

TIRZ Real Estate Agreement-School/City



May 10, 2021
Update

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City Attorney

Background

- ▶ 2016 TIRZ Created with Primary Purpose of Town Center including room for the School District, City, County, and Library on School and City property on Mercer Street
- ▶ School informs City they will not share offices in the Town Center Project with the other stakeholders
- ▶ 2020 Agreement by these stakeholders to have real estate agreements for the School Property for 11.7 acres
- ▶ Acreage is changed to ± 9 acres for sale excluding the track
- ▶ Mediation with School where certain items agreed to (to bring to our boards)
- ▶ January 25, 2021 School District approves mediation agreement with edits
- ▶ Negotiations between School and City on open issues
- ▶ February 9, 2021-April 22, 2021 CC presented possible agreements and sent various options to School District
- ▶ Presented approved agreement from School District on April 28, 2021

Open Issues prior to April meetings

- ▶ Exact Parcel to be sold
 - ▶ A bump on the Northeast corner of the parcel was in our concept plans but not in the April 2020 TIRZ ILA. TIRZ Project Manager has stated that this area is essential for planning for infrastructure.
- ▶ Easement across Parade Way
 - ▶ How to keep an easement that runs under the Track but state that Phases 1 and 1A will not have improvements that are built on the track. We already have a wastewater easement but the school has agreed to expand the easement to right-of-way
- ▶ Limitations on use of Parcel
 - ▶ In December 2020, the School sent over a provision that limited the use of the property after sale. We informed the School that this was an issue after mediation based on the planning that has occurred with the Town Center since 2016 including a P3 and Market Study.

School Approvals

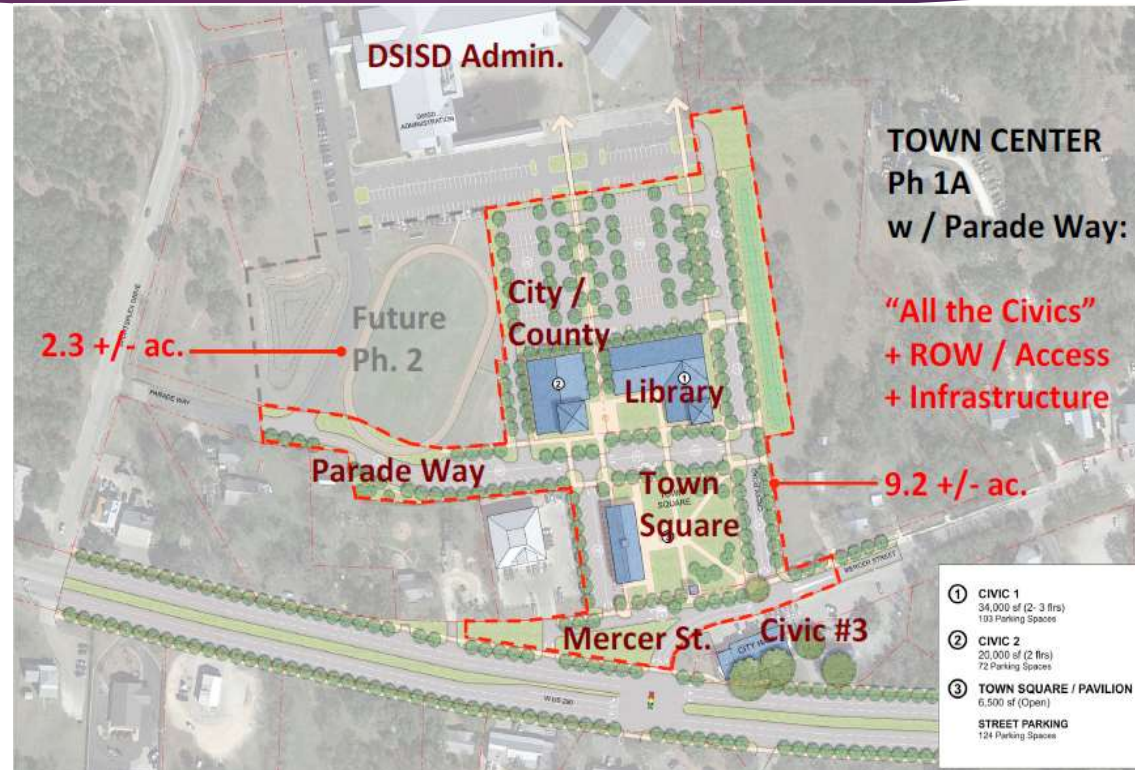
- ▶ School approved bump out for fee simple acquisition by the City but did request impervious cover credit
- ▶ School approved Parade Way easement including easement document created by City
- ▶ Floor on the payment to the School regardless of demolition and remediation costs
- ▶ Price is FMV minus cost of remediation and demolition
- ▶ Items not in draft:
 - ▶ Requirement that the project be completed in a certain number of years;
 - ▶ An objective percentage of governmental v. non-governmental use.

Use of TIRZ Property

City and TIRZ:

- ▶ Primary uses are for Library and City Hall with possibility of County.
- ▶ Park area that could be partially funded by County grant.
- ▶ Plus, possible retail and related commercial uses as proposed in the concept plans.

Proposed: Require that the Administration Property be used for Town Center, list of possible Town Center projects, do not require specific Town Center projects to be on the Administration Property



School District:

- Removed the percentage limitation
- Requires that City Council Chambers, Primary City Offices, and at least .9 acres of parkland be placed on the Parcel

School Restriction on Use of Property

- ▶ Agreement requires the City to build City Council Chambers and primary administrative offices on administration lot
- ▶ Agreement requires the City to put in a .9 or greater park on the lot
- ▶ Offer right of repurchase if any portion of the property is sold to a non-governmental entity
- ▶ Offer right of repurchase if City does not construct Town Center as described by the School in the Agreement

Demolition and Remediation

- ▶ School District is subtracting the cost of demolition and remediation from the cost of the building
- ▶ City had agreed to do the demolition and remediation through bidding and contract process that included input from School District
- ▶ School District is now asking that the City commence the demolition and remediation within 60 days of closing

City Council Declined to Approve

- ▶ School desired to retain control over specific uses on the property after sale.
- ▶ School desired to retain control over when the demolition and remediation occurred.

“We cannot support a real estate agreement that restricts the City’s ability to develop the property as it deems appropriate. The City needs the flexibility to adapt as things change, should the economy change, or should some other urgent need arise that requires us to spend money somewhere else. We have a duty to make the best decisions we can for the City, for our taxpayers, and for the community today and in the future. I appreciate the time and effort the District put into these negotiations. I also recognize they have priorities and concerns just as we do. But giving up our authority to exercise our judgment on how best to develop a Town Center on property we purchase is not something I can agree to.”—Mayor Pro Tem Manassian upon disapproval

Next Steps-Budgeting for 2022

