

City Hall, 215 Sycamore St.
Muscatine, IA 52761-3840
(563) 262-4141
Fax (563) 262-4142

COMMUNITY DEVELOPMENT

**Planning,
Zoning,
Building Safety,
Construction Inspection Services,
Public Health,
Housing Inspections,
Code Enforcement**

MEMORANDUM

To: Mayor and City Council Members
Cc: Gregg Mandsager, City Administrator
From: Steven Boka, Director of Community Development
Date: June 2, 2014
Re: Request to approve Purchase Agreement – 804 W. 7th Street

INTRODUCTION: The City continues to make progress on a sewer separation program in accordance with the Consent Decree between the City, the United States Environmental Protection Agency (EPA), and the Iowa Department of Natural Resources (IDNR). Most recently, Phase 2 of the West Hill Area Sanitary Sewer & Storm Sewer Separation Project (WHAS&SSSP) has required the use/filling of a ravine area in the 700 blocks of West 6th & 7th Streets.

BACKGROUND: Following a recent review of the Project, staff informed City Council of a potential to purchase 2 parcels containing a home and 4+ acres of real estate. City Council discussed the value of owning the real estate for use(s) associated with the WHAS&SSSP and authorized city staff to negotiate a purchase of the property.

RECOMMENDATION/RATIONALE: Negotiations have now been completed with the Owner and a final offer of \$125,000.00 for the entire 4+ acres of real estate and dwelling was accepted by the Owner. It is recommended that the City Council approve the attached Real Estate Purchase Agreement for the property as previously discussed with the City Council on May 15th.

BACKUP INFORMATION:

1. Memorandum dated April 29, 2014
2. Real Estate Purchase Agreement

"I remember Muscatine for its sunsets. I have never seen any on either side of the ocean that equaled them" — Mark Twain



1459 Washington St.
Muscatine, IA 52761-5040
(563) 263-8933
Fax (563) 263-2127

Public Works

City Transit
263-8152

MEMORANDUM

Equipment Maintenance
Roadway Maintenance
Collection & Drainage
Building & Grounds
Engineering

To: Randy Hill, Public Works Director
FROM: Const. Proj. Management Team: Bill Haag, Steve Dalbey,
Jim Edgmond, Jon Lutz
DATE: April 29, 2014
RE: Property Acquisition Justification on West Hill Sewer Separation Phase III

INTRODUCTION:

The West Hill Area Sanitary & Storm Sewer Separation (WHAS&SSS) Project is a multi-year construction Project with an EPA and IowaDNR Consent Decree. Thus far, there are 2 Phases that have been designed, with a third Phase in design, 1 Phase of construction completed, and 1 Phase under construction with a September 2014 completion. The current Project designated Ravine Fill Area is nearing completion of the initial design fill slopes that could have been accomplished within the current parameters of the ROW, Permanent Easement, and Temporary Easement constraints. To-date only a single property owner has been encountered that has been negative in regards to the benefits of the overall Project and difficult to deal with in regards to the acquisition of the needed property ROW and easements. That property owner is John P. Minter, 804 West 7th Street.

BACKGROUND:

City of Muscatine staff members have had numerous contacts with Mr. Minter regarding the currently held ROW and Easement agreements; as well as follow-up contacts regarding potential additional agreements or arrangements to both increase fills in the aforementioned Ravine Fill Area as well as to enhance yard grades, improve drainage and to improve access conditions to the Minter property; to which Mr. Minter has refused to discuss any further options with the City of Muscatine; unless the City of Muscatine is prepared to write Mr. Minter another significant sized check. Currently this property has been placed on the housing market for sale by Mr. Minter. The asking price is shown on the attached Ruhl & Ruhl Realtors brochure is \$ 135,000.00 (sold for \$ 105,000.00 in 2008) and states there is over 4 acres of timber associated with this property.

