



Legislation Text

File #: 46713, **Version:** 1

Title

Report to the Common Council on the City's revenues and costs arising from the sale of the lots associated with the purchase of 9.48 acres of land from the Madison Audubon Society, Inc. and the platting of the Wolfe Addition to Hawk's Creek.

Body

On December 10, 2012, the City, pursuant to RES-12-00875, File ID No. 27973, acquired 9.48 acres of land from the Madison Audubon Society, Inc. for public open space purposes, the expansion of the Ice Age Junction Trail, the extension of Jeffy Trail, and to facilitate the future residential development of these lands and the surrounding area.

On May 15, 2013, the City, pursuant to RES-13-00300, File ID No. 29550, acquired land from Badger Mill Creek LLC for the expansion of open space and storm water management purposes to serve the City's future Hawk's Creek development.

On July 29, 2013, the City, pursuant to RES-13-00006, File ID No. 28396, entered into the Development and Land Swap Agreement for the Development of the Wolfe Addition to Hawks Creek (the "Agreement") with Hawk's Addition, LLC to jointly plat and develop the Wolfe Addition to Hawk's Creek, and as part of this Agreement the City and Hawk's Addition, LLC agreed that Hawk's Addition, LLC would ultimately own Lots 1-6 and Lot 16 of the plat and the City would ultimately own Lots 7-15 of the plat.

On July 18, 2013 the Wolfe Addition to Hawk's Creek Plat (the "Plat") was recorded with the Register of Deeds, which Plat divided the combined lands of the City and Hawk's Addition, LLC into 16 developable lots, 2 outlots and newly configured and extended right-of-way.

On October 1, 2013, the Common Council passed RES-13-00761. File ID No. 31432, which gave the Office of Real Estate Services in consultation with the City Engineer the authority to sell lots 7-15 of the Wolfe Addition to Hawks Creek Plat. In addition, the resolution required that once all the lots have been sold, the Manager of the Office of Real Estate Services and the City Engineer shall report to the Common Council on the City's revenues and costs arising from the sale of the lots.

On July 16, 2013, the Common Council passed RES 13-00569, File ID No. 30716 which authorized the contract for construction of the public improvements associated with the development of the Wolfe Addition to Hawks Creek Plat, contract number 7053. As a result, construction costs were incurred along with incidental costs such as geotechnical reports, soil testing, design costs and inspection costs. The project followed standard bidding practices, same as any public works contract.

It should be noted that the development of land by the City is very uncommon. If the City had not purchased the land, the following was likely to happen:

1. Without City involvement, it was likely that the area would have developed with two large single family lots that would conflict with our future plans.
2. The property would have remained in the Town of Verona.
3. The City would have a large Sanitary Sewer impact fee on the property that likely would never be collected.

The following benefits were realized as a result of the project:

1. Acquired additional right-of-way necessary for the future extension of Jeffy Trail to Raymond Rd., which would have otherwise needed to be purchased as part of the future project (approx value \$50,000)
2. Enough customers were served by the Sanitary Sewer such that the price for extension of the sewer was reasonable.
3. The City acquired a pedestrian easement to connect Jeffy Trail to the new Ice Age Junction bike path
4. Following platting, 4.24 acres of additional public parkland/open space next to Dane County's open space resulted. A portion of this area (approx 1 acre) will be used to offset the loss of Section 6(f) Lands associated with the CTH M expansion project, which otherwise would have needed to be purchased/dedicated elsewhere.
5. The tax base was increased with the development of 11 additional lots that likely would not exist had the City chose not to purchase the property.

At this time, all public improvements necessary to serve the Wolfe Addition to Hawks Creek have been constructed and all lots have been sold by the City. The attached cost breakdown summarizes the expenses and revenues associated with this project. The total costs include the land purchases, platting, construction of public improvements (streets, sidewalks, and utilities), installation of private utilities (electric, gas, telecommunications), and commission fees for sales of the lots. The total cost of this project was \$994,594.73 and total revenues from the sales of the residential lots were \$1,150,600. Revenues exceeded expenses by \$136,160.63.

The 2016 assessed value of the lots 7 - 15 which were owned and sold by the City is \$3,6663,000. Eight of the nine lots currently have homes on them. The total assessed value of all 15 lots included in the plat is \$6,354,000.

The success of this project was made possible through the exceptional work of our staff at the City's Planning and Development Department, Parks Department, Engineering Division, Traffic Engineering Division, City Attorney's Office and Real Estate Section.

In particular, the authors would like to note the efforts of Don Marx, now retired Real Estate Manager, who's knowledge and skills dealing with the acquisition and sale of property greatly contributed to a positive result for the project.

The authors of this report would also like to emphasize that the situation that led to the City's involvement in this project was unique. Development of property contains risk and is best left to developers.