



Legislation Text

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Resolution to Approve the Purchase of and Appropriate Funds for the Acquisition of the Narrow Gauge Holdings, Inc. and Sondra Gunn Properties from the Open Space and Parkland Preservation Bond Proceeds in the Amount of \$1,854,000.00 **(8 Votes Required)**

Attached for your review and action is a resolution to approve the purchase of and appropriate funds for the acquisition of the Narrow Gauge Holdings, Inc. and Sondra Gunn parcels, which are approximately 13.5 acres, from the Open Space and Parkland Preservation Bond Proceeds in the amount of \$1,854,000.00.

At closing the City will be conveyed a remainder interest in the property which shall come into possession of the City on December 28, 2008. The landowners will retain a one-year term of years in the property which will be leased back to the City for that one year period for \$1.00, with public access provided during the one-year lease. Under the terms of the lease, the landowners, under the conditions of their reserved one-year term of interest in the property, will be responsible during the lease period for paying all taxes and special assessments (if any), property management except for routine operational management associated with public access requirements, insuring their interest in the property and indemnifying the City in connection with their remainder interest.

The site was the only site recommended in the Millers Creek Watershed Improvement plan for protection, based on the high floristic quality of the area and the high quality of Millers creek on the site. The Narrow Gauge property is the only known site of a ground water spring within the Millers Creek watershed. The spring sustains sensitive macro invertebrates and has wetland flora that is unique to this type of habitat. The Huron River Watershed Council uses this site for stream monitoring and consistently finds stone fly larvae in the stream and the spring. The site would be left undeveloped as a natural area. The City's staff and Park Advisory Commission recommend acquiring the Narrow Gauge woods based on the high quality of the woods and protecting the quality of Millers Creek.

The City has conducted an appraisal of the property as required by Section 1:320 of the Ann Arbor City Code with a fair market value \$2,545,000.00. A survey and Phase I Environmental Site Assessment will be completed prior to closing.

Narrow Gauge Holdings Inc. and Sondra Gunn own separate interests in the parcels that are collectively described as the "Narrow Gauge" property. Both property owners are willing to enter into a single purchase agreement with the City based on the City's appraisal of parcels as a consolidated property. Additionally the property owners have agreed to a bargain sale of the property. The purchase price has been established at \$1,800,000.00 and the difference between the purchase price and the fair market value will be recognized as a non-cash charitable donation under appropriate IRS regulations. The budget appropriation includes incidental and closing costs, which are estimated to not exceed 3% of the purchase price or \$54,000.00. Thus, the total appropriation of funds equals \$1,854,000.00. The appropriation of funds for the purchase is to come from the OSPP bond proceeds, and be available for expenditure without regard to fiscal year.

Project Budget:

Purchase Price	
Bond Proceeds:	\$1,800,000.00
<u>Closing/Incidental</u>	<u>\$ 54,000.00</u>
Total Appropriation	\$1,854,000.00

Sponsored by: Stephen Rapundalo, Councilmember

Prepared by: The Conservation Fund

Reviewed by: Jayne Miller, Community Services Administrator

Whereas, Purchase of parkland may be funded through the Open Space and Park Land Preservation bond proceeds;

Whereas, The parcels owned by Narrow Gauge Holdings, Inc. and Sondra Gunn are collectively approximately 13.5 acres and comprise a high quality natural area;

Whereas, The landowners have agreed to sell the parcels as a single property subject to the retention of a one-year term of years with a remainder interest in the property being conveyed to the City together with a one-year leased back to the City of the Seller's retained interest for the sum of One dollar (\$1.00) with public access provided during the one-year lease;

Whereas, The entire site is relatively undisturbed containing high floristic quality and high quality portion of Millers Creek;

Whereas, The property has been appraised by the City as required by Section 1:320 of the Ann Arbor City Code with a fair market value \$2,545,000.00;

Whereas, The property owners have agreed to a purchase price of \$1,800,000.00 with the difference between the purchase price and the fair market value recognized as a non-cash charitable donation under appropriate IRS regulations; and

Whereas, There are sufficient funds in the Open Space and Parkland Preservation bond proceeds to match the total purchase price, plus estimated closing costs, including the Phase I Environmental Site Assessment and a boundary survey;

RESOLVED, That City Council approve the real estate and sales agreement for the purchase of the property owned by Narrow Gauge Holdings, Inc. and Sondra Gunn and described on the attached Exhibit A;

RESOLVED, That the Mayor and City Clerk are authorized and directed to execute the purchase and sales agreement and related lease-back documentation after approval as to form by the City Attorney;

RESOLVED, That City Council appropriate funds from the Open Space and Parkland Preservation bond proceeds and establish a project budget for the acquisition of the property in the amount of \$1,854,000.00 to cover the costs of acquisition, closing, and incidental costs to be available for expenditure without regard to fiscal year; and

RESOLVED, That the City Administrator is authorized and directed to implement this resolution, including the execution of necessary closing documents specified in the purchase and sale

agreement after approval as to form by the City Attorney.