*"I remember Muscatine for its sunsets. I have never seen any
on either side of the ocean that equaled them" — Mark Twain*

RECOMMENDATION:

It is recommend that the City purchase the subject property to allow the items listed bellow to be done to benefit the City and the future West Hill Area Sanitary & Storm Sewer Separation construction projects over the next decade. The City of Muscatine could consider that just through the WHAS&SSS Phase 3 construction Project alone (35,000 cubic yards x \$5.00/cubic yard savings = \$ 175,000.00), the City would recoup the property purchase price. Thus all of the other reasons shown below are just an additional plus to the City.

RATIONALE:

Reasons Supporting the acquisition of Property: The supporting reasons for acquiring the subject property are listed below.

- Provides contractor laydown area and construction trailer location for future construction phases of the WHAS&SSS construction Projects (potentially 5 more Phases).
- Less excavation haul distance for future construction phases. Estimated savings on Phase 3 alone could be \$ 175,000. (See attached E-Mail response from Brian Gaul, Langman Construction, Inc. (LCI); and a verbal estimate from Karmen Heim, Stanley Consultants, Inc. that Phase 3 alone may generate from 30K to 35K cubic yards of trench excavation material). And the capacity volume available is greater than the 35,000 cubic yards with future Phases beyond Phase 3 providing the trench excavation material.
- Superior alignment and profile of trail planned through the gully. Minimize any future property owner complaints or points of contention for trespassing from the trail as well as providing for any desired trail enhancements such as a rest area, rest stop or even a park like setting.
- Trail can be on a permanent ROW instead of on a permanent easement. Thus, with this property purchase and a re-defining of lot limits, this ROW acquisition will not cost anything.
- Much better access for the larger maintenance equipment and a completely controlled access to the newly installed sanitary and storm sewer systems installed in WHAS&SSSP-2.
- Potential to create 2 or 3 (just on the purchased Minitter property, but potentially even more on the south side of the Ravine if grades are able to be raised), new to the tax base, house building lots once the grading is done that can be sold to recoup even more cash over and above the single house selling purchase price.
- The City can control the time the fill area is available for the construction instead of a single individual property owner having a shortened deadline in an easement agreement.
- The City can use the area as an earthwork balance site, fill or borrow for future projects in addition to the WHAS&SSS Projects.
- Once the fill area is completed to desired minimum/maximum grades, thus enhancing the grades around the existing property and significantly improving vehicular access to the benefit of the original lot, then the original property can be

sold to recoup the cash outlay of the original purchase price. The City can purchase the Grant & Mary Zetler property that is currently being trespassed on to get access to the Minter property and complete grading enhancements to significantly improve access and provide legal access. On April 25, 2014; per a discussion between William J. Haag (WJH) and Jim Zetler (561-758-4075) this property (a triangle piece shown as Parcel 0835359007) has been agreed to be sold for a purchase price of \$300.00 plus closing costs.

Or if the City is hesitant to enter into some longer term property ownership; the City could re-plat and downsize the house lot, improve the access and drainage grading to the house and re-sell the house off immediately.

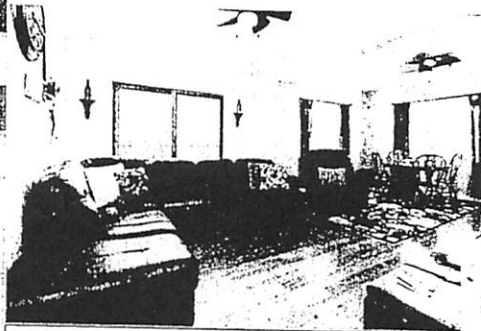
CONCLUSION:

The City of Muscatine should proceed to purchase, as soon as possible, the Minter property located at 804 7th Street along with the access property triangle owned by the Zetler family at a cost of \$300 plus closing costs. Reference telephone conversation that WJH had with Jim Zetler.

