



# MAYOR & COUNCIL COMMUNICATION

**DATE:** March 17, 2015  
**CONSENT**  
**ITEM #** 8

**AGENDA ITEM:** Sale of City Hall Annex  
**SUBMITTED BY:** Adam Bell, City Clerk/Assistant City Administrator  
**THROUGH:** Dean Zuleger, City Administrator  
**REVIEWED BY:** Beckie Gumatz, Deputy Clerk  
Washington County Public Works  
Cathy Bendel, Finance Director (*provided Fiscal Impact*)

**SUGGESTED ORDER OF BUSINESS (if removed from Consent):**

- Introduction of Item .....City Clerk
- Questions from Council to Staff.....Mayor Facilitates
- Call for Motion ..... Mayor & City Council
- Discussion..... Mayor & City Council
- Action on Motion..... Mayor Facilitates

**POLICY RECOMMENDER:** Staff

**FISCAL IMPACT:** The remaining book value as of March 31, 2015 will be \$36,068.72. If this transaction takes place as proposed, this amount will be reflected in the government wide financial statements as a loss on the disposal of the asset. Since there is no cash involved, it will have no impact on the fund basis statements. *More detailed information is available from Finance Department upon request.*

**SUMMARY AND ACTION REQUESTED:** It is respectfully requested that the City Council approve the sale of the City Hall Annex to Washington County by taking the following action:

***“Move to approve sale of the City Hall Annex to Washington County for specified terms..”***

**LEGISLATIVE HISTORY:** The City purchased the subject manufactured home trailer that has served as an annex to City Hall in 2008 for \$74,729.83, set up to depreciate over a 10 year life. In August 2010, improvements were made in the amount of \$26,510.78, set up to depreciate over a 10 year life. The improvements involved the installation of bathroom facilities and the reconfiguration of offices and conference room areas. In January 2013, a new heating and air conditioning unit was installed. It should also be noted that in 2014 one of the HVAC units had to have major overhaul due to continuous operation during cold weather.

Due to growing space constraints and increasing maintenance expenses, the City began leasing space in the Brookfield II building north of City Hall in October of 2014. The Administration and Finance departments were relocated to the new space, and the Community Development department staff was moved from the Annex to the existing City Hall. The Washington County Sheriff's field office, previously located in the Annex, was also relocated to City Hall.

Staff has been working to obtain estimates on the value of the Annex, but due to the uniqueness of the structure, as well as the deteriorating condition, specific comparable structures have been difficult to locate or identify. A representative from Cimarron Park could not provide a comparable estimate of any value, again based on the condition and nature of the structure. Staff was told that the City would "be lucky" to get anything for the structure. Based on staff's additional research, there is very little value to any prospective buyer. A public sale would also be difficult to orchestrate.

After learning that the City was looking to get rid of the Annex, Washington County Public Works determined that they may have a use for the structure. They are in the process of developing plans to refurbish and expand its Public Works Operations and Offices, currently located at 11660 Myeron Road N. in Stillwater Township. Because this work will take approximately two years to complete, the County is in need of alternative office and meeting space during that time. They believe that the Annex would provide an adequate space for that purpose.

Washington County has since submitted an offer proposing:

- The City of Lake Elmo provide the Annex to the County in as-is condition at no cost to the County;
- The County would arrange for the structure to be moved off City property and onto the County site at no cost to the city;
- The County will remove and/or disconnect all services and utilities to the structure, including power, sewer, water, and communications, and be responsible for all associated costs; and
- The County would grade, provide and grade topsoil, and seed the structure pad site to city's approval.

**BACKGROUND INFORMATION (SWOT):**

**Strengths** This sale will facilitate the removal of the Annex at no cost to the city and improve the City Hall property. There are numerous complaints by the public as to the current aesthetic impact of the structure. It is the City's desire to have the structure removed from the property as it currently serves no usable function. The County will be doing this and reconditioning the site at no cost to the City. This proposed deal uniquely benefits both parties.

**Weaknesses** There is still scheduled depreciation on the books.

**Opportunities** This type of partnering with Washington County further promotes and strengthens the good relationship the City has with the County.

**Threats** No known threats.

**RECOMMENDATION:** Staff respectfully recommends that the City Council approve the sale of the City Hall Annex to Washington County. *As this item is part of the Consent Agenda, no formal motion is required.* If Council removes this item from the Consent Agenda, it can approve the action by making the following motion:

***"Move to approve sale of the City Hall Annex to Washington County for specified terms."***

**ATTACHMENT(S):**

1. Preliminary proposal letter from Washington County
2. Bill of Sale