



Council Communication

Office of the City Manager

Date	February 9, 2009
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Agenda Item No.	42
Roll Call No.	<u>09-</u>
Communication No.	<u>09-067</u>
Submitted by:	Chris Johansen, Assistant City Manager

AGENDA HEADING:

Hold Hearing for vacation and conveyance of 13th Street from Keosauqua Way to School Street (except the north 26 feet) and the North/South alley west of 13th Street, from School Street to Keosauqua Way (except the North 26 feet) to Central Iowa Shelter and Services for \$1,000.

SYNOPSIS:

Recommend approval for vacation and conveyance of such right-of-way to Central Iowa Shelter and Services (CISS), Anthony Timm, Executive Director, 205 15th Street, Des Moines, Iowa, 50309, for \$1,000. This action is required by Iowa law prior to making a final determination on the proposed sale by resolution. There is no current or anticipated City need for this property.

FISCAL IMPACT:

Amount: \$1,000 (Revenue)

Funding Source: Sale proceeds will be deposited into the Property Maintenance Endowment Fund, SP767, ENG980500. The first \$175,000 of annual proceeds to the Property Maintenance Endowment Fund will be returned to the General Fund (GE001, ENG040700) to offset the operating budget of the Engineering – Real Estate Division.

ADDITIONAL INFORMATION:

On December 22, 2008, by Roll Call No. 08-2219, the City Council received a communication from the City Manager's Office setting forth the timeline of past events and recommending a process and future timeline for site selection, building project and appropriate support services for the Central Iowa Shelter and Services facility on Keosauqua Way. In accordance with this timeline, Council referred to the Plan and Zoning Commission the vacation of the former street and alley right-of-way at the Keo Way site for recommendation.

On January 26, 2009, by Roll Call No. 09-088, the City Council received the recommendation from the City Plan and Zoning Commission that 13th Street from Keosauqua Way to School Street (except the north 26 feet) and the North/South alley right-of-way west of 13th Street from Keosauqua Way to School Street (except the north 26 feet) be vacated and sold subject to provision of easements for any existing utilities and request that the City Council refer any site plan for development of the property to Plan and Zoning for review and approval.

The North/South alley and 13th Street right-of-way described above adjoins property owned by the Iowa Department of Transportation (IDOT). Central Iowa Shelter and Services (CISS) plans to purchase the street and alley right-of-way and the IDOT property for construction of a new homeless shelter facility. The City's street right-of-way consists of approximately 24,680 square feet and will be conveyed by real estate contract for a restricted use price of \$1,000, subject to a land use restriction that only allows the property to be used for a homeless shelter and a ten (10) year forgivable property lien in the amount of \$116,000 in favor of the City, to be filed simultaneously with the deed in fulfillment of the Real Estate Contract following the three-year contract period. This lien is equal to the balance of the unrestricted appraised value of the property and will further secure the City's interest in the property and ensure that CISS abides by the use restrictions and development obligations for the site. Following CISS' initial fulfillment of the Real Estate Contract, CISS will further be required to repay all or a portion of the lien amount in the event that the terms of the lien are not met, or if the City approves a CISS-requested transfer of the property during the ten-year lien period. City staff has determined that the restricted use sales price of \$1,000 is fair and reasonable consideration given the land use restrictions, lien amount and contract requirements associated with this conveyance to CISS, including the requirement that CISS construct, operate and maintain a homeless shelter facility on the property.

As additional consideration and in order to fulfill the terms of the Real Estate Contract, CISS also must satisfy the following conditions:

- 1) CISS shall successfully acquire said IDOT property.
- 2) CISS shall submit a Conceptual Development Plan for the Property and the IDOT Property that is acceptable to the City.
- 3) CISS shall submit evidence of equity capital and commitments for funding and financing of the construction of the shelter facility.
- 4) CISS shall submit and obtain City approval of any applicable site plans or development plans.
- 5) CISS shall obtain a building permit to commence construction of the homeless shelter facility in accordance with City-approved site plans and procedures.

The Real Estate Contract also includes minimum development standards and covenants by which CISS must abide and which will restrict use of the property, including the requirement that CISS provide substantially the following supportive services at the facility to serve the homeless population of the City of Des Moines: (1) Community Kitchen; (2) Primary Health; (3) Day Shelter Health Initiative; (4) Veterans Per Diem; (5) Transit Shuttle Service; (6) AIDS Projects of Central Iowa; (7) Basic Emergency Shelter Services; (8) Des Moines Health Center – Oral Health Project; (9) Primary Health Expanded; (10) Employee and Family Resources; (11) Behavioral Health Resources; (12) Day Shelter Support; (13) Iowa Legal Aid; (14) DMACC Classes; (15) Goodwill Job Training for Veterans. These standards and covenants will survive the Contract term and remain binding on CISS and the property thereafter.

Council's approval of this action will allow CISS to take possession and equitable title to the property similarly to approval of a real estate installment contract, with the City maintaining a security interest in the property and the right to forfeit the Real Estate Contract if CISS does not meet all obligations as consideration there under. The deed in fulfillment of the Contract will be recorded after CISS has met all terms required by the Contract, said deed to also contain the land use restrictions and covenants required of CISS in the Contract.

PREVIOUS COUNCIL ACTION(S):

Date: January 26, 2009

Roll Call Number: 09-088

Action: Recommendation from Plan and Zoning Commission. Moved by Vlassis to receive and file and refer to the Engineering Department, Real Estate Division. Motion Carried 7-0.

Date: January 26, 2009

Roll Call Number: 09-087

Action: Set hearing on vacation and conveyance of 13th Street from Keosauqua Way to School Street, (except the north 26 feet) and the north/south alley, west of 13th Street from School Street to Keosauqua Way (except the north 26 feet) to Central Iowa Shelter and Services, (2-9-09). Moved by Vlassis to adopt. Motion Carried 7-0.

Date: December 22, 2008

Roll Call Number: 08-2219

Action: Communication from the City Manager regarding a recommended process and timeline for the site selection, building project and appropriate support services for the Central Iowa Shelter and Services Project on Keo Way, for referral to the Plan and Zoning for a recommendation. (Council Communication No. 08-758) Moved by Kiernan to receive and file, and to refer to the Plan and Zoning Commission the vacation of former street and alley right-of-way at the Keo site and to return their recommendation to the City Council for the January 26, 2009 Council meeting. Motion Carried 5-2. Nays: Cownie and Vlassis.

BOARD/COMMISSION ACTION(S):

Date: January 15, 2009

Roll Call Number: Plan and Zoning Commission

Action: Approval of requested vacation of 13th Street from Keosauqua Way to School Street (except the north 26 feet) and the North/South alley from Keosauqua Way to School Street (except the north 26 feet) subject to provision of easements for any existing utilities and a request that the City Council refer any site plan for development of the property to the Plan and Zoning for review and approval.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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