



Council Communication

Office of the City Manager

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| Date | April 7, 2008 |
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| Agenda Item No. | 19 |
| Roll Call No. | 08 - |
| Communication No. | 08 -202 |
| Submitted by: | Jeb E. Brewer, P.E. City Engineer |

AGENDA HEADING:

Approval of right-of-way acquisition settlement agreement and accepting real estate documents from Principal Life Insurance Company for the High Street Realignment – 10th Street to 14th Street Project.

SYNOPSIS:

Approval of right-of-way acquisition settlement agreement and acceptance of real estate documents from Principal Life Insurance Company, 711 High Street, Des Moines, Iowa, 50309, (Ted Brackett, Assistant Vice President Corporate Real Estate), for the High Street Realignment – 10th Street to 14th Street Project. A partial fee acquisition of Principal's surface parking lot and parking ramp property at 1112 Woodland Avenue is needed for the High Street Realignment Project, which is required for the construction of Wellmark's new corporate headquarters. The City's Engineering Department and its Real Estate Division have negotiated for the acquisition of the right-of-way in the amount of \$1,814,250, which is supported by the City's independent appraisal and other terms and conditions as outlined below. In addition, the City shall reimburse Principal for the actual cost of all reasonable and necessary parking lot reconstruction improvements needed as a result of this property acquisition, estimated at \$525,000, and for temporary replacement parking for 176 parking spaces during said parking lot reconstruction work, estimated at \$70,400.

FISCAL IMPACT:

Amount: \$1,814,250 partial fee acquisition; \$525,000 estimated parking lot reconstruction work; \$70,400 temporary replacement parking costs; and closing costs.

Funding Source: 2007-08 CIP, Page Streets-20, STR204, CP038, High Street Realignment; Various State and Local Funding; including \$2,000,000 from Polk County, \$2,580,000 in State RISE funds, and TIF.

ADDITIONAL INFORMATION:

On February 11, 2008, by Roll Call No. 08-210, City Council authorized the acquisition, by gift, negotiation, or condemnation, of the right-of-way required to construct this project and approved the fair market values for multiple properties. A partial acquisition consisting of 36,285 square feet of Principal's parking area is required and the fair market value of this property was determined by an independent appraiser at \$1,530,000.

The City's Engineering Department and its Real Estate Division have negotiated a right-of-way acquisition settlement with Principal Life Insurance Company including the following terms:

- (1) The City will pay consideration in the amount of \$1,814,250 to Principal for acquisition of the partial fee interest required for the project. In consideration of all factors involved with the property acquisition, this partial fee acquisition portion of the settlement agreement is within a reasonable range of the City's most recent independent appraised value and other recent sales of comparable property in close proximity to the project area.
- (2) The City will reimburse Principal the actual cost for temporary parking for 176 parking spaces during the reconstruction of their surface parking lot. This temporary parking cost is estimated at \$70,400 and is based on a 4 month period. The final cost will be reconciled to the actual timeframe needed to reconstruct the surface parking lot. Principal will utilize temporary parking within the City's parking system and pay current rates to the parking system. The City will reimburse principal for this temporary parking cost as a project expense.
- (3) The City will pay Principal's actual cost, estimated at \$525,000, for all reasonable and necessary parking lot reconstruction work, which is required as part of the partial acquisition of the property. The final cost for said work, estimated at \$525,000, shall be based on the final design requirements to be approved by the City and Principal's lowest responsible bid for said work.

The additional costs identified above for temporary replacement parking and surface parking lot reconstruction work were not included as part of the City's appraisal, but the City is required to pay for these items under Iowa Law. Furthermore, without this settlement, the City would have needed to use condemnation to acquire the necessary property rights for the project, which would delay the construction of Wellmark's new corporate headquarters.

PREVIOUS COUNCIL ACTION(S):

Date: February 11, 2008

Roll Call Number: [08-210](#)

Action: [Establishing](#) fair market value and authorizing acquisition of multiple properties for the High Street Realignment – 10th Street to 14th Street Project. ([Council Communication No. 08-062](#)) Moved by Hensley to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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