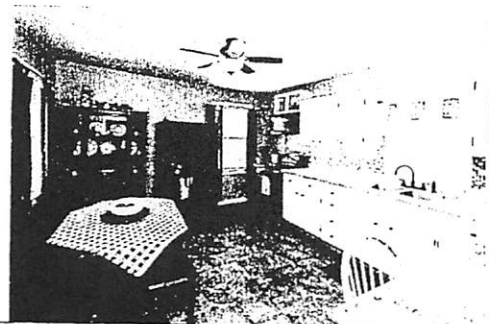
BACKUP INFORMATION:

See Attached Sketch of properties (Parcel 1302103001 and Parcel) copied from Muscatine Magic. See E-Mail response from Brian Gaul, LCI.

Exceptional Setting



Beautiful Living Room



Eat-in Kitchen

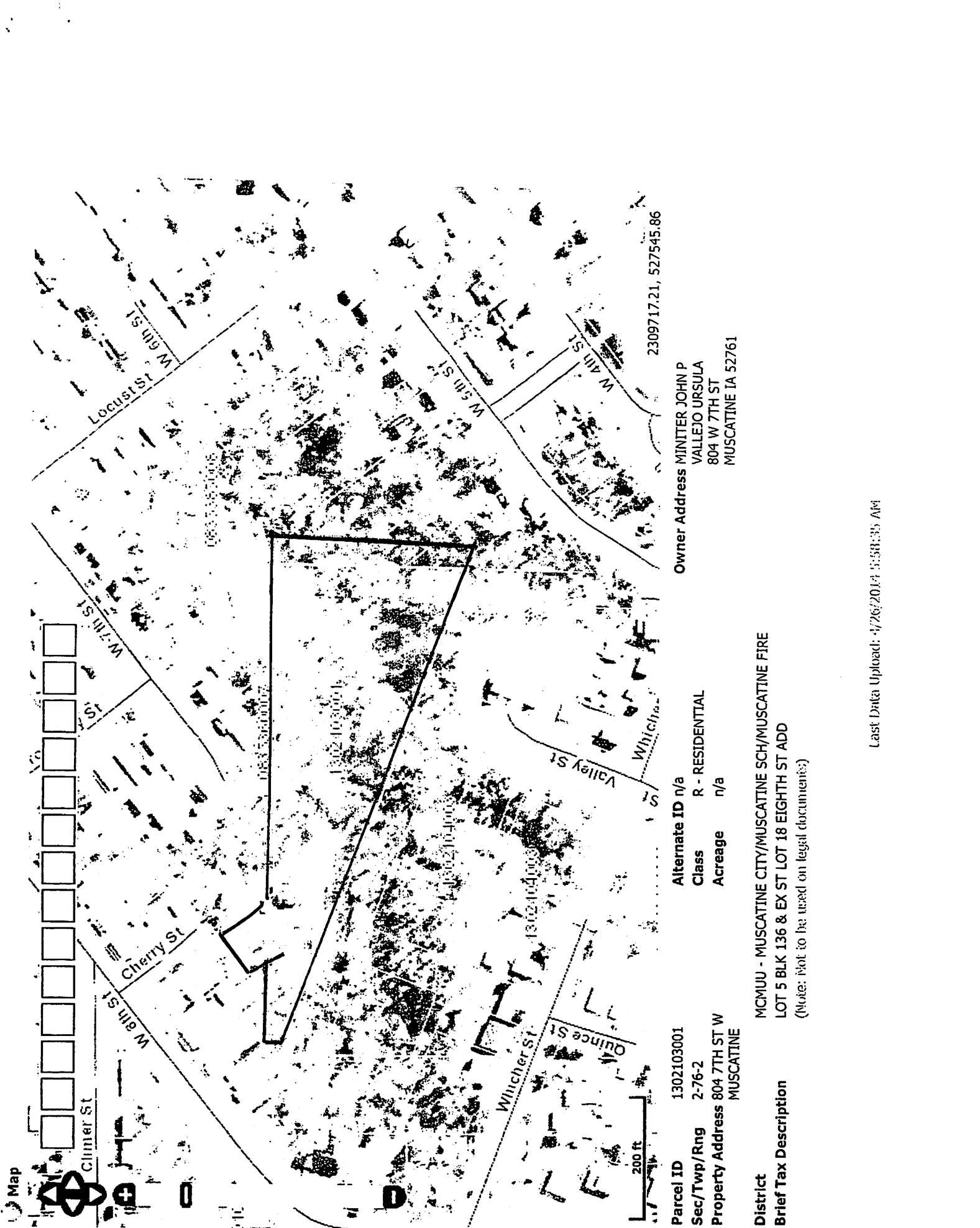
**Ruhl
& Ruhl
REALTORS**

804 W. 7th Street Muscatine, IA

Eric Schlutz, Broker

Call or Text 563-299-4407

www.EricSchlutz.com



2309717.21, 527545.86

Owner Address
 MINITER JOHN P
 VALLEJO URSULA
 804 W 7TH ST
 MUSCATINE IA 52761

Alternate ID n/a
 Class R - RESIDENTIAL
 Acreage n/a

Parcel ID 1302103001
 Sec/Twp/Rng 2-76-2
 Property Address 804 7TH ST W
 MUSCATINE

District MCMUU - MUSCATINE CITY/MUSCATINE SCH/MUSCATINE FIRE
 Brief Tax Description LOT 5 BLK 136 & EX ST LOT 18 EIGHTH ST ADD
 (Note: Not to be used on legal documents)

Brian
RE: WHAS&SSP-2 Property Purchase Justification.
April 30, 2014 at 2:48 PM
William Haag

Bill,

We estimate the trucking costs would be cut in half to use this site for dumping spoil. This would calculate out to a savings of \$5.00 per cy.

Brian

From: William Haag [mailto:Bill@koalaconsultingservices.com]
Sent: Wednesday, April 30, 2014 10:54 AM
To: Brian
Cc: Jim Edgmond; Steve Dalbey
Subject: WHAS&SSP-2 Property Purchase Justification.

Brian,

In a somewhat related activity to the West Hill Area Sanitary & Storm Sewer Separation Phase - 2 (WHAS&SSSP-2) construction Project; the City staff is looking into the potential justification of the outright purchase of the Minter property. I was hoping that you could confirm a potential cost saving unit price type number. The specific unit price would need to be Fill Site: Grading and Compaction, but could impact the unit price for Select Backfill Over Pipe depending how a Contractor wants to cover costs for the disposal of trench excavation material (which currently in Phase 1 and Phase 2 are not a specific pay item). The number