



MULTNOMAH COUNTY AGENDA PLACEMENT REQUEST

(Revised: 9/23/13)

Board Clerk Use Only

Meeting Date: 5/22/14
Agenda Item #: R.1
Est. Start Time: 10:15 am
Date Submitted: 5/14/14

Agenda Title: **Resolution Declaring Surplus, and Approving Sale of Edgefield North to Michael McMenamin, Authorizing County Chair to Execute Sale Documents, and Directing County Staff to Proceed to Closing**

Requested Meeting Date: May 22, 2014 **Time Needed:** 15 minutes
Department: Non-Departmental—Chair's Office **Division:** Acting Chair Madrigal
Contact(s): Casey Filice, Senior Policy Advisor
Phone: 503-988-3308 **Ext.** 83308 **I/O Address:** 503/6
Presenters Name(s) & Title(s): Ken Elliott, Assistant County Attorney; Mike Sublett, Strategic Projects Lead, Facilities & Property Management; John Tydlaska, Economic Development & Invited Guests

General Information

1. What action are you requesting from the Board?

This resolution is for four related and dependent actions by the Board. The first is to declare an 18.8 acre portion of County property (R320686) where County Animal Services is located in Troutdale to be surplus property (such portion, the "Surplus Parcel"; the remainder of R320826 will be referenced herein as the "Animal Services Parcel"). The second action is to approve the sale of the Surplus Parcel and the southern neighboring 46 acre County property known as the "Pig Farm" (R320821), which together with the Surplus Parcel, is referred to as "Edgefield North", on the terms and conditions of the attached Purchase and Sale Agreement (the "Sale Agreement"). The third action is to authorize the Chair to execute the Sale Agreement and related documents, and the fourth is to direct County staff to complete actions necessary to ensure that the sale closes on time and for the maximum benefit of the County.

2. Please provide sufficient background information for the Board and the public to understand this issue. Please note which Program Offer this action affects and how it impacts the results.

In 1911, Multnomah County opened the Multnomah County Poor Farm (the "Poor Farm"), which would eventually grow to 345 acres, encompassing Edgefield North and the surrounding area, with the belief that providing fresh air and the ability to grow one's food would benefit residents who were struggling with illness, disability or poverty. From its opening until the mid-80's, when the County began the process of selling portions of the

Poor Farm, the property served many County functions, including a medical facility for tuberculosis, a facility for mentally ill children, a nursing home, and a jail. In 1990, Edgefield Manor was listed on the National Register of Historic Places, and the County sold it and twelve acres from the old Poor Farm on the south side of Halsey Street to McMenamins Inc. ("McMenamins"). McMenamins renovated the property and preserved its historical character as a central component to the successful development and operation of the McMenamins Edgefield resort. In 2008, the County closed on a sale of additional acreage from the Poor Farm to McMenamins and the Reynolds School District ("Reynolds").

Ever since declaring the Pig Farm surplus property in 2004, the County has been unsuccessful, despite several attempts, to sell the property. In September, 2007, the Board authorized a sale of the Pig Farm for \$5,750,000, which was in line with a February, 2005, appraised value of \$5,300,000. The sale ultimately failed to close due to lack of available funds.

To make productive use of the Pig Farm, since 2009, the County has used a three acre portion of the property to grow fresh produce for area food banks with the help of community volunteers through the Community Reaps our Produce and Shares ("CROPS") program, to increase opportunities for juvenile offenders to pay restitution to their victims through the Restitution Garden program, and to provide a hands-on learning experience for beginning farmers to develop necessary farming skills through the Beginning Urban Farmer Apprentice program.

County staff have been in discussions with Michael McMenam ("Purchaser") over the last 24 months, during which time the Division of Assessment, Recording and Taxation prepared an informal evaluation of Edgefield North that approximated the market value at \$2.9 million - \$3.6 million, reflecting the decline in real estate values since the 2005 appraisal. On May 8, 2014, Purchaser signed the Sale Agreement to purchase Edgefield North on the terms and conditions set forth in the Sale Agreement, including a condition that the property must be used to support or be used in conjunction with McMenamins Edgefield. Other key terms of the Sale Agreement are set forth below:

