



Agenda Report 2015-02-09-02

Date: January 30, 2015

To: John Kovash, Mayor
Members, West Linn City Council

From: Megan Thornton, Assistant City Attorney

Through: Chris Jordan, City Manager *CJ*

Subject: Resolution 2015-02, Purchase of 6123 and 6175 Skyline Drive

Purpose

Staff is seeking authorization from the Council to proceed with the purchase of 6123 and 6175 Skyline Drive.

Question(s) for Council:

Does Council wish the City to proceed with purchasing the properties on Skyline Drive?

Public Hearing Required:

None required.

Background & Discussion:

Staff evaluated options to purchase properties near Bolton Reservoir to aid in the future construction of the replacement for the Bolton Reservoir. During site visits to the Bolton Reservoir, staff identified two neighboring properties that would be advantageous to own if future construction occurs in that location. Staff approached the property owners about the purchase of the properties, and after determining that there was interest from the property owners, staff obtained authority to conduct appraisals.

Council directed staff to complete appraisals and contact the owners of 6123 and 6175 Skyline Drive regarding purchasing their properties, with the caveat that the purchases would require the Bolton Reservoir to be placed in its current location. The inspections were completed on June 3, 2014, and the appraisals were completed on June 19, 2014. On August 7, 2014, at the direction of the City Council, staff offered the owners the appraised values for their properties. In August, both owners expressed a desire to accept the appraised value and work with the City to establish acceptable terms for the purchase of the properties. Resolution 2015-02 will allow staff to move forward with the purchase of the properties.

Budget Impact:

Approximately \$385,000 for 6123 Skyline Drive.

Approximately \$220,000 for 6175 Skyline Drive.

Council Options:

1. Pass Resolution 2015-02 directing staff to undertake any actions necessary to facilitate purchasing the properties.

2. Do not pass the Resolution and direct staff on how to proceed.

Staff Recommendation:

Staff recommends that Council adopt Resolution 15-02 authorizing the purchase of the properties.

Potential Motion:

Move to adopt Resolution 2015-02, authorizing the purchase of 6123 Skyline Drive and 6175 Skyline Drive to aid in the construction of the Bolton Reservoir Replacement.

Attachments:

1. Resolution 2015-02
2. Murray, Smith & Assoc. December 1, 2014, Memorandum

RESOLUTION NO. 2015 - 02

**A RESOLUTION AUTHORIZING THE PURCHASE OF
6123 SKYLINE DRIVE AND 6175 SKYLINE DRIVE, WEST LINN, OREGON,
TO AID IN THE CONSTRUCTION OF THE BOLTON RESERVOIR REPLACEMENT**

WHEREAS, the Bolton Reservoir is in need of replacement; and

WHEREAS, the City has entered into a contract for the design and engineering of the Bolton Reservoir replacement that includes an evaluation of potential sites for the new reservoir;

WHEREAS, the current site for the Bolton Reservoir is a possible location for the replacement;

WHEREAS, construction at the current site on Skyline Drive would necessitate the purchase of nearby properties for staging and construction purposes;

WHEREAS, the property owners of 6123 Skyline Drive and 6175 Skyline Drive are willing sellers of properties that could be used for staging and construction purposes; and

WHEREAS, West Linn City Charter, Chapter XI, Section 46(d) requires the City Council to determine the appropriate designation of the property.

NOW, THEREFORE, THE CITY OF WEST LINN RESOLVES AS FOLLOWS:

SECTION 1. Acquisition of Properties. The City Council authorizes the City Manager to purchase the properties located at 6123 Skyline Drive and 6175 Skyline Drive, West Linn, with money from the water fund. The City Council authorizes the City Attorney to undertake any actions necessary to facilitate the purchase of the properties.

SECTION 2. Designation of Properties. The properties located at 6123 Skyline Drive and 6175 Skyline Drive, West Linn shall be designated as city-owned properties upon acquisition.

SECTION 3. Surplus of Properties. The City Council authorizes the purchase of these properties with the intent to surplus and sell the properties after the Bolton Reservoir replacement is completed. Any proceeds received from the future sale of the properties would be deposited in the water fund.

This resolution was PASSED and ADOPTED this 9th day of February, 2015, and takes effect upon passage.

JOHN KOVASH, MAYOR

ATTEST:

KATHY MOLLUSKY, CITY RECORDER

APPROVED AS TO FORM:

CITY ATTORNEY

MEMORANDUM

DATE: December 1, 2014

PROJECT: 14-1586.301

TO: Mr. Lance Calvert, Public Works Director/City Engineer
City of West Linn, OR

FROM: Thomas P. Boland, P.E.
Murray, Smith & Associates, Inc.

