

COUNCIL ACTION FORM

SUBJECT: PURCHASE AGREEMENT FOR LAND FOR THE NORTH RIVER VALLEY WELL FIELD & PIPELINE PROJECT

BACKGROUND:

The Ames Water Treatment Plant relies on a network of 22 potable supply wells as the source of drinking water for the community. As old wells fail and need to be replaced and as demand for treated water increases, additional wells must be drilled.

The location for a new well field has been chosen using a detailed ground water hydraulic model. The new wells are proposed to be constructed on land north of East 13th Street and east of the Skunk River. Development of the proposed well field will consist of an interconnecting pipeline and three new wells, each with a capacity of 1,000 gallons per minute. The planned new well field will add an estimated 2.6 million gallons per day (mgd) of raw water that will be delivered to the City's Water Treatment Plant.

The 2016-17 Capital Improvements Plan outlines the multi-year budget that includes \$518,000 for design/engineering and purchase of easements for the project. The total budget for the project is \$5,561,000.

In May 2015, HDR Engineering was retained as the engineering consultant to assist with the route study associated with the pipeline from the new well field to the new water treatment plant. The study involved evaluating three alternative alignments for construction of a pipeline to transmit raw water to the water treatment plant. The selected route allows the entire pipeline to be constructed on City property. As for the wells, two of the proposed locations are located on City property and one well requires land to be acquired. In addition to the permanent land acquisition for one well, a temporary construction easement on another parcel is needed for construction of the pipeline.

Staff invited all potentially affected property owners to an open house on March 1, 2016. The primary purpose of the open house was to assist property owners in understanding the need for the project. It also allowed those potentially affected to ask questions and give feedback to the staff. In addition, staff has met with each of the property owners where permanent easements are needed. Staff has also contacted residents in areas where permanent easements will not be required, but where there will be construction related disruptions.

On November 30, 2016, an appraisal was completed on the land that would need to be acquired for the well. The identified location is owned by the David A. Kepley Revocable Trust. The appraisal, performed by Commercial Appraisers of Iowa (an

appraiser retained by the City) valued the land at \$10,000/acre. The acquisition area is 2.81 acres, giving a total appraised value for the subject parcel of \$28,100. A review appraisal was completed on March 6, 2017 by a second, independent appraiser that confirmed the compensation estimate.

With the appraised value established, the City initiated negotiations with the property owner. A timeline of those negotiations follows.

- The City of Ames (thru its right of way agent, A&R Land Services, Inc.) extended a **first offer** to the Kepley Trust at the appraisal value of \$10,000/acre for the 2.81 acres for a total of \$28,100. On March 27, 2017, Mr. Kepley countered with \$25,000/acre for just the 2.81 acres or \$12,000/acre for the entire 50 acre parcel. The City rejected this as the project did not have sufficient funding (or the need) to purchase the entire 50 acre parcel.
- On April 14, 2017, the City made a **second offer** of \$11,000/acre for only the 2.81 acres for a total of \$30,910. This offer was rejected by the property owner, who indicated that they thought other sales would justify a higher price. After several months and multiple requests by the City, on November 19, 2017, the owner provided what they felt were comparable sales that would justify a higher market value. These sales were sent to the original appraiser for review. The appraiser determined that they were not in fact comparable sales, and they did not help to justify a higher price per acre.
- On January 7, 2018, the City made a **third offer** with notice that the City was prepared to move to eminent domain. The offer was for \$12,500/acre for a total of \$35,125 and a deadline of Jan. 26 was given for a response. That offer was not accepted.
- Mr. Kepley (the son acting on behalf of his father) indicated he thought his father would consider \$15,000/acre. City staff made one **final, fourth offer** on February 1, 2018 of \$15,000 per acre for the parcel. That offer was ultimately accepted just before the City moved forward with eminent domain.

It should be noted that City staff have worked with the property owner to minimize the impact of the project on his property by shifting away from the ideal well location to a less productive portion of his field. Also, as a good faith effort, City staff contracted and paid to close a monitoring well that was no longer in use and had made farming on a separate field owned by the family cumbersome.

Staff anticipates being ready for bidding later this summer or early this fall so it is important to continue the process of acquiring the land needed for the new well field.

ALTERNATIVES:

1. Approve the purchase agreement and acquire the property for the construction of the North River Valley Well Field and Pipeline Project.
2. Direct staff to continue negotiating with the property owner at a lower price per acre for the necessary land for the project.
3. Direct staff to reject the voluntary purchase price and initiate eminent domain proceedings.
4. Direct staff to delete the third well and associated pipeline with the current project. This would reduce the capacity of the new wellfield and increase the per gallon capital cost for the new wells.

MANAGER’S RECOMMENDED ACTION:

In order to preserve and increase source water capacity as existing wells continue to age and become less effective, new wells need to be constructed. Staff has made an honest good faith effort to negotiate with the property owner and have reached a reasonable offer for the land that avoids the need to use eminent domain. Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1 as described above.

Attachments:

Site location map
Detailed acquisition map

North River Valley Well Field Land Acquisition



North River Valley Well Field Land Acquisition



PURCHASE AGREEMENT

PARCEL NO. 1 COUNTY Story
 PROJECT North River Valley Well Site Project CITY Ames, IA
 SELLER: David A. Kopley Revocable Trust Established November 28, 2012

THIS AGREEMENT made and entered into this 2nd day of April, 2018, by and between Seller and the CITY OF AMES, IOWA, Buyer.

