

CITY COUNCIL ACTION REPORT

DATE: March 1, 2007

TO: Phillip L. Nelson, City Manager

FROM: Brian Murphy, Assistant City Manager/Economic Development Services
Mark F. Miller, Planning Director

SUBJECT: Approval of the Sale of City-Owned Surplus Remnant Parcel to RPS Troy, LLC
Located in Section 22, Between Troy and Louis Streets Fronting on Big Beaver –
Sidwell #88-20-22-356-031

Background:

- City Council postponed the item to March 5, 2007.
- Attached is a schematic site plan including the parcel owned by Four Oaks Management.
- Attached is an independent appraisal reconsideration, the only recommended change is that there was a rezoning of an abutting parcel to O-1 on February 26, 2006.
- City management facilitated a meeting between RPS Troy, LLC. and Four Oaks Management, and it appears that the parties can reasonably expect to agree to a fair market sale of the abutting property.
- RPS Troy, LLC has purchased two parcels on the north side that abut the city owned parcel, City Council rezoned these to O-1. In addition, City Council vacated the 18-foot wide alley, which allow all parcels to be combined into one O-1 parcel for the propose of constructing a medical office building.

Financial Considerations:

- Appraised value is \$15,000.00 and the offer is \$15,000.00.

Legal Considerations:

- City Council can approve sales of a Surplus City Owned Remnant parcels per Res#2007-01-028

Policy Considerations:

- This item is consistent with City Council Goal III (Retain and attract investment while encouraging redevelopment).

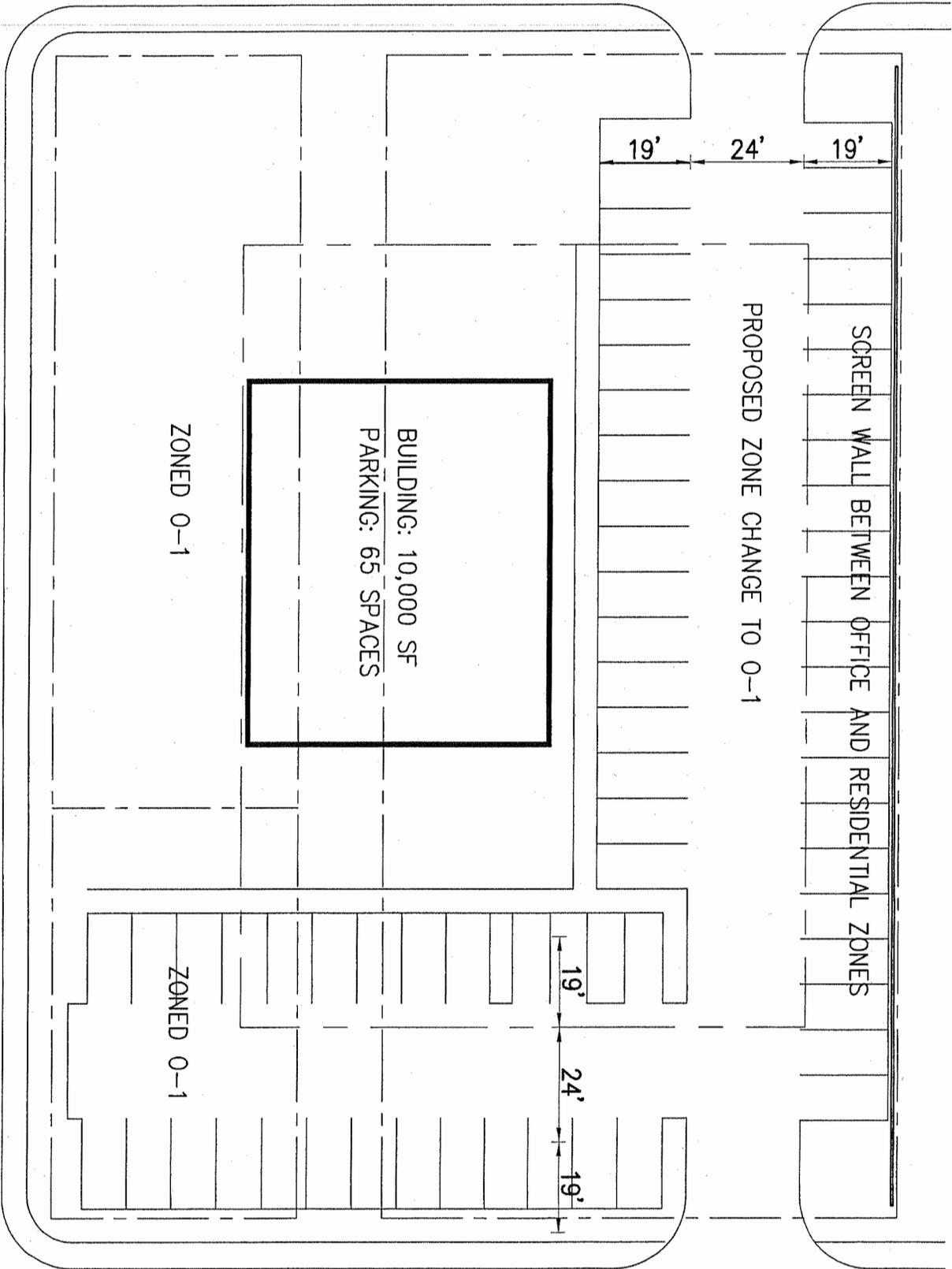
Options:

