

EUGENE CITY COUNCIL

AGENDA ITEM SUMMARY



Work Session: Disposition of Surplus Property

Meeting Date: May 28, 2013
Department: Planning & Development
www.eugene-or.gov

Agenda Item Number: 6
Staff Contacts: Mike Sullivan
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ISSUE STATEMENT

The council is being asked to approve the sale of the quarter-block surface parking lot located at 8th Avenue and High Street to the Shedd Institute for the Arts.

BACKGROUND

Section 2.872 of the Eugene Code provides that a proposal for the sale of property that is acceptable to the City Manager shall be presented to the council for its action. The Shedd Institute for the Arts approached the City with an offer to purchase the quarter-block (25,600 square feet) surface parking lot located on the southwest corner of 8th Avenue and High Street, directly behind the Shedd Institute for the Arts (see Attachment A map). The proposed purchase price is the appraised value of \$800,000 paid in cash at closing. A detailed outline of the proposed terms is included in Attachment B.

The property, zoned C-2/TD, is currently used as a City-owned and -operated surface parking lot. The property was appraised by Duncan & Brown in May 2012 which indicated a fair market value of \$800,000 (\$32.50/square feet). The value conclusion was based on a highest and best use assumption that the current use would be continued on an interim basis until a financially feasible commercial use can occur.

The Shedd Institute for the Arts is interested in acquiring the property for the purpose of growing the existing music school and performance space. Their existing music school serves approximately 500 students per week. Their expansion plans envision additional classroom space, a new 350-400 seat music theater, and potentially a retail music store. They have indicated that a fundraising campaign for the expansion project would begin immediately following the acquisition of the property, and that the start date for construction of the project would be contingent on the success of the fundraising efforts.

The arts are a key part of the revitalization of downtown Eugene. The growing art and culture district, which includes venues such as the Shedd Institute for the Arts, draws customers and

dollars to the city core year-round. The Americans for the Arts' latest national economic impact study, *Arts & Economic Prosperity IV*, revealed that non-profit arts and culture organizations in Eugene are a \$45.6 million industry supporting the equivalent of 1,730 full-time jobs in Eugene, and generating \$2.4 million in local and state government revenue. Additionally, the City has been working with its partners to establish a cultural district in downtown as an economic development tool that will attract and nurture Eugene's growing creative sector and support the regional economic development branding efforts that are focused on creativity, innovation and quality of life. An expanded Shedd Institute for the Arts will have many positive impacts related to local economic prosperity, growing arts and culture in the community, and continuation of the significant momentum that is currently underway Downtown.

RELATED CITY POLICIES

This item relates to the following goals for Eugene, including:

Council Goals

Accessible and Thriving Culture and Recreation: A community where arts and outdoors are integral to our social and economic well-being and are available to all.

Eugene Downtown Plan

- Reinforce the creative, distinctive culture of downtown as the arts and entertainment center of the city.
- Provide and promote development and community events that reinforce downtown's role as the cultural center for the city and region.
- Build upon downtown's role as the center for government, commerce, education, and culture in the city and the region.
- Downtown development shall support the urban qualities of density, vitality, livability and diversity to create a downtown, urban environment.
- Actively pursue public/private development opportunities to achieve the vision for an active, vital, growing downtown.
- Use downtown development tools and incentives to encourage development that provides character and density downtown.

Regional Prosperity Economic Development Plan

- Promote the region's natural and cultural resources to enhance cultural tourism.
- Building downtowns as places to live, work and play will support the retention and expansion of the existing business community and be a significant asset to attract new investment.

Envision Eugene Pillars

- Promote compact urban development and efficient transportation options.
 - Integrate new development and redevelopment in the downtown, in key transit corridors and in core commercial areas.

COUNCIL OPTIONS

1. Authorize the City Manager to enter into a purchase and sale agreement with the Shedd Institute for the Arts for the disposition of the property consistent with the outline of terms included in Attachment B.
2. Modify the outline of terms included in Attachment B, and authorize the City Manager to enter into a purchase and sale agreement with the Shedd Institute for the Arts for the disposition of the property.
3. Do not approve the disposition of the property at this time.

