



Date: December 6, 2016

To: Thomas J. Bonfield, City Manager

Through: W. Bowman Ferguson, Deputy City Manager

From: Steven Hicks, Director, General Services Department

Subject: Proposed acquisition of approximately 50.173 acres for future park project located at 632 N. Hoover Road and 621 Cheek Road

Executive Summary

The City proposes to purchase two parcels of property (“Property”) located at 632 N. Hoover Road and 621 Cheek Road for future use by the Department of Parks and Recreation (“DPR”). The Property has potential value to DPR and the City in serving the growing athletic needs of the community. The Real Estate staff has negotiated a contract to purchase ~50.173 acres for \$1,250,000.00 with the current owner, Rebecca Green Sercy Olbrych.

The property is located within a half mile of Twin Lakes Park in East Durham. DPR has evaluated the Property against its 2013 Parks Masterplan goals and has developed a concept plan that will contribute to achieving its athletic field goals. Durham currently has 14 soccer fields. The current population of Durham is estimated to be 251,000, which would call for 25 soccer fields for a community of its size (based upon a recommendation of one field per 10,000 residents). The development of new fields at this site would help decrease the gap.

DPR has developed a conceptual cost estimation and a test fit to determine the viability of the Property for athletic field development. The Property is currently graded and had previously been partially developed to create athletic fields for a private group. DPR developed the concept plan to maximize soccer (or multi-purpose fields). Preliminary test fits suggest the development of four soccer fields is possible. An additional practice field or other facility can be developed near the entrance to the site.

The City does not currently own other property in this area that could be developed to serve the future athletic facility needs of the community.

Recommendation

The General Services Department recommends that City Council approve acquisition of approximately 50.173 acres located at 632 N. Hoover Road and 621 Cheek Road from Rebecca Green Sercy Olbrych for a purchase price of \$1,250,000.00, and \$5,000.00 in closing costs for a total of \$1,255,000.00; and

The department recommends the City Council adopt a budget ordinance amending the City of Durham Budget Ordinance as amended, Fiscal Year 2016-17, the same being Ordinance # 14972, to appropriate fund balance for the purchase and acquisition of property.

Background

DPR has identified a need for expanded athletic fields and facilities in the East Durham area. Twin Lakes Park is heavily utilized for both soccer games and practices. Over the past several years, DPR and General Services Department (“GSD”) staff have explored options for provision of additional fields at Twin Lakes Park. However, entry road access at Twin Lakes is an ongoing issue due to an aging dam.

Real Estate Division staff was assigned to locate and procure property for future park needs in the area. In researching property that met the criteria for DPR use, the Property was identified as appropriate due to prior grading work performed on the property to create appropriate topography as well as its proximity to Twin Lakes Park. Real Estate staff was able to negotiate a contract to purchase the Property at a price acceptable to the seller.

Issues and Analysis

The Property’s proximity to Twin Lakes Park provides the City with the opportunity to coordinate programming between the two parks. An appraisal, dated August 23, 2013, valued the property in as-is condition at \$1,750,000.00. The appraiser also valued the Property as a “Sports Complex” at \$2,355,000.00. Since 2013, the seller has performed substantial clearing, grading and site preparation that will result in a savings to the City. The current zoning of the property allows for sports field use by the City. The City’s proposed use of the Property will not require substantial improvements to existing roadways.

A Phase 1 Environmental Report will be completed and reviewed prior to conveyance of the Property to the City.

The Contract for Purchase was executed by the seller with the following contingencies:

- (1) City must provide the seller an earnest money deposit of \$10,000.00 on or prior to December 12, 2016. This deposit is refundable until 1/5/2017. When the City closes on the Property, the deposit will be shown as a credit at closing.
- (2) The Property contains approximately 50.173 acres;
- (3) The purchase price is \$1,250,000.00;
- (4) The contract must be approved by City Council on or before January 3, 2017;
- (5) Upon closing, the seller shall execute and deliver a good and sufficient deed conveying fee simple title to the City;

It is understood and agreed that the City of Durham or its agents or contractors may enter upon the property for purposes related to the acquisition at any time after the exercise of this Option and before delivery of the deed.

Alternatives

City Council could decide not to approve acquisition of the Property pursuant to the terms contained in the attached Contract to Purchase and could instead direct staff to renegotiate with Seller. This alternative is not recommended because the purchase price has been negotiated in good faith and is supported by an appraisal of the property.

City Council could decide not to approve purchasing the Property and could instead direct staff to find alternative sites. This alternative is not recommended because the Property meets the criteria provided by DPR.

Financial Impact

Funding for the purchase and acquisition of this property is recommended from the appropriation of fund balance in the amount of \$1,255,000.00. The City's current policy is to maintain an unassigned fund balance as a percentage of adjusted appropriations of no less than 12% of General Fund adjusted appropriations. If the amendment for the purchase and acquisitions of this property is approved the fund balance for the general fund will be at 23.19%.

The following table details the estimated City expenses related to the acquisition of the Property. Funds to purchase the Property and closing will be available in account 0H400000-730100 with the adoption of the proposed budget ordinance amendment.

Purchase price	\$1,250,000.00
Closing costs	\$ 5,000.00
Total expenses	\$1,255,000.00

SDBE Summary

This item does not require review by the Equal Opportunity/Equity Assurance Department.

Attachments

- Overview Map
- Contract to Purchase
- Aerial Map