 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date:	May 19, 2014
	Agenda Item No.	44
	Roll Call No.	<u>14-0806</u>
	Communication No.	<u>14-238</u>
	Submitted by:	Matthew A. Anderson, Assistant City Manager and Jeb E. Brewer, P.E., City Engineer

AGENDA HEADING:

Items regarding acquisition of 1422 Scott Avenue for the SE AgriBusiness Urban Renewal Project:

- A. Hold hearing on the intent to acquire property located at 1422 Scott Avenue for the SE AgriBusiness Urban Renewal Project and authorize acquisition of the property by gift, negotiation, or eminent domain.
- B. Approving funding agreement between the Iowa Department of Natural Resources (IDNR) and the City of Des Moines, Iowa regarding the property at 1422 Scott Avenue.
- C. Approving agreement between the Metro Waste Authority and the City of Des Moines, Iowa regarding disposal of waste from 1422 Scott Avenue.

SYNOPSIS:

Recommend approval of the above actions to proceed with the acquisition of 1422 Scott Avenue and the removal and abatement of all structures, debris and waste currently located on the property. Holding a public hearing and authorizing acquisition is required by Iowa law before the City can initiate the acquisition process under eminent domain.

City staff has negotiated a funding agreement with the IDNR for the removal of debris, demolition of the structures and removal of structure rubble, recovery of scrap metal and concrete for recycling from the property, and to serve as a demonstration for similarly burned structures across the state by minimizing materials sent to the landfill and thereby maximizing recovery of recyclable materials. The Metro Waste Authority (MWA) has agreed to assist in this pilot project by agreeing to accept the debris/rubble that cannot be recycled as special waste.

Following the acquisition and demolition/clean-up activities described above, the City will market the property for sale and redevelopment in accordance with the SE AgriBusiness Urban Renewal Plan.

FISCAL IMPACT:

Amount: \$550,000

Funding Source: Various funding sources as follows:

- \$300,000 grant from the IDNR.

- \$250,000 2014-2015 Capital Improvement Program (CIP), Page Misc-10, 1422 Scott Avenue, MS011, Tax Increment Financing (TIF) Bonds to be issued. Sales proceeds will be deposited to the SE AgriBusiness Urban Renewal account, UR035.

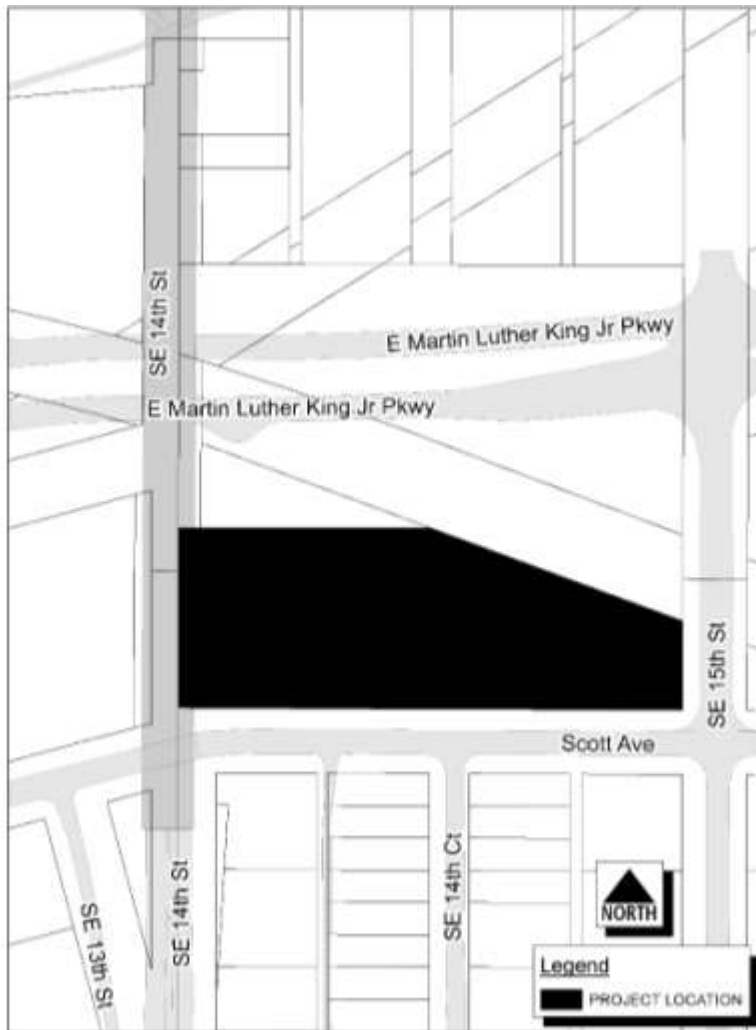
ADDITIONAL INFORMATION:

