



TO: Mayor Chuck Barney
Members of the City Council

FROM: *Chris Owen, Federal Compliance Officer*

DATE: *May 23, 2017*

SUBJECT: **AUTHORIZATION TO CONDUCT AUCTIONS OF BUYOUT HOMES (DR0002)**

I. RECOMMENDED ACTION

Recommend approval to conduct auctions of homes purchased with CDBG funds

II. DEPARTMENT CONTACT PERSONS

Chris Owen, Federal Compliance Officer 857-1553

III. DESCRIPTION

A. Background

The City of Minot continues to purchase homes needed in support of the flood control project. Following purchase, the homes must be removed or demolished so the site can be prepared for construction of flood control features or to support flood storage

B. Proposed Project

Project is to allow sealed-bid auctions for homes that have been inspected and are free from asbestos, lead-based paint, and appear to be salable.

C. Consultant Selection

No consultants will be used for the auction process.

IV. IMPACT:

A. Strategic Impact:

Enabling auctions of these homes will afford an opportunity for reuse of existing structures, which is in-line with the vision of a more resilient Minot. It reduces materials placed into the landfill, which extends the life of the landfill while being environmentally conscious.

B. Service/Delivery Impact:

Allowing auctions to take place will demonstrate to the public that the city is committed to resilience. There is no negative effect on the buyout process.

C. Fiscal Impact:

When homes are sold at auction, the proceeds return to the grant program and are available to support future buyouts - maximizing taxpayer dollars. Additionally, when homes are sold and removed from the lot, it reduces the associated demolition/preparation costs for the lot.

Again, those savings are translated into more funds available for future buyouts. Each is unique, but a (very) rough estimate is savings of \$3,000-\$3,500 in demolition costs per site.

V. ALTERNATIVES

The lots must be cleared, with no exception. Therefore, the alternatives are few.

Alt 1. The City could retain ownership of the homes and pay to have them relocated elsewhere outside of the floodplain. This would be extremely costly, land-intensive, and maintenance-intensive.

Alt 2. The City Council could deny approval to auction the homes. They would all be demolished and removed from the sites.

VI. TIME CONSTRAINTS

Council's timely approval of the recommendation is key to maximizing use of the demolition season. It is imperative to conduct the auctions with enough time to allow removal of the homes, and subsequent demolition/preparation of the sites, with enough time for hydro-seeding before winter. It is also critical to enable effective management of the demolition contractor's workload throughout the season. Homes that do not sell at auction must either be demolished or held off until the following year. The City avoids having partially-complete demolition projects over the winter.

VII. LIST OF ATTACHMENTS

Property List