



Legislation Details (With Text)

**File #:** 24-1013      **Version:** 1      **Name:** 6/3/24 Resolution to Approve Sale Agreement for Portion of Transformer Alley

**Type:** Resolution      **Status:** Passed

**File created:** 6/3/2024      **In control:** City Council

**On agenda:** 6/3/2024      **Final action:** 6/3/2024

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**Title:** Resolution to Approve an Agreement of Sale for a Portion of the So-called "Transformer Alley" to Bluestone Realty Advisors, LLC in an Amount Not Lower than \$240,000.00 to be Deposited into the General Fund (8 Votes Required)

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. 2024.05.22\_Purchase Agreement\_Gal\_Transformer\_FINAL.pdf

Date	Ver.	Action By	Action	Result
6/3/2024	1	City Council	Approved	Pass

Resolution to Approve an Agreement of Sale for a Portion of the So-called "Transformer Alley" to Bluestone Realty Advisors, LLC in an Amount Not Lower than \$240,000.00 to be Deposited into the General Fund **(8 Votes Required)**

The City of Ann Arbor has been approached by parties interested in the development of the parcel currently containing the Galleria Shopping Center at 1214 S University Ave about our interest in selling a very small section (.036 acres) of the so-called Transformer Alley for its inclusion in a future redevelopment of the site. City staff investigated the consequences of such a sale and determined that the property is not of strategic importance to the city and its inclusion in a proposed residential development on the site would support new housing development in the city.

However, this portion of property contains stormwater infrastructure related to the Forest Avenue Parking Garage that the City owns on site. Therefore, the sales agreement has been structured as a sale of property to Bluestone Realty, LLC while reserving an easement for the City to access all underground infrastructure and preventing the development of any structure from ground level to 25 feet of elevation so the City has appropriate vertical clearance to perform maintenance of the underground infrastructure.

The City acquired an appraisal for the property which indicated that fair market value was \$240,000.00. The purchaser agreed to a price not lower than this amount. The closing period has been set for any point between now and 24 months from now to allow Bluestone Realty, LLC the flexibility to negotiate and complete a development agreement and property transaction with a third party for the entire site. The price will escalate 0.75% every 90 days during the 24 month period to reflect anticipated increases in the market value of the property. This sale of City-owned property will only be completed if Bluestone Realty initiates a closing within this time frame. Proceeds from the transaction will go to the general fund less any closing costs, such as title insurance.

Prepared by: John Fournier, Deputy City Administrator

Reviewed by: Kevin McDonald, Chief Deputy City Attorney

Approved by: Milton Dohoney Jr., City Administrator

Whereas, The City of Ann Arbor is interested in supporting efforts to increase the supply of housing in the City, per direction from Council Resolution R-24-108 passed earlier this year;

Whereas, The redevelopment of the Galleria Shopping Center is intended to create additional housing in the South University neighborhood, and the future developer of the site may be interested in increasing the available developable space of their building to facilitate this additional housing development;

Whereas, The so-called Transformer Alley is not a right-of-way in the traditional sense but is a parcel of land adjacent to the Forest Avenue Parking Garage that serves underground utility needs and is a service drive for solid waste and other property maintenance needs for the parking garage and surrounding buildings;

Whereas, Bluestone Realty, LLC is proposing to purchase a relatively small piece of Transformer Alley, which will not affect the alley's intended function as a service drive for the parking garage and neighboring properties;

Whereas; The property proposed to be sold does contain stormwater infrastructure underneath it that services the parking garages and at least one surrounding property, and so the agreement will require an easement allowing the city to maintain the stormwater infrastructure in the ground, requiring 25 feet of clearance above ground, and forbidding the creation of any structures below 25 feet from ground level on the property without the city's prior written approval; and

Whereas, An independent property appraisal concluded that the market value of the property is \$240,000.00;

RESOLVED, That City Council approves the sale of property in the so-called "Transformer Alley" further described as follows to Bluestone Realty, LLC for a price not lower than \$240,000.00:

Land situated in the State of Michigan, County of Washtenaw, City of Ann Arbor and being part of Fractional Lots 4 and 5 in Block 1 of R. S. Smith's Second Addition to the City of Ann Arbor, as recorded in Liber 48 of Deeds, Page 40, Washtenaw County Records, more particularly described as the following:

Commencing at the intersection of the West right-of-way line of S. Forest Ave (66 feet wide) and the North right-of-way line of Willard Street (49.5 feet wide), also being the SE corner of Lot 8 of Block 1 of R.S. Smith's Second Addition to the City of Ann Arbor, as recorded in Liber 48 of Deeds, Page 40, Washtenaw County Records; thence N01°04'24"W 198.43 feet along said West right-of-way line of S. Forest Avenue (66 feet wide); thence S88°43'10"W 130.49 feet along the North line of Lot 10 of said Block 1 of R.S. Smith's Second Addition to the City of Ann Arbor to the POINT OF BEGINNING.

thence continuing along said North line of Lot 10, S88°43'10"W 35.12 feet;  
thence N01°07'42"W 44.04 feet;

thence N88°42'06"E 35.13 feet;

thence S01°07'03"E 44.06 feet to the POINT OF BEGINNING. Containing 0.036

acres, more or less

RESOLVED, That the Mayor and City Clerk be authorized and directed to execute an agreement of sale with Bluestone Realty, LLC for sale of the property as well as any other necessary documents to complete the purchase, including a covenant deed and a reservation of easements, after approval as to substance by the City Administrator and approval as to form by the City Attorney;

RESOLVED, That the proceeds from the sale shall be deposited as miscellaneous revenue within the General Fund, less any closing costs; and

RESOLVED, That the City Administrator is authorized to take all appropriate action to implement this resolution, granting of any necessary extensions allowed in the agreement of sale, and the execution of all appropriate documents.