



CITY OF DALLAS

## Memorandum

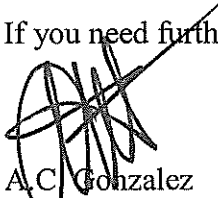
Date: December 10, 2009

To: Budget, Finance and Audit Committee:  
Jerry Allen (Chair), Ann Margolin (Vice Chair), Vonciel Jones Hill, Angela Hunt,  
Delia D. Jasso, Ron Natinsky, David A. Neumann

Subject: Real Property Acquisition Procedures and Requirements

On Monday, December 14, you will be briefed on City Code requirements and procedures for acquiring real property for public purposes. A copy of the briefing is attached for your review.

If you need further information, please call Theresa O'Donnell at 214-670-4127.



A.C. Gonzalez  
Assistant City Manager

c: The Honorable Mayor and Members of the City Council  
Mary K. Suhm, City Manager  
Thomas Perkins, City Attorney  
Deborah Watkins, City Secretary  
Craig Kinton, City Auditor  
Judge C. Victor Lander, Administrative Judge  
Ryan S. Evans, First Assistant City Manager  
Forest Turner, Assistant City Manager  
Jill A. Jordan, P.E., Assistant City Manager  
Dave Cook, Chief Financial Officer  
Theresa O'Donnell, Director of Development Services  
Jeanne Chipperfield, Director, Office of Financial Services  
Helena Stevens-Thompson, Assistant to the City Manager

# REAL PROPERTY ACQUISITION PROCEDURES and REQUIREMENTS

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Budget, Finance & Audit Committee  
December 14, 2009

# Purpose

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- Provide overview of City's current procedures and requirements for real property acquisitions

# City Code Requirements

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- Sec. 2-11.2
  - Addresses acceptance of Conveyance or Acquisition by Eminent Domain where consideration is \$10,000 or less
  - City Council action not required unless by ED
  - Short Form Resolution administratively processed
- Sec. 2-11.3
  - Addresses real property acquisitions where consideration exceeds \$500,000
  - Consideration in excess of \$500,000 requires two independent fee appraisals
- Sec. 12A-1.3
  - Prohibits City officials and employees from any financial interest, direct or indirect, or engagement in any business, transaction, or professional activity

# Acquisition procedures

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- Many city departments make requests to Real Estate for property acquisition.
  - parks, libraries, streets, fire stations, drainage easements, water line easements, etc
  
- First step is determining basic physical needs
  - How much property is needed?
  - What is the most appropriate location?
  - When is the property needed?
  - Fee simple vs. easement?
  
- Next step is determining the property's value

# Acquisition procedures

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- Property value under \$10,000  
County Appraisal District valuation can be used for small properties and easements valued at less than \$10,000
  
- Property value between \$10,000 and \$500,000  
1 independent fee appraisal must be obtained
  
- Property value over \$500,000  
2 independent fee appraisal must be obtained

# Independent Appraisals

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- ❑ Real Estate issues RFP to qualified proposers for appraisal
- ❑ Receive responses from qualified appraisal firms
- ❑ Appraisals typically cost \$2,500 – \$5,000 and use comparable sales method
- ❑ Instruction letter typically states highest and best use
- ❑ Experienced staff members review appraisals for consistency with guidelines and to catch any anomalies.

# Acquisition procedures

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- ❑ Once property has been identified and fair market established, Real Estate staff can proceed with routine acquisition process
- ❑ All acquisitions with valuation over \$10,000 are authorized and approved by Dallas City Council by resolution
- ❑ Low percentage of acquisitions go through eminent domain proceedings.



# Eminent Domain

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- Eminent Domain Proceedings
  - Eminent domain proceedings will be initiated:
    - When both parties cannot agree upon fair market value,
    - If there are title issues that cannot be resolved, or
    - If property is owned by City Official
  - Real Estate staff works in conjunction with the City Attorney's Office throughout the entire condemnation procedure.
  - Code specifies that the measure of damages for the condemnation is the local market value of the property at the time of the Commissioners' hearing.
  - Condemnations are authorized and approved by City Council.

# Eminent Domain

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- Commissioners' Hearing
  - A Commissioners' Hearing will be convened
  - The members of the Commissioner's Court are three disinterested parties appointed by the County Judge
  - City and property owner both have opportunity to present their facts to the Commissioners as to the value of the property
  - Commissioners will make an award
  - Commissioners award can be appealed to District Court

# QUESTIONS?

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