that I am interested in; is what the potential bid price difference per cubic yard would/could be if the future selected contractor would be allowed to place trench excavation material in the current Ravine area, or if the future selected contractor was required to be responsible for off-site disposal (say such as the Heuer Construction site or the Hahn Ready-Mix plant)? I realize that you have some specific experience with hauling to the Hahn Ready-Mix plant site and the need for the use of additional trucks, but in terms of a realistic bid price what potentially would/could this relate to in a bid cubic yard price difference?

I appreciate you taking the time to consider and answer this question, as you know that it could have a large impact on the future phases on the WHAS&SSS construction projects.

Thanks Again,
Bill

W. J. "Bill" Haag
2086 Old Hwy 61 South
Muscatine, Iowa 52761-9531
563-263-0308
Cell: 563-299-0690
E-Mail: Bill@koalaconsultingservices.com

Ruhl &Ruhl REALTORS

REAL ESTATE PURCHASE AGREEMENT

THIS IS A LEGALLY BINDING CONTRACT. IF NOT UNDERSTOOD, SEEK COMPETENT LEGAL ADVICE.

DISCLOSURE CONFIRMATIONS

A. AGENCY. By signing below, Buyer and Seller confirm that written disclosures of agency representation were provided to them, they understand said representation, and the disclosures were provided prior to signing this Real Estate Purchase Agreement.

B. SELLER PROPERTY DISCLOSURE. If this purchase agreement is for a residential property with one (1) to four (4) units, Seller or Seller's Agent must deliver a written disclosure statement to Buyer prior to Buyer making a written offer. By signing below, Buyer confirms Buyer has received and read Seller's property disclosure statement, except in the event that Seller is exempt from providing said disclosure under applicable State Code. The disclosure statement signed by all parties shall become an integral part of this Purchase Agreement.

