

 <div style="text-align: center;"> <h1 style="margin: 0;">Council</h1> <h1 style="margin: 0;">Communication</h1> <p style="margin: 0;">Office of the City Manager</p> </div>	Date:	January 8, 2018
	Agenda Item No.	51
	Roll Call No.	<u>18-0076</u>
	Communication No.	<u>18-024</u>
	Submitted by:	Pamela S. Cooksey, P.E., City Engineer

AGENDA HEADING:

Approving Revised City Council policy regarding the appraisal of property and the establishment of just compensation for the acquisition of property interests by the City.

SYNOPSIS:

Recommend approval of Revised City Council Policy regarding the appraisal of property and the establishment of just compensation for the acquisition of property interests by the City. The City currently uses appraisals and compensation estimates (waiver valuations) to determine the value of Just Compensation for acquisition of property interests. This policy establishes when appraisals are required, when compensation estimates may be utilized, and who approves fair market values.

This revised policy will increase the limit for the preparation of compensation estimates from \$10,000 to \$25,000, and increases the City Manager's limit for approval of fair market values from \$10,000 to \$25,000. Independent appraisals will be completed for the acquisition of property interests with fair market values above \$25,000, and all fair market values above \$25,000 will be approved by the City Council, unless the City Council delegates such authority to the City Manager for specific properties or projects.

FISCAL IMPACT:

Up to \$50,000 annual savings on appraisal and staff costs by eliminating the need to procure independent appraisals for the acquisition of property interests with fair market values between \$10,001 and \$25,000.

ADDITIONAL INFORMATION:

- Chapter 6B.54(2) of the Iowa Code provides that an acquiring agency may prescribe a procedure to waive the requirement for an appraisal "in cases involving the acquisition of property with a low fair market value." The Iowa Department of Transportation (IDOT) has revised their policy for the valuation of property or property interests with a low fair market value (I.M. No. 3.605, November 27, 2017). Under its revised policy, the IDOT prepares a "compensation estimate" (waiver valuation) when the value of just compensation to be paid for the property or property interests to be acquired does not exceed \$25,000.
- The revised policy provides that when compensation to be paid for the acquisition of property interests is estimated to be \$25,000 or less, a compensation estimate (waiver valuation) will be prepared by Real Estate Division staff to establish the just compensation to be paid. However,

if the property owner requests an appraisal prior to the conclusion of negotiations where the value of the property or property interests is between \$10,001 and \$25,000, the City shall provide an independent appraisal. If an appraisal is requested, the appraisal amount shall be the amount established as the just compensation, which amount shall be offered to the property owner regardless of whether the appraised value is higher or lower than the value that would have been determined through a compensation estimate (waiver valuation).

- This revised policy follows the same procedure that the IDOT has adopted as its policy for determining the value of just compensation to be paid for property interests with a low market value. The revised policy also provides for the City Manager to approve the fair market value for property interests with just compensation of \$25,000 or less.

PREVIOUS COUNCIL ACTION(S):

Date: September 13, 1999

Roll Call Number: 99-2888

Action: City Council Policy regarding the appraisal of property and the establishment of just compensation for the acquisition of property or property interests in conjunction with Public Improvement, Community Development, and Economic Development Projects, and regarding the release of appraisals, appraisal information, and compensation estimates. (Council Communication No. 99-406) Moved by Vlassis to adopt. Motion Carried 6-1. Absent: McPherson.

BOARD/COMMISSION ACTION(S): NONE**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE**

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