

March 14, 2012

TO: Board of Mayor and Aldermen

FROM: Eric S. Stuckey, City Administrator  
David Parker, P.E., City Engineer  
Paul Holzen, P.E., Interim Director of Engineering  
Ben Worley, Right of Way Agent/Project Manager

SUBJECT: Discussion concerning the purchase of the Danny Ray Jones and Mary Helen Luck property (310 5<sup>th</sup> Avenue North) as part of the Hillsboro Road Improvements Project.

**Purpose**

The purpose of this memorandum is to provide the Board of Mayor and Alderman (BOMA) with information regarding the purchase of the property from Danny Ray Jones and Mary Helen Luck located at 310 5<sup>th</sup> Avenue North.

**Background**

On February 27, 2012 staff met with Mr. Danny Ray Jones and Ms. Mary Helen Luck, owners of the property located at 310 5<sup>th</sup> Avenue North, to discuss and make an offer to purchase the entire property as part of Resolution 2009-22 approved by BOMA on July 14<sup>th</sup>, 2009. An appraisal completed by Standifer and Associates valued the entire property at \$245,000. After meeting with the property owners staff agreed to raise the offer approximately 10% to \$270,000. Mr. Jones and Ms. Luck asked that we consider raising the offer to \$285,000.00 based on the following information. Currently they own the building and even though it is in the floodplain water does not have an effect on the merchandise they sell. They have been looking at property which they could purchase and so far most comparable properties are at least two if not three times more than our original offer. It is also going to be very difficult for them to relocate to another part of town and continue with the business.

The city is offering to pay for relocation as per the uniform act but unlike residential relocations commercial relocations only get the costs for moving and reprinting materials such as business cards and letterheads.

**Financial Impact**

The Board of Mayor and Alderman have three (3) options:

1. Settle for the 10% over appraised value (\$270,000).
2. Settle for \$285,000 as requested by the property owner.
3. Continue negotiations with the property owner with the hopes of a mutually agreed upon settlement. If a settlement cannot be reached then the city will proceed with condemnation.

**Recommendation**

Staff recommendation is to settle for \$270,000, but it is our understanding that the property owner will be present and would like the opportunity to address the committee.