



Legislation Text

File #: 08-0835, Version: 1

Resolution to Amend the Budget on the Purchase of 52 Acres of the Walter Hilton Trust Property in Fee Title for an Additional \$112,000.00 from the Solid Waste Enterprise Fund for a Total Budget Not to Exceed \$1,204,000.00 and to Amend the Budget for the Purchase of Development Rights on Approximately 82 Acres of the Walter Hilton Trust Property for an Additional \$587,367.00 for a Total Budget Not to Exceed \$1,163,367.00 from the Open Space and Parkland Preservation Bond Proceeds **(8 Votes Required)**

Attached for your review and action is a resolution to amend the budget for the purchase of 52 acres in fee title of the Walter Hilton Trust and an approximately 82 acres for Purchase of Development Rights Easement on the Walter Hilton Trust Property in Pittsfield Township. The parcel is located at the intersection of Morgan and Platt Roads. The entire Walter Hilton Trust Property is a total of approximately 155 acres in size, which also includes one approximately 9 acre and one approximately 10 acre house parcel. The City will only be purchasing the 52 acres in fee for Solid Waste and an approximately 82 acre easement. The landowner would be responsible for selling the remainder portions of the property.

On July 21, 2008 City Council approved resolution R-08-0750 to partner with Pittsfield Township for the Purchase of Development Rights on 82 acres of the Walter Hilton Trust property and approved a match share up to \$576,000.00 from the Open Space and Parkland Preservation bond proceeds. The Resolution (R-08-0750) also approved the purchase of 52 acres in fee title for \$1,092,000.00 from the Solid Waste Enterprise Fund.

Solid Waste is interested in purchasing fee title to 52 acres of the property, which are adjacent to the City's current compost site. These 52 acres will provide access for a potential new drop off station, buffer to the current compost site and room for future expansion of the compost operation. Solid Waste would also be contributing funds toward the purchase of the easement, in order to ensure the neighboring land use remains in agriculture production. Solid Waste is very concerned with future development on the Hilton property as it increases the potential for odor complaints from nearby neighbors, if housing development were in close proximity to the compost site. Agriculture use immediately adjacent to the compost site is a compatible land use. Agricultural use of this land greatly reduces the potential for complaints to the City in the future and thus increases the sustainability of the compost operations at this location.

At the time Council approved resolution R-08-0750 Pittsfield Township was contributing \$295,000.00 toward the purchase of the easement. Pittsfield Township was also purchasing the two portions of the property with the homes, to be re-sold to local agriculture business or farmers. However, Pittsfield Township is no longer able to contribute the \$295,000.00 toward the purchase of the easement on the property and is not able to purchase the 2 house parcels. As such, the purchase has been changed to include only the purchase of the 52 acre parcel and the 82 acre easement. The change has also created a gap in financing with removal of Pittsfield Township's contribution toward the purchase of the easement as well as closing, due diligence and monitoring costs for the easement. Additionally, the City will now be the administrative lead on the easement, and will also be

responsible for the closing and due diligence costs and monitoring of the easement.

The original Farm and Ranchland Protection Program (FRPP) and the State of Michigan Agricultural Preservation Board grants awarded to Pittsfield Township may still be used toward a portion of the Purchase of Development Rights. The FRPP grant is in the amount of \$350,000.00 and the State PDR grant is in the amount of \$255,000.00 for a total of \$605,000.00 in grant dollars. Pittsfield Township is willing to be a partner for the purchase of the easement, contributing the grants toward the purchase of the easement. At the closing, Pittsfield Township will hold title to the easement, as required by the grant agencies. After closing, the easement will be transferred to the City.

The FRPP grant expires on September 30, so the closing must take place prior to that date. The State grant will provide the funds prior to closing, however, the Farm and Ranchland grant is on a reimbursement basis. The City is working with Pittsfield Township and FRPP to be granted a waiver in order for the payment to be issued at closing. Given the tight timeframe for closing, it may be necessary for the City to front the \$350,000.00 to be reimbursed after closing by Pittsfield Township for the FRPP grant.

The combined purchase price is \$2,568,000.00, plus closing and due diligence costs, for the 82 acre easement and the 52 acre Solid Waste parcel.

Total Purchase Price	<u>\$2,568,000.00</u>
PDR Easement	\$1,476,000.00
Solid Waste Fee Title	\$1,092,000.00

Solid Waste Fee Title Purchase

Purchase Price	\$1,092,000.00
Closing Costs	<u>\$ 2,000.00</u>
Total 52 Acre Fee Title Cost	\$1,094,000.00

Easement Purchase

City Greenbelt	\$ 761,000.00
Solid Waste Enterprise Fund	\$ 110,000.00
State PDR	\$ 255,000.00
FRPP	<u>\$ 350,000.00</u>
Total Purchase Price	\$1,476,000.00

Greenbelt Contribution	
Easement Purchase	\$1,111,000.00*
Other Costs**	\$ 52,367.00
Solid Waste Contribution	<u>\$ 110,000.00</u>
Total City Contribution	\$1,273,367.00

*\$350,000.00 of this amount will be reimbursed by the FRPP grant.

Other Costs**	
Closing & Due Diligence	\$ 28,500.00
Endowment	<u>\$ 23,867.00</u>
Total Other Costs	\$ 52,367.00

Total Solid Waste Enterprise Fund Appropriation is \$1,204,000.00. The Open Space and Parkland Preservation Bond Proceed Appropriation will not exceed \$1,163,367.00. Total Open Space and Parkland Preservation Bond Proceed cost, after reimbursement from FRPP, is \$813,367.00.

Prepared by: Ginny Trocchio, The Conservation Fund

Reviewed by: Jayne Miller, Community Services Administrator and Mary Fales, Senior Assistant City Attorney

Whereas, Chapter 42 of the Ann Arbor City Code establishes the Greenbelt District and enables the City to purchase property within the district;

Whereas, Chapter 42 of the Ann Arbor City Code specifically authorizes City Council to enter into agreements for joint acquisition of land in the Greenbelt District with other government agencies;

Whereas, Land Acquisition may be funded through the Open Space and Park Land Preservation Bond Proceeds;

Whereas, There are sufficient funds in the Open Space and Parkland Preservation Bond Proceeds for the expenditure for the proportionate share; and

Whereas, The solid waste purchase was approved during the FY 09 Capital Budget process and there are sufficient funds in the unobligated fund balance of the Solid Waste Enterprise Fund for the proportionate share; and

Whereas, Council approved Resolution R-08-0750 for the Purchase of Development Rights on approximately 82 acres of Walter Hilton Trust property and 52 acres in Fee Title for Solid Waste;

RESOLVED, All other terms of Resolution R-08-0750 are restated and reaffirmed except as follows;

RESOLVED, That the budget adjustment be approved to appropriate funds up to \$1,163,367.00 from the Open Space and Parkland Preservation Bond Proceeds and up to \$1,204,000.00 from the Solid Waste Enterprise Fund unobligated fund balance for the purchase of the Hilton Trust property, consistent with the purchase and sales agreement and participation agreement;

RESOLVED, That City Council authorize the expenditure of funds from the Open Space and Parkland Preservation Bond Proceeds and Solid Waste Enterprise Fund to be available for expenditure without regard to fiscal year in accordance with a participation agreement to be approved by each governing entity; and

RESOLVED, That the City Administrator be authorized to take all necessary administrative actions to implement this resolution.