

CITY COUNCIL STAFF REPORT

DATE: April 27, 2017
FROM: Mike Gridley – City Attorney
SUBJECT: Approval of the Real Estate Purchase and Sale Agreement with Bad Axe, LLC for the Atlas Mill site

=====

DECISION POINT:

Should the City Council approve the Real Estate Purchase and Sale Agreement with Bad Axe, LLC for the Atlas Mill site?

HISTORY:

The City is proposing to purchase approximately 47 acres known as the former Atlas Mill site from the current owner, Bad Axe, LLC. The property has been vacant since the Stimson Lumber company closed the mill approximately 10 years ago. The property is considered a brownfield site and has failed to be redeveloped following the mill closure. The property contains approximately 3,700 feet of waterfront on the Spokane River.

The City’s purpose in buying the site is to obtain waterfront access and recreational/trail property for the community and to help facilitate the remediation of the land for redevelopment. The City owns the former BNSF railroad right of way that bisects the property. By purchasing this site the City will have access to the Spokane River and more land for public use. Also, the City sees an opportunity to work with Ignite CDA to remediate the site for redevelopment and ultimately job creation.

FINANCIAL ANALYSIS:

The purchase price is \$7,850,000 if completed by October 25, 2017 or \$8,000,000 if not completed until December 1, 2017. The funding source for the purchase will be determined during the due diligence period that expires on September 15, 2017. The City will ultimately sell or otherwise dispose of the property not needed for public use to make it available for redevelopment. Approval of the agreement requires a \$100,000 refundable escrow deposit.

PERFORMANCE ANALYSIS:

By purchasing the property the City will be able to annex the property into the City and control development of part of the property for public use. This will also allow City law enforcement to control illegal activities that have been happening on the vacant property.

Further, by acquiring the property the City will also have some control over how the property is ultimately developed. Once this property is remediated it will be very attractive for the recruitment of business development that will lead to job creation.

The City will have until September 15, 2017 to conduct “due diligence” on the site and then make a final decision on whether to proceed with closing on the purchase of the

property. If the City decides to not proceed to closing then the escrow deposit will be refunded.

DECISION POINT/RECOMMENDATION:

City council must decide whether to approve the Real Estate Purchase and Sale Agreement with Bad Axe, LLC for the Atlas Mill site.