

PLANNING AND ECONOMIC DEVELOPMENT COMMITTEE

09-0130R

RESOLUTION APPROVING SETTLEMENT OF THE CLAIM OF AMERICAN
VOYAGEUR MOTEL, INC., IN THE AMOUNT OF \$456,000.

CITY PROPOSAL:

RESOLVED, that the proper city officials are authorized to settle the claim by American Voyageur Motel, Inc., for a total amount of \$ 456,000, said claim arising out of the eminent domain action filed in St. Louis County District Court and entitled *Duluth Economic Development Authority v American Voyageur Motel, Inc.*, St. Louis County File No. 69DU-CV-05-532, and execute all documents necessary, funds to paid from Fund 435, Agency 030, Object 5510.

Approved:

Approved for presentation to council:

Department Director

Chief Administrative Officer

Approved as to form:

Approved:

Attorney

Auditor

ATTY MAL:blj 2/12/2009

STATEMENT OF PURPOSE: This action is an eminent domain proceeding commenced by DEDA in support of the construction of the medical district parking ramp. DEDA used eminent domain to take air rights and small areas of land needed for the ramp construction. This resolution authorizes a final settlement with American Voyageur Motel, Inc., in a total amount of \$456,000. American Voyageur Motel demanded \$563,500 in taking damages based on its appraisal. DEDA's appraiser valued the damages at \$249,000. The dispute was presented to a panel of commissioners pursuant to state law. The commission awarded \$545,640 in taking damages. The award was appealed to the district court. Prior to reaching this settlement agreement, two payments mandated by state law were made, an initial payment of \$107,000 and a second payment of \$302,230. Thus, the remaining amount to be paid in settlement is \$46,770. Since initiation of the action DEDA conveyed its interest in the parking ramp to the city of Duluth and the city is now the real party in interest. The settlement payments are being funded by the city. Because city funds are being utilized, the council is the entity that must approve this settlement. This settlement represents a \$107,500 reduction from American Voyageur Motel's appraisal and a reduction of \$89,600 from the commissioners' award. In addition to these savings, the city is eliminating its obligation to pay the expert witness expense of American Voyageur Motel which was estimated at \$25,000, as well as the city's additional litigation expenses estimated at \$7000, for a total savings estimate of \$139,500. The city attorney recommends this settlement.