

**UPDATE TO (3/31/05):**

**Potential Sale/Purchase: Meadowfield Property/Adams Apple Site**

**Background**

No Change

**History**

No Change

**Process**

No Change

**Information**

No Change

**Comparison of Purchase Agreements**

Summarized without details of contracts

	Gilbert Purchase	Lombardo Purchase	Lombardo Exchange
Offer	\$ 1.98m	\$ 1.975m	\$ 1.6m (land) \$375k cash
Meadowfield			
Units	108 estimate	58 estimate	58 estimate
Density/ 9.581 acres	11.3 du/a	6.1 du/a	6.1 du/a
Actual offer	\$ 1.85m	\$ 1.975m	\$1.975m
\$/acre	\$ 193,090/a	\$ 206,137/a	\$ 206,137/a

**Pros and Cons**

**(Change shown in *italicized font*)**

The City is faced with two very distinct and competing opportunities. Simply stated the outright sale of the Meadowfield property would result in an approximate *\$875,000* gain on a land purchase in a little over three years. The land swap proposal would gain for the City additional acreage of parkland contiguous to the Eugene Nowicki Park on Adams Road plus *\$ 375,000* in cash.

**Tree Loss.** Either development as proposed will result in virtual clearing of the trees on Meadowfield site. Site is heavily wooded with large diameter Oak Trees. However, site would have been cleared if City had gone forward with OPC Facility or a Community Center that has also been stated as a potential use.

**Tree Loss in exchange for Park Land gain.** *The question presented is, “Does City “benefit, break even, or lose” by selling 10 acres of land planned for development that is heavily wooded while putting into perpetual preservation a 10 acre parcel that can add*

parkland to the northwest area of town?" An area previously identified in the Parks and Recreation Plan as being deficient in parkland.

**Density.** One proposal calls *for about 108 units*. The other calls for 58 units. This equals a density of *11.3 du/a* and *6.1 du/a* respectively. The Northridge Apartments, northwest of the site, has an overall 9.7 du/a density (529/54.53 acres). Ten and a half units per acre are not out of the question but this City historically would be more concerned with quality rather than quantity.

**Park expansion.** Outright sale will probably result in residential units being built on both sites virtually eliminating expansion of Nowicki Park. Adams Apple parcels are considered to be of adequate size to add 4 fields for soccer and /or football. *The Adams Road site is generally flat as it was used as a nursery*. The current 25 acres are rolling and heavily wooded. It should be noted that recent failure of Open Space millage was for open space and not parkland development. It is suggested that the two are distinctly different.

**Need for More Sports Fields.** The Planning and Development Department receives about 5 inquiries annually if we know of any land available for private interests to build sports field for organized soccer and football fields. These inquiries have been discussed with Mr. Hartner who advises there is a very high demand for organized leagues to rent fields. *A recent inquiry was made about the City's Hamlin Road property(Letica)for use as sports fields.*

**City purchase of Adams Apple parcel.** *Can the City buy the Adams Apple parcel with the proceeds from the Meadowfield sale? Answer is unknown. It is, however, now known that the price that Lombardo has gained control of the parcel is \$1.6 m. Because that offer price has been accepted by the owner it can be assumed that \$1.6m+ will be the threshold or starting point for future acquisition. In order for the City to purchase the Adams Road site two things are necessary. 1) Lombardo would have to drop their option and surrender all earnest money and, 2) The City would have to spend about \$1.6m+/- to purchase the site. Proceeds from the Gilbert/Lombardo sale would be about \$1.85/1.975m (\$1.1m initial costs plus \$750,000/875,000 net gain) leaving a cash amount around \$250,000/375,000 that could be used as seed money for park development or returned to the City's General Fund Fund Balance.*

**Proceeds.** What does City do with the monies. The Meadowfield site was purchased for \$1.1m with General Fund Fund Balance in 2001. A direct sale will return about \$ *1.85m (Gilbert) or \$1.975m (Lombardo)* to the City. Does the City subsidize the Local Road Fund? Recent Council policy in Budget workshops said NO! to transfers to Local Road Fund from General Fund. Does the City use the Money or any portion toward development costs of the Nowicki Park? Does the City use a portion and " earmark" it for matching grants for park development (specifically Nowicki Park). Recent strategies would suggest putting the monies into the City's General Fund Balance in anticipation of offsetting more Revenue Sharing cuts that are predicted.

