



Date: April 3, 2012

To: Thomas J. Bonfield, City Manager

Through: Theodore L. Voorhees, Deputy City Manager

From: Joel V. Reitzer, Director, General Services Department
David M. Fleischer, Real Estate Manager

Subject: Proposed Acquisition for Watershed Protection and Little River Reservoir Buffer Expansion
Property of John T. Coley

Executive Summary

The City Council adopted the Little River Corridor Open Space Plan in 2001. In order to limit development of the area around the Little River Reservoir, and to acquire land for the expansion of the existing reservoir buffer at the most advantageous prices and in a manner that is least disruptive to citizens, the General Services Department Real Estate staff continues to acquire property on a voluntary basis. The Real Estate staff has negotiated an Option to Purchase a total of ±93.023 acres of vacant land located at 6231 Snow Hill Road and 801 Vintage Hill Parkway owned by John T. Coley ("Coley Property") for the price of \$737,500.00. The acquisition will be funded from the Future Water Supply and Quality Protection account. The City Council is requested to approve a fee simple acquisition of the Coley Property for \$737,500.00.

Recommendation

The General Services, and Water Management Departments recommend that the City Council approve the fee simple acquisition of ±93.023 acres of vacant land from John T. Coley, identified as Parcel IDs 196816 (±72.57 acres) and 201631 (±20.453 acres) for a total purchase price of \$737,500.00.

Background

The Little River Dam and Reservoir was completed in May of 1988. In recognition of the importance of the Little River watershed both locally and regionally, the City of Durham adopted the Little River Corridor Open Space Plan in 2001. The Plan focuses on preservation of properties for a variety of reasons, including water quality protection, significant rare plant and animal habitats, historic and culturally significant areas, and areas of scenic importance. The Coley property, which consists of approximately 93 acres, is located along the western edge of the Little River Reservoir. Protection of the site for open space and water quality purposes enables the City to ensure long term protection of the Little River Reservoir's water quality by protecting the site from future development or logging, both of which can cause off-site water quality impacts. The site is adjacent to the City's future park on Snow Hill Road that is currently being developed jointly with Durham Public Schools.

The Option to Purchase this property is \$737,500.00 for ±93.023 acres of vacant land; a per acre price of approximately \$7,930.11.

Issues/Analysis

Savings to the City:

- (1) Land values typically appreciate over time. The acquisition costs for the City are less now than what they would be if the City delays acquisition of property. This acquisition will also help control future development in the area.
- (2) This property is being sold to the City on a voluntary basis, which is an asset when negotiating the purchase price since the owners are willing sellers.

The Option contains the following terms and conditions:

- (1) The property has a total of ±93.23 acres;
- (2) The purchase price is \$737,500.00, based on comparable land sales in the area and previous prices paid by the City for similar properties;
- (3) The Option expires 30 days after City Council approval; and
- (4) Upon exercise of Option by the City and by giving notice of such exercise, the seller shall execute and deliver a good and sufficient deed conveying fee simple title to the City;

It is understood and agreed that the City of Durham or its agents or contractors may enter upon the property for purposes related to the acquisition at any time after the execution of this Option and before delivery of the deed.

Alternatives

Pay less for the property: The negotiated purchase price that is recommended is consistent with the estimated value for comparable properties that have sold. In addition, the seller is not willing to accept an amount less than what has been negotiated. This alternative is not recommended.

Do not purchase the property: Based on historical upward trends for land values, if the land is not acquired as it becomes available, it is likely that future acquisition costs will increase, in particular if the properties that are currently unimproved (vacant) are developed with residential units, and relocation payments have to be made to displace occupants. Therefore, the alternative is not recommended.

Financial Impact

Expenditures Related to the Acquisition

| | |
|--------------|---------------------------------------------------------|
| \$737,500.00 | Purchase price |
| \$ 3,500.00 | Estimated Cost of Phase I Environmental Site Assessment |
| \$ 4,500.00 | Estimated Closing Costs |
| \$745,500.00 | Estimated Total Expenditures |

Funds are available in the Future Water Supply and Quality Protection account.

SDBD Summary

This item does not require review by the Equal Opportunity/Equity Assurance Department.

Attachments: Map of Property