



State of Illinois
Diane Wolfe Marlin, Mayor



City of Urbana
Charles A. Smyth, City Clerk

URBANA CITY COUNCIL – CLOSED SESSION MINUTES

400 S. Vine St., Urbana, IL 61801

Sale of City Property, Pursuant to 5 ILCS 1320/2(c)(6)

August 27, 2018 – 6:30 pm

The Urbana City Council met in closed session at 6:30 pm during the course of the special City Council meeting to consider the Sale of City Property, Pursuant to 5 ILCS 120/2(c)(6). Following a roll call vote, City Council Members and selected staff moved to the 2nd Floor Executive Conference Room.

Elected Officials present: City Council Members Ammons, Brown, Hazen, Jakobsson, Miller, Roberts, Wu, Clerk Smyth, Mayor Marlin; Absent: None; via Teleconference: none; Staff present: Michelle Brooks, Assistant City Attorney; John Schneider, Brandon Boys, Carol Mitten.

Mayor Marlin called the closed session to order at 6:45 pm, Clerk Smyth noting everyone present as listed above, and Mayor Marlin stating the purpose of the closed session for sale of city property.

Brandon Boys, Economic Development manager noted the location of the property (1301 E. Washington) and provided short history of the TriStar Building since donated to the city. In 2012 the School district didn't want it. Last year it was under contract with Overland Group but they withdrew when the potential buyer declined to build. The pricing, over time, started at \$270K and has dropped over time to \$230K, \$165K, in June 2017 to \$160K and then in December 2017, there was another round of bid solicitations at \$100-125K.

It was decided to accept Mike Hosier's offer in January 2018 at \$100K as that included demo and new building. However, Mr. Hosier has now terminated the agreement following due diligence as he was unable to find tenants. He did provide a counter offer of 30 days to close and demo in 90 days for a \$5K purchase price.

Mr. Boys noted that private demolition is around half of the city's estimated cost of \$150K. The bidders and past interested parties from December 2017 were contacted and asked if interested in the property. Mike Armstrong, Aladdin Electric, made an offer of closing within 30 days, demo within 90 days and \$7700 purchase price. Mr. Boys said that next steps are, following council direction, would be to develop an agreement for 90 days demolition, scheduling a public hearing for the agreement, and council approval.

Questions and discussion followed. CM Ammons questioned how we have gone from \$270K to \$7700? The mold problem of the building was noted as the reason it needs to be demolished. Mr. Boys noted that we never got that high an offer as Overland was at \$165K and Hosier at \$100K. CM Hazen asked about our cost to demolish the structure with CM Brown noting an earlier

estimate at \$160K for complete demo as the city has to pay prevailing wage, and saying we would be hard pressed to recoup this cost. Discussion of past uses and offers followed. When asked if the city knew Mr. Armstrong's plans now, Mr. Boys stated that there were none that we know and the only issue is demo within 90 days. The city would have no control after demolition.

In response to CM Ammons, it was noted that there is a cost of \$7250 per year by Public Works to take care of this building and cover various costs. Discussion of the historic drop in value of the property and the current state followed. Mr. Boys noted that there is some environmental contamination on the property and there is a recorded no further remediation letter. TriStar tried to donate the building twice but they were turned down by area non-profits prior to the donation to the city in 2008. City Administrator Mitten noted that what the market is telling us at this point is that there is no immediate need for retail there. Our priority is to get the building down.

CM Ammons thought the city was trying to get as much as we could from the property. Mr. Boys noted that all of the past offers included scenarios that included new building after demo. However, we no longer have an offer to build something new. CM Ammons continued that when we were presented options there were multiple offers and he never understood that demo was our number 1 priority. CM Jakobsson noted past offers that fell through following due diligence and that we've always wanted to get the most net from the property. CM Ammons noted that he might have supported a different proposal.

Ms. Mitten, noting the good points raised by CM Ammons, noted that the starkness of the choice stems from not having the menu of choices now that were previously part of something. CM Jakobsson said that it looked like we had better choices but these have vanished when explored.

CM Wu considered the current situation a hard pill to swallow and not sure if she wants to make the jump. She asked that if we have to build on something that size, should we wait for the facilities study to be completed as maybe we'll need this much space. Mayor Marlin indicated her support for this new offer after all the efforts that have been made noting that this site is not suitable for expansion of public works and they have property north of the current building. CM Brown said that he was not sure if having our broker go out and talk to a few people is a good indicator of the market and suggested putting the property up for auction.

Ms. Mitten noted that the city needs to move on to other things and thinks getting the building down is the next step. CM Wu noted that any property taxes would be only land value. CM Hazen indicated that he's upset about the loss but noted that it didn't cost the city anything originally. CM Brown expressed concern if the city doesn't go public looking for offers. CM Miller noted that he doesn't notice the building now but would see a blank space if demolished.

Mr. Boys reviewed what Mr. Armstrong had in mind in his earlier offer but has no idea now what that might be. CM Miller noted that Mr. Armstrong is not a developer. Mr. Boys added that Mr. Hosier has other projects in the works around the city and indicated that anything he did on this property would detract his attention from those other projects.

In response to CM Ammons about another step before accepting an offer, Mr. Boys asked what if we put it up for auction with the condition to demolish it. Mr. Schneider added his knowledge of the history of the building and having been left vacant. He noted that the demo cost is 70-80K for a private entity and that anyone demoing it will have the same issues with trying to sell the property as the city.

A consensus developed of putting the property up for auction as best with a need to advertise and make very public. Mr. Boys noted the poor condition of the accessory structures and that because of the environmental contamination best to demolish all of the site at once. Consensus for demolition was reached. CM Jakobsson didn't think we'd come out better putting this up for auction but that it was the only way to make sure.

Discussion of the best method, broker versus auction ensued with several suggesting a need for a minimum bid such as \$10K. Mr. Boys said that staff would discuss the best course of action and bring back to council for a decision. He also thought we could get this done within a month plus council action.

Discussion ended at 7:19pm. Council members and staff returned to council chambers and to open session.

Respectfully submitted,

Charles A. Smyth
City Clerk

Minutes Approved: January 7, 2019

Approved for Release: August 5, 2019 (RES. 2019-08-030R)