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CITY of NOVI CITY COUNCIL

Agenda Item E
May 3, 2010

SUBJECT: Approval of adoption of resolution authorizing City contribution to acquisition of property pursuant to MNRTF Grant (Heritage Shoppes).

SUBMITTING DEPARTMENT: *R. Gabel* Parks, Recreation & Cultural Services

CITY MANAGER APPROVAL: *DM*

EXPENDITURE REQUIRED	Not to exceed \$30,000
AMOUNT BUDGETED	To be included in 4th Quarter Amendment – Park, Recreation & Cultural Services Fund Balance
APPROPRIATION REQUIRED	\$30,000.00
LINE ITEM NUMBER	208-691.00-974.300

BACKGROUND INFORMATION: In April, 2007, the City applied for a Michigan Natural Resources Trust Fund (MNRTF) grant in the amount of \$281,300. The resolution authorizing the grant application specified that the City would not participate financially in the required "local match" or closing costs, which would be borne by the property owner as a donation from the excess value of the land.

For purposes of the application, the value of the land was projected at \$485,000, on the basis of an appraisal supplied by the property owner. The first formal appraisal of the property, however, placed the value of the land at \$85,000, given access issues and environmental features (e.g., extensive wetland coverage). A second subsequent appraisal was obtained by the City at \$120,000.

The MNRTF has authorized the City to go forward with the acquisition under the grant process at the reduced amount. However, given the substantially lower value and the resulting decrease in the amount of sale price to be realized by the property owner, the property owner has indicated that it would continue with the sale only if there was some financial participation by the City—i.e., that the property owner is not willing to contribute the entire amount of the local match and the full costs of closing at the reduced price.

The property owner specifically proposed that the City financially participate in the local match in the amount of 50 percent of the match and closing costs. Although the purchase agreements and closing documents have not yet been prepared, since the MNRTF participation and the City's local match participation are roughly equal (54 percent and 46 percent, respectively). With the cost of the appraisals, boundary survey, and environmental studies (together with the usual transfer tax, and the like for closing costs) the local match and other costs may be around \$30,000 or slightly more than that. The attached resolution would authorize the City staff to proceed forward toward closing under the project agreement with the City contributing approximately half of the local match and closing costs, but in any event no more than an amount certain of \$30,000. If the Council approves continuing with the project, the amount would come from the park fund.

RECOMMENDED ACTION: Approval of resolution authorizing City contribution to acquisition of property pursuant to MNRTF Grant (Heritage Shoppes).

	1	2	Y	N
Mayor Landry				
Mayor Pro Tem Gatt				
Council Member Crawford				
Council Member Fischer				

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	1	2	Y	N
Council Member Margolis				
Council Member Mutch				
Council Member Staudt				

CITY OF NOVI

COUNTY OF OAKLAND, MICHIGAN

**RESOLUTION AUTHORIZING CITY CONTRIBUTION TO
ACQUISITION OF PROPERTY PURSUANT TO
MNRTF GRANT (HERITAGE SHOPPES)**

Minutes of a _____ Meeting of the City Council of the City of Novi,
County of Oakland, Michigan, held in the City Hall in said City on _____, 2010,
at 7:00 o'clock P.M., Prevailing Eastern Time.

PRESENT: Councilmembers _____

ABSENT: Councilmembers _____

The following preamble and Resolution were offered by Councilmember _____
_____ and supported by Councilmember _____.

WHEREAS, on or about April 1, 2007 the City of Novi applied for a Grant from the Michigan Natural Resources Trust Fund (MNRTF) in the amount of \$281,300, in connection with the acquisition of approximately 16.2 acres of property within the City of Novi, located between Nine and Ten Mile Roads adjacent to existing and future parkland, for purposes of passive parkland (the Property); and

WHEREAS, on December 5, 2007, the MNRTF approved the City's Grant Application;
and

WHEREAS, the City Council thereafter approved a Project Agreement to accomplish the Grant through a reimbursement of funds to be paid initially by the City for the acquisition of the Property and closing thereon; and

WHEREAS, the closing date under the approved Project Agreement was originally September 30, 2009; and

WHEREAS, the MNRTF authorized an extension of such time until March 31, 2010, giving the City and the Owner additional time to secure an appraisal for the Property;

WHEREAS, the City requested a second extension of the time to close until June 30, 2010, which the MNRTF has granted; and

WHEREAS, the second appraisal has now been secured, establishing a fair market value for the subject property of a revised and lower amount of \$120,000; and

WHEREAS, the MNRTF has indicated (see attached letter dated March 5, 2010) that the City is permitted to proceed with the acquisition of the subject property at the lower amount of \$120,000; and

WHEREAS, the City initially approved the grant application on or about April 1, 2007 with the understanding that the entire local match and all closing costs would be borne by the property owner through the donation process, and that the City would not be required to expend funds toward the closing; and

WHEREAS, as a result of the reduced land value as established by the second appraisal, the property owner has requested that the City participate in the local match; and

WHEREAS, the City has determined to proceed with the project, if the property owner is agreeable to do so, up to the extent of one-half of the local match amount required under the grant as revised and any other costs related to the Project, such amount not to exceed in any event \$30,000.

NOW, THEREFORE, BE IT RESOLVED, that the Novi City Council hereby agrees to participate financially in the satisfaction of the local match under the Project Agreement in the amount of 50 percent of the required local match and Project-related costs, such amount not to exceed \$30,000, and that the City Council authorizes the City Manager and City Attorney to

undertake the necessary actions to close the project, if terms and conditions for such closing can be reached with the property owner, based upon such limited City contribution.

AYES:

NAYS:

ABSTENTIONS:

ABSENT:

RESOLUTION DECLARED ADOPTED.

MARYANNE CORNELIUS, CITY CLERK

CERTIFICATION

I hereby certify that the foregoing is a true and complete copy of a Resolution adopted by the City Council of the City of Novi at _____ meeting held this _____ day of _____, 2010.

MARYANNE CORNELIUS, CITY CLERK

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