C. LEAD-BASED PAINT. If this purchase agreement is for a residential property built prior to 1978, Seller or Seller's Agent must provide Buyer with: (1) an EPA-approved lead hazard information pamphlet and (2) Seller's Lead-Based Paint Disclosure Information Statement. By signing below, Buyer confirms that Buyer has received the above described documents and read the disclosure, except in the event that Seller is exempt from providing said documents under EPA regulation. The disclosure statement signed by all parties shall become an integral part of this Purchase Agreement.

D. REQUEST TO COMPLETE FORM DOCUMENTS. Buyer and Seller request that Agent/Broker select and complete form documents incident to real estate transactions as authorized by applicable State law.

Buyer:  Date: 5/19/14

Buyer: _____ Date: _____

Seller: _____ Date: _____

Seller: _____ Date: _____

1. DATE OF OFFER: The date of this offer to purchase is agreed to be: 5-19-14

2. OFFER TO: John & Ursula Minitier Seller(s).

The undersigned City of Muscatine Buyers) hereby

offers to buy real property situated in Muscatine County and commonly known by street address as 804 W. 7th Street Muscatine, IA 52761 and legally described as:

Muscatine County Parcel # 0835385008 & # 1302103001 or more particularly described in abstract, hereinafter designated as "Property," subject to zoning restrictions, restrictive covenants, and easements, if any, including, if present, lighting, heating and plumbing fixtures, all outdoor plantings, window and porch shades, venetian blinds, screens and shutters, curtain rods, drapery rods, window and central air conditioning, automatic heating equipment, attached mirrors, awnings, water softener (except rentals), garage door openers and all transmitters, LP tanks (except rentals), built-in kitchen appliances, wall-to-wall carpeting, mailboxes and storm windows and doors

3. OFFER AMOUNTS AND CONDITIONS:

A. The purchase amount offered to Seller by Buyer shall be \$ 135,000

B. Earnest money in the amount of \$ N/A is included herewith, or to be delivered upon full acceptance, and shall be deposited in the Listing Broker's Trust Account upon full acceptance of this purchase agreement by all parties.

C. All items checked here apply and are a part of this Offer to Purchase. Items not specifically checked do not apply:

- This offer is not contingent upon Buyer obtaining financing.
- Buyer shall obtain a loan commitment on or before _____ . All expenses resulting from lender requirements are the responsibility of the Buyer. Buyer agrees to make a full loan application, including paying for appraisal and credit report, within seven (7) days of acceptance of this offer by Seller. Appraisal and credit report shall be ordered from vendors within fourteen (14) days of acceptance of this offer by Seller.
- This sale is contingent upon the ability to obtain a Homeowner's Insurance Commitment that is satisfactory to the Buyer on or before _____ .
- This offer is subject to conventional financing.
- This offer is subject to FHA financing. Buyer to pay cost of first re-inspection required by FHA appraiser. Any subsequent repair inspection fees shall be at Seller's expense.
- This offer is subject to VA financing. Seller to pay costs of any re-inspections required by VA appraiser.
- This is an Installment Contract offer. The attached Installment Contract Addendum is a part of this Purchase Agreement.
- This offer is subject to the property appraising at or above purchase price.
- There is an addendum(s) that shall become an integral part of this Purchase Agreement.

D. Sale Subject To: Seller to give the buyer a \$10,000 credit for easement proceeds already received.

The buyer understands the listing agent is representing the seller only and is providing no representation to the buyer.

4. CLOSING: Closing and possession shall be on or before 7-1-14 . If actual possession is before or after the closing date, Buyer and Seller shall make a separate agreement with rent and other adjustments as of the closing date.

Buyer: BSM Date: 5/19/14 Buyer: _____ Date: _____
Seller: _____ Date: _____ Seller: _____ Date: _____