The City will not undertake any demolition/clean-up activities until the City has acquired fee title to the property at the appraised or otherwise reasonable fair market value, as determined by the City. The City is not obligated by the above agreements or otherwise to pursue or finalize acquisition of the property, or for any demolition/clean-up in relation to the property, if the City elects not to pursue or finalize acquisition of the property. The estimated budget for the acquisition, demolition and clean-up for the property is \$489,345, which is based upon the assumption that there is no asbestos beyond that which will be removed from the structure prior to demolition and that unanticipated hazardous materials are not encountered during demolition. The total project cost is estimated to be \$550,000, which includes approximately \$60,000 to perform environmental testing and acquisition. IDNR agrees to provide a total not to exceed amount of \$300,000 to be used for the demolition and clean-up work. This leaves \$250,000 for the City's cost. Although the sales price is unknown at this time, the sale of the property will be used to significantly reduce City costs.

City staff also obtained the services of an environmental consultant to test the groundwater and soil conditions of the property, which testing revealed an area of contamination that was identified requiring additional investigation. Additional testing was completed and the consultant's final report concludes that no further investigation is warranted for the property and the contaminants originally identified will not inhibit future commercial or industrial development on the property. The IDNR concurs with the environmental consultant's determination and has provided a letter to the City stating that the IDNR does not require any follow-up action based on the findings.

Under the provisions of Chapter 6B of the Iowa Code, a governmental body which proposes to acquire property under power of eminent domain for urban renewal purposes is required to hold a public hearing giving affected persons the opportunity to attend the hearing and present their views and objections regarding the proposed acquisition of private property for urban renewal purposes by gift, negotiation, or eminent domain and adopt a resolution to authorize acquisition of private property for urban renewal purposes by eminent domain. Compensation for the property to be acquired will be based on an independent appraisal. It is anticipated that condemnation will be necessary to obtain marketable title to the property. If the condemnation award exceeds the City's budget, then the acquisition and clean-up will not proceed without subsequent Council action.

Following the acquisition and demolition/clean-up activities described above, the City will market the property for sale and redevelopment in accordance with the SE AgriBusiness Urban Renewal Plan.



PREVIOUS COUNCIL ACTION(S):

Date: May 5, 2014

Roll Call Number: [14-0691](#)

Action: [On](#) intent to acquire 1422 Scott Avenue for the SE Agribusiness Urban Renewal Project, (5-19-14). Moved by Hensley to adopt. Motion Carried 7-0.

Date: March 10, 2014

Roll Call Number: [14-0436](#)

Action: [On](#) the proposed Sixth Amendment to the SE Agribusiness Urban Renewal Plan. ([Council Communication No. 14-100](#)) Moved by Gatto to adopt; refer to the City Manager and Legal to investigate responsible parties. Motion Carried 7-0.

Date: January 27, 2014

Roll Call Number: [14-0143](#)

Action: [On](#) Sixth Amendment to the SE Agribusiness Urban Renewal Plan, (3-10-14). ([Council Communication No. 14-028](#)) Moved by Mahaffey to adopt. Motion Carried 5-2.

Date: December 23, 2013

Roll Call Number: [13-2018](#)

Action: [Authorizing](#) the City Manager to initiate actions for Iowa Department of Natural Resources funding for environmental cleanup and building removal relating to the fire damaged warehouse at 1422 Scott Avenue. ([Council Communication No. 13-623](#)) Moved by Voss to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S):

Board: Urban Design Review Board

Date: February 18, 2014

Resolution Number: N/A

Action: Recommendation (by consensus action due to lack of quorum) to recommend approval of proposed Sixth Amendment to the City Council.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

Following acquisition, Council will be asked to take action ordering demolition of the structure and removal of the debris.

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