



AGENDA MEMORANDUM

Future item for the City Council Meeting of February 16, 2016
Action item for the City Council Meeting of February 23, 2016

DATE: January 29, 2016

TO: Ronald L. Olson, City Manager

FROM: Valerie H. Gray, P.E., Executive Director of Public Works
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<p style="text-align: center;"><u>County Road 52, Phase 2, Extension Project</u> <u>- Real Estate Sales Contracts for acquisition of necessary right of way</u></p>

CAPTION:

Motion authorizing the City Manager or designee to execute Real Estate Sales Contracts with **Nueces Electric Cooperative, Inc. (NEC)** in the amount of \$715,980 plus \$6,000 in estimated closing costs for acquisition of Parcel 1 and with **Solomon Abdo and A.L. Hernden** in the amount of \$128,350 plus \$2,300 in estimated closing costs for acquisition of Parcel 2, for a total expenditure of \$852,630 for both parcels, for the purpose of acquiring fee simple surface rights to two tracts of land containing a total of 11.57 acres including 2,400 linear feet of existing paved road improvements across the NEC property, both located 0.6 miles south of Northwest Boulevard (FM624) and west of FM 1889, required for the construction of the County Road 52 Extension Project – CR69 to FM 1889, Bond 2012.

PURPOSE:

The County Road 52 Extension Project requires acquisition of 100-feet wide right-of-way extending from County Road 69 westward to Farm to Market Road 1889. There are four parcels necessary for this project. This agenda item approves the purchase of the two larger parcels containing a total of 11.57 acres. The project is being funded and constructed between the City of Corpus Christi and Nueces County through an Interlocal Agreement approved by City Council in July 2015. City expenditures for land rights in excess of \$50,000 require City Council approval.

BACKGROUND AND FINDINGS:

The first phase of County Road 52 was completed in 2010 and constructed solely by the City of Corpus Christi through the Bond 2004 program. The road project extended from Highway 77 westward to

County Road 69. The current Phase 2 will extend the existing CR 52 road from CR69 westward to FM 1889 as shown on the attached City Council Exhibit. There were four parcels of land required in order to establish a 100-foot wide right of way for this extension. Two of the smaller parcels have been acquired from South Texas Electric Company and from the Driscoll Foundation. The larger parcels, Parcels 1 and 2, are under contract and require City Council approval.

In July 2015, the City of Corpus Christi and the County of Nueces entered into an Interlocal Agreement whereby each entity would provide \$2,000,000 towards design, land acquisition, and construction. The proposed roadway would consist of a 2-lane section with 12-foot wide travel lanes, 8-foot shoulder lanes, and new striping/markings. Final design and construction will be the responsibility of Nueces County. Funding for these contracts will be out of the City's \$2,000,000 portion. The project was originally approved in the November 2012 General Obligation Bond Election under Proposition 8, Economic Development Projects.

Parcel 1 is owned by the Nueces Electric Cooperative, Inc. (NEC). This parcel contains a total of 4.73 acres of land and includes an existing asphalt surfaced road which was constructed by NEC using County specifications. The City obtained an appraisal report from Smith, Kirkpatrick, and Klager, a local independent professional real estate appraisal firm to establish the land value. The appraisal reported a land value of \$84,960 for the 4.73 acres of land plus \$11,700 in severance damages due to the severance of 0.65-acre area of land between the subject right of way and their north property line. In addition, the contract purchases the existing asphalt paved street previously constructed by NEC at a depreciated cost of \$619,320 for the 2,400 linear feet of street. The total contract amount of \$715,980 includes the land in fee simple and the street improvements.

Parcel 2 is owned by the partners of Solomon Abdo and A.L. Hernden. This parcel contains a total of 5.07 acres of agricultural land. This parcel was also appraised by the Smith, Kirkpatrick, and Klager appraisal firm. The land appraised in the amount of \$13,000 per acre or \$65,910. The landowners submitted a counter offer for \$20,000 per acre based on their appraisal. In addition, there is a 1.77 acre tract of land severed between the subject right of way and the north property line. This 1.77 acre strip of land will also be conveyed to the City as severance damages. The City will be acquiring a total of 6.84 acres for \$128,350 at an average cost of \$18,764 per acre.

Upon passage of this motion by City Council, both contracts will be escrowed with Bay Area Title Services, Inc on South Staples Street. The City will take title to these lands at closing and later transfer title to Nueces County.

ALTERNATIVES:

1. Execute the Real Estate Sales Contract as submitted under the negotiated terms. (recommended).
2. Do not execute the Real Estate Sales Contract, attempt renegotiation, and risk using eminent domain proceedings. (not recommended).
3. Do not execute the Real Estate Sales Contract and seek alternative routing. (not recommended)

CONFORMITY TO CITY POLICY:

The Real Estate Sales Contracts are permitted by City Charter, Article X, General Powers and Provisions Section 1 (a)(8) to acquire and own property by the City and also by Section 2 (A) requiring contracts to be authorized by the City Council where the expenditure exceeds the limit of \$50,000.

EMERGENCY / NON-EMERGENCY:

Not applicable

DEPARTMENTAL CLEARANCES:

Engineering Services

FINANCIAL IMPACT:

☐ Operating ☐ Revenue ☐ Capital ☐ Not applicable

Fiscal Year 2015-2016	Project to Date Expenditures	Current Year	Future Years	TOTALS
Budget		\$2,000,000		\$2,000,000
Encumbered / Expended Amount		\$0.00		\$0.00
This item		\$852,630		\$852,630
Future Anticipated Expenditures This Project		\$0.00		\$0.00
BALANCE		\$1,147,370		\$1,147,370

Fund(s): Bond 2012

RECOMMENDATION:

City staff recommends passage of the Motion approving the Real Estate Sales Contracts.

LIST OF SUPPORTING DOCUMENTS:

Location Map
Real Estate Sales Contract, NEC
Real Estate Sales Contract, Abdo & Hernden