



Date: October 6, 2015
To: Thomas J. Bonfield, City Manager
Through: W. Bowman Ferguson, Deputy City Manager
From: Steven W. Hicks, Director, General Services Department

Subject: Proposed acquisition of approximately 28 acres at 1902 Camden Avenue for the Department of Water Management Mist Lake Facility Expansion project

Executive Summary

The Department of Water Management (DWM) proposes to purchase property located at 1902 Camden Avenue (the Property) in connection with the Mist Lake Facility Expansion project (the Project). The City is under contract with the United States of America (the USA) to purchase the Property in fee simple, which is comprised of approximately 28 acres.

Acquisition of the Property will provide the City with an increase in both ownership presence and street frontage along Camden Avenue, and the Property may be utilized in the future expansion of City operations in the area. The City currently owns property on that portion of Camden Avenue that accommodates the Fleet Management Department, Solid Waste Management Department, and Fire Department operations.

Recommendation

The General Services and the Water Management Departments recommend that City Council approve the fee simple acquisition of the Property, parcel # 160516, which is comprised of approximately 28 acres and is located at 1902 Camden Avenue, from the United States of America for \$155,000.00.

Background

One of the City's long-standing goals is to consolidate DWM's divisions in one location. DWM owns and operates its administrative central offices at 1600 Mist Lake Drive (the Facility). This 20-acre facility houses the Administration, Plant Engineering & Maintenance, Regulatory Compliance, and Utility Engineering divisions, along with associated vehicles, equipment, and inventory. DWM's Water & Sewer Maintenance (WSM) employees are housed with the Department of Public Works' staff in the Public Works Operations Center located on Martin Luther King, Jr. Parkway (PWOC).

DWM and the General Services Department (GSD) evaluated multiple sites, but DWM's April 2014 master planning report recommended expanding the Facility to accommodate all DWM services. For expansion to be possible, the City needs to acquire land adjacent to the Facility, and the Property has been identified as a suitable parcel for DWM's expansion needs.

After a period of negotiation, the City secured a contract with the USA to purchase the Property, subject to the approval of Durham's City Council.

Issues and Analysis

The master planning process revealed that expansion of the Facility will achieve the plan’s goal, partly because the site already houses approximately half of DWM’s employees and is in the Camden Avenue Corridor along with the departments of Fleet Management, Solid Waste Management, and Fire.

Another advantage of the Facility is that the site can be expanded to accommodate the rest of DWM’s employees currently housed at PWOC. Expansion necessitates that the City acquire land adjacent to the Facility, and purchasing the Property helps fulfill this need.

Additionally, relocating DWM staff to the newly expanded Facility would allow the Department of Public Works to fully utilize PWOC for its own needs.

The Property is being sold “as is,” with the USA making no representations or warranties as to the Property’s physical condition, but Real Estate Division staff is engaging contractors to perform due diligence on the site.

Alternatives

City Council could decide to not approve purchasing the Property and could instead require staff to find alternate locations to house DWM’s facilities. This alternative is not recommended because DWM has already researched and evaluated alternate sites. These sites are less desirable than the Property because they are more expensive, do not currently have sewer line infrastructure, and would require some clearing of wooded areas. Additionally, none of the sites is located in the Camden Avenue Corridor, and moving DWM out of the Facility would disrupt cohesiveness of the corridor’s City Campus.

City Council could decide not to approve purchasing the Property pursuant to the terms contained in the attached Offer to Purchase and Contract (the Contract) and could instead direct staff to renegotiate with the USA. This alternative is not recommended as the proposed purchase price is based on comparable sales. Additionally, renegotiating the purchase price to an amount not supported by reliable market data would be difficult, and the majority of terms contained in the Contract are set by the USA, leaving little room for negotiation.

Financial Impact

The following table details the estimated City expenses related to the acquisition of the Property. Funds to purchase the Property are available in DWM account 4100P002-730100-P2120. Funds to pay for all professional services and closing costs are available in DWM account 4100P002-725000-P2120.

Purchase price	\$155,000.00
Phase I Environmental Assessment	\$1,800.00
Closing costs	\$3,000.00
Total expenses	\$159,800.00

SDBE Summary

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

Attachments

- Offer to Purchase and Contract
- Aerial view of parcels’ locations (1600 Mist Lake Drive and 1902 Camden Avenue)