



STAFF REPORT
DISCUSSION ITEM

Item #13g

SUBJECT: Options for Selling Pullen House

DATE OF MEETING: September 12, 2017

STAFF CONTACT: Alex Vanegas, CPM, Interim Town Manager

SUMMARY and RECOMMENDATION:

The Town purchased the property at 301 S. 20th Street for \$175,000 in January 2011. The property is two separate lots with one house and two accessory structures. The Town Council has requested that staff bring this property to their June 27, 2017 meeting for discussion. At the meeting, staff was directed to obtain an appraisal of the properties. Staff is bringing this item

BACKGROUND:

Selling property owned by a local government can be done in a variety of ways as long as the disposition of property adheres to Code of Virginia. The requirements identified in the Constitution of Virginia and in the Code of Virginia are as follow;

Public Hearing

Before any property can be sold or disposed of, the jurisdiction must hold a Public Hearing (see Code of Virginia §15.2-1800). There are not any other limitations or restrictions found in the Town's Charter or Code.

Vote

According to Article VII, Section 9 of the Constitution of Virginia, the sale of public property requires a three-fourths vote of the members of the elected body. As such, there must be six (6) affirmative votes to sell Town property.

Options for Selling Property

There are three primary ways that the Town could sell the property:

- **Unsolicited Bid:** Any member of the public can make an unsolicited bid for Town-owned property at any time. If such a bid is received, the Town staff would review and analyze the proposal and bring an item to Closed Session for the Council to consider. This may result in moving forward to a public hearing and a vote.

This option is the least predictable, because it relies on the private sector to approach the Town with an offer. This is unlikely to generate much interest.

- **Solicited Proposals through Sealed Bid:** The Town can publish and announce its intent to sell the property through News Release, Public Notices, Social Media, local real estate firms, and other public contacts. The Town can declare its intent, set a baseline (minimum) price (if desired), set a deadline, and receive sealed bids at Town Hall. Staff would then review and analyze the sealed bids and bring an item to Closed Session for the Council to consider. This may result in moving forward to a public hearing and a vote.

This option is the least expensive to the Town, as there would be no costs for the Town to pay a real estate firm. The Town can also dictate (or negotiate) contract terms with a potential buyer regarding closing costs, fees, timeline, and other matters. The impact of this option is on staff time (either the Town Attorney or hiring outside counsel) and that staff would not be marketing this in the same way as a realtor might.

- **Hire a Real Estate Firm:** This option would require the Town to procure the services of a real estate firm that would handle all aspects of the sale. Then, the realtor would sell the property on behalf of the Town and would be the one responsible for getting bids/contracts and then making recommendations to Council. Ultimately, this would still require an item in Closed Session for the Council to consider. This may result in moving forward to a public hearing and a vote.

This option would provide the least impact to staff time but would cost the Town funds due to fees for services, commission, etc. This option could lead to a higher sale price based on the experience or activities of the realtor, although there is no guarantee of this. Based on the likely sale price, this service would fall under the Town's Small Purchase Policy and would only require three verbal quotes (a formal RFP would not be needed).

ISSUES:

The property is assessed at \$236,240, but an appraisal provided an estimated market value of the fee simple interest in the 0.37 acre subject lot (Pin # 48827834) as of July 11, 2017 is \$120,000. The estimated market value of the fee simple interest in the 0.14 acre subject lot (Pin # 48827825) as of July 11, 2017 is \$100,000. Based on the information listed above, the Town could choose to sell the property "as is" in the range of \$220,000-\$240,000.

If the Council so desires to solicit bids, the Town can place a minimum purchase price within the aforementioned range. Another option for consideration, is to subdivide the property into two equal sized lots to obtain a higher value but this will take additional time to navigate through the planning process.

Timeline of Actions

Should Council wish to move forward, an example of a timeline for the Sealed Bid process is below as an example:

- Prepare property for sale – 1 month
- Prepare proposal documents, advertisements, and public information – 1 month
- Open up timeline for receiving sealed bids – 2 months
- Staff review of bids and preparation of staff report – 1 month
- Council review of bids – 1 month
- Council Public Hearing – 1 month
- Council vote – 1 month

Some of these processes may be able to run concurrently, so the process in totality would run between 4-8 months.

The process to use a realtor would take 3-4 weeks in order to receive verbal quotes and award a contract to a firm for realtor services.

BUDGET IMPACT:

There is no direct budget impact to proceeding with possible sale of the property at 301 S. 20th Street. Staff time and resources will be required, depending on the option chosen. The sale of the property will result in a positive variance on the budget. The revenue generated by the sale could be added to Unassigned Fund Balance or a dedicated fund that could be used at a future date.

MOTIONS:

“I move that the Town Council direct staff to move forward with a soliciting proposal for sealed bids to sell the property located at 301 S. 20th Street in Purcellville, Virginia with setting a minimum purchase price to be established by staff within the range of \$220,000-\$240,000.”

OR

“I move that Town Council direct staff to move forward with procuring a real estate firm to sell the property located at 301 S. 20th Street in Purcellville, Virginia. ”

Motion: Council member Grim
Second: Council member Jimmerson
Carried: 6-0-1 Absent

Cool - Aye
Bledsoe - Absent
Ogelman - Aye
McCollum - Aye
Grim - Aye
Jimmerson - Aye
Mayor - Aye

h. Options for Selling Pullen House

Alex Vanegas stated that options had been provided at the June 27th Town Council Meeting and that Council directed staff to get an appraisal for the property. Mr. Vanegas stated that the appraisal value has been provided, and talked about the options as provided in the staff report.