**On-going tax revenue generation.** Although specifics are unknown because any development is not finalized there will be additional tax revenue generated by the development of the Meadowfield site. For discussion purpose I would suggest both development might be similar in tax generation. One could also assume that an outright sale of Meadowfield will also result in the development of the Adams Apple site. An estimated 26 homes might be built on this ten-acre site. Assuming a \$500,000 home; the taxable value of \$250,000 would generate about \$2,300 per home or about \$60,000 per year. Of this amount a third (\$20,000) would go toward general government and the remaining monies toward dedicated services (Fire, RARA, OPC, Bond Debt, Police, etc.)

**On-going Costs.** It has been suggested in this report that if the ten acres were added to the Nowicki Park there could be active fields developed to meet demands. Mr. Hartner advises that revenues would offset maintenance costs creating no additional on-going costs. Mr. Hartner further advises that initial development costs will be in the \$300,000 to \$400,000 cost range for the development of 4 fields. These costs include field prep, irrigation, seeding, and a hard surface parking lot to support the users.

*CIP Project. Since the January report a project has been submitted for CIP consideration that calls for sports filed development. This project also identifies PRIVATE monies that have been offered to assist in this development. If this were to be used and on this site the City's cost to develop the area into active fields would be greatly reduced. However, it must also be noted that in exchange for the development costs the Private entity would ask for a reduced usage fee. Although it would be a "wash" it would lessen to amount of cash "out" at the onset for the City.*

## **Recommendation**

*The fundamental differences between the two proposals are whether Council makes the short or long term decision for the City. The short term decision would support the capture of monies for use elsewhere and the long term decision would be to work toward meeting the need of providing recreational facilities in the northwest part of the City.*

*In the "apples to apples" comparison the committee unanimously recommends the Lombardo proposal as the \$1.975m offer will result in 58+/- units of ranch style condominiums that meet a clear and identified housing need for the City. This need being the "empty-nester" one floor unit with attached garages. Several members of the committee toured the type of units now being built in Macomb County and were impressed with the design and quality. Mr. Gilbert advised the committee that he was looking to do around 108 units. That would reduce his offer to the \$1.85m price and the units would be stacked as two floors intended more as "starter" homes. Neither proposal is "cut in stone" as to the unit mix and count, as that would be determined in the approval process.*

*In the "apples to oranges" comparison the question of short versus long term benefit to the City is in play. The short term is the outright cash offer and the long term is the land swap. The committee fully acknowledges the financial situation the city is in, in terms of no dedicated funding for the residential streets, reductions in Revenue Sharing, Police*

*operating millages and Pathway millages expiring in the near future and so on. However, the committee also suggests that the cash gain from the outright sale would not solve any of the City's short- nor long-term financial needs. The \$1.975m sale would net a profit for the City of about \$800,000 after expenses and a return of \$1.1m to the General Fund Fund Balance that was used to purchase the Meadowfield property. The \$800,000 is equal to about 17% of one year's needs to do local road maintenance only, enough to do an asphalt overlay on 6.4 miles of the city's 217 mile network (3%), or reconstruct a little less than one mile of asphalt roadway (0.5%). The City has also been advised that our revenue sharing cuts for 2005 may be in the \$600,000+/- range. But that is yet to be determined. All in all, the net "profits" realized from the sale of Meadowfield are short lived with the pending need to offset revenue sharing losses.*

*On the other side of the argument this may be the only opportunity that the City has to expand their Nowicki Park. The actual need to expand this park has not been specifically identified but the need to develop sports fields and additional recreational facilities in the northwestern part of the City has been identified in the Parks Master Plan. If this Adams Apple parcel should be passed over at this time it will most probably be proposed for single-family home construction. In recent Master Land Use Plan public forums and from Planning Commissioners there have been references that we as a City have enough Single Family homes and must work toward affordable housing and "empty-nester" housing.*

*The Committee unanimously agreed that the funding issues are short term and believe that solutions will be forthcoming. The opportunity to expand a park in an area of the City is a one-time deal and the City should not pass up this opportunity.*