City of Las Cruces®
PEOPLE HELPING PEOPLE

Council Action and Executive Summary

Item # 11 **Ordinance/Resolution#** 2756

For Meeting of June 1, 2015 (Ordinance First Reading Date) **For Meeting of** June 15, 2015 (Adoption Date)

Please check box that applies to this item:

☐ QUASI JUDICIAL ☐ LEGISLATIVE ☒ ADMINISTRATIVE

TITLE: **AN ORDINANCE AUTHORIZING A REAL ESTATE SALES AGREEMENT BETWEEN THE CITY OF LAS CRUCES AND HIGH RANGE LLC, FOR THE SALE OF 1.35 ACRES OF MUNICIPALLY OWNED LAND AT 200 N. CHURCH STREET FOR THE PURCHASE PRICE OF ONE MILLION ONE HUNDRED FORTY THOUSAND DOLLARS ($1,140,000.00), IN ACCORDANCE WITH PROVISIONS OF LCMC 1997, SECTION 2-1312.**

PURPOSE(S) OF ACTION:

Approve the sale of City property.

COUNCIL DISTRICT: 2		
Drafter/Staff Contact: Bill R. Hamm	**Department/Section:** Public Works/Facilities Management	**Phone:** 541-3410
City Manager Signature:		

BACKGROUND / KEY ISSUES / CONTRIBUTING FACTORS:

In 1967, the City of Las Cruces (City) constructed a building located at 200 N. Church Street, previously occupied by City Administration and staff and operated as City Hall until April, 2010. The building currently consists of a main floor and basement comprising 31,453 square feet, with the site zoned as Central Business District (CBD). Since City Administration and staff relocated to the new City Hall building, located at 700 N. Main Street, the former City Hall building has been periodically occupied on a temporary basis by various agencies and City departments. Currently, it is partially occupied by the Parks and Recreation Department. City Administration has determined the City has no viable long-term use for the property and disposal of the property is in the best interest of the City.

The City was approached by representatives of High Range LLC, working on behalf of the General Services Administration branch of the Federal government, with interest in purchasing

the property for use in conjunction with the adjacent Federal Courthouse building. The City Manager has negotiated a Real Estate Purchase Agreement, which has been signed by the City Manager and High Range LLC, which now requires City Council approval.

The property was appraised by two local appraisers in May 2015. One appraiser concluded a value of One Million Three Hundred Thousand Dollars ($1,300,000.00), while the other appraiser valued the property at One Million Two Hundred Thousand Dollars ($1,200,000.00), as shown on Attachment "A".

A memo providing further information regarding this sale amount is attached. The Las Cruces Municipal Code (LCMC) allows the City to sell land at below appraised value and doing so does not set a precedent that would interfere with the sale price for any other City-owned land. The average value of the property according to the appraisal is One Million Two Hundred Fifty Thousand Dollars ($1,250,000.00).

No City infrastructure improvements are required as part of this sale. The City would be responsible for paying a three percent (3%) real estate commission as part of this real estate sale agreement. Steinborn TCN represents the buyer and will be responsible for coordinating the sale process. The 3% commission payment will be funded from proceeds of the sale. Closing costs will be the full responsibility of the purchaser. The purchase price amount of One Million One Hundred Forty Thousand Dollars ($1,140,000.00) minus the 3% real estate commission of Thirty Four Thousand Two Hundred Dollars ($34,200.00) results in a final amount of One Million One Hundred Five Thousand and Eight Hundred Dollars ($1,105,800.00) to be deposited into the General Fund Account Number 1000-590020.

The Ordinance has been prepared in accordance with LCMC 1997, Section 2-1312. The closing date for the sale will not occur until forty-five (45) days after the adoption of the Ordinance and would occur no later than ninety (90) days after adoption between July 30, 2015 and September 14, 2015. This Ordinance has been published prior to its adoption and will be published at least once after its adoption.

