



# **City of Prineville**

## **DEPARTMENT OF PLANNING & COMMUNITY DEVELOPMENT**

### **STAFF REPORT**

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**Date:** June 10, 2014

**To:** City Council

**From:** Phil Stenbeck, Planning Director

**Regarding:** City Owned Properties Project.

At the last City Council meeting, City staff after reviewing ORS 221.725 and ORS 221.727 and proposed a process for selling six City owned properties. It appeared that the Council generally agreed with the process, but did ask for a few changes to the outlined process. The following process includes the changes requested by Council and a few additions from staff.

#### **Part 1**

**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 an adjacent landowner with the City paying the land use and realtor fees.

Prior to Part 2:

- A) Sign contract with realtor of record to advertise including creating brochure.
- B) Have properties inspected and provide inspection report to realtor of record.
- C) Identify wells and due required testing.
- D) Create any needed easements for access and/or water.
- E) Determine/establish water rights.
- F) Create new parcels via land use process.
- G) Have the realtor of record draft 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.

#### **Part 2**

**Step 1.** 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 public meeting. This notice process will make the City's process consistent with ORS 221.725.

**Step 2.** 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 3.** 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.
- B) The sale of the properties with dwellings will include a domestic water source (well) and may include water rights.
- C) The current tenant in any of the properties has the “first right” to buy the property at the highest bid price. If they choose not to pay the highest bid price, the highest bidder is then the winner. If the tenant chooses to pay the highest price bid, they must begin escrow as a pre-qualified buyer within 5 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 10 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 public meeting where the bids are to be reviewed. Bids are not final until reviewed and approved by the City Council.
- 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) If the sealed auction results in a tie, an open verbal bid will occur between the bid winners who are in a tie at the public hearing where the bids are opened. Failure to be present or have representation making a bid at the meeting may result in losing the bid.
- H) 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.
- I) The properties are to be sold “as is”.
- J) The escrow is to be 45 days or less.
- K) The sealed bids are to be opened at a City Council meeting.
- L) 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.
- M) If there are no bids for a property, the realtor of record is to list the property in the MLS at the price identified by the City Council. The traditional real estate agent fees are to be paid by the City.
- N) Contracts for listing the properties with the realtor of record shall be signed by the City Manager.
- O) The City is to receive full payment for the properties.