- 1a. SELLER AGREES to sell and furnish to Buyer a conveyance document, on form(s) furnished by Buyer, and Buyer agrees to buy the following real estate, hereinafter referred to as the premises, situated in parts of the following:
The Northwest Quarter (NW¼) of the Northwest Quarter (NW¼) except the South 99 Feet thereof, in Section 36, Township 84 North, Range 24 West of the 5th P.M., City of Ames, Iowa,
 County of Story, State of Iowa, and more particularly described on Page 4, including the following buildings, improvements and other property:
All land, trees, shrubs, landscaping and surfacing attached to the premises sought and described herein.
2. Possession of the premises is the essence of this agreement and Buyer may enter and assume full use and enjoyment of the premises per the terms of this agreement. SELLER GRANTS Buyer the immediate right to enter the premises for the purpose of gathering survey and soil data. SELLER MAY surrender possession of the premises or building or improvement or any part thereof prior to the time at which he has hereinafter agreed to do so, and agrees to give Buyer ten (10) days notice of Seller's intention to do so by calling Buyer collect.
3. Buyer agrees to pay and SELLER AGREES to grant the right of possession, convey title and surrender physical possession of the premises as shown on or before the dates listed below.

<u>PAYMENT AMOUNT</u>	<u>AGREED PERFORMANCE</u>	<u>DATE OF PERFORMANCE</u>
\$ _____	on conveyance of title	_____
\$ _____	on surrender of possession	_____
\$ <u>42,150.00</u>	on possession and conveyance	<u>60 days after Buyer approval</u>
\$ <u>42,150.00</u>	TOTAL LUMP SUM	

<u>Breakdown</u>	<u>Ac./Sq.Ft.</u>		
Land by Fee Title	<u>2.81</u>	acres	Fence: _____ rods woven
Underlying Fee Title	_____	acres	Fence: _____ rods barbed
Permanent Easement	_____	acres	
Temporary Easement	_____	acres	

4. SELLER WARRANTS that there are no tenants on the premises holding under lease except: None.
5. This agreement shall apply to and bind the legal successors in interest of the Seller and SELLER AGREES to pay all liens and assessments against the premises, including all taxes and special assessments payable until surrender of possession as required by the Code of Iowa, and agrees to warrant good and sufficient title. Names and addresses of lienholders are:
None
6. Buyer may include mortgagees, lienholders, encumbrancers and taxing authorities as payees on warrants issued in payment of this agreement. In addition to the Total Lump Sum, Buyer agrees to pay \$150.00 for the cost of adding title documents required by this transaction to Seller's abstract of title.
7. If Seller holds title to the premises in joint tenancy with full rights of survivorship and not as tenants in common at the time of this agreement, Buyer will pay any remaining proceeds to the survivor of that joint tenancy and will accept title solely from that survivor, provided the joint tenancy has not been destroyed by operation of law or acts of Seller.
8. These premises are being acquired for public purposes and this transfer is exempt from the requirements for the filing of a Declaration of Value by the Code of Iowa.
9. Buyer hereby gives notice of Seller's five-year right to renegotiate construction or maintenance damages not apparent at the time of the signing of this agreement as required by the Code of Iowa, Section 6B.52.
10. This written agreement constitutes the entire agreement between Buyer and Seller and there is no agreement to do or not to do any act or deed except as specifically provided for herein.
11. Seller states and warrants that, to the best of Seller's knowledge, there is no burial site, well, solid waste disposal site, hazardous substance, nor underground storage tank on the premises described and sought herein.

SELLER'S SIGNATURE AND CLAIMANT'S CERTIFICATION: Upon due approval and execution by the Buyer, we the undersigned claimants certify the Total Lump Sum payment shown herein is just and unpaid.

DAVID A. KEPLEY REVOCABLE TRUST ESTABLISHED NOVEMBER 28, 2012

X David A. Kepley
David A. Kepley, Trustee

X _____

c/o Danny Kepley, 2550 Stagecoach Rd.
Ames, IA 50010
(Mailing Address)

(NOTARY PUBLIC: PLEASE COMPLETE LEFT AND RIGHT SIDES)

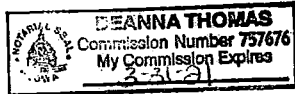
SELLER'S ALL-PURPOSE ACKNOWLEDGMENT

STATE OF IOWA }
COUNTY OF STORY } ss:

On this 5 day of March, A.D. 2018, before me, the undersigned, a Notary Public in and for said State, personally appeared **David A. Kepley, Trustee,**

to me personally known
or proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within record and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the record the person(s), or the entity upon behalf of which the person(s) acted, executed the record.

Deanna Thomas (Sign in Ink)
Signature of Notary Public



CAPACITY CLAIMED BY SIGNER:

INDIVIDUAL
 CORPORATE
Title(s) of Corporate Officer(s):

Corporate Seal is affixed
 No Corporate Seal procured
 PARTNER(s):
 Limited Partnership
 General Partnership
 ATTORNEY-IN-FACT
 EXECUTOR(s) or TRUSTEE(s)
 GUARDIAN(s) or CONSERVATOR(s)
 OTHER:

SIGNER IS REPRESENTING:

List name(s) of entity (ies) or person(s)
David A. Kepley Revocable Trust Established
November 28, 2012

Buyer's Approval

Ryan K. Gurwell
Recommended by: Ryan K. Gurwell, Project Manager

April 2, 2018
(Date)

Approved by: Ann Campbell, Mayor (Date)

Buyer's Acknowledgement

STATE OF IOWA }
COUNTY OF STORY } ss:

On this _____ day of _____, 20____, before me, the undersigned, personally appeared Ann Campbell, known to me to be the Mayor and authorized representative of the Buyer and who did say that the record was signed on behalf of the Buyer by its authority duly recorded in its minutes, and said authorized representative acknowledged the execution of the record, whose signature appears hereon, to be the voluntary act and deed of the Buyer, and by it voluntarily executed.

Signature of Notary Public

