

## COBURG CITY COUNCIL

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**TOPIC: Resolution 2020-17, A Resolution Approving the Purchase of Property at 91430 Stallings Lane for the Purpose of Developing an Additional Water Source.**

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**Meeting Date: September 8, 2020**  
**Staff Contact: Tim Gaines, Finance Director**  
**Contact: 541-682-7870, [anne.heath@ci.coburg.or.us](mailto:anne.heath@ci.coburg.or.us)**

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### **REQUESTED COUNCIL ACTION:**

**Approve Resolution 2020-17**

**Suggested Motion:** I move to approve Resolution 2020-17, a Resolution Approving the Purchase of Property at 91430 Stallings Lane, Eugene Oregon

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### **BACKGROUND**

At the April 21, 2020 City Council meeting the Council approved the City Administrator to move forward in negotiations for the purchase of the property for the well site. The City contracted a real estate appraisal on the property which came in at \$490,000. The Property owner conducted a private appraisal that came in at \$535,000. The two appraisals were slightly different in how they valued different portions of the property. The offer from the City reflects \$512,500 which is half way between the two offers. The City Attorney, the Mayor, the City Administrator and Public Works Director reviewed the City appraisal.

The Public Works Director and the City Administrator have had several meetings with the property owner and the City's offer to the property owner was a reflection of those meetings. In addition, City Attorney, Gary Darnielle was part of the negotiation process, and a private real estate firm was engaged to draw up offer documents. The offer for the purchase of the property is best reflected in Addendum A of the Purchase and Sale Agreement.

On August 4<sup>th</sup> the City Council held a work session regarding the purchase of the property. Staff was given direction to move forward with the purchase of the property.

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### **DETAILS OF PURCHASE OFFER**

The Purchase price of the property will be \$512,500.

**The following details are included in Addendum A of the Purchase and Sale Agreement:**

1. Buyer and Seller agree the purchase price shall be paid as follows; \$500 cash down, non-refundable but applicable to the purchase price at closing; \$269,500 payable in cash at closing and the remaining balance of \$242,500 payable in cash no later than December 31, 2022.
2. Buyer and Seller agree that no interest shall accrue against unpaid balance if paid by December 31, 2022.
3. Buyer and Seller agree interest shall accrue at 5% per annum beginning January 1, 2023 until balance is paid, no pre-payment penalties.
4. Buyer and Seller agree that approximately One (1) acre of the property will be designated and remain open space/public land, wherein it will be designated as a city park and named "Julia Morneau Heritage Park".
5. Buyer and Seller agree that a certain redwood tree situated on the property shall remain on the property for the life of the tree or until its presence interferes with the Buyers intended use of the property.
6. Buyer and Seller agree that during the term of Sellers occupancy, Buyer shall have adequate ingress and egress over existing driveway to allow Buyer to maintain Buyers intended use of the property.
7. Buyer and Seller agree Buyer will obtain a permit of entry to conduct due diligence relating to Buyers intended use.
8. Buyer and Seller agree that Buyer shall return soil to previous condition if it is concluded that a well cannot be established on the property.
9. Buyer and Seller agree to enter into a post-closing occupancy agreement wherein Sellers will continue to occupy the property until the City of Coburg pays the remaining balance of \$242,500 in full.
10. Buyer and Seller agree that the sale excludes any personal property located on the premises including the 1996 manufactured home currently occupied by the Seller.
11. Buyer and Seller agree that Seller will have the responsibility to provide residential insurance for and upkeep of the Main House and Outbuildings in their present condition until such time that the purchase of the property is paid in full.

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**ADDITIONAL CONSIDERATIONS**

1. It is understood that **only** Joe and Terry Morneau may retain their Mobile Home and remain on the property for the extent of their natural lives for an annual lease of \$500.00. If they choose to move, then they must remove their mobile home within 30 days. If it is not removed it becomes the property of the City of Coburg.
2. The Morneau's will retain the use of the main house and the outbuildings until the property is paid in full by December 31, 2022.

3. Not paying the full amount up front saves the City interest on borrowed funds and allows for decisions to be made about how the remainder of the balance will be paid by December 31, 2022. For example, should the General Fund, Park Department pay a portion of the purchase because one acre will be set aside for park land. This would require that the property is listed on the SDC accepted project schedule (which will have a council process). It would be eligible for SDC funds if they are available at the time of final payment.
  4. Staff research has found that the City does not need to annex to create park and open space on the property. It will be an application to the County to set aside the 1 acre of park land.
  5. The property is a Heritage Property with the home being nearly 100 years old. The owners wish to provide for the Community's needs for additional water but also provide for a heritage site that not only honors their mother, but all farming families in the Coburg community and the history of farming in Coburg. Thus the requested park name.
  6. The Heritage Committee will work in partnership with the Park and Tree Committee to plan for how the site becomes a heritage park. Allowing for time for this process to take place will be beneficial to the community as it allows for planning and public input process to take place.
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#### **BUDGET / FINANCIAL IMPACT**

The funding for the purchase of this property is budgeted. The City has been approved for reimbursed funding through Business Oregon as part of the full Water project. The down payment on the property will be made out of the water capital fund and reimbursed. The final payment on the property will be paid by December 31, 2022 but it is yet to be determined which fund or funds will cover the final payment. This will be decided over the next 18 months.

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#### **RECOMMENDATION AND ALTERNATIVES**

Staff recommends that the Council adopt resolution 2020-17.

The alternative is to not adopt it and the purchase of the property would not take place. However, there are little to no alternatives of appropriate land for the water project at this time.

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#### **PUBLIC NOTICE/INVOLVEMENT**

A newsletter regarding the water project as a whole was provided to the community through social media and In addition, this was part of the budget process and approved by the budget committee. The budget hearing allowed for public comment on the budget.

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**NEXT STEPS**

The Staff will move forward to purchase the property through escrow. The final purchase will take place when the City has determined that indeed there is sufficient water on the property. A test drill has taken place and the water needed is present.

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**ATTACHMENTS**

- A. Resolution 2020-17
  - B. Purchase and Sale Agreement
  - C. Real Estate Lease Agreement
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**REVIEWED THROUGH**

Gary Darnielle, City Attorney  
Brian Harmon, Public Works Director

## RESOLUTION 2020-17

**A RESOLUTION APPROVING THE PURCHASE OF PROPERTY LOCATED AT 91430 Stallings Lane, Eugene, Oregon**

**WHEREAS**, the City's Water Master Plan dated July, 2016 calls for the development of additional water source for the City of Coburg; and

**WHEREAS**, the City has been funded to purchase property and develop such water source through Business Oregon as approved in December, 2018; and

**WHEREAS**, the Council gave the City Administrator permission to negotiate the purchase of property for such water source on April 21, 2020; and

**WHEREAS**, the property at 91430 Stallings Lane, Eugene, Oregon was determined to be a suitable property for an additional water source; and

**WHEREAS**, staff negotiated a purchase price and conditions for the purchase of the property owned by Julia E. Morneau Revocable Trust.

### **NOW THEREFORE, THE COBURG CITY COUNCIL RESOLVES AS FOLLOWS:**

The City Council of the City of Coburg hereby approves the purchase of the property located at 91430 Stallings Lane for the purpose of placing an additional water source for the City of Coburg. The approval includes all conditions as stated in Addendum A of the Purchase and Sale Agreement.

**Adopted** by the **City Council** of the **City of Coburg**, Oregon, by a vote of \_ for and \_ against, this 8th day of September 2020.

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Ray Smith, Mayor

ATTEST:

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Sammy L. Egbert, City Recorder