SUPPORT INFORMATION:

1. Ordinance.
2. Exhibit "A", Real Estate Purchase Agreement.
3. Attachment "A", Summary of Property Appraisals (Full appraisal reports available for inspection in the Land and Real Estate Services Office).
4. Attachment "B", Memo detailing negotiated purchase price.
5. Attachment "C", Vicinity Map.

SOURCE OF FUNDING:

Is this action already budgeted?			
N/A	Yes	☐	See fund summary below
	No	☐	If No, then check one below:
	Budget Adjustment Attached	☐	Expense reallocated from: _____
		☐	Proposed funding is from a new revenue source (i.e. grant; see details below)
		☐	Proposed funding is from fund balance in the _____ Fund.
Does this action create any revenue?			
	Yes	☒	Funds will be deposited into this fund: 1000 in the amount of $1,105,800.00 for FY15/16.
	No	☐	There is no new revenue generated by this action.

BUDGET NARRATIVE

Sale proceeds are being deposited into the General Fund Account Number 1000-590020 for use as Administration deems appropriate.

FUND EXPENDITURE SUMMARY:

Fund Name(s)	Account Number(s)	Expenditure Proposed	Available Budgeted Funds in Current FY	Remaining Funds	Purpose for Remaining Funds
N/A	N/A	N/A	N/A	N/A	N/A

OPTIONS / ALTERNATIVES:

1. Vote "Yes"; this will approve the Ordinance and allow the sale of property to High Range, LLC, and/or assigns in the amount of $1,140,000.00.
2. Vote "No"; this will reject the Ordinance. The City would continue to market the property for sale.
3. Vote to "Amend"; this could modify the Ordinance based on direction provided by the City Council.
4. Vote to "Table"; this could allow the City Council to postpone action and provide direction to staff accordingly.

REFERENCE INFORMATION:

The resolution(s) and/or ordinance(s) listed below are only for reference and are not included as attachments or exhibits.

1. N/A

COUNCIL BILL NO. 15-037
ORDINANCE NO. 2756

AN ORDINANCE AUTHORIZING A REAL ESTATE SALES AGREEMENT BETWEEN THE CITY OF LAS CRUCES AND HIGH RANGE LLC, FOR THE SALE OF 1.35 ACRES OF MUNICIPALLY OWNED LAND AT 200 N. CHURCH STREET FOR THE PURCHASE PRICE OF ONE MILLION ONE HUNDRED FORTY THOUSAND DOLLARS ($1,140,000.00), IN ACCORDANCE WITH PROVISIONS OF LCMC 1997, SECTION 2-1312.

The City Council is informed that:

WHEREAS, in 1967, the City of Las Cruces (City) constructed a building located at 200 N. Church Street, previously occupied by City Administration and staff, and used as City Hall until April, 2010. Since City Administration and staff relocated to the new City Hall building, located at 700 N. Main St., the former City Hall building has been periodically occupied on a temporary basis by various agencies and City departments. City Administration has determined the City has no viable long-term use for the property and disposal of the property is in the best interest of the City; and

WHEREAS, the City was approached by representatives of High Range LLC, working on behalf of the General Services Administration branch of the Federal government, with interest in purchasing the property for use in conjunction with the adjacent Federal Courthouse building. The City Manager has negotiated a Real Estate Purchase Agreement, which has been signed by the City Manager and High Range LLC, and now requires City Council approval; and

WHEREAS, the property was appraised by two local appraisers in May 2015. One appraiser concluded a value of One Million Three Hundred Thousand Dollars ($1,300,000.00), while the other appraiser valued the property at One Million Two Hundred Thousand Dollars ($1,200,000.00); and

WHEREAS, no City infrastructure improvements are required as a part of this sale. The City would be responsible for paying a three percent (3%) real estate commission as a part of this land sale agreement. Steinborn TCN represents the buyer and will be responsible for coordinating the sale process. The 3% commission payment will be funded from the proceeds of the land sale; and

WHEREAS, City staff recommends the property be sold to High Range LLC, for the purchase amount of One Million One Hundred Forty Thousand Dollars ($1,140,000.00) minus the 3% commission of Thirty-Four Thousand Two Hundred Dollars ($34,200.00) resulting in a final amount of One Million One Hundred Five Thousand and Eight Hundred Dollars ($1,105,800.00) to be deposited in the General Fund.

