

Meeting Agendas/Info

CITY COUNCIL COMMUNICATION:

ITEM _____

01-168

OFFICE OF THE CITY MANAGER CITY OF DES MOINES, IOWA

AGENDA:

APRIL 6, 2001

SUBJECT:

PURCHASE OF
SECURITY FILE
WAREHOUSE, 812
MULBERRY STREET,
FOR THE WELLS
FARGO FINANCIAL
PROJECT

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

SUBMITTED BY:

RICHARD CLARK
DEPUTY CITY
MANAGER

SYNOPSIS -

City staff has reached an agreement with Chuck Bach, owner of Security File Warehouse, to purchase his property at 812 Mulberry Street. The negotiated settlement of \$2.5 million includes the acquisition and all relocation costs. With the acquisition of this property, the City will have acquired all of the land required for the Wells Fargo Financial project.

FISCAL IMPACT-

The adopted Capital Improvement Program (CIP) contains funds earmarked for this property acquisition. Although the City will incur additional expenses for demolition, we anticipate that the total cost of acquisition, relocation, and demolition for all properties required for the Wells Fargo project will fall within the budgeted amount of \$5.9 million (\$4.2 million from the CIP and \$1.7 million in land sale proceeds from Wells Fargo).

RECOMMENDATION-

Approval.

BACKGROUND -

On November 20, 2000, the City Council approved the development agreement with Wells Fargo Financial and authorized City staff to begin acquisition of real estate for the project. The real estate to be acquired is located in the block bounded by Mulberry Street, 8th Street, Cherry Street, and 9th Street. Security File Warehouse is the largest parcel in this block. The City has already acquired all of the other property in the block. This property will be conveyed to Wells Fargo for a new 1,575 space parking garage which is required to meet the parking needs associated with Wells Fargo's existing building and a new 326,000 square foot office

building located directly north of the parking garage.

The Council established the fair market value of \$1,850,000 for Mr. Bach's Security File Warehouse property on November 20, 2000. On February 26, 2001, the Council approved a negotiated settlement of \$2,350,000 for Mr. Bach's property which included all relocation expenses; however, it was subject to Mr. Bach obtaining temporary lease space by March 5, 2001. Mr. Bach did not obtain temporary lease space and decided not to honor the remaining terms of the agreement.

On April 5, 2001, the Polk County District Court rejected a request for a temporary injunction filed by Mr. Bach's attorney that would have delayed the condemnation hearing which had been scheduled for April 6, 2001. After the judge's ruling, Mr. Bach submitted a signed offer to sell his property for \$2.5 million inclusive of all relocation cost. In light of our obligations to Wells Fargo to convey the land by not later than July 15, 2001, we believe the proposed settlement is in the best interest of all concerned parties.

In addition to the settlement agreement to purchase Mr. Bach's property, there is a separate agreement with Mr. Bach that obligates him to vacate the property by May 31, 2001. Failure to vacate the property by that date will allow the City to impose a fine of \$5,000 per day.

City staff has spent considerable effort attempting to help Mr. Bach find a suitable place to move his business. We will continue to offer our help with the goal of easing his transition and keeping Mr. Bach's business within the City of Des Moines.
