

# MEMO

## CITY OF JACKSONVILLE

To: City Council  
From: Paul Wyntergreen  
Date: October 15, 2009  
Subject: Assets and Facilities

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As previously discussed during the July 23, 2009 City Council Study Session, the City has a wide array of assets, many of which are providing minimal public benefit or return and all of which need to be reviewed and designated with a strategic dispensation under an Asset Management Plan. This has never occurred; therefore staff will be preparing recommendations for such a Plan in the near future. In preparation for those recommendations, and to resolve the pressing Public Facilities needs, staff is making the following initial proposals.

**1)** In order to prepare for the next potential round of stimulus (or other) opportunities for public facility funding, we need to position ourselves with a well-designed, shovel-ready proposition as soon as possible (the next round of stimulus funding may be within one year). Staff recognizes that alternatives are constantly arising, but after the analysis of multiple alternate sites over the years, the need to cure our current Public Safety deficiencies, and the excellent bid pricing in this current market, a decision now based upon a repositioning of our current assets is essential. In an effort to arrive at some conclusions, I have reviewed the range of current property opportunities and made the following findings:

### **The Jacksonville Southern Oregon Historical Society properties**

The City has made a sincere and generous proposal to the Society with an urging that an expeditious decision be made so that we can proceed with our facilities planning. The Society has set that proposal aside in order to pursue other options. The probability of receiving a response soon enough to allow us to proceed with our planning is low. It would not be responsible for the City to hold off on our needs while SOHS processes all of its other options.

### **725 N. Fifth St. Jacksonville (Pharmacy/Doctor's Office)**

This property is currently listed for lease, however, according to the listing Realtor, the seller would be interested in selling the property. According to the Realtor there are approximately 3600 square feet on both levels of the building, making it approximately 7200 square feet. All offices are currently vacant. There is an elevator and alarm system in the building. Realtor will get a more specific price range from the seller; however a ball park would be \$1 million. In addition to the purchase price, City would have to construct secure vehicle compound. Property is not with the Urban Renewal District and an alternative funding source is needed.

**225 South 3<sup>rd</sup> St. Jacksonville (To the rear of Miller House)**

The house will be going on the market within the next few weeks. It is a 3 bedroom, 2 bath, 2,038 square foot single level home on 0.18 acre lot adjacent to the Miller House. This is an estate sale. The asking price in "as is" condition is \$288,000. The company and Realtor handling this transaction are in the process of getting bids for repairs and cosmetic work needed on the house, and the anticipated amount of work needing to be done is approximately \$12,000, which will be added to the 'as is' price. If the city is not interested in the property, they will go ahead and move forward with getting the repairs done before the property is listed. This opportunity could benefit the development of consolidated City Facilities at the Miller/Sampson location by providing space for the Police next to a new Fire Hall facility on the rear of the Miller House. If the Council decides to proceed with the Miller House consolidation, this property would be valuable to acquire.

**Romero vacant parcel (to the side of the Fire Hall)**

The Romero's are considering placing this commercial parcel on the market soon but before they do, they wanted to offer the City the First Right of Refusal. It is a 2,200 square foot vacant lot with a performance approval for a two-story retail/residential building adjacent to the Fire Hall. The tentative asking price is around \$140,000 to 160,000; however, this is open to negotiation. The Romero's are interested in avoiding capital gain taxes and therefore would be interested in a 'structured sale' (wherein we buy it from a third party, which then makes annual payments to the Romero's) or a 1031 exchange (wherein we trade a property capable of income production for the Romero's property). In all likelihood, two appraisals may be required. This opportunity would benefit the development of an expanded two-story Fire Hall in its current location by providing space to double-stack engines that exit onto Third Street in accordance with Chief Hull's conceptual layout. The existing building would have to be demolished.

Given the current funding circumstances, the lag time involved with most surplusing opportunities that would generate cash, the additional time needed for planning approvals at new locations, and the need for immediate action, staff recommends that we maximize our existing locations through the following actions:

There is an approved architectural design for remodeling the rear of the Miller to allow for expanded Police facilities (see attached layout); implement a design/build request for that design to be authorized immediately in order to take advantage of the current bid market.

Simultaneously, donate the Sampson property to the Senior/Community Center group as a kickstart for their capital campaign for all of their activities. This would have to be done in accordance with State Law, which requires that "the instrument conveying the real property shall include a restriction on the use of the property that limits the uses of the property to {Parks/Recreation & Social Services}. The instrument conveying the property shall also contain a provision for the reversion of the property to the political subdivision if the property is not used in conformance with the restriction". The City may also wish to require a deed restriction that protects the Redwoods along 4<sup>th</sup> Street.

Trade the Brunner Building to the Romero's in a 1031 exchange that allows for plans to be prepared for a new facility at the present location of the Fire Hall.

Under this scenario, the out-of-pocket costs for real estate are non-existent and construction costs are minimized so that other financing can be pursued (all properties are within the Urban Renewal District). There are no planning approvals needed for the City (HARC will still be required), the Community Center gets the home that it has been looking for and, if the SOHS properties ever become a consideration, the Fire Hall can still tie into the US Hotel.

**2)** As to the five-plus acre (with easement) Galpin property north of the Cemetery, Councilor Meyers and I have negotiated the price to \$350,000 with \$35,000 down and one year to complete payment so that grants may be pursued. Galpin will also attach an option to extend that time period should the City require it. This is a verbal agreement and Mr. Galpin is preparing a written proposal now. Staff recommends acceptance and the development of an agreement between the Urban Renewal Agency to repay (with interest) a loan from the Historic Preservation Fund for those portions of the price not covered by a grant. This preserves the Fund's principal and ties into its mission of providing protection for one of the City's key historic resources.