NOW, THEREFORE, be it ordained by the governing body of the City of Las Cruces:

(I)

THAT the Real Estate Purchase Agreement between the City of Las Cruces and High Range, LLC, attached hereto and made of this resolution as Exhibit "A, is hereby approved.

(II)

THAT the Mayor of the City of Las Cruces is hereby authorized to execute the deed transferring the property located at 200 N. Church Street, on behalf of the City.

(III)

THAT City staff is hereby authorized to do all deeds necessary in the accomplishment of the herein above.

DONE AND APPROVED this _____ day of _____, 20____.

APPROVED:

_____
Mayor

ATTEST:

_____

City Clerk

(SEAL)

VOTE:
Mayor Miyagishima: ____
Councillor Silva: ____
Councillor Smith: ____
Councillor Pedroza: ____
Councillor Small: ____
Councillor Sorg: ____
Councillor Levatino: ____

Moved by: _____

Seconded by: _____

APPROVED AS TO FORM:

_____
City Attorney

Authentisign ID: E0C5BD19-17AA-41BF-B630-57396A1E1235

1991479

REAL ESTATE PURCHASE AGREEMENT

THIS PURCHASE AGREEMENT is entered into on this 3rd day of December, 2014, between **High Range Development LLC**, a Arizona limited liability company, whose address is 30600 N. Pima Road, #12, Scottsdale, AZ 85266 ("High Range") and the City of Las Cruces, a New Mexico municipal corporation ("City").

RECITALS

1. The City is the owner of the real property and improvements thereon as more particularly described in Exhibit "A," attached hereto and incorporated herein (the "Property").

2. The City desires to sell the Property to High Range.

3. High Range desires to purchase the Property for cash or certified funds. .

NOW THEREFORE, for valuable consideration, the City and High Range agree as follows:

TERMS AND CONDITIONS

1) **Purchase Price.**

The purchase price for the Property shall be One Million Dollars ($1,140,000) cash or certified funds, payable as follows:

A. $10,000 as an earnest money deposit which High Range shall deposit with Dona Ana Title Company upon signing this Agreement by the parties; and

B. $1,130,000 in cash or certified funds at Closing (defined below).

2) **Closing Date.**

The "Closing" for the sale of the Property shall occur on a mutually agreeable date at least forty-five (45) days after the adoption of the ordinance authorizing High Range's acquisition of the Property pursuant to the terms of this Agreement (the "Ordinance") by the City Council (unless a referendum election is held pursuant to NMSA 1978, Section 3-54-1, as amended) and not more than ninety (90) days following the date of the Ordinance. The City Council Agenda Item and the related process to adopt and approve the Ordinance shall occur on a mutually agreeable date prior to the expiration of the Inspection Period (defined below). The Ordinance shall specifically state that this Agreement, and specifically High Range's obligation to acquire the Property, is expressly contingent and conditioned upon High Range's receipt of a federal lease award from the General Services Administration ("GSA") of the federal government specifically with respect to GSA RLP# 2NM0160 (the "GSA Lease").

