

COUNCIL ACTION FORM

SUBJECT: CONVEYANCE OF CITY OWNED PARCEL LOCATED AT 734 E. LINCOLN WAY

BACKGROUND:

At its December 18, 2018, meeting, City Council referred a letter from Audra Saunders with the Newbrough Law Firm on behalf of DHN Investments. The letter was regarding a City-owned parcel at 734 E. Lincoln Way. This parcel was acquired by the City in the 1980s when the Southeast Well Field was developed, and serves as the only means of access to the wells for operation and maintenance (see Attachment A).

This parcel divides 728 E. Lincoln Way, 728 E. Lincoln Way Rear, and 808 E. Lincoln Way. The request was that Council consider conveying the dividing parcel to DHN Investments so that the abutting property owner may pursue consolidation of their three parcels into a single lot.

The City Council adopted a policy in 1992 that lays out a formula for establishing the value when selling City streets and alleys.

$$\text{City's selling price} = A - (B \text{ or } C) - D - E$$

Where:

A = Average assessed value per square foot of adjacent property

B = The cost of any utility relocation

C = A 15% deduction if the City is to maintain an easement (= 0.15 x A)

D = The cost of demolishing or removing any City improvement

E = A 10% deduction for a Quit Claim deed (=0.10 x A)

In this instance, the assessed value of three abutting properties were used to calculate the City's selling price for the parcel in question.

728 E Lincoln Way. 33,462 sq. ft. 2019 Assessed Valuation (land only):
\$146,300. Assessed value per square foot: \$4.372

728 E Lincoln Way Rear. 4,800 sq. ft. 2019 Assessed Valuation (land only):
\$2,300. Assessed value per square foot: \$0.479

808 E Lincoln Way. 110,682 sq. ft. 2019 Assessed Valuation (land only):
\$262,500. Assessed value per square foot: \$2.372

In this specific case, the variables in the Council adopted formula are as follows.

$$\begin{aligned} A &= (\$4.372 + \$0.479 + \$2.372) / 3 &&= \$2.408 \text{ per ft}^2 \\ B &&&= \$0 \\ C &= 0.15 \times \$2.408 &&= \$ 0.361 \text{ per ft}^2 \\ D &&&= \$0 \\ E &= 0.10 \times \$2.408 &&= \$0.241 \text{ per ft}^2 \end{aligned}$$

$$\begin{aligned} \text{City's selling price} &= \$2.408 - \$0 - \$0.361 - \$0 - \$0.241 \\ &= \$1.806 \text{ per ft}^2 \end{aligned}$$

Staff strongly recommends that the City retain ownership of the north 60' of the parcel as right-of-way, thereby providing a northern property boundary and right-of-way that is consistent with the parcel located immediately to the east. (See the attached sketch.) After subtracting out the retained right-of-way, the resulting parcel to be transferred would be approximately 290.4' x 20', for a total of 5,808 square feet. **Multiplying this area by the calculated sale price per square foot determined by the Council policy would yield a sales price of \$10,489.** The initial offer presented by the other party (which did not include the City retaining the right-of-way) was \$9,975; a difference of \$514. Staff has been working with Ms. Saunders to draft a mutually acceptable purchase agreement.

A date for the public hearing must be established where the conveyance can be approved by the City Council.

ALTERNATIVES:

1. Establish July 23, 2019, as the date of a public hearing on the conveyance of City owned property located at 734 E. Lincoln Way less the northern 60' in the amount of \$10,489, based on the Council policy for establishing a sale price for City-owned property.
2. Establish July 23, 2019, as the date of a public hearing on the conveyance of City owned property located at 734 E. Lincoln Way less the northern 60' in the amount of \$9,975, based on the offer presented by DHN Investments.
3. Do not set a date for public hearing, and give direction to staff for any subsequent actions related to the request.


CITY MANAGER'S RECOMMENDED ACTION:

The City's interest in the subject property is to secure access to the wells and other infrastructure located in the Southeast Well Field. Securing such rights can be accomplished by ownership of an access route, or through a perpetual easement. Selling the property in return for an easement still protects the interests and needs of the City. Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, as described above.

ATTACHMENT A



 Proposed to be retained by City as right of way

 Proposed to be sold by City