



Agenda Item:

COUNCIL COMMUNICATION City Manager's Office

GENERAL INFORMATION

Agenda Date: 01/26/04
No.: 04-035
Agenda Item Type: Resolution
No.:

Communication

Roll Call

Submitted by: Richard Clark, Deputy City Manager

SUBJECT—

Extension of closing date for sale of former Stew Hansen site (MLK and Ingersoll)

SYNOPSIS—

On the January 26, 2004 Council agenda is a roll call to approve the extension of the deadline for Knapp Properties' due diligence period for the purchase of City-owned property at MLK and Ingersoll to May 4, 2004. This extension is required to complete a more detailed environmental study (Tier 1 Report) of the site by the State of Iowa Department of Natural Resources.

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 90 days.

The transaction as approved by Council on July 14, 2003 by Roll Call 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. = \$136,056
Total Sale Price = \$665,740

Sale prices differ based on commercial vs. residential valuations.

The cost of the Tier 1 is approximately \$4,000 and will be incurred regardless of the sale to Knapp Properties, Inc.

RECOMMENDATION—

Approval

BACKGROUND—

On July 14, 2003 by Roll Call 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, IA 50266).

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 for satisfaction or waiver of the conditions precedent, which included environmental assessment and completion of lease negotiations with Iowa Health Des Moines. On September 8, 2003 and November 21, 2003 by Roll Calls 03-2102 and 03-2668 respectively, Council approved extensions of Knapp Properties' due diligence period. Those extensions allowed Knapp Properties time to complete a building redesign at the request of their client, Iowa Health Des Moines.

During the second extension period, a Phase II environmental report indicated that further environmental study was necessary on the site. The new deadline for satisfaction or waiver of the conditions precedent will be May 4, 2004.