



Legislation Text

File #: ID#19-5920, **Version:** 1

SUBJECT/RECOMMENDATION:

Approve a Contract for Purchase of Real Property by the City of Clearwater of certain real property owned by The School Board of Pinellas County, Florida, with a purchase price of \$1,800,000 and total expenditures not to exceed \$1,825,000; authorize the appropriate officials to execute same, together with all other instruments required to affect closing; and approve the transfer of \$1,825,000 from general fund reserves at mid-year to cover the cost of the purchase. (consent)

SUMMARY:

The subject property is approximately two acres and contains improvements that were formerly used as North Ward Elementary School. The property is located at 900 North Fort Harrison Avenue, bordered by Nicholson Street, N Osceola Avenue, Cedar Street and N Fort Harrison Avenue. The former school is one of several community assets in Downtown Clearwater's Old Bay Character District including the Seminole Boat Ramp, the Francis Wilson Playhouse and the Pinellas County Trail. Forward Pinellas recently approved a Complete Streets planning grant for Fort Harrison Avenue. By taking ownership of this strategic property, the City will be in a stronger position to control the long-term future use of the property to ensure we capitalize on the range of city investment in the Old Bay District.

The City obtained two independent appraisals performed on the property. James Millspaugh and Associates, Inc. valued the property at \$1,500,000 with a valuation date of November 2, 2017. Tobias Realty Advisors, LLC valued the property at \$1,235,000 with a valuation date of February 6, 2018.

Shortly after receiving the appraisal reports, activities transpired giving reason to believe an abrupt shift in property values had occurred: City Council approved the Clearwater Downtown Redevelopment Plan (CDRP) significantly changing development rights on the property providing substantial increases in allowable floor area ratio and density on the subject property; and, several transactions on properties comparable to the N Ward property closed at higher acquisition prices than previously seen. For these reasons, School Board staff reached out to Mr. Millspaugh and Mr. Tobias and requested updated appraisals. The updated reports represented values of \$1,850,000 (valuation date of November 15, 2018) and \$1,475,000 (valuation date of January 16, 2019), respectively.

School Board staff has requested two unique provisions in the contract.

* If, within five years of closing, the city sells the property to a third party at a price exceeding \$1,800,000, the city will equally share the difference between the sale price to the third party and \$1,800,000 less any capital improvements the city has made to the property.

* The School Board is planning major improvements to Clearwater High School. They are committing to invest \$137,500 from proceeds from the sale of N Ward into a beautification project at Clearwater High School. The project will be visible from State Road 60 and will require approval by city staff. The amount to be invested is the difference between the sale price and the mid-point of the more recent set of appraisals.

Other notable terms:

* The City will have 60 days to conduct due diligence.

* Closing will be on or before June 28, 2019 but may be extended by either party for an additional 60 days.

Acquisition Costs:

Purchase Price \$1,800,000

Survey \$5,400

Phase 1 Environmental Analysis \$3,000

Building Inspection \$10,260

Closing Costs \$1,000

Operation/Maintenance Costs for Remainder of FY19 \$5,000

TOTAL \$1,824,660

Following acquisition of the property, staff will take steps to determine the feasibility of potential future uses.

APPROPRIATION CODE AND AMOUNT:

A mid-year amendment will increase non-departmental cost code 0107010-560300, Land Development, funded by an allocation of General Fund reserves.

USE OF RESERVE FUNDS:

Funding for this contract will be provided by a mid-year quarter budget amendment allocating General Fund reserves in the amount of \$1,825,000 to cost code 0107010-560300, Land Development. Inclusive of this item if approved, a net total of \$1,428,701 of General Fund reserves has been appropriated by Council to fund expenditures in the 2018/19 operating budget. The remaining balance in General Fund reserves after the 8.5% reserve is approximately \$13.2 million, or 8.9% of the current General Fund operating budget.