



City of Prineville
DEPARTMENT OF PLANNING & COMMUNITY DEVELOPMENT
STAFF REPORT

Date: May 22, 2014
To: City Council
From: Phil Stenbeck, Planning Director
Regarding: City Owned Properties Project.

The City Council directed staff to move forward with selling a number of city owned properties at the last City Council meeting. Staff is proceeding with doing so. Carl Dutli (Prineville City Attorney) has indicated that ORS 221.725 and ORS 221.727 are applicable to the sale of City owned properties. City staff have reviewed ORS 221.725 and ORS 221.727 and propose the following process for selling the properties. The intent of the process is to provide fairness to the current tenants and to citizens of Prineville who may have an interest in buying the properties. The process also is intended to provide the City of Prineville with a fiscally responsible process for selling the properties at the current market prices.

Step 1. Verify that each City owned property is a legal unit of land that can be sold. The exception would be the 3.72 acre parcel of land on the O'Neil Highway, which appears to only be sellable through a Boundary Line Adjustment Process per Crook County Planning Division. In this one case, staff recommends the realtor of record facilitate a sale which will include a boundary line adjustment to the adjacent landowner.

Step 2. Notice to be published in the newspaper for two consecutive weeks identifying the properties and a time and place where the properties will be sold to the highest bidder using a sealed bid process. The sealed bids will be opened at a City Council meeting. This notice process will make the City's process consistent with ORS 221.725.

Step 3. Send notice to tenants and Viking Property Management, LLC by certified mail for each City owned property so the tenants are aware of the proposed sale. Notice is to be mailed at least two weeks before the designated sale time.

Step 4. Have the realtor of record draw up sales contracts without the specified price for the sale of the properties. The sales contracts are to be reviewed and approved by the City Manager and the Planning Director.

Step 5. Sell the City owned properties by sealed bid to the highest bidder with the following exceptions and requirements:

- A) The minimum bid price is the listing price established by the City Council at their last meeting.
- B) The sale of the properties will not include well or water rights.
- C) The current tenant in any of the properties has the "first right" to buy the property at the highest bidded price. If they choose not to pay the highest bidded price, the highest bidder is then the winner. If the tenant chooses to pay the highest price bidded, they must begin escrow as a pre-qualified buyer within 3 working days. If they do not begin escrow as mentioned or choose not to purchase property, the bid winner must begin escrow as a pre-qualified buyer within 5 working days.
- D) All bidders may use a realtor or other real estate professional to represent them in the bidding and escrow process. Use of a realtor or real estate professional is solely at the buyer's expense. The City will not pay the buyers realtor fee.
- E) The sealed bids are to be submitted to Phil Stenbeck, Planning Director, no later than 5:00pm on the day before the City Council hearing where the bids are to be opened.
- F) Upon winning the bid, a check for \$1,000.00 or 1% of the winning bid price, whichever is lowest, shall be required to begin escrow.
- G) The bid winner has 14 days to have inspections of the property done at their expense. The City will not pay for any inspection work identified in the inspection reports.
- H) The properties are to be sold "as is".
- I) The escrow is to be 45 days or less.
- J) The sealed bids are to be opened at a City Council meeting.
- K) Real estate contracts opening escrow are to be signed by the City Manager within 5 working days, with a 3% of sales price real estate agent fee being paid to the realtor of record by the City when the property is sold.
- L) If there are no bids for a property, the realtor of record is to list the property in the MLS at the price identified at the last City Council meeting. The real estate agent cost will be the standard listing agent (3%) and selling agent fee (3%) which totals 6% of the sales price and to be paid when sold. The listing agent fee is to be paid by the City and the selling agent fee is to be paid by the buyer.
- M) Contracts for listing the properties with the realtor of record shall be signed by the City Manager.
- N) The City is to receive full payment for the properties.