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MEMORANDUM

City Manager's Office

Date: November 12, 2025

To: Mayor Jackola and City Council
From: Ron Whitlatch, City Manager
Subject: Public Hearing to Consider Sale of Surplus Property – Santiam Travel Station

Background

The City of Lebanon owns real property commonly known as the Santiam Travel Station, located at 750 S. 3rd Street, Lebanon, OR 97355 (Tax Lot 12S02W10DA05801). The property is zoned Central Business Commercial (Z-CCM) and is situated within the downtown district.

The City acquired the property in July 1996 from Southern Pacific Railroad. Following the purchase, the building served as the location for City Council Chambers and was partially leased to Albany & Eastern Railroad for use as a ticketing office and passenger waiting area. In 2025, all City Council, Planning Commission, and committee meetings were relocated to the Lebanon Public Library, which offers increased capacity, improved acoustics, and greater energy efficiency.

Issue

City staff has evaluated the City's current and future operational needs and determined that the property is no longer necessary for municipal purposes. After review, staff recommended the property be declared surplus and prepared for sale in accordance with Ordinance No. 3038, which amended Lebanon Municipal Code (LMC) Chapter 3.16 to align with ORS 221.725 regarding the disposition of City-owned real property.

On September 10, 2025, the City Council adopted Resolution No. 2025-14, formally declaring the property surplus. Declaring the property surplus allows the City to proceed with the required public notice, public hearing, and ultimately the sale of the property, ensuring compliance with all applicable statutes and procedures.

The proposed sale is expected to support economic vitality and redevelopment opportunities in the downtown district.

An appraisal report was completed by Jackson Group NW in November 2024. The November 1, 2024, As-Is Simple Value opinion was \$560,000. Linn County listed the Real Market Value as Land \$91,630 and Improvements \$517,760 for a total RMV of \$609,390.

The City has received a Letter of Intent to purchase the Santiam Travel Station from Albany & Eastern Railroad in the amount of \$525,000. The proposed terms include shared closing costs, with the buyer responsible for one-half of the escrow fees and all recording charges. The seller will cover the cost of a standard title insurance policy, any applicable excise or conveyance taxes, and one-half of the escrow fees. In addition, the seller will pay a brokerage commission of 3%.

Pursuant to ORS 221.725 and LMC Chapter 3.16, the City published notice of this public hearing in the local newspaper on October 30, 2025 and November 4, 2025. In addition, notice was posted on the City's website, shared on social media platforms, and distributed via email notification to City communication subscribers as part of the Agenda packet.

This process is being conducted in accordance with:

- ORS 221.725
- Lebanon Municipal Code Chapter 3.16 (as amended by Ordinance No. 3038)
- Resolution No. 2025-14 (adopted September 10, 2025)

These provisions collectively govern the declaration of surplus property, public notice requirements, hearing procedures, and sale of City-owned property.

Proceeds from the sale will be used consistent with the City's financial policies and all applicable legal requirements.

Recommendation

Staff recommends the City Council conduct the public hearing, consider any testimony, and, upon closure of the hearing, provide direction on the sale of the Santiam Travel Station property in accordance with applicable laws and City policies.

Options for Council Action

Following the public hearing, the City Council may choose to:

1. Authorize the sale of the Santiam Travel Station property to Albany & Eastern Railroad in the amount of \$525,000 and authorize the City Manager to execute all documents necessary to complete the transaction.
2. Take alternative action as determined appropriate by the City Council after consideration of public comment during the public hearing.