

CITY OF FLAGSTAFF

STAFF SUMMARY REPORT

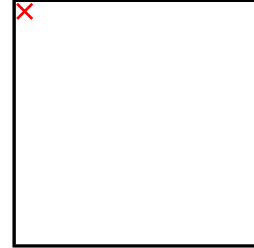
To: The Honorable Mayor and Council

From:

Co-Submitter: Matthew Luhman-Senior Procurement Specialist

Date: 03/12/2019

Meeting Date: 03/19/2019



TITLE:

Consideration and Acceptance: Offer submitted by Woodshire on Butler, LLC regarding Solicitation No. 2019-67, without exceptions, for sale and development of approximately .74 acres of land located at 2989 E. Butler Avenue.

STAFF RECOMMENDED ACTION:

Accept the offer submitted by Woodshire on Butler, LLC without exceptions, authorize Staff to negotiate a Purchase Agreement and Development Agreement including affordable housing obligations, for sale of approximately .74 acres of City property located at 2989 E. Butler Avenue, subject to Council approval of the final documents and adoption of an Ordinance to transfer the property.

Executive Summary:

Staff had evaluated the City property at 2989 E. Butler Avenue and determined that due to the future roundabout, the development options for the property were very limited. The adjacent property owner had submitted plans to the City for the development of 40 bungalow homes on their parcel at 3001 E. Butler Avenue. Due to this adjacent development, staff realized a potential opportunity to sell the City property and request affordable units to be built on the site. Staff was directed by the prior Council to offer approximately .74 acres of City property at 2989 E. Butler Avenue for sale and development to include affordable housing units. The City property was advertised to the public at a minimum bid of \$130,000 plus 5 affordable units in Solicitation No. 2019-67 and closed on Thursday, February 21, 2019. One bid was received. The bid included exceptions, however per the solicitation document the City reserves the right to reject exceptions and the bidder is willing to withdraw its exceptions.

Financial Impact:

The City will receive \$130,000 from the sale of approximately .74 acres of vacant land and will also receive 5 affordable housing units for the public.

Policy Impact:

None

Connection to Council Goal, Regional Plan and/or Team Flagstaff Strategic Plan:

Has There Been Previous Council Decision on This:

Executive Session regarding the possible Sale and Abandonment of City Property November 13, 2018.

Options and Alternatives:

- Approve the bid submitted by Woodshire on Butler, LLC, and reject exceptions
- Do not approve the bid
- Post the property for bid without restrictions (market value based on appraisal)
- Do not sell and wait for the roundabout

Background and History:

In an effort to further Council's goal of Affordable Housing, the City's Real Estate Staff has been evaluating all City parcels to determine if there are any sites suitable for development. Real Estate considered the City parcel at 2989 E. Butler Avenue and was informed by the City Engineering that there would be a future roundabout in that location and a majority of the parcel would be needed. Real Estate worked with Engineering and Planning to further evaluate the parcel to determine if there was any remaining portion of the parcel that could still be developed. Engineering determined that .74 acres of the 1.84 acres could be split off and sold. It was determined however that due to the future roundabout the development options for the parcel were very limited because access to the site would only be available off the future realigned Herold Ranch Road as a right in right out only after the construction of the roundabout (construction of roundabout TBD).

Meanwhile, the adjacent property owner had submitted plans to the City for the development of 40 bungalow homes on its parcel at 3001 E. Butler Avenue. Due to this adjacent development, Staff realized a potential opportunity to sell the remaining portion of the City parcel and request affordable units to be built on the site. Staff was directed by Council on November 13, 2018 to offer approximately .74 acres of City property at 2989 E. Butler Avenue for sale and development to include affordable housing units. This offer was open to the public and included the restriction that accesses to the parcel not be allowed off Butler Avenue. The City property was advertised at a minimum bid of \$130,000 plus 5 affordable units in Solicitation No. 2019-67 and closed on Thursday, February 21, 2019. One bid was received.

City parcel was acquired on April 14, 1970, from Ernest and Evelyn Chilson and recorded in document number 376 page 654. The property was acquired for the Butler Avenue Extension Project and Real Estate Proceeds were used to acquire the property.

Key Considerations:

Development Limitations to City Parcel:

- Resource Protection Overlay needs to be considered in the development.
- Mixed use and high-density development NOT feasible per Planning staff due to the size of the parcel and access issues.
- Traffic would not recommend allowing access off Butler Avenue due to future roundabout.
- Currently no access off Herold Ranch Road (current road is not located adjacent to the property).
- Currently not developable as a stand alone parcel.
- Access would only be right in, right out on the future realigned Herold Ranch Rd.

Community Benefits and Considerations:

Estimated fair market value: The City Real Estate Manager estimated the property value at \$175,000 which is about \$5.40 per square foot based on comparable sales in the area.

Minimum Bid: The City requested a minimum bid of \$130,000 for the property assuming 32,404 square feet or \$4.00 per square foot, plus the legal obligation to construct a minimum of five (5) permanently affordable ownership units (residential housing).

The City parcel is limited for development, due to the future roundabout, the size and access restrictions. There is an opportunity at this time for the City to sell the property and provide affordable housing units. This opportunity may not be available in the future which would result in loss of revenue and affordable housing.

Community Involvement:

Affordable housing units

Expanded Options and Alternatives:

- Advertised Solicitation No. 2019-67 in the Arizona Daily Sun for three consecutive weeks
- Advertisement on City website and planet bids
- Notice to adjacent property owners
- Sign was placed on the property

Attachments: [Addendum 1](#)
 [Addendum 2](#)
 [Exhibit A-Legal Descriptions](#)
 [Map of Roundabout](#)
 [Woodshire Site Plan](#)
 [Presentation](#)
 [Offer from Woodshire](#)
 [Invitation for Bid-Solicitation No. 2019-67](#)