

City Council – Action Request Form

Date: November 19, 2018

To: The City Manager

From: Evan Raleigh, Assistant City Manager
S. Kirk Bjorling, Real Estate Administrator

Council Action Requested:

Consideration of a Resolution Authorizing Acquisition of property at 1624 Union Cross Road and 1618 Union Cross Road for Economic Development (Southeast Ward)

Strategic Focus Area: Economic Vitality and Diversity
Strategic Objective: Develop and Redevelop Commercial/Industrial Park Sites
Strategic Plan Action Item: No
Key Work Item: No



Summary of Information:

Since the early 2000's, the City of Winston-Salem has worked to bring business development to the Union Cross Road/Temple School Road area, first with Dell and then later with Herbalife and Caterpillar. Much of the infrastructure needed for future development in the area is now in place. There are few large land tracts available for industrial development in the immediate area. The Edna C. Edwards family property, comprised of a total of 70.5 acres, is now available for purchase. The City's acquisition of this property would provide for development of one of the last large tracts available in the area. The 69.59 acre parcel, further identified as 1624 Union Cross Road, Tax Pin 6864-94-9224, was appraised at \$3,235,950, or \$46,500 per acre, and a single-family house on an adjoining .91 acre lot, further identified as 1618 Union Cross Road, Tax Pin 6874-14-2630, was appraised for an additional \$217,000, for a grand total of \$3,452,950.

The owners were of the opinion that the property was worth \$60,000 - \$70,000 per acre. After negotiation, the owners have agreed to sell the 69.59 acres for \$50,000 per acre, or approximately \$3,479,500 subject to survey, plus an additional \$217,000 for the .91 acre, for a grand total of approximately \$3.7 million. This is only 7% over the appraised value and is

Committee Action:

Committee	Finance 11/19/18	Action	Approval
For	Unanimous	Against	

Remarks:

believed to be quite reasonable for this very desirable development property. The property is not currently being marketed on the open market, and the City has an opportunity to purchase it now at a very attractive price before it goes on the market. A source for funding the purchase has also been identified.

The proposed purchase would be based on an extension purchase agreement to accommodate the seller's request. Periodic payments would be made by the City to the seller with final closing taking place no later than December 31, 2020. With respect to Tax Pin 6864-94-9224 owned by Edna Edwards, there is a 180 day due diligence or inspection period during which the city may terminate the contract and recover the required earnest money deposit of \$30,000.00. Should the city decide to proceed with the contract, the seller will retain the earnest money payment (\$30,000) and any periodic payments for extensions of which there are three (\$45,000; \$50,000 and \$50,000) and apply the same against the purchase price at closing. If the seller breaches the contract after the 180 inspection period, the city will recover the earnest money and extension payments through an action for breach of contract and specific performance.

The attached resolution authorizes the acquisition of property at 1624 Union Cross Road for approximately \$3,479,500 subject to survey and 1618 Union Cross Road for \$217,000. The resolution also authorizes a four percent (4%) commission on the total purchase price to be paid the agent at the time of closing.