- City Council can accept the Purchase Agreement.
- City Council can deny the Purchase Agreement.
- City Management recommends acceptance of the Purchase Agreement.

Attachments:

1. Schematic Site Plan
2. Appraisal Reconsideration
3. February 26, 2007, City Council Action Report

LOUIS STREET



SCREEN WALL BETWEEN OFFICE AND RESIDENTIAL ZONES

PROPOSED ZONE CHANGE TO 0-1

BUILDING: 10,000 SF
PARKING: 65 SPACES

ZONED 0-1

ZONED 0-1

TROY STREET

E. BIG BEAVER

REQUEST FOR APPRAISAL RECONSIDERATION

Summary Appraisal Report prepared by Fred B. Phlippeau and Associates and dated January 10, 2005
with an effective date of December 21, 2004

Tax Parcel Number 20-22-356-031

Estimate of Market Value - \$15,000

The City of Troy requested that I review the appraisal listed above for the purpose of determining whether or not revisions are necessary due to any changes in market conditions since December 21, 2004.

The above request for reconsideration of the appraisal has been acted upon as follows:

Recommended Sale Price: \$15,000

REASON FOR THIS DECISION:

Subject property is a vacant parcel of land that is located on the Northeast corner of Big Beaver Road and Louis Street. The site has 161 feet of frontage on Big Beaver Road and 56 feet of frontage on Louis Street. Due to its depth, it is not considered a buildable parcel by itself. 50 feet of the 56 feet of depth is required for setback. Therefore, before the parcel can be developed, it must be combined with adjacent land to the north.

I reviewed the comparable sales used by Mr. Phlippeau to support his estimate of value and found them to be appropriate. I also checked for more recent vacant land sales, but did not find any that were deemed to be more comparable.

I also reviewed the explanation of utility adjustment and agree that this is a recognized method used by appraisers to value parcels lacking in individual value and utility and I agree with the amount of the adjustment used in this appraisal.

The only change I could find was that the appraisal states that the land to the rear was zoned R-1E – One Family Residential and classified as Low Rise Office Use on the City Future Land Use Plan. On February 27, 2007 rezoning to O-1 – Low Rise Office was approved.

CERTIFICATE OF APPRAISER

I certify that, to the best of my knowledge and belief, except as otherwise noted in this appraisal report:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limited conditions, and are my personal, unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
- My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of my client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- I have made a personal inspection of the property that is the subject of this report, and I have also made a personal field inspection of the comparable sales relied upon in making said appraisal. The subject and the comparable sales relied upon in making said appraisal were as represented by the photographs contained in said appraisal.
- No one provided significant professional assistance to the person signing this report.
- I offered the owner or his/her designated representative an opportunity to accompany me during inspection of the property herein appraised.
- I understand such appraisal is to be used in connection with the sale of a remnant parcel by the City of Troy.
- Subject appraisal has been made in conformity with the appropriate State laws, regulations, policies, and procedures applicable to appraising right of way for such purposes; and, that to the best of my knowledge, no portion of the value assigned to such property consists of items which are non compensable under the established law of said State.
- To the greatest extent practicable under State law, the appraiser has disregarded any decrease or increase in the fair market value of the real property prior to the date of valuation caused by the public improvement, for which such property is acquired, or by the likelihood that the property would be acquired for such improvement, other than due to physical deterioration within the reasonable control of the owner.
- I have not revealed the findings and results of such appraisal to anyone other than the proper officials of the City of Troy or the proper officials of other County, State and Federal agencies; or, until I am required to do so by due process of law, or until I am released from the obligation by having publicly testified as to such findings.