CITY MANAGER'S RECOMMENDATION

The City Manager recommends the disposition of the property to the Shedd Institute for the Arts consistent with the outline of terms included in Attachment B.

SUGGESTED MOTION

Move to authorize the City Manager to enter into a purchase and sale agreement with the Shedd Institute for the Arts for the disposition of the quarter-block property located at 8th Avenue and High Street consistent with the terms and conditions included in Attachment B.

ATTACHMENTS

- A. Map – Surplus Property
- B. Outline of Terms

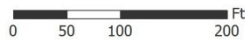
FOR MORE INFORMATION

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Surplus Property Map



Orthophotography 2011
Caution: This map is based on imprecise source data,
subject to change, and for general reference only.



City of Eugene
Planning and Development
May 21, 2013



**Preliminary Draft: Sale of Property
Shedd Institute for the Arts (Buyer) – City of Eugene (Seller)**

The following is a preliminary outline of terms for the sale of the City-owned quarter block property located immediately north of the Shedd Institute (Shedd). This outline of terms is for discussion purposes only.

Property: Land (approximately 25,600 sqft quarter block) located at the southwest corner of 8th Avenue and High Street (Map No. 17-03-31-14 Tax lot No. 1300 and 1400).

Purchase Price: \$800,000

Payment of Purchase Price: \$800,000 cash shall be paid in full at closing.

Deposit: Upon City Council approval of the sale of the Property, Buyer shall deposit into escrow non-refundable earnest money in the amount of 10% of the purchase price. Earnest Money will be credited toward the Purchase Price at closing.

Purchase and Sale Agreement: Following City Council's approval of the sale, Buyer and Seller shall enter into a formal Purchase and Sale Agreement.

Due Diligence Period: Upon the execution of a Purchase and Sale Agreement, Buyer will have a period of 60 days in which to review property information and conduct on site testing to determine the condition of the property.

Environmental Condition: During the Due Diligence Period, Buyer will be able to perform environmental investigation to satisfy itself of the environmental condition of the property. The investigations must be scheduled with the Seller and the results provided to the Seller for review. Based on the information provided in the environmental assessment, Buyer may either move forward with the purchase of the site or rescind the offer to purchase the site.

Closing Date: The closing of the sale shall occur no later than 90 days after the completion of the Due Diligence Period. The closing date can be extended an additional 30 day if Buyer demonstrates sufficient progress is being made to close within the extension period.

Easement: Buyer shall grant to Seller a 5-foot easement on the Property along the 8th Avenue street frontage which will be retained indefinitely for future right-of-way improvements.

Additional Easement: On or before closing, Buyer shall grant to Seller a 5-foot easement on the Shedd property (Tax Lot 1100) located across High Street east of the Property, which will be retained indefinitely (even in the event of transfer of ownership) for future right-of-way improvements.

Parking. Prior to Closing, Buyer and Seller shall reach an agreement regarding the management of parking as an interim use of the Property, with the intent to allow general public access to parking supply not being fully utilized by Shedd operations.

Condition of Title: Seller shall deliver the Property to Buyer with clear title free of any and all encumbrances and exceptions except those as may have been approved by Buyer in its sole discretion. Seller, at Seller's cost, shall provide Buyer with standard form of owner's policy of title insurance in the face amount of the Purchase Price insuring clear title in Buyer's name subject only to approved exceptions.

Condition of the Property at Closing: Buyer is purchasing the Property as is in its current condition. Buyer's expectations concerning the Property are to be based solely on the basis of Buyer's own inspection and investigation of the Property.

First Right of Refusal: Prior to Shedd's development of the Property, Seller shall hold a first right of refusal. In the event that Buyer receives an offer to purchase the Property at any time following the sale, Seller shall have the right to purchase the property under the same terms and conditions as the offer, or decline and allow the other buyer to move forward and complete the purchase.