3) **Inspection Period.**

Authentisign ID: E0C5BD18-17AA-41BF-B630-57396A1E1235

The "Inspection Period" shall commence on the date of the City's execution of this Agreement (the "Acceptance Date") and end one hundred eighty (180) days from the Acceptance Date; provided, however, High Range shall be granted three (3) thirty (30) day extensions of the Inspection Period. High Range will provide written notification of its intent to exercise any such extension option prior to the expiration of the Inspection Period including any applicable extensions thereof. If, at any time, High Range has been provided written (or otherwise) notification from the GSA that High Ridge will not be awarded the GSA Lease, High Range agrees to terminate this Agreement within twenty four (24) hours of such notification from the GSA by providing written notice to the City. If High Range provides such notification, the earnest money and accrued interest, in its entirety, shall be promptly returned to High Range.

During the Inspection Period, Buyer shall review all of the information regarding the Property provided by the City. In addition, during the Inspection Period, High Range may perform such other inspections and review such other information as reasonably desired by High Range. Such inspection, unless otherwise specified in this Agreement, shall be at High Range's sole expense. Such inspections and reviews may include, but are not limited to, physical inspection of the Property, environmental inspection of the Property, soil inspection, and review of governmental approvals and permits related to the Property zoning, title, survey, service agreements, management contracts, leases, and financial information.

A. As soon as reasonably possible following the execution of this Agreement, the City shall furnish High Range a commitment of owner's policy of title insurance ("Commitment") for the Property together with full copies of all exceptions set forth therein, including but not limited to covenants, conditions, restrictions, reservations, easements, rights of way, assessments, liens and other matters of record. During the Inspection Period, High Range shall notify the City of High Range's disapproval of any title discrepancies shown in the Commitment.

B. The City shall have until fifteen (15) days prior to the Closing to eliminate any valid exception(s) or reservations, except patent reservation(s) from the policy of title insurance to be issued in favor of High Range, and if not eliminated, then the earnest money deposit and accrued interest, in its entirety, shall be refunded, unless High Range then elects to waive such condition. The policy of title insurance shall be a standard coverage policy in the amount of the total purchase price and shall be paid for by High Range.

C. During the Inspection Period, High Range may disapprove the Property and/or any items related to the Property in its sole discretion for any reason or no reason. In such event, High Range may elect to either terminate this Agreement or give written notice to the City requesting that the City cure the items disapproved by High Range. In the event this contingency or any other contingency to this Agreement has not been eliminated or satisfied within the time limits and pursuant to the provisions herein, and unless High Range elects to waive the specific contingency by written notice to the City, this Agreement shall be deemed null and void, the earnest money deposit and accrued interest, in its entirety, shall be promptly returned to High Range, and neither party shall have any rights or liabilities under this Agreement.

Authentisign ID: E0C5BD19-17AA-41BF-B630-67396A1E1235

D. At Closing, the City shall execute and deliver a warranty deed conveying the Property to High Range, in fee simple, subject to all patent reservations and to all other existing liens, encumbrances and other exceptions of record except those exceptions and reservations which are eliminated by the City pursuant to this Agreement; provided, however, the Property shall be delivered free of any monetary liens and encumbrances other than taxes and assessments not yet due and payable.

E. The City, to the best of the City's knowledge, represents and warrants to High Range as of the date of this Agreement and as of the date of Closing as follows: 1) the City is the sole owner of the Property and has the full right, power and authority to sell the Property to High Range as provided in this Agreement; 2) the City is not aware of any unpaid liens or assessments, or items which could result in a lien, related to the Property; 3) the Property is not subject to any historical Property designation and/or development limitation; 4) no other party shall have any rights to possession of the Property; 5) no work has been performed which has not been paid for or which could give rise to any mechanic's or materialmen's lien being filed against the Property; and 6) no lawsuit or other claim is pending or threatened against the City (with respect to the Property or the terms of this Agreement) and/or the Property.

4) **Costs, Fees, and Alternative Dispute Resolution.**

A. All closing costs shall be paid by High Range to include, but not limited to, surveying fees, the Commitment of Title Insurance, Title Policy Premium, Phase I environment assessment. Upon Closing, the City shall pay three percent (3%) of the sales price as a real estate commission and applicable gross receipts tax to Steinborn/TCN Commercial Broker. If there are additional closing costs, they will be divided equally between the City and High Range.