- a. A negotiated sale price of \$3,200,000;
- b. Protections for the continued operations and expansion of Multnomah County Animal Services on the Animal Services Parcel;
- c. Ability of County to continue to operate, without payment of rent, the County CROPS Program on Edgefield North;
- d. Ability of County to reserve rights-of-way requested by County Transportation along SW Halsey and Historic Columbia River Highway to facilitate future street, sidewalk, and infrastructure improvements, which reservations would reduce the price by approximately \$70,000;
- e. Ability of County to increase the price by approximately \$350,000 if the County is able to vacate and convey to Purchaser a portion of a current County right-of-way that Metro and the City of Troutdale have removed from their transportation system plans, indicating that the right of way is no longer necessary for transportation needs;
- f. Ability of County to sell only the Pig Farm to Purchaser if County is unable to sell the Surplus Parcel to Purchaser, which would reduce the price by approximately \$376,000;
- g. Reduction in the price of no more than \$100,000 for costs incurred by Purchaser in connection with certain mandatory base flood elevation work (Purchaser is responsible for all costs above \$100,000);

h. Financial terms:

- i. Upon signing of the Sale Agreement by County, deposit \$10,000 earnest money into escrow;
- ii. Upon closing, 36 monthly payments of \$10,000 each, without interest;
- iii. Upon the end of the above 36 months, the balance will bear interest at four and one-half percent (4.5%), with monthly payments calculated on a twenty five year amortization schedule, and a balloon payment due no later than six years after closing; and
- iv. If prior to the sixth year after closing, Purchaser receives financing for any non-agricultural site improvements, the full balance becomes immediately due and payable.

If County exercises all of its rights under the Sale Agreement, the final adjusted purchase price will be approximately \$3,380,000 if County is able to sell Edgefield North to Purchaser and approximately \$3,010,000 if County is only able to sell the Pig Farm to Purchaser.

3. Explain the fiscal impact (current year and ongoing).

This resolution and execution of the Sale Agreement will have no material fiscal impact in the current year (County likely will incur less than \$2,000 in costs in FY 2014 to provide the preliminary title report to Purchaser). In FY 2015, County may incur survey costs of approximately \$40,000 in connection with the sale (partitioning the Animal Services Parcel from the Surplus Parcel, delineating the reserved rights-of-way, and in connection with the vacation of the unnecessary right-of-way). Beginning in FY 2016, County will begin receiving the below estimated payments from Purchaser (assuming a closing date of March, 2016, and a price at closing of \$3.38 million) and property tax revenue in an amount to be determined by the Assessor following closing.

Estimated payments to County for indicated fiscal year (dollars in thousands)

2016	2017	2018	2019	2020	2021	2022
\$ 40	\$ 120	\$ 120	\$ 141	\$ 203	\$ 203	\$ 2,950

4. Explain any legal and/or policy issues involved.

By Resolution 04-185 the Board adopted a policy for declaring real property owned by the County as surplus ("Surplus Property Process"). The Surplus Property Process allows the Board to exempt a property from the Surplus Property Process when it is in the best interest of the County to do so.

The Director of Facilities and Property Management Division ("Director") has determined that the Surplus Parcel is no longer required for County use. An independent architect's study has confirmed the Animal Shelter Parcel retained by the County after the sale meets all programmatic needs for Animal Services. The County will soon have no practical, efficient, or appropriate use for the Surplus Parcel, and will have no use for the Surplus Parcel in the near future. As such, the Director has recommended that the Surplus Parcel be declared surplus. In light of the foregoing and the proposed sale of the Surplus Parcel pursuant to the Sale Agreement, and in considering the best interests of the County, the Director has further recommended that the Board exempt the Surplus Parcel from the Surplus Property Process.

5. Explain any citizen and/or other government participation that has or will take place.

Closing of the transaction will require engagement by the County and/or Purchaser with the Federal Emergency Management Association and the City of Troutdale for obtaining the base flood elevation, engagement by the County with the City of Troutdale for the

partitioning of the Animal Services Parcel from the Surplus Parcel, and a separate public process led by the County relating to the vacation of the unnecessary right-of-way.

Required Signature

Elected Official Emerald Walker /s/

5/14/14

or Dept Director: _____ **Date:** _____

Note: Please submit electronically. Insert names of your approvers followed by /s/. Please insert date approved.