

City Council Workshop

Agenda Item #4

March 10, 2014

Amending Chapter 2, "Purchasing,"  
Regarding the Sale of City-owned  
Property

This item is brought forward to discuss proposed amendments to Chapter 2, "Purchasing," regarding the sale of City-owned property. These changes are due to the recent discussion of the sale of Roosevelt School.

The current ordinance language authorizes the City Council to decide whether to sell city-owned property and stipulates the property be put out to public bid. The new language removes the public bid stipulation and authorizes the City Council to determine the method of sale and allows proposals to be considered on factors such as price, annual property tax generation, proposed land use, economic benefit, job creation, environmental benefit or detriment, community need or neighborhood benefits. Additionally, the City Council is given the authority to set reasonable conditions on the future use of the property to ensure the property will be used in the best interests of the City.

  
City Manager

## PROPOSED AMENDMENTS TO SEC. 2-171

### DRAFT

#### Sec. 2-171. Sale of real property.

- (1) *General policy.* The sale of all real property owned by the city, including any interests therein, shall be governed by this ordinance. As a general rule, the city shall charge fair market value for the conveyance of any interest in real property, except as specifically provided below, and convey its interest by quit claim deed.
- (2) *Classification of property interest.* For the purpose of this division, real property interests owned by the city shall be classified and the disposition of those interests shall be as follows:
  - (a) Tax acquired.
    1. The director of finance shall maintain a list of all tax acquired property and shall send a list of the most recent tax acquired property to the planning board each year for its recommendation as to the disposition thereof.
    2. The planning board shall review said annual list and forward its written recommendation to the city council indicating whether said properties should be retained by the city. The city council shall then review the planning board's recommendation and determine which properties, if any, to offer for public sale. Residential properties which are occupied by the prior owner and for which regularly scheduled payments are being made shall not be offered for sale.
    3. If a property to be offered for sale is prior owner occupied single-family property, it shall first be offered to the previous owner for a price to be determined by the city council; provided, however, that in no event shall such price be less than the total of all back taxes, interest, costs, and any and all other charges properly assessed thereon by the city.
    4. Thereafter for those properties to be offered for sale, the city council shall determine the method of sale. Methods may include, but are not limited to, brokerage sale, negotiated sale or public bid process. The city reserves the right to establish such conditions or restrictions on the subsequent use of the property as it deems in the best interest of the city. If the property is put out to public bid for sale to the highest bidder, the city shall reserve the right to establish a minimum bid, to reject any bid less than the stated minimum bid, and to establish such other conditions or restrictions on the bid it deems in the best interest of the city.
    5. Following approval of the method of sale by the city council, the city manager is authorized to complete the sale, including execution and delivery of the

deed and such other paperwork reasonably incident to the sale. The proceeds of the sale shall be distributed in the following manner to the extent that funds are received from the sale: first, all taxes, interest and cost under the tax lien foreclosure process shall be paid to the city, including all costs incident to the sale of the property; and second, all outstanding assessments or other lawful charges incurred by the city in providing services to the property. Any such distributions shall not be considered part of the "net proceeds" of the sale for purposes of Section 18-76(4) of the Code of Ordinances.

(b) City owned.

1. The sale of all real property interests not classified as "Tax Acquired" or "Streets and Rights-of-Way" shall be governed by this paragraph.
2. Any proposed sale of "city-owned" property shall first be referred to the planning board for its recommendation as to the disposition thereof.
3. After review of the planning board's written report, the city council shall decide whether to sell such property. ~~If the city council decides to offer the property for sale, the city council shall determine the method of sale. Methods may include, but are not limited to, sealed bid, sealed request for proposals, auction, brokerage sale or negotiated sale, and any property to be sold shall then be put out to public bid for sale to the highest bidder, except as noted in subsection (2)(c) below; provided, however, the city may reserve the right to establish a minimum bid, to reject any bid which fails to meet the minimum bid requirement, and to establish such other conditions or restrictions on the bid or subsequent use of the property as it deems in the best interest of the city.~~
4. ~~In evaluating the proposals to purchase such property, regardless of the method of sale, the city council may consider factors such as price, annual property tax generation, proposed land use, economic benefit, job creation, environmental benefit or detriment, community need or neighborhood benefits when awarding the sale. The city council may set reasonable conditions on the future use of the property through deed restrictions to ensure that the property will be used in the best interests of the City shall then evaluate the bids and make an award of bid determination.~~

(c) Streets and rights-of-way.

1. The sale or discontinuation/vacation of property interests in streets and rights-of-way shall be governed by this paragraph and the requirements of state law.

2. The city's property interest in streets and rights-of-way shall not be sold or discontinued/vacated until the planning board has reviewed the matter and issued a written recommendation thereon to the city council.
  3. The city council shall then decide whether to sell or discontinue/vacate such interests. The assessment of damages shall be left to the discretion of the city council.
- (3) *Miscellaneous considerations.* The city council may waive any of the above requirements where the public interest so requires and where i) An abutting property owner has a unique interest in the property; ii) in the case of a street or right-of-way, a replacement of equal quality is given; or iii) a charitable, nonprofit, or other governmental agency offers to purchase property to be used for a charitable, nonprofit, or governmental purpose. The city council may authorize such a waiver only upon full public disclosure and an affirmative vote of not less than five (5) councilors.
- (4) That portion of the net proceeds (sales price less any past due taxes, interest and costs) of all real property sold pursuant to this Section, as determined in accordance with Section 18-76(4) of the Code of Ordinances, shall be deposited into the South Portland Land Bank account.

(Ord. No. 22-89/90, 6-4-90, Ord. No. 17-91/92, 6-15-92; Ord. No. 8-03/04, 10/6/03 [Fiscal Note: less than \$1000]; Ord. No. 10-04/05, 2/23/05 [Fiscal Note: Less than \$1000]; Ord. No. 17-09/10, 7/19/10 [Fiscal Note: Less than \$1000]; Ord. No. 7-11/12, 1/4/12 [Fiscal Note: Less than \$1000])