

EUGENE CITY COUNCIL

AGENDA ITEM SUMMARY



Action: Surplus Property (901 Franklin Boulevard)

Meeting Date: March 10, 2014
Department: Planning and Development
www.eugene-or.gov

Agenda Item Number: 5
Staff Contact: Nan Laurence
Contact Telephone Number: 541-682-5340

ISSUE STATEMENT

City Council action is requested on the sale of surplus property at 901 Franklin Boulevard. A context map is provided as Attachment A, a diagram of the property is provided as Attachment B, and the key deal points are listed in Attachment C.

BACKGROUND

The City owns property at 901 Franklin Boulevard, shown as Site #1 on Attachment B. On February 21, 2014, City Manager Jon Ruiz signed a Purchase and Sale Agreement with Kit Tangtrongjita for the sale of a portion of this property, subject to City Council approval. As proposed, Mr. Tangtrongjita will pay \$288,000 and convey his property, approximately 8,000 square feet, to the City (shown as Site #2). In exchange, the City will convey approximately 38,000 square feet to Kit Tangtrongjita (shown as Site #3). Mr. Tangtrongjita plans to relocate the former Agripac Office Building and use the property and the building for a food service concept based on Cart de Frisco. The City will lease the remainder of the City-owned property as well as the property formerly owned by Mr. Tangtrongjita to Core Campus for their required parking for The Hub development at 515 East Broadway (shown as Site #4).

The City's property at 901 Franklin has been actively marketed since 2011, through the City's real estate management contractor, Pacific Real Estate. In late 2011, the City Council approved the sale of the property for a fast-food restaurant. The purchaser did not move forward with the transaction following their determination that the site's access did not meet the needs of the proposed project. In June 2013, City Council approved the lease of property (with option to purchase) for parking to Core Campus.

The PSA addresses the following goals: a) provide adequate City-owned property to lease to Core Campus for off-site parking for the Hub development, b) support Mr. Tangtrongjita's pedestrian-oriented commercial development concept along the Franklin Corridor, and c) preserve the Agripac Office Building. The proposed property transaction provides parking that is more convenient and accessible to The Hub, enhances the commercial development opportunity for Mr. Tangtrongjita's food service concept, and provides a new use and permanent location for the Agripac building. If the sale of surplus property is approved by the council, the closing is expected to take place as close to March 31, 2014, as possible.

Transaction Components

Purchase Price

The purchase price listed in the PSA has been negotiated based on the 2011 appraisal and with consideration of development constraints. First, the property extends into the Millrace waterway; the Water Resources Overlay Zone applies to a portion of the property and limits the type and location of development permitted. Second, the property is immediately adjacent to the Union Pacific railroad tracks. Third, vehicular access along Franklin Boulevard is limited to right-in, right-out movements only; this limitation was the reason the previous development concept did not progress.

Property Line Adjustment

As shown in Attachment B and per the PSA, Mr. Tangtrongjita will purchase a portion of the City-owned property, Site #3. Before closing on the PSA and City conveyance to Mr. Tangtrongjita, a property line adjustment will be required.

Agripac Office Building

The Agripac Office Building was moved from the site currently under construction for the Northwest Community Credit Union in May 2013, as a result of the sale of surplus property approved by the City Council in December 2012. The building has been stored on Eugene Water & Electric Board's (EWEB) property through a Memorandum of Understanding. EWEB retains the right to require that the building be removed within 90 days of their request.

After closing on the PSA, the property line adjustment, and conveyance of property to Mr. Tangtrongjita, the Agripac Office Building will be relocated to Mr. Tangtrongjita's property (Site #3). The building will be incorporated into Mr. Tangtrongjita's commercial development concept.

RELATED CITY POLICIES

The proposed transaction supports Pillars in Envision Eugene encouraging economic opportunity and compact urban, pedestrian-oriented development along a key transit corridor.

COUNCIL OPTIONS

Following deliberations, the City Council may consider the following options:

1. Approve the proposed property transaction generally consistent with Attachments B and C.
2. Approve the proposed property transaction with specific modifications as determined by the City Council
3. Deny the proposed property transaction

CITY MANAGER'S RECOMMENDATION

The City Manager recommends approval of the disposition of a portion of the City-owned property at 901 Franklin Boulevard generally consistent with Attachments B and C.