Council member McCollum referenced the timeline and the time to prepare the house for sale. Alex Vanegas confirmed this would generally be cleaning up in and around the house to prepare it for sale and that the only expense would be staff time.

Council member Grim asked how and when there may be a time when the property could be previewed and when sealed bids would be received by. Alex Vanegas stated this could be set up after the initial documentation is prepared. Council member Grim stated she feels that that the very last properties to be sold should be the ones inside the Town limits and that she does not understand a previous decision to hand off the first right of refusal to Bridge's when the old Town Hall building was sold. Council member Grim requested that if Council feels the Town should sell the property that legitimate numbers be provided as to the prospect of a five to ten year plan on a property that is adjacent to Fireman's Field which would never be sold.

Council member Cool stated that the past cannot be changed. Council member Cool added that this item has been on the agenda for several months and that the Parks and Recreation Advisory Board has had several months to provide ideas and costs for the property and they did not present anything and feels Council needs to take action and will not support a further delay.

Mr. Ed Neeham, 201 S. 20th Street, came forward and stated he feels the property is currently zoned as an R-3 and that the zoning would likely be changed, and if so, asked what it would be changed to. Mayor Fraser stated it does not need to be changed. Mr. Neeham stated that it depends who would build and asked if Council would allow a zoning change. Council member Jimmerson stated she feels this could happen anywhere and that the request could be denied.

Vice Mayor Ogelman stated he feels the objective of the motion is to get additional information to see what may be proposed. Mayor Fraser asked that if getting sealed bids is a commitment to the Town. Council member Cool stated he does not support going forward with

having staff clean up the house and receiving sealed bids for review and then reviewing the options as this has been done, and that the sealed bid does not commit the Town to anything. Council member Grim stated that it clearly states that if a sealed bid with a minimum purchase price of \$220,000 - \$240,000 does come in then it is accepted and the property is sold. Council member Grim stated that this is doing exactly what previous Council did in purchasing the Town Hall building because there is no feasibility determination of the value and reason for doing it. Vice Mayor Ogelman noted he reads the statement that the motion is a solicitation to get proposals or bids to sell the property and that the Town would not be committed to sell the property, and that should be clear.

Sally Hankins stated it is her understanding that Council can abandon any bid or request for proposal but that there may be stipulations to that and that as long as it is not being done to avoid the highest bidder and pass time then rebid it later. Ms. Hankins added that as long as the intent is to abandoned all of it and not revisit it, there should not be any issue. Council member Cool stated he supports the sealed bid process.

Council member Cool made a motion that the Town Council direct staff to move forward with a soliciting proposal for sealed bids to sell the property located at 301 S. 20th Street in Purcellville, Virginia with setting a minimum purchase price to be established by staff within the range of \$220,000 - \$240,000.

Council member Grim stated she would not support this as Council is deciding to sell an asset without any background determination of the value and that she has not seen the appraisal and does not feel the price is reasonable.

Council member Jimmerson asked if the base price can be stated without a maximum price. Sally Hankins stated that the range provided in the motion is the minimum. Alex Vanegas stated the bid would go through Council for acceptance. Council member Jimmerson seconded the motion.

Mayor Fraser confirmed that the minimum is a range of \$220,000 - \$240,000. Sally Hankins confirmed and added that it could be a single number for a minimum without including a range. Alex Vanegas noted that the minimum range keeps bidders from submitting the lowest price and keeps the process competitive. Mayor Fraser stated that as the motion is stated he sees a range and it not being a minimum range. Council member McCollum suggested using \$240,000 as a minimum without a range.

Council member Cool restated the motion that Town Council direct staff to move forward with a soliciting proposal for sealed bids to sell the property located at 301 S. 20th Street in Purcellville, Virginia with setting a minimum purchase price to be established at \$240,000. The motion was seconded by Council member Jimmerson.

Motion:	Council member Cool
Second:	Council member Jimmerson
Carried:	5-1-1 Absent

Cool - Aye
Bledsoe - Absent
Ogelman - Aye
McCollum - Aye
Grim - Nay
Jimmerson - Aye
Mayor - Aye

**DISCUSSION OF ITEMS PROPOSED FOR FUTURE PRESENTATIONS /
RECOGNITION:**

- a. Recognition Request – Retirement of Officer Bill Schoeb, Loudoun County Sheriff’s Office and Resource Officer at Loudoun Valley High School
- b. Recognition Request – Committee, Commission and Board Members
 - i. Eamon Coy, Parks and Recreation Advisory Board (approx. 4 ½ years)
 - ii. David Mesitrich, Economic Development Advisory Committee (approx. 3 years)
 - iii. Bill Lynch, Board of Zoning Appeals (approx. 2 year)

Town Council approved the requests.

APPROVAL OF MINUTES:

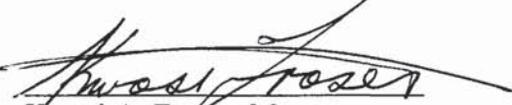
a. July 25, 2017 Town Council Meeting

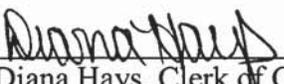
Council member Jimmerson made a motion that Town Council approve the minutes of the July 25, 2017 Town Council Meeting and waive reading. The motion was seconded by Vice Mayor Ogelman with two abstentions.

Motion: Council member Jimmerson
Second: Vice Mayor Ogelman
Carried: 4-1 Absent -2 Abstentions
(McCollum and Cool)

ADJOURNMENT:

With no further business, Vice Mayor Ogelman made a motion to adjourn the meeting at 10:46 PM. The motion was seconded by Council member Cool and carried with one absent.


Kwasi A. Fraser, Mayor


Diana Hays, Clerk of Council