



Special Session

SPS

Milwaukie City Council

COUNCIL SPECIAL SESSION

City Hall Council Chambers
10722 SE Main Street
www.milwaukieoregon.gov

AGENDA

AUGUST 27, 2019

Note: times are estimates and are provided to help those attending meetings know when an agenda item will be discussed. Times are subject to change based on Council discussion. **Page #**

Executive Session (5:15 p.m.)

Before the Special Session, Council will meet in Executive Session pursuant to Oregon Revised Statute (ORS) 192.660 (2)(e) to deliberate with persons designated by the governing body to negotiate real property transactions.

1. **City Hall Purchase Agreement Approval – Resolution (5:25 p.m.)** **1**
Staff: Leila Aman, Community Development Director, and
Bonnie Dennis, Finance Director
2. **Adjourn (5:45 p.m.)**

Americans with Disabilities Act (ADA) Notice

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Executive Sessions

The City Council may meet in Executive Session pursuant to ORS 192.660(2); all discussions are confidential and may not be disclosed; news media representatives may attend but may not disclose any information discussed. Executive Sessions may not be held for the purpose of taking final actions or making final decisions and are closed to the public.

Meeting Information

Times listed for each Agenda Item are approximate; actual times for each item may vary. Council may not take formal action in Study or Work Sessions. Please silence mobile devices during the meeting.

COUNCIL STAFF REPORT

To: Mayor and City Council

Date Written: Aug. 21, 2019

Reviewed: Kelly Brooks, Interim City Manager
Bonnie Dennis, Finance Director
Justin Gericke, City Attorney

From: Leila Aman, Community Development Director

Subject: **Purchase and Sale Agreement for 10501 SE Main Street, Milwaukie, OR 97222**

ACTION REQUESTED

Approve resolution authorizing the City Manager to execute a Purchase and Sale Agreement for the purchase of 10501 SE Main Street, Milwaukie, Oregon 97222, for use as a new City Hall.

HISTORY OF PRIOR ACTIONS AND DISCUSSIONS

On [June 4, 2019](#), Council provided direction to staff to proceed with exploring funding options for the purchase of property located at 10501 SE Main Street, to hire a commercial real estate broker to negotiate the possible purchase, and to initiate appraisals on city-owned properties (the Pond House and Bertman House) for disposition to fund the potential purchases.

On [June 18, 2019](#), Council authorized staff to move forward with investigating the purchase and developing a financing strategy.

On [July 16, 2019](#), Council authorized resolution [49-2019](#) authorizing the City Manager to negotiate terms for the purchase of 10501 SE Main Street.

DISCUSSION

In April 2019, the City was presented with the opportunity to purchase 10501 SE Main Street, Milwaukie, Oregon 97222. Staff explored the opportunity in response to the City's documented need for additional workspace and the need to consolidate public facing operations to best serve the public interest. Staff also explored several funding strategies and engaged a broker to assess the viability of the site.

Staff is recommending that Council approve a resolution to authorize the City Manager to submit an offer to acquire the property at 10501 SE Main Street in the form of a Purchase and Sale Agreement (Attachment 1) for an amount not to exceed \$6.5 million dollars. If approved, staff will move forward with site due diligence and will return to Council for final approval if all conditions are met. At such time, Council will be asked to waive all conditions and the Purchase and Sale Agreement will be finalized at that time.

During the due diligence period, staff will be refining a total project budget that includes estimated costs to construct a new council chambers, space for public facing services, and other necessary facilities-related items. Financing of the project may also include the disposition of

city-owned properties including the Pond House and the Bertman House. Public hearings will be held for the possible disposition of both properties.

BUDGET IMPACTS

The City will incur debt financing to acquire the property including all associated costs for the purchase and due diligence, including an estimated renovation budget. The City will return to Council with a resolution to proceed with a financing agreement that will include a not-to-exceed amount. Repayment of the debt will be through the lease-back payments, transfers from other funds, disposition of city-owned properties, and a reduction in capital improvement projects for the existing City Hall. A Supplemental Budget will be returned to Council to adopt the debt service, transfers, and other elements of this transaction.

WORKLOAD IMPACTS

The city manager, city attorney, finance director, and community development director will be working together to facilitate this transaction.

COORDINATION, CONCURRENCE, OR DISSENT

The city manager has been working with the community development director, facilities manager, finance director, city recorder, assistant city manager, city attorney, planning director, and others on this process. Staff is unified in their interest to pursue this facility.

STAFF RECCOMENDATION

Staff recommends that Council approve the resolution authorizing the City Manager to execute a Purchase and Sale Agreement for the acquisition of 10501 SE Main Street, Milwaukie, Oregon 97222, in an amount not to exceed \$6.5 million dollars.

ATTACHMENTS

Attachment 1 – Resolution

Attachment 2 – Purchase and Sale Agreement (pending – to be provided)



COUNCIL RESOLUTION No.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MILWAUKIE, OREGON, AUTHORIZING THE CITY MANAGER TO EXECUTE A PURCHASE AND SALE AGREEMENT FOR THE PURCHASE OF 10501 SE MAIN STREET, MILWAUKIE, OREGON 97222, TO BE USED AS A NEW CITY HALL.

WHEREAS, the City has determined it is in the public interest to consolidate City services into a single location; and

WHEREAS, the City has been offered the opportunity to negotiate for the purchase of a building located at 10501 SE Main Street, Milwaukie, Oregon 97222; and

WHEREAS, Council authorized the City Manager to retain a commercial real estate broker to negotiate acceptable terms of sale with the owners of 10501 SE Main Street; and

WHEREAS, the City and the owners of 10501 SE Main Street have come to mutually agreeable terms as outlined in a Purchase and Sale Agreement ("PSA") for the property.

Now, Therefore, be it Resolved

Section 1 - The Milwaukie City Council authorizes the City Manager to sign and submit a Purchase and Sale Agreement in an amount not to exceed \$6.5 million for the purchase of a building located at 10501 SE Main Street, for use as a new City Hall.

Section 2 – Upon completion of the due diligence period and satisfaction of all waivers and conditions set forth in the PSA, the City Manager will return to Council for final approval of the purchase.

Introduced and adopted by the City Council on **August 27, 2019**.

This resolution is effective immediately.

Mark F. Gamba, Mayor

ATTEST:

APPROVED AS TO FORM:

Scott S. Stauffer, City Recorder

Justin D. Gericke, City Attorney