B. Applicable real property taxes shall be prorated through the date of Closing based on the latest tax information available to the Tile Company. The City shall pay all special assessments, standby charges, prorate charges and other similar charges and/or assessments existing at the time of the Closing.

C. Prior to the institution of any litigation, however, the parties have the contractual duty to, in good faith, attempt to resolve any controversy hereunder at the least possible expense using alternative dispute resolution. Should alternative dispute resolution fail and litigation be brought, if either party is found by a court to have breached this Agreement, the other party may recover its costs, including reasonable attorney fees.

5) **Compliance with Statutes.**

The City has complied or will comply with the requirements of the Las Cruces Municipal Code and has or will obtain the authority to sell the Property to High Range.

6) **Governing Laws.**

Authentisign ID: E0C5BD18-17AA-41BF-B630-57396A1E1235

This Agreement shall be subject to the laws of the State of New Mexico.

7) **Default and Remedy.**

A. If City cannot perform this Agreement solely as a result of the passage of a negative recall referendum on the real estate sale pursuant to NMSA 1978, Section 3-54-1, as amended, this Agreement is automatically terminated and all monies paid by High Range shall be refunded to High Range promptly, including the initial earnest money deposit and accrued interest in its entirety.

B. Default by High Range. If High Range defaults in the performance of this Agreement by failure to complete the purchase after the GSA Lease is awarded to High Range by the GSA, the City may keep the earnest money.

8) **Risk of Loss.**

In the event of a Material Change, as hereinafter defined, High Range shall have no obligation to complete its acquisition of the Property unless such Material Change has been approved in writing by High Range. For purposes of this agreement, "Material Change" shall mean a change in the status of a use, occupancy, tenancy, financial condition or physical condition of the Property prior to Closing. All risk of loss or damage to the Property will pass from the City to High Range at Closing. In the event of a Material Change, High Range may, without liability, refuse to accept the conveyance of title and this Agreement shall be null and void in its entirety and the earnest money deposit and accrued interest, in its entirety, shall be promptly returned to High Range. Possession of the Property will be released to High Range at Closing.

9) **Counterparts.**

This Agreement may be executed in one or more identical counterparts, and all counterparts so executed shall constitute one agreement which shall be binding on the parties.

10) **Successors and Assigns.**

This Agreement shall inure to the benefit of and be binding upon the parties and their respective successors and assigns. Neither party may assign this Agreement or duties hereunder without the express written consent of the other party which consent shall not be unreasonably withheld.

11) **Termination.**

This Agreement shall be terminated on the closing date for sale of Property, unless either party terminates the Agreement prior to that date per the provisions of this Agreement.

Authentisign ID: E0C5BD19-17AA-41BF-B630-57396A1E1235

12) **Notice.**

All notices given pursuant to or in connection with this Agreement shall be made in writing and posted by certified mail, postage prepaid, to the City of Las Cruces, Attn: City Attorney, P.O. Box 20000, Las Cruces, NM 88004; and to High Range Development LLC, Attn: Scott Jeffy, 30600 N. Pima Road, #12, Scottsdale, AZ 85266 or to such address as requested by either party. Notice shall be deemed to be received on the fifth day following posting.

13) Conditions Precedent.

A. Both the City and High Range have no obligation hereunder until this Agreement is approved by the City Council at a properly noticed public hearing. Should High Range decide to terminate this Agreement prior to a vote by City Council on this Agreement by giving written notice to terminate to the City Attorney, then the earnest money and accrued interest, in its entirety will be promptly returned to High Range.

B. If the City Council approved this Agreement and its approval is rescinded by referendum as set forth in NMSA 1978, Section 3-54-1, as amended, this Agreement is terminated and the earnest money deposit and accrued interest, in its entirety shall be returned to High Range.

