

Memorandum

Public Works Department



To: City Manager
Subject: Property Acquisition from LRC Real Estate
Date: August 1, 2012
Number: 2012-171

One of the projects included in the Combined Sewer Long Term Control Plan is the construction of an underground combined sewer holding tank near the intersection of 40th Street with 5th Avenue. The best location for the tank is property owned by LRC Real Estate located at 500-538 40th