



TO: Mayor Shaun Sipma
Members of the City Council

FROM: John R. Zakian, DR Grant Program Manager & Chief Resilience Officer

DATE: July 25, 2019

SUBJECT: CITY COUNCIL APPROVE PURCHASE OF 805 2ND AVENUE NE AND SALVAGE OF HOUSE TO KELSEY M. SLAUGHTER

I. RECOMMENDED ACTION

City Council approve purchase of 805 2nd Avenue for a Purchase Price of \$156,000 minus a salvage value of \$13,859 for a net purchase price of \$142,141 authorizing Mayor and other city officials as needed to execute all documents necessary to complete the purchase and authorize the seller, Kelsey M. Slaughter to reacquire house and relocate it

II. DEPARTMENT CONTACT PERSONS

John R. Zakian, DR Grant Program Manager & Chief Resilience Officer, 423-4528

III. DESCRIPTION

A. Background

The city has reached agreement with Kelsey M. Slaughter to purchase his house and property for a flood control project. Pursuant to city acquisition policies and procedures the agreed upon acquisition price of \$156,000 does not necessitate City Council approval because it is not higher than \$15,000 from the city’s original offer. However, this is the first purchase which uses salvage of the house as a policy and procedure, and, therefore, is prudent to seek City Council approval. Mr. Slaughter during the negotiations expressed an interest in keeping the house and moving it. Based on the formula set forth in the policies and procedures, the salvage value of the house was set at \$13,859. This results in the net purchase price to be paid by the city from CDBG-NDR funds to be \$142,141. It should be noted that in addition to Mr. Slaughter agreeing to the purchase price reduction, he has also agreed to the requirement that he will move the house and foundation at his own expense. This means a further net cost benefit to city of an estimated \$20,000 by not having to undertake any demolition activity. It should also be note although not a specific factor in setting the salvage value, the city’s past experience with auctions of homes we have acquired is that the \$13,859 value is highly competitive.

B. Proposed Project

With City Council approval of this purchase agreement and salvage addendum, another needed property in buyout area 4 is being acquired on a timely and amicable basis not requiring Eminent Domain proceedings to support a flood control project.

IV. IMPACT:

A. Strategic Impact:

Demonstrates to HUD our ongoing commitment to be consistent in its practices with this acquisition being the first under the Single Family Salvage Policies and Procedures

B. Service/Delivery Impact:

This acquisition results in a cost savings by not incurring structure demolition costs

C. Fiscal Impact:

None

V. ALTERNATIVES

N/A

VI. TIME CONSTRAINTS

N/A

VII. FISCAL

Funds come from CDBG-NDR.

VIII. LIST OF ATTACHMENTS

A. Copy of the Purchase Agreement

B. Copy of the Purchase Agreement Addendum