



TO: Mayor Shaun Sipma
Members of the City Council

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

DATE: June 30, 2020

SUBJECT: AUCTION FLOOD BUYOUT STRUCTURES AND STRUCTURE SALVAGE

I. RECOMMENDED ACTION

Authorize auction of structure at 1520 3rd Ave. NE, and salvage of 708 2nd Avenue, NE

II. DEPARTMENT CONTACT PERSONS

John R. Zakian, DR Program Manager & Chief Resilience Officer, 420-4528

III. DESCRIPTION

A. Background

As city acquires properties for the flood mitigation projects, it has periodically presented to the City Council approval requests to auction structures on such property deemed sound and able to be moved, and also salvage of items in structures deemed to have value where structure, itself, is deemed to not be suitable to be moved. A new aggressive set of policies and procedures was implemented in 2018 to make more effective and timely determinations on acquired properties with structures as to whether such structures should be demolished or auctioned. Program goals are to minimize city liability exposure as well as making properties visually presentable until needed for the flood control projects by removing structures and landscaping the properties. To date, \$540,447 has been generated from these auctions for both CDBG-DR/NDR and State Water Commission Match acquisitions. Such funds are known as Program Income and by grant requirements are reinvested in further needed buyout acquisitions, reducing future need of local funds for additional buyout acquisitions. There have been 34 houses and 56 sheds/garages auctioned which also results in cost savings associated with demolition. The average cost of demolishing a house is \$16,000 with \$2,000 of that amount for foundation/basement removal which has to be undertaken by the City even for auctioned homes. This means a net savings of \$14,000 per house relocated for a cost savings of \$476,000 which when added to lesser savings for sheds/garages means savings of at least \$500,000. This demolition cost savings means that current grant allocations can be extended further in use.

B. Proposed Project

Structure at 1520 3rd Avenue, NE has been inspected and deemed in sound shape for auction and relocation. It will be included with other structures already approved in the next auction. Items in house at 708 2nd Avenue NE have been inspected and determined to be in adequate condition to be auctioned as salvage and will be included with other salvage properties in the next auction.

IV. IMPACT:

A. Strategic Impact:

Structures which can be moved reduce costs incurred through demolition from the CDBG-DR and CDBG-NDR funds, and State Water Commission Match funds, and income generated from auctions reduces future needs of local funds for further acquisitions.

B. Service/Delivery Impact:

Coordinated procedure to expedite determinations of auction versus demolition of structures including the involvement of appropriate city staff shrinks the liability exposure by the city once it has acquired property and structures, assures that efficient and effective determinations are made on a timely basis with the involvement of city staff, and creates potential for additional funds to be deployed for the disaster recovery activities.

C. Fiscal Impact:

Added funds for disaster recovery activities under CDBG and CDBG-NDR approved Action Plans through Program Income generated by the auction sales.

V. ALTERNATIVES

N/A

VI. TIME CONSTRAINTS

VII. LIST OF ATTACHMENTS