



## MEMORANDUM

TO: Mayor Burch and City Council Members

FROM: Gregg Guetschow, City Manager

SUBJECT: National Guard Armory Purchase—Supplemental Information

DATE: January 29, 2015

**Sale of Surplus Property.** During the January 26 City Council meeting and in an earlier letter to the editor, comments were made questioning the wisdom of the City's selling a portion of the Public Works garage property that lies to the west of that property. I did not address this in my earlier report to Council but wanted to provide some additional information regarding this matter.

This 3.76 acre parcel was sold in 2002 for \$111,500. Its current taxable value is \$199,311. Since the time of the sale, the property owners have paid a total of \$85,451.36 in property taxes to all local jurisdictions. Approximately 30% of that amount would have been paid to the City.

Taxes billed by all jurisdictions in 2014 totaled \$8716.14. Last year, City Council approved an ordinance amendment that will permit the construction of a large accessory structure on the property, further increasing the taxable value. As a consequence, taxes in future years are expected to increase.

I have not formed an opinion as to whether the availability of this parcel would have permitted a better site plan to address Public Works Department needs. The parcel frontage on Tirrell Road measures 227 feet. A portion of the property is located in the Battle Creek flood plain and would have been unavailable for building construction.

From a financial standpoint, selling this surplus property generated both immediate sale income and property taxes over the last decade and for the foreseeable future. To calculate the true cost of building a storage facility on this site, assuming the City still owned it, it would be necessary to add to the construction cost the lost revenue from the sale of the property (net of its initial cost) and the present value of the taxes that the property would generate. Given that the decision has been made and executed, it did not seem to be a good idea to devote time to developing a precise calculation. Nevertheless, it is clear that the cost of building a storage facility on the site, including opportunity costs, would be higher than the actual cost of the building itself.

The decision to sell the parcel might well have been viewed as a poor one if it were done with the knowledge that the Public Works Department would have need of the property. In light of the present opportunity to acquire a larger parcel adjacent to Public Works and the financial discussion above, it would appear that ample justification can be found now to support the Council's decision in 2002.

**School Interest in Armory.** A question was raised at the previous Council meeting regarding the Charlotte Public School's interest in acquiring the Armory. I spoke briefly with Superintendent Mark Rosekrans about this. He said that he informed the school board of the availability of the property when he received the notification from the Department of Military and Veterans Affairs. The board did not express an interest in pursuing acquisition of the Armory at that time. His comments indicated that existing school facilities appear adequate to meet district requirements for the foreseeable future.