14) **Miscellaneous.**

A. Inspection of the Property. After signing this Agreement, High Range or the designated agents of High Range, may inspect the Property and conduct tests deemed necessary by High Range at High Range's expense; however, any damage to the Property will be repaired at High Range's expense promptly if this Agreement is terminated.

B. High Range will be responsible for any additions, personal projects, and taxes on the Property from date of closing and thereafter. The City will be responsible for any of said taxes prior to the closing date.

Authentisign ID: E0C5BD18-17AA-41BF-B630-67396A1E1235

CITY OF LAS CRUCES

Robert L. Garza, P.E., City Manager

PURCHASER

D05D2D5B-7618
Scott Jeffy
12/3/2014 4:04:49 PM

12/3/2014

Scott Jeffy
on behalf of High Range Development, LLC

Approved as to Form:

Deputy City Attorney

Date of Agreement 12-3-14 (For reference purposes and for calculation of deadlines)

APPRAISAL REPORT
OF

MVCS APPRAISAL FILE #7769
FORMER CITY HALL BUILDING
200 NORTH CHURCH STREET
LAS CRUCES, NEW MEXICO 88001

PREPARED FOR:
MR. BILL R. HAMM
LAND MANAGER
CITY OF LAS CRUCES
PO BOX 20000
LAS CRUCES, NEW MEXICO 88004

PREPARED BY:
W. SCOTT ESCHENBRENNER, MAI
MESILLA VALLEY APPRAISAL SERVICES

DATE OF VALUE:

MAY 6, 2015

DATE OF REPORT:

MAY 13, 2015

MESILLA VALLEY APPRAISAL SERVICES

REAL ESTATE APPRAISALS & COUNSELING

W. SCOTT ESCHENBRENNER, MAI
State Certified - New Mexico
General Certificate #1180

545 SOUTH MELENDRES, SUITE D
LAS CRUCES, NEW MEXICO 88005
(575) / 523-2812

May 13, 2015

Mr. Bill R. Hamm
City of Las Cruces
PO Box 20000
Las Cruces, NM 88004

Subject: Appraisal File #7769
The Former City Hall Building
200 North Church Street
Las Cruces, NM 88001

Dear Mr. Hamm:

In accordance with your request, Mesilla Valley Appraisal Services, in coordination with The City of Las Cruces, has prepared an appraisal report of the fee simple rights of ownership in the above-referenced real property. The intended use of the appraisal is for asset disposition. The intended user of the appraisal is The City of Las Cruces. The effective date of appraisal is May 6, 2015 with the estimate of value reflecting conditions as of that date.

Mesilla Valley Appraisal Services analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation and the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute. The value estimate is based in large part upon the descriptions, data, and analyses on file in my office, as well as the General Assumptions, General Limiting Conditions, and Special Assumptions and Limiting Conditions as found in the Addendum of this report.

Based on research and analysis contained in this report, it is concluded that the "as is" market of the fee simple interest in the subject property, as of May 6, 2015, is:

ONE MILLION TWO HUNDRED THOUSAND DOLLARS

$1,200,000.

Respectfully submitted,

W. Scott Eschenbrenner, MAI
State Certified
NM-001180-G

May 11, 2015

City of Las Cruces
Mr. Bill Hamm
PO Box 20000
Las Cruces, NM 88004

Re: 200 N. Church Street

Dear Bill:

In November 2013 I made a complete appraisal on the above referenced property, also known as the old City Hall. The value conclusion at that time for the property subject to the cost and time to bring the property into compliance with applicable codes and ADA requirements as determined by the City, was $1,300,000.

I made an inspection of the property on May 5, 2015 and concluded that the condition of the property was generally the same as in 2013 with the exception that it is partially occupied now and was completely vacant in 2013. I have also researched the sales of similar properties since 2013 and believe the market is essentially the same today as it was in 2013. Based upon the property inspection and market research I am of the opinion that if I did a complete appraisal of the property today, the value conclusion would be the same as in 2013.