RE: City of West Linn Bolton Reservoir Replacement
Property Acquisition Cost-Benefit Analysis

Acquisition of two properties adjacent to the Bolton Reservoir site will offer benefits to the City during the proposed construction of the replacement reservoir at the existing site. Potential benefits include cost savings related to stockpiling excavation materials and improved staging and construction access, as well as social/community benefits including reduction of truck traffic. The properties considered are at 6123 Skyline Drive and 6175 Skyline Drive.

It is assumed that the properties would be acquired and the buildings would be demolished or sold to accommodate construction use, then the cleared land would be re-sold. This process would involve demolition of the existing single family residential house, re-sale of the mobile home and clearing the parcels for use as staging and stockpiling. The cost of preparing the sites and restoring the utilities for re-sale is estimated at \$21,000. It is assumed that the mobile home could be re-sold for \$25,000. Assuming that the properties could be re-sold at the current appraised/estimated value of the land, the net cost to purchase then re-sell these properties would be approximately \$195,000. The anticipated costs are listed below.

Property Address (parcel size)		6123 Skyline Dr. (0.75 acres)	6175 Skyline Dr. (0.23 acres)	Combined Total (0.98 acres)
Property Purchase Costs	Estimated Land Value	\$300,000	\$128,000	\$427,600
	Estimated Building Value	\$85,000	\$92,000	\$177,400
	Total Appraised Value	\$385,000	\$220,000	\$605,000
Property Re-Sale Costs	Demolition & Utility Restoration	(\$12,500)	(\$8,500)	(\$21,000)
	Estimated Land Re-sale Value	\$300,000	\$128,000	\$428,600
	5% Realtor Fee	(\$15,000)	(\$6,400)	(\$21,400)
	Estimated Building Re-sale Value	\$0	\$25,000	\$25,000
	Total Re-Sale Value	\$272,500	\$138,100	\$410,600
<i>Net Value after Re-Sale</i>		<i>(\$112,500)</i>	<i>(\$81,900)</i>	<i>(\$194,400)</i> <i>Round to:</i> <i>(\$195,000)</i>

Use of the properties for construction would have multiple benefits including reducing or eliminating the need for off-site stockpiling of soil for reservoir backfill and a reduction of truck traffic. Approximately 5,500 to 8,500 cubic yards of excavated material will need to be stockpiled for use as reservoir backfill, depending on the final reservoir design depth, site configuration and grading. The cost savings from stockpiling the excavated material on the adjacent properties in-lieu of hauling, stockpiling, and returning the backfill to the site from an off-site location is estimated to be approximately \$165,000 to \$340,000. Using the adjacent properties for stockpiling would also reduce truck traffic by approximately 1,000 to 1,700 round trips routed to and from an off-site location. Acquisition of the properties may reduce the need for shoring the reservoir excavation and will improve construction access. Also, use of the properties will eliminate the need for a construction office trailer and temporary water service. These additional benefits are estimated at \$30,000 to \$40,000. The total benefits are estimated to be approximately \$195,000 to \$380,000. Additional non-monetary benefits include reducing the number of large trees that need to be cleared from the existing site, and eliminating the only two existing septic sewer systems in the area.

Cost/Benefit Summary

Assuming that the properties could be re-sold at the current appraised value of the land, purchase and use of these properties would cost approximately \$195,000.

The total benefits of using the adjacent properties are estimated to be approximately \$195,000 to \$380,000.

The net cost/benefit of using of the properties to accommodate reservoir construction depends on several variables related to the final design of the reservoir. Estimates of net savings amount up to \$175,000.

The benefits are summarized as follows

- Net construction cost savings of up to \$175,000
- Reduced truck traffic by 1,000 to 1,700 round trips
- Elimination of need for temporary construction site trailer and water service meter
- Improved construction access and staging
- Elimination of private septic systems
- Reduced number of large trees to be removed from existing site

Recommendations

Based on this analysis it is recommended that the City consider acquisition of the two properties adjacent to the Bolton Reservoir site (6123 Skyline Drive and 6175 Skyline Drive) for temporary use during construction of the replacement reservoir at the existing site. It is assumed that the properties would be acquired and the buildings would be demolished or sold to accommodate construction use, then the cleared land would be re-sold for private use.