SUGGESTED MOTION

Move to approve the disposition of a portion of the City-owned property at 901 Franklin

Boulevard generally consistent with attachments B and C.

ATTACHMENTS

- A. Franklin Boulevard Area Context Map
- B. 901 Franklin Property Diagram
- C. 901 Franklin Key Deal Points

FOR MORE INFORMATION

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Attachment A:
Franklin Boulevard Area Context

Area Context



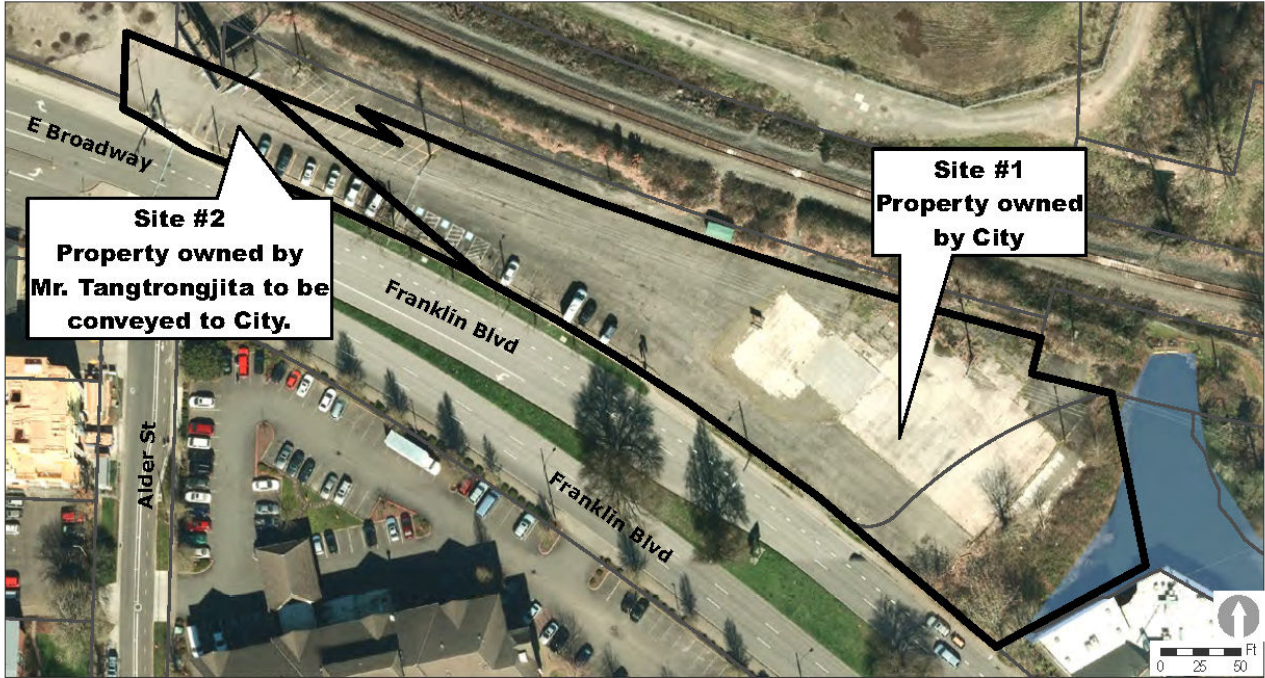
Orthophotography 2013
Caution: This map is based on imprecise source data, subject to change, and for general reference only.