Please advise me if I can be of further assistance in this regard.

Sincerely,

Harry L. Hansen, MAI, SRA

APPRAISAL OF
LAS CRUCES CITY HALL
200 N. CHURCH STREET
LAS CRUCES, NEW MEXICO 88001

NOVEMBER 6, 2013

FOR
CITY OF LAS CRUCES
MR. BILL HAMM
LAND MANAGER
PO BOX 20000
LAS CRUCES, NM 88004

BY
HARRY L. HANSEN, MAI, SRA
HANSEN REAL ESTATE APPRAISALS, INC.
545 S. MELENDRES, SUITE D
LAS CRUCES, NM 88005

SUMMARY APPRAISAL REPORT

SUBJECT: 200 N. Church Street, Las Cruces, NM.

PURPOSE OF THE APPRAISAL:

The purpose of this appraisal is to estimate the market value, as defined, of the subject property, as of the effective date of the appraisal. The real estate interest being appraised is that of ownership in fee simple. The property is appraised as if free and clear, and as if without liens and encumbrances.

INTENDED USE OF REPORT:

This appraisal is intended to assist the client in asset management.

CLIENT AND INTENDED USERS: City of Las Cruces.

EFFECTIVE DATE OF VALUE: November 6, 2013.

DATE OF REPORT: November 19, 2013.

MARKET VALUE ESTIMATE: **$1,300,000.00**

This value is subject to the cost and time to bring the subject property into compliance with applicable building codes and ADA requirements as determined by the City of Las Cruces and its associates.

RECENT OWNERSHIP HISTORY:

To my knowledge the subject property is not currently under any agreement of sale or option and has not been sold within the past three years.

REASONABLE EXPOSURE TIME: One to three years.

HARRY L. HANSEN, MAI, SRA
NM Certification #44-G

Hansen Real Estate Appraisals, Inc. 545 S. Melendres, Suite D
Las Cruces, NM 88005 / (575) 526-2549

City of Las Cruces®
PEOPLE HELPING PEOPLE

INTER-DEPARTMENTAL MEMORANDUM

TO: Robert Garza, City Manager

FROM: Bill Hamm, Land and Real Estate Manager

DATE: May 15, 2015 ***FILE:*** PW-15-349

SUBJECT: Negotiated Sale Price for Property located at 200 N. Church St.

In December 2014, an interest of purchase offer was received from Kary Bulsterbaum, with Steinborn TCN, as representative of High Range, LLC. The property was appraised by two local appraisers in May 2015. One of the appraisers concluded a value of $1,300,000.00, while the other appraiser valued the property at $1,200,000.00. The City Manager negotiated a purchase agreement with High Range, LLC, for $1,140,000.00.

City staff and administration evaluated the property and determined that there is no future City use for which the facility is suitable. There is a value to selling this property now at $1,140,000.00 rather than holding on to it in anticipation of obtaining a higher price. Since the property was vacated by City staff in 2010, there have been no other interested parties that have offered to purchase the building for a reasonable price. There are ongoing maintenance expenses associated with the City keeping ownership of the building, along with liability, and security concerns related to a typically un-occupied facility.

The proposed purchaser has negotiated a separate contract with the Federal Government for the use of the property in conjunction with the adjacent Federal Courthouse. Sale of the property to High Range, LLC, will allow the purchaser to utilize the building to its full potential, create potential employment opportunities, and generate additional tax revenue.

Section 2-1314 of the Las Cruces Municipal Code requires that when real property is sold for a value less than the lowest appraised value, a detailed written explanation of the difference be made available to the public. This memo serves as that public explanation.

Attachments

cc: Brian Denmark, Assistant City Manager/COO
Loretta M. Reyes, PE, Public Works Director
Eric Martin, Facilities Management Administrator

200 N. Church Street