

**TO:** The Honorable Mayor and City Council Members

**FROM:** Michael C. Van Milligen, City Manager

**SUBJECT:** Bee Branch Creek Restoration Project, Property Acquisition, Morrison Brothers on Washington Street between E. 24<sup>th</sup> Street and E. 25<sup>th</sup> Street CIP 7201654 & 3401654

**DATE:** March 17, 2016

City Engineer Gus Psihoyos recommends City Council approval to acquire property on Washington Street between E. 24<sup>th</sup> Street and E. 25<sup>th</sup> Street from Morrison Brothers required for the Bee Branch Creek Restoration Project.

In December of 2001, the City Council formally adopted the Drainage Basin Master Plan prepared by HDR Engineering. Based on the study, approximately 1,150 homes and businesses in the Bee Branch watershed are at risk of flood damage.

Acquisition of the Property will allow for the complete removal of Washington Street between 24th and 25th Street and the removal of the alley that runs from 24th to 25th Street between Washington Street and Elm Street, all of which would result in the elimination of more impervious land cover than what would have been achieved through the reconstruction of the alley as a “green”, pervious alley. This would also result in the elimination of the continued costs associated with maintaining the paved street and alley surfaces.

Additional cost savings would also be realized in that soil excavated as part of the creek construction project could be placed as fill over Washington Street between 24th and 25th Street versus hauling the material off site.

Ultimately, following completion of the Bee Branch Creek Restoration Project, the additional green, pervious green space created by the removal of the acquired properties would be utilized to expand the limits and function of Comiskey Park.

Acquiring the Property would result in an estimated \$70,000.00 in savings to the City. This is based on \$350,000 in savings realized by eliminating the green alley and public utilities improvements that would serve the lots along Washington Street offset by the costs associated with purchasing and clearing the Morrison Brothers property and the recently acquired Chamberlain properties on Washington Street between 24th and 25th Streets.

The terms of the Offer to Buy Real Estate and Acceptance are:

1. Morrison Brothers will, immediately, deed the residential lots to the City, as is, with no cash outlay by the City. Morrison Brothers and the City will attempt to negotiate a larger deal involving Morrison Brothers' industrial property on 24<sup>th</sup> Street and City industrial site property.
2. A larger purchase agreement document will govern the property swap, including terms such as utilizing 1031 exchange for the industrial 24<sup>th</sup> Street property, environmental indemnification, historic building considerations, etc.
3. If the City and Morrison Brothers are unable to come to terms on a property swap by September 1, 2016, then either party may terminate the deal, but then the City would pay \$120,000.00 to Morrison Brothers, which would be considered the compensation for the Washington Street residential lots.

I concur with the recommendation and respectfully request Mayor and City Council approval.

  
Michael C. Van Milligen

MCVM:jh  
Attachment

cc: Barry Lindahl, City Attorney  
Cindy Steinhauser, Assistant City Manager  
Teri Goodmann, Assistant City Manager  
Gus Psihoyos, City Engineer