City of Eugene
Planning and Development Department
March 4, 2014

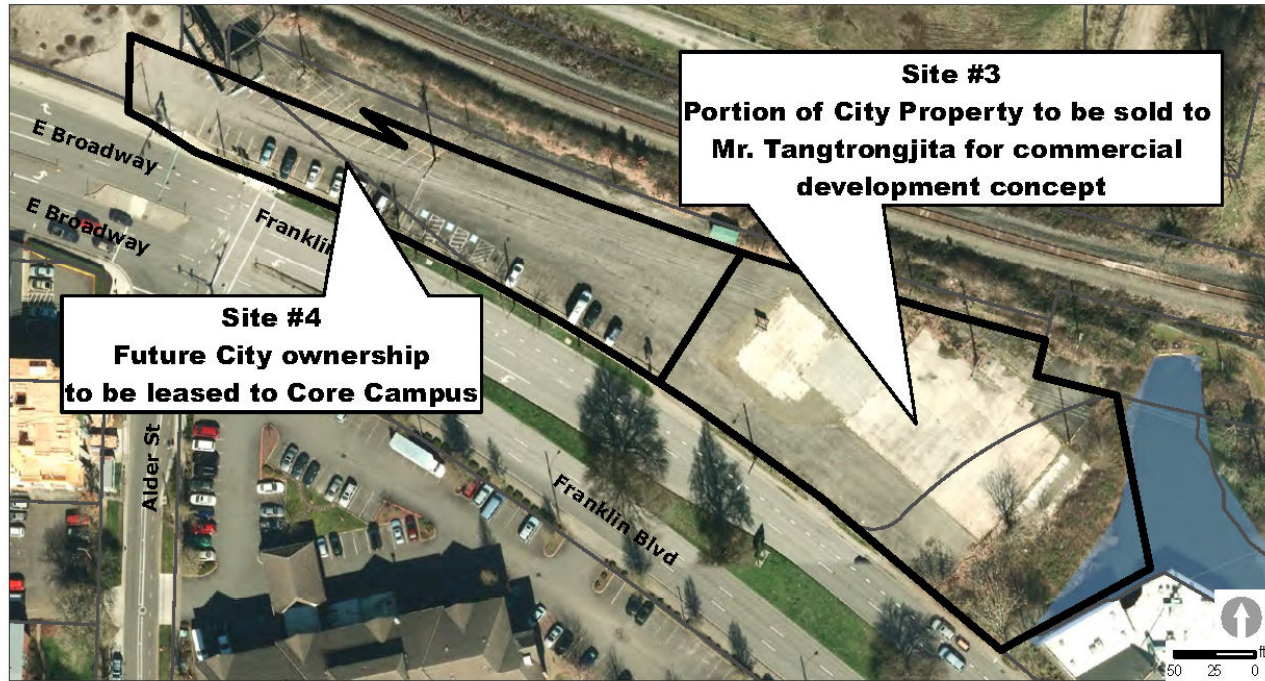


Attachment B:
901 Franklin Property Diagram

Existing Ownership



Future Ownership



Orthophotography 2013
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Attachment C:
901 Franklin Key Deal Points

1. Mr. Tangtrongjita will convey his property to the City and pay a total of \$288,000 for a portion of the City's property.
2. Mr. Tangtrongjita will pay \$50,000 towards the purchase price; the remainder will be financed by the City for a period of 5 years at a 5% interest rate.
3. Mr. Tangtrongjita will purchase the Agripac Office Building for \$1, secure any required permits, contract to move the building, and agree to use the building for his commercial development concept.
4. The City will pay for building moving costs up to \$50,000.
5. If Mr. Tangtrongjita demolishes the building or sells the property to a new owner who intends to demolish, Mr. Tangtrongjita must first offer the building back to the City and reimburse the City for the initial moving costs.
6. The Due Diligence period begins after execution of the PSA and is in effect until March 31, 2014.
7. During Due Diligence, the City will address costs associated with the required property line adjustment and any sidewalk or curb cut construction to benefit Mr. Tangtrongjita's development. The City will also perform an environmental analysis on Mr. Tangtrongjita's property and provide Mr. Tangtrongjita with existing environmental information on the City's property.
8. During Due Diligence, Mr. Tangtrongjita will secure an easement for access at the west end of his property.
9. The City will facilitate Mr. Tangtrongjita's use of any system development credits (SDCs) on the property.
10. The City will pay a commission fee to the City's real estate management contractor of 5% of the purchase price.
11. The closing date is to be within 10 days of the end of the due diligence period.
12. The sale is subject to City Council approval.