Council Communication

Department: Community Development CASE #OTB-19-024 Applicant: Warren Distribution Attn: Chuck Downey 950 S. 10th Street, Suite 300 Omaha, NE 68108-3296	Resolution to Dispose No. _____	Public Hearing: 9/9/2019

Subject/Title

Request of Warren Distribution, represented by Chuck Downey, to purchase property described as Lot 2, River Road Subdivision, City of Council Bluffs, Pottawattamie County, Iowa. The property is located North of 2849 River Road.

Background/Discussion

The City has received an offer to purchase the property described above. The property is classified as 'transitional Preserve' and 'buildable', though the City Council agreed to review the sale of the property to Warren Distribution and the OPUS Group at their March 11, 2019 City Council Meeting. The applicant has requested to purchase this lot so that they can obtain ownership of the land they are currently leasing from the City for truck parking, and to have additional land area available for a future warehouse expansion, should the need arise. The applicant has submitted a down payment of $26,100.00 to purchase the property.

As is stated in the adopted Inventory and Disposal Policy for Surplus City Policy, the property should be valued at the last assessed value, or last appraised value if one is available. The subject property is part of the River Road Subdivision, which is comprised of 48.479 acres of industrial zoned land. In February 2017, the City received an appraisal of the property from Mitchell & Associates, Inc., which estimated the entire subdivision to be valued at $2,630,000.00 (or $1.25 square foot). The applicant has submitted an offer of $261,000.00 (or 0.67 cents/square foot) for the subject nine acres. This offer was received after discussions were held between the applicant, Community Development Department, Legal Department, and Advance Southwest Iowa on the size and existing conditions (e.g., easements and potential wetlands) of the subject nine acres, as well as, their intent to use to it for truck parking. All parties involved this conversation agreed that $261,000.00 was a fair offer after taking into consideration the development challenges on lot, even though it was less than the $1.25 per square foot quoted in the appraisal.

With the sale of this property to Warren Distribution, the City intends to transfer their share of the ongoing levee maintenance costs in a manner that is equitable to the size of property being purchased. Based on the configuration of the River Road subdivision, the future owner of Lot 1, River Road Subdivision (39.479 acres) will be responsible for 13.1819% of the levee maintenance cost; and Warren Distribution, as the owner of Lot 2, River Road Subdivision (9.0 acres) will responsible for 3.006% of the maintenance costs.

Additionally, the final plat of the River Road Subdivision (Resolution #19-203) included a condition that the purchasing entity submit a payment to the City of Council Bluffs in lieu of constructing a sidewalk that would normally be required at the time of development of the parcel. The total cost of extending a 4-foot wide sidewalk along the frontage of Lots 1 and 2, River Road Subdivision is $51,444.00, with Warren Distribution's share with the purchase of Lot 2, River Road Subdivision being $8,184.27. In accepting a fee from each property owner, the City will have greater flexibility to install a wider bike trail than what is required by ordinance, while accepting the higher cost per linear foot of a wider bike trail. Warren Distribution shall pay for their portion of said sidewalk at the time of closing of the property.

Recommendation

The Community Development Department recommends disposing of the property described as Lot 2, River Road Subdivision, City of Council Bluffs, Pottawattamie County, Iowa, for the purchase price of $261,000.00, subject to the following conditions:

1. The applicant shall have 60 days from the date of approval to pay the remaining fee to purchase the property, a total of $234,900.00.
2. Upon taking ownership of the parcel, Warren Distribution will be responsible for the increased levee maintenance costs, an addition of 3.006% of the total costs.
3. Warren Distribution shall submit a fee of $8,184.27 for the improvement of the bike trail network along River Road in lieu of installing a sidewalk. The fee shall be due at the time of closing on the subject property.

Attachment A: Case Map
Attachment B: River Road Subdivision Final Plat (Page 2)

Prepared By: Chris Meeks, Planner, Community Development Department