Appraisers are required to be licensed and are regulated by the Michigan Department of Commerce & Industry Services, Licensing Division, P.O. Box 30018, Lansing, Michigan 48909. I am licensed under this act as a State Licensed Appraiser and my license # is: 1201002507

Based upon my independent appraisal and the exercise of my professional judgment, my opinion of the fair market value of the subject property is as follows:

EFFECTIVE DATE OF APPRAISED VALUE: November 7, 2006

ESTIMATED MARKET VALUE (Fee Simple): \$15,000

Signature: Patricia A. Pettit

Title: Real Estate Consultant

Date: February 28, 2007

Approved By Kimberly A. Harper
Kimberly A. Harper, Deputy City Assessor

Date _____

State Licensed Appraiser # 1201004593



CITY COUNCIL ACTION REPORT

DATE: February 20, 2007

TO: Phillip L. Nelson, City Manager

FROM: Brian Murphy, Assistant City Manager/Economic Development Services *BM*
Steven J. Vandette, City Engineer *SV*
Dennis C Stephens, Right of Way Representative

SUBJECT: Approval of the Sale of City-Owned Surplus Remnant Parcel to RPS Troy, LLC
Located in Section 22, Between Troy and Louis Streets Fronting on Big Beaver –
Sidwell #88-20-22-356-031

Background:

- RPS Troy, LLC has purchased two parcels on the north side that abut the city owned parcel. They have applied for rezoning of these two parcels to O-1, and applied to have an 18 foot wide alley vacated, which allow all parcels to be combined into one O-1 parcel for the propose of constructing a medical office building.

Financial Considerations:

- Appraised value is \$15,000.00 and the offer is \$15,000.00.

Legal Considerations:

- City Council can approve sales of a Surplus City Owned Remnant parcels per Res#2007-01-028

Policy Considerations:

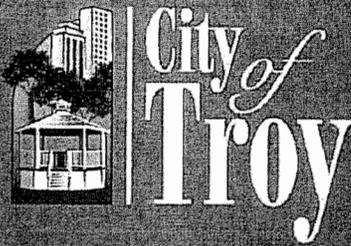
- This item is consistent with City Council Goal III (Retain and attract investment while encouraging redevelopment).

Options:

- City Council can accept the Purchase Agreement.
- City Council can deny the Purchase Agreement.
- City Management recommends acceptance of the Purchase Agreement.

Attachments:

1. Purchase Agreement
2. Maps
3. Parks and Recreation Advisory Board Minutes



Property Profile
88-20-22-356-031 & Road



Location:	North side of Big Beaver between Louis & Troy
Size:	9,016 Sq. Ft.
Zoning:	O -1
Last Appraisal Date:	12/21/2004
Appraisal Value:	\$15,000

Remarks:	Unbuildable because of size and shape
Status:	Council hold
Parks & Rec Advisory Board Review	No potential park use, recommend disposal

OFFER TO PURCHASE
CITY OF TROY
REAL ESTATE

1 THE UNDERSIGNED, RPS Troy, LLC whose address is 24405 Gratiot, East Pointe, MI 48021, hereby offers and agrees to purchase from the City of Troy the following land situated in the City of Troy, Oakland County, Michigan, described as follows:

See Exhibit "A" Attached Hereto And By Reference Made A Part Hereof

Sidwell # 88-20-22-356-031

and to pay therefore the sum of (\$16,000.00) Fifteen Thousand Dollars subject to the existing building and use restrictions, easements, zoning ordinances, and other deed restrictions and conditions as specified herein.

THE SALE TO BE CONSUMMATED BY:

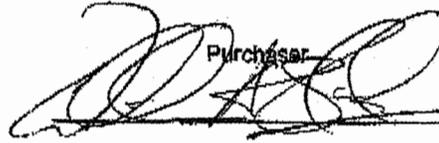
The delivery of a Warranty Deed conveying a marketable title. Payment of purchase money is to be made in cash or certified check made payable to the City of Troy

- 2 As evidence of title, Seller agrees to furnish Purchaser as soon as possible a Commitment for Title Insurance for information purposes. Purchase of Title Insurance shall be the option of the Purchaser at Purchaser's expense.
- 3 When this offer is accepted by the Seller and if title can be conveyed in the condition required hereunder, the Purchaser agrees to complete the sale within 90 days after delivery of the commitment of title insurance.
- 4 If objection to the title is made in the Commitment for Title Insurance or based upon a written opinion of Purchaser's attorney after examination of the Abstract that the title is not in the condition required for performance hereunder, the Seller shall have 30 days from the date he is notified in writing of the particular defects claimed either (1) to fulfill the requirements in said commitment or to remedy the title defects set forth in said attorney's opinion or (2) to refund the deposit in full termination of this agreement or if unable to furnish satisfactory title. If the Seller is able to comply with such requirements or remedy such defects within the time specified as evidenced by written notification, revised commitment or endorsement to commitment, the Purchaser agrees to complete the sale within 10 days of receipt thereof. If the Seller is unable to furnish satisfactory title within the time specified, the deposit shall be refunded forthwith in full termination of this agreement.
- 5 Purchaser understands and agrees that although the property being conveyed may at the time of conveyance be tax exempt, and that upon acceptance of this offer to purchase the property will be placed on the tax assessor's roll.
- 6 The covenants herein shall bind and inure to the benefit of the heirs, executors, administrators, successors and assigns of the respective parties.
- 7 By the execution of this instrument the Purchaser acknowledges THAT HE HAS EXAMINED THE ABOVE DESCRIBED PREMISES and is satisfied with the physical condition of structures and/or land thereon.
- 8 The closing of this sale shall take place at the offices of the City of Troy unless otherwise agreed.
- 9 Purchaser agrees to comply with Troy City Council Resolution #85-264, a copy of which is attached, and understands that this sale is contingent upon City Council approval.
- 10 Deed Restrictions and Subsequent Conditions: The sale of this property is conditioned upon the following deed restrictions which shall be recorded at the time of sale and shall be binding upon the Purchaser, their heirs, executors, administrators, successors and assigns: See Attachment "A"
- 11 Additional Conditions:

IN THE PRESENCE OF:

Patricia LaFrance

Patricia LaFrance

 Purchaser
L.S.

_____ L.S.

Date 11/7/06 Phone 586-774-3030 Address _____

IN THE PRESENCE OF:

Seller

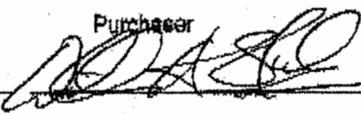
_____ L.S.

_____ L.S.

Date _____ Phone: _____ Address: 500 W. Big Beaver, Troy, 48084

PURCHASER'S RECEIPT OF ACCEPTED OFFER

The Purchaser hereby acknowledges the receipt of the Seller's signed acceptance of the foregoing offer to purchase.

Purchaser

_____ L.S.

_____ L.S.

Date 11/7/16

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CITY OF TROY RED

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ATTACHMENT "A"**CITY OF TROY PROPERTY SALE****DEED RESTRICTION**

- A: Construction shall take place only as indicated on the site plan, as submitted to and approved by the Building Department and Planning Department of the City of Troy and all construction shall conform to all codes of the City of Troy. Purchaser shall complete the fee purchase of other parcels, which comprise the full site, if any.
- B: The purchaser shall construct or pay for the construction of any and all improvements to public facilities or private improvements as required by ordinances or design standards of the City of Troy
- C: All buildings shall be constructed as indicated on the architectural rendering as submitted to and approved by the Troy Planning Department and Building Department; no other alteration, addition or deletion shall occur.
- D: The Purchaser shall combine this parcel description with adjacent properties owned or controlled by Purchaser on City tax records.
- E: These deed restrictions shall be recorded with and as part of the deed at the Oakland County Register of Deeds.

EXHIBIT "A"

**SW ¼ Section 22,
Sidwell # 88-20-22-356-031**

Description of Surplus Parcel #11:

Lots 14 to 21, inclusive, except the South 69 feet taken for road purposes of "Eysters Beaver Gardens", as recorded in Liber 26, Page 14 of Oakland County, Michigan records. Said plat being part of the Southwest ¼ of Section 22, T2N-R11E, City of Troy, Oakland County, Michigan.

Resolution #2007-01-028

Moved by Stine

Seconded by Lambert

WHEREAS, The City Council of the City of Troy endeavors to attain the highest and best land use, effective growth control measures and to enhance the health, safety and welfare of the community; and

WHEREAS, Chapter 12 of the Troy City Charter requires that..."in all sales or purchases in excess of \$10,000, (a) the sales or purchases shall be approved by the City Council, (b) sealed bids shall be obtained, except where the City Council shall determine that an emergency exists or that the public interest will be best served without obtaining sealed bids...";

THEREFORE, BE IT RESOLVED, That the City Council of the City of Troy **MAY DETERMINE** that the public interest will best be served without obtaining sealed bids for the sale of remnant parcels which remain after required right-of-way or excess property is taken when a purchase agreement is offered to the City of Troy by a prospective buyer which:

1. Has submitted evidence of ownership or control of an assembly of adjoining land of sufficient size so as to achieve what is believed to be the best possible development as determined by the City Council after review and recommendation from the City Manager.
2. Has submitted a conceptual site plan, which has been drawn to sufficient detail to indicate any and all features such as setbacks, parking and access, storm water detention and building height, which are governed by codes of the City of Troy.
3. Is accompanied by a petition for rezoning, if necessary, in compliance with the Master Land Use Plan of the City of Troy as being the most appropriate land use.
4. Commits the prospective buyer to a purchase price of at least a value established by an appraiser named by the Real Estate and Development Department of the City of Troy.
5. During the site plan review, site plan is accompanied by architectural renderings of all buildings along with a description of building materials to permit evaluation by building quality.
6. Is accompanied by a draft of proposed deed restrictions prepared by the City of Troy which will be imposed upon the purchaser of the City-owned property.
7. Nothing in this resolution relieves the Purchaser/Developer of their obligation to adhere to any and all City Ordinances and development standards.

BE IT FURTHER RESOLVED, That staff will **PROVIDE** an analysis of the zoning and **PRESENT** the remnant parcel(s) to the Parks and Recreation Advisory Committee to review for possible use as parks prior to Council action on the offer to purchase; and

BE IT FURTHER RESOLVED, That if it is most probable that a rezoning will be requested, that an appraisal based on that subsequent rezoning also be submitted; and

BE IT FINALLY RESOLVED, That the City Council **RETAINS** discretionary authority to determine the applicability of this policy.

Yes: All-7

PARKS AND RECREATION ADVISORY BOARD

A special meeting of the Troy Parks and Recreation Advisory Board was held Thursday, February 15, 2007 at the Troy Community Center, staff conference room. The meeting was called to order at 6:38 p.m.

Present: Merrill Dixon, member Kathleen Fejes, member
 Orestes Kaltsounis, member Stuart Redpath, member
 Meaghan Kovacs, member Janice Zikakis, member
 Carol K. Anderson, staff

Absent: Tod Gazetti (excused), Gary Hauff (excused), Jeff Stewart (excused), Tom Krent (excused).

Visitors:

New Business

A. Remnant Parcels 88-20-22-356-031 and 88-20-23-351-001 & 002: Discussion followed whether the City should sell these two remnant parcels or retain them as park land.

Resolution

Moved by Fejes

Seconded by Zikakis

RESOLVED, that The Parks and Recreation Advisory Board has reviewed the two parcels (88-20-22-356-031 and 88-20-23-351-001 & 002) and determined there is no practical use as park land and recommends to the City Council that these remnant parcels be sold.

Vote on Resolution to Amend

Resolution # PR - 2007 - 02 - 005

Moved by Kaltsounis

Seconded by Zikakis

RESOLVED, that the Parks and Recreation Advisory Board hereby **AMENDS** the resolution by **INSERTING**, "BE IT FURTHER RESOLVED, that the Parks and Recreation Advisory Board recommends to City Council that the proceeds from the sale of the two parcels be returned to the Parks and Recreation Park Development budget."

Yes: All

No: None

MOTION CARRIED

Vote on Resolution as Amended

Resolution # PR – 2007 – 02 – 007
Moved by Redpath
Seconded by Kaltsounis

RESOLVED, That the Parks and Recreation Advisory Board has reviewed the two parcels (88-20-22-356-031 and 88-20-23-351-001 & 002) and determined there is no practical use as park land and recommends to the City Council that these remnant parcels be sold.

BE IT FURTHER RESOLVED, That the Parks and Recreation Advisory Board recommends to City Council that the proceeds from the sale of the two parcels be returned to the Parks and Recreation Park Development budget.

Yes: All
No: None
MOTION CARRIED

The meeting adjourned at 7:00 p.m.

Janice Zikakis, Vice-Chairperson

Carol K. Anderson, Parks and Recreation Director