

COBURG CITY COUNCIL



TOPIC: Resolution 2022-27, A Resolution Approving the Final Payment for the purchase of property located at 91430 Stallings Lane, Eugene, Oregon

Meeting Date: November 8, 2022
Staff Contact: Anne Heath, City Administrator
Contact: 541-682-7870, anne.heath@ci.coburg.or.us

REQUESTED COUNCIL ACTION:

Approve Resolution 2022-27

Suggested Motion: I move to approve Resolution 2022-27, a Resolution Approving the Final Payment for the purchase of Property located at 91430 Stallings Lane, Eugene Oregon.

BACKGROUND

On September 8, 2020, the City Council approved the purchase of the property at 91430 Stallings Lane, Eugene, Oregon. This was for the purpose of developing an additional well site for the Water Department.

The agreement called for a down payment of \$269,500 at the time of the purchase and the remainder of \$242,500 due no later than December 31, 2022.

City staff are requesting the Council's permission to go forth with the final payment on the property. This purchase will be paid out of the water fund and is reimbursable through the City's loan with Business Oregon.

Staff feels it is in the best interest of everyone to move forward and make the final payment prior to the beginning of the well development. This allows the City to have full ownership of the property and make decisions for the security fencing, outbuilding use, and access to the property.

DETAILS OF PURCHASE

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

The following details were included in 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.

ADDITIONAL CONSIDERATIONS AT THE TIME OF PURCHASE AND FOR THE FUTURE LEASE TO THE PROPERTY OWNERS.

1. It was 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 and continue to insure them until the property is paid in full by December 31, 2022.
3. A separate lease agreement was part of the original purchase documents. The City's legal team has recommended a lease amendment to clarify some points of the lease. This amendment will be presented to the Council in December.

Not paying the full amount up front saved the City interest on borrowed funds.

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 was paid out of the water capital fund and reimbursed. The final payment on the property should be paid by December 31, 2022, or it will begin accruing interest.

The Water Department has the funds, and therefore should finalize the purchase.

RECOMMENDATION AND ALTERNATIVES

Staff recommends that the Council adopt resolution 2022-27

The alternative is not adopt it and the final payment on the property will not take place. However, the City would need to start paying interest.

PUBLIC NOTICE/INVOLVEMENT

A newsletter regarding the water project as a whole was provided to the community through social media. 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.

NEXT STEPS

The Staff will move forward to make the final payment on the property prior to December 31, 2022.

ATTACHMENTS

- A. Resolution 2022-27 DRAFT
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REVIEWED THROUGH

Brian Harmon, Public Works Director

Sammy Egbert, City Recorder

Legal review of Sale documents at the time of property purchase.

RESOLUTION 2022-27

A RESOLUTION APPROVING THE FINAL PAYMENT FOR 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 purchased the property at 91430 Stallings Lane, Eugene, Oregon in September, 2020, with a down payment of \$269,500 with a final payment of \$242,500 due by December 31, 2022.

WHEREAS, if the City does not make the final payment, interest will begin accruing annually on the amount due.

NOW THEREFORE, THE COBURG CITY COUNCIL RESOLVES AS FOLLOWS:

The City Council of the City of Coburg hereby approves the final payment of \$242,500 on the property located at 91430 Stallings Lane per the agreement approved by the City Council in September, 2020.

Adopted by the **City Council** of the **City of Coburg**, Oregon, by a vote of _ for and _ against, this 8th day of November, 2022.

Nancy Bell, Acting Mayor

ATTEST:

Sammy L. Egbert, City Recorder