

CITY OF SHEBOYGAN

REQUEST FOR FINANCE AND PERSONNEL COMMITTEE CONSIDERATION

ITEM DESCRIPTION: Res. No. 137-21-22, A Resolution authorizing the purchase of 5509 Moenning Road and vacant land located East of Moenning Road for future use by the City.

REPORT PREPARED BY: Chad Pelishek, Director of Planning and Development

REPORT DATE: February 7, 2022

MEETING DATE:

February 14, 2022

FISCAL SUMMARY:

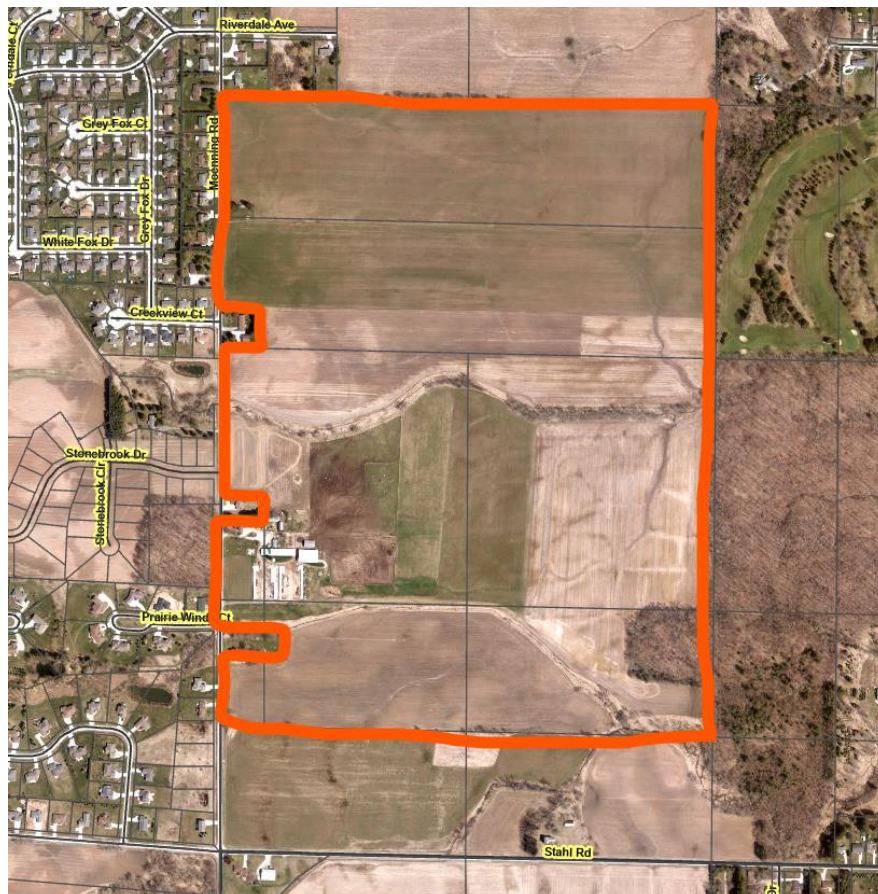
Budget Line Item:
Budget Summary: N/A
Budgeted Expenditure: N/A
Budgeted Revenue: N/A

STATUTORY REFERENCE:

Wisconsin Statutes:
Municipal Code: N/A

BACKGROUND / ANALYSIS:

The attached vacant land offer to purchase includes approximately 195.46 acres of land including 5509 Moenning Road and land East of Moenning Road. Per the offer, the City would purchase the approximately 195.46 acres of the land for \$3,675,000 over a five-year period with payments as follows: \$900,000 paid at closing, \$693,750 paid in years 2023, 2024, 2025, 2026 at the anniversary of the closing.



Per the addendum to the offer the following conditions are being agreed to:

- Pay off the purchase price over a Five-year period starting in 2022
- Purchase price installments to be secured by a first mortgage and promissory note. The note will bear interest at the Applicable Federal Rate (AFR) for mid-term 5-year note. The buyer may prepay upon Seller's consent and approval.
- Seller shall have post-closing occupancy of homestead parcel at 5509 Moenning Road a rental rate of \$500 per month until David and Claire and son Kevin die or are unable to stay in the property or voluntarily decide to vacate the premises, whichever comes first. In the event that David and Claire Gartman are deceased or unable to occupy the property, Kevin Gartman would be required to vacate the Property. Seller is responsible for utilities, renter's insurance, and maintenance of the homestead parcel.
- Buyer allows Seller to lease back any farmland included in the approx. 195.46 acres. Buyer will provide a 7 month notice to remove crops and vacate the leased land in the event development is commenced.
- Seller is allowed over the five-year period to salvage and remove the outbuildings, feed bins and gravel adjacent to the homestead parcel. Seller shall defend, hold harmless and indemnify the Buyer against any and all claims.
- Upon acceptable by the Common Council, City shall be \$5,000 in earnest money.

STAFF COMMENTS:

As has been discussed in the past, this is a long-term investment for the City to provide additional housing options including single-family neighborhoods, one area identified in the City's Affordable Housing Market Study.

ACTION REQUESTED:

Motion to recommend Common Council to approve Res. No. 137-21-22, a Resolution authorizing the purchase of 5509 Moenning Road and vacant land East of Moenning Road for future use by the City.

ATTACHMENTS:

- I. Res. No. 137-21-22