

July 21, 2014

To: Mayor Bemrich and City Council
From: David Fierke, City Manager
Subject: Property Disposition
2500 Block of 5th Avenue South



ACTION: For vote Monday, July 28, 2014

Brief History

In March of 2014, developmental bids were accepted for the sale of the City-owned lot in the 2500 block of 5th Avenue South. The property was awarded to SMO Real Estate, LLC for \$68,000 to construct a 5,270 s.f. building with 3 tenants, including Dunkin Donuts. As part of the proposal, SMO Real Estate had a verbal agreement with Blessing Enterprises LLC to purchase additional adjacent land and to secure cross-parking easements. SMO Real Estate was notified last week that Blessing Enterprises would not be able to sell them additional land, due to their lease agreement with Sears.

Analysis of Issue

Without the additional land from Blessing Enterprises, SMO Real Estate is unable to complete the project as planned. The City-owned property has already been deeded to SMO Real Estate and the City has receipted in the funds for the sale. Because the property was sold at fair market value, no reversion clause was included in the deed. Therefore, SMO Real Estate can amend their project without further approvals from the City.

Budget Impact

Funds received from the sale of this property were placed in the Economic Development Revolving Fund. The only future budget impact would be in the anticipated taxable value of the property once the improvements are made. Decreasing the square footage of the building from 5,270 s.f. to 4,000 s.f. will have an impact on the taxes generated.

Strategic Plan Impact

Policy C.2.1: The important economic, tourism, and community image benefits of attractive major travel corridors through the area shall be recognized. Such entryway corridors shall receive priority attention for improved appearance and development standards, including landscaping, signage, tree preservation, underground utilities, streetlights, and sidewalks.

Policy C.2.6: New development, redevelopment, rehabilitation and maintenance of structures and sites should be consistent and supportive of the neighborhood and architectural context of designated neighborhood conservation areas. A neighborhood

conservation area may be designated upon agreement with neighborhood property owners that the character of the area warrants protection from incompatible development. Rules governing development review in a conservation area serve a purpose similar to private restrictive covenants where no such covenants exist. Such rules are less restrictive than those found in a locally designated historic district.

Existing Plan Impact

The disposition of this property is consistent with the City's Corridors of Commerce Plan and Envision 2030 Plan.

Subcommittee or Commission Review / Recommendation

None

Staff Conclusions / Recommendations

Staff recommends acceptance of the proposed changes to the proposal submitted by SMO Real Estate, LLC .

Alternatives

There are no alternative to this action.

Implementation and Accountability

Staff will oversee the redevelopment of this site.

Signed

Approved



Vickie Reeck,
Community Development Manager

David R. Fierke
City Manager

RESOLUTION NO. _____

**RESOLUTION ACKNOWLEDGING AMENDMENT TO PROPOSAL FROM
SMO REAL ESTATE, LLC**

WHEREAS, in March of 2014, the City Council approved the sale of the following described real estate to SMO Real Estate, LLC ("SMO") through developmental bid:

The West 300 feet of the South 72 feet of Lot 5 in County Auditor's Subdivision of the SE ¼ of the SW ¼ of Section 21-89-28 West of the 5th P.M., Webster County Iowa, except the South 3.5 feet thereof. Subject to all easements of record;

and,

WHEREAS, as part of the developmental bid, SMO agreed to construct a 5,270 s.f. building with 3 tenants, including Dunkin Donuts; and,

WHEREAS, SMO had a verbal agreement with Blessing Enterprises, LLC to purchase additional adjacent land in order to accommodate the proposed development; and,

WHEREAS, Blessing Enterprises, LLC has informed SMO that the current lease agreement in place with Sears prohibits them from selling any portion of the parking area and therefore, they will not be able to sell additional land to SMO; and,

WHEREAS, with the site limited to the area purchased from the City, SMO will need to amend their plans to include a 4,000 s.f. building with 2 tenants.

NOW, THEREFORE, be it resolved by the City Council of the City of Fort Dodge, Iowa that the changes to the proposal from SMO are hereby acknowledged and that all other terms of the redevelopment proposal remain in effect.

PASSED AND APPROVED by the City Council of the City of Fort Dodge, Iowa, this _____ day of _____, 2014.

AYES: _____

NAYS: _____

OTHER: _____

City of Fort Dodge, Iowa

Matt Bemrich, Mayor

ATTEST:

Jeff Nemmers, City Clerk

[illegible]

Site Concept #4
5th Avenue South
Fort Dodge, Iowa



NORTH

SAA# 13103

simonson

simonson & associates architects llc
1717 ingersoll avenue suite 117 des moines ia 50309
phn 515 440 5626 www.simonsonaasoc.com

----- Original message -----

From: Jim Bird

Date: 07/21/2014 4:54 PM (GMT-06:00)

To: Vickie Reeck

Subject:

David,

This has been a journey that has lasted well over a year. Last year after we started to build for Pancheros and Jimmy Johns, we were contacted by two other national franchises, Dunkin Donuts and AT&T. We looked at many spots with the help of city planning on the corridor between 17th and 35th Street. Finally, we decided the mall lot owned by the City of Fort Dodge was best.

Before we contacted the city, we contacted Carl Blessing, owner of the Sears property, to discuss the possibility of purchasing an additional small tract of land adjacent to the land we were purchasing from the city. We entered into negotiations with Mr. Blessing and arrived at a purchase price. The additional land to be purchased from Carl Blessing would allow us to build a building to accommodate three tenants instead of two.

We went ahead and hired Simonson and Associates to do elevations and site plans for a three tenant building. We then purchased the property from the city and forwarded to Carl Blessing documents to complete the purchase of the tract of land from him. Shortly thereafter, Carl Blessing advised us that he needed to secure Sears' approval before he could execute the documents to complete the sale. I'd point out that prior to this time, we had been led to believe that Mr. Blessing had secured the approval of Sears to sell the land to us.

After six weeks and no responses, we called Carl and advised him that it was imperative that we move forward with the purchase of his land. Both Dunkin Donuts and AT&T were looking at opening in November and we advised him that we were running short on time. He indicated that Sears had yet to respond to him and he provided us with individuals affiliated with Sears that we could contact so as to try and cut through the red tape. After 3 weeks of discussions with Sears, we were advised by Carl Blessing that Sears would not approve the sale of the land from Carl Blessing to us.

At this point, we went back to talking to our architect to see if we could still fit Dunkin Donuts and AT&T on the existing lot. He feels that it will work and comply with city requirements. We are prepared to commence construction of the building within two weeks and have our tenants open for business sometime in November, only a month later than we had planned.

Finally, I have asked that Carl Blessing provide us with a letter confirming that he did not anticipate that Sears would not approve the sale of the land to us in question.

If you have questions, please don't hesitate to contact me. I'll look forward to discussing this matter with you.

Very truly yours,
Jim Bird

Jim Bird

Cell: 515-571-2026