District. The City will prorate a portion of this lease payment with Knapp Properties at closing. Extending the closing date will increase the amount prorated to the City by \$1,845 per month, and therefore, have a small positive fiscal impact. However, the extension will also delay the City's receipt of the sale proceeds by approximately 60 days.

The transaction, as approved by Council on July 14, 2003, by Roll Call No. 03-1646, is summarized below:

Sale of Lot D – 64,204 sq.ft. @ \$8.25/sq.ft.	= \$529,684
Sale of Lot B – 34,014 sq.ft. @ \$4.00/sq.ft.	= <u>136,056</u>
Total Sale Price	= \$665,740

Sale prices differ based on commercial vs. residential valuations.

RECOMMENDATION —

Approval.

BACKGROUND —

On June 9, 2003, by Roll Call No. 03-1368, Council directed staff to proceed with negotiations with Knapp Properties for the potential sale and development of this site. On July 14, 2003, by Roll Call No. 03-1646, Council

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directed the Mayor to sign the Offer for the conveyance of a portion of the former Stew Hansen site.

The planned use of the site is an 8,500± sq.ft. medical clinic to replace the existing Ingersoll Family Physicians facility at 3714 Ingersoll. The north portion of the site, along High Street, will include residential development. Major sewer work, scheduled as early as 2004, will take place on the north edge of the site. Residential development will take place after the sewer improvements are completed.

Per the Offer, Knapp Properties was allowed a 60-day period to finalize their lease negotiations with Iowa Health Des Moines. This negotiation has taken longer than anticipated, and Knapp Properties has requested to extend the 60-day period, originally set to expire September 26, 2003, and amended to December 1, 2003. The new deadline for satisfaction or waiver of the conditions precedent will be February 2, 2004.

