


COUNCIL COMMUNICATION

 CITY OF DES MOINES OFFICE OF THE CITY MANAGER	Number:	23-151	Meeting:	March 27, 2023
	Agenda Item:	54	Roll Call:	23-426
	Submitted by:	Steven L. Naber, P.E., City Engineer		

AGENDA HEADING:

Hold hearing for approval of documents for conveyance of a portion of vacated 41st Street located east of and adjoining 545 42nd Street, by installment contract to St. Augustin's Church of Des Moines for \$73,000.

SYNOPSIS:

Recommend approval of documents for conveyance of a portion of vacated 41st Street located east of and adjoining 545 42nd Street, by installment contract to St. Augustin's Church of Des Moines (Bishop William Joensen, President, 545 42nd Street, Des Moines, IA, 50312), for \$73,000. St. Augustin's Church has been leasing a portion of vacated 41st Street right-of-way between Grand Avenue and Ingersoll Avenue, as shown on the map below, since 1999 for permanent parking and stormwater detention purposes.

Conveyance of the vacated right-of-way will allow St. Augustin's Church to own these permanent parking and stormwater detention site improvements. The negotiated terms of the Real Estate Purchase Installment Contract outlined below reflect the restricted-use fair market value of the property, as determined by the City's Real Estate Division.

FISCAL IMPACT:

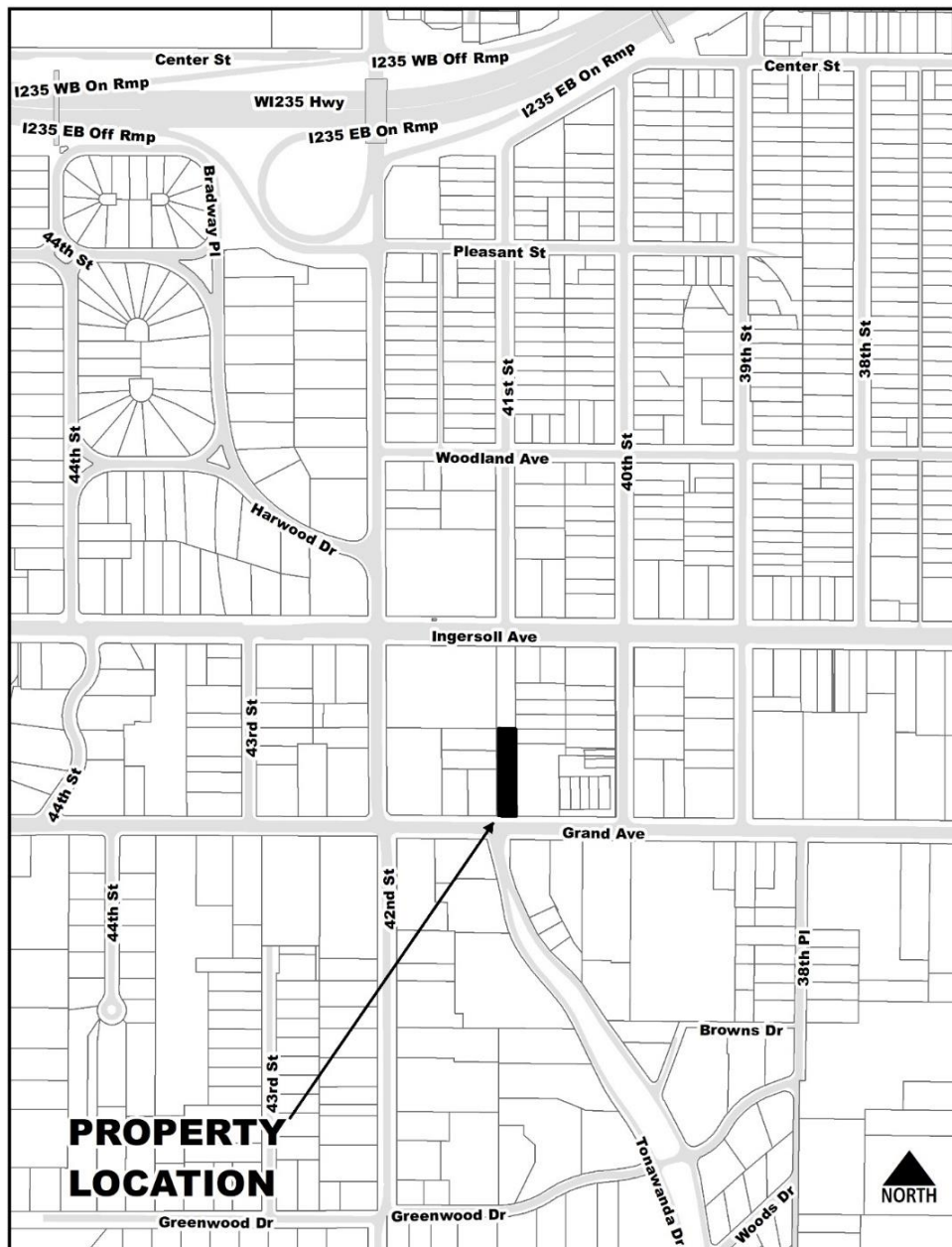
Amount: \$73,000 (Revenue)

Funding Source: Sale proceeds are used to support general operating budget expenses:
Org - EG064090.

ADDITIONAL INFORMATION:

- On June 7, 1999, the City of Des Moines City Council voted to approve a lease agreement with St. Augustin's Church of Des Moines which contained, among other terms, the following:
 - An initial 49-year term with five (5) 10-year renewal options.
 - An initial base rent of \$5,698 per year with adjustments to the annual rent every 10 years based on 50% of the change in the Consumer Price Index for the previous 10 years.
 - A Payment In Lieu Of Taxes (PILOT) for the first 10 years of the lease term equal to 14% of the City levy on church-owned properties that were acquired and converted to a tax-exempt status east of 41st Street.

- Since the leased premises are used for permanent parking and detention basin improvements, St. Augustin’s Church has requested to purchase the property in lieu of continuing to lease the property on a long-term basis.
- The City’s Real Estate Division and St. Augustin’s Church have negotiated the following financial terms for purchase of the City’s property through a Real Estate Purchase Installment Contract:
 - A purchase price of \$73,000, which reflects the restricted-use fair market value of the property, including a no-build easement to be reserved in the Quit Claim Deed from the City to St. Augustin’s Church.
 - A credit towards the Purchase Price in the amount of \$7,044 for rent paid toward the 2022-2023 lease year.
 - 10 annual installment payments are due beginning July 1, 2023, with interest accruing at a rate of 3% per annum on the unpaid principal balance of the contract.



PREVIOUS COUNCIL ACTION(S):

Date: March 6, 2023

Roll Call Number: [23-0295](#)

Action: [On](#) conveyance of a portion of vacated 41st Street located east of and adjoining 545 42nd Street by installment contract to St. Augustin's Church of Des Moines, \$73,000, (3-27-23). Moved by Gatto to adopt. Second by Voss. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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