



TO: Mayor Chuck Barney
Members of the City Council

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

DATE: January 22, 2018

SUBJECT: ORDINANCE AMEND 2017 ANNUAL BUDGET - \$80,000 CAPITAL PURCHASE

I. RECOMMENDED ACTION

Authorize Ordinance to amend 2017 annual budget to increase the special assessment debt miscellaneous expenditures by \$80,000 for the acquisition of parking lots as part of the Open Gate Ministries flood buyout involuntary acquisition

II. DEPARTMENT CONTACT PERSONS

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

III. DESCRIPTION

A. Background

In the latter half of 2016, a determination was made that the structure owned by Open Gate Ministries and being used as a Church was inside the boundaries of the flood mitigation buyout area determined to be needed for the initial phases of construction of a flood wall. It was also determined at the time that the parking lots associated with the Church and also owned by the Church were not needed and were not physically located within the boundary of the flood mitigation buyout area. As a result of this determination, the city elected to go forward with the HUD required environmental review on this property excluding the parking lots and once that review was completed use of funds was limited to acquisition of the Church structure. It should be noted that the use of the involuntary acquisition program under HUD rules strictly limits acquisition to parcels specifically identified as being required for the purpose of the acquisition program which in this case are flood mitigation projects such as flood walls, levees, and flood storage areas. The city chose to proceed in seeking to acquire the property to include the parking lots because it made no sense to try only acquire the Church structure since without the structure there is no purpose for the lots. Therefore, the required appraisal did include consideration for the value of the lots and the offers made by the city have also included the parking lots. Because of the HUD rules on involuntary acquisition and the National Environmental Protection Act rules on limits once an environmental review has been completed, the only course available to cover that share of the acquisition related to the parking lots is from city funds.

B. Proposed Project

The acquisition cost in the executed agreement between the city and the church property owner is \$1,100,000 with \$80,000 representing the cost of the two parking lots based upon the appraisal undertaken by the city through CDM Smith to begin the negotiations with the balance to be paid through the CDNG-DR/CDBG-NDR State Water Commission match.

IV. IMPACT:

A. Strategic Impact:

Allocating the \$80,000 in city funds and upon final purchase which is now scheduled for no later than April 18, 2018, an internal transfer of the \$80,000 will be done by the Finance Department to demonstrate to HUD the city's contribution towards the overall acquisition cost. This will meet all requirements with respect to HUD.

B. Service/Delivery Impact:

Once the Church structure is demolished, it is projected that the parking lots for an interim period of time will be able to be used for staging and storage during the initial phases of construction of the flood wall represented in the first three phases which have been funded and awarded. Once these lots are no longer needed, it is planned that the city will auction the lots to recover some of the \$80,000 either in "as is" condition or after removal of the asphalt as possible single family home lots. This land will be on the protected side of the flood wall.

C. Fiscal Impact:

Funds are available to accomplish the transfer without impact on other obligations.

V. ALTERNATIVES

N/A

VI. TIME CONSTRAINTS

All CDBG-NDR projects must be done and funds spent by September 30, 2022.

VII. LIST OF ATTACHMENTS

Ordinance to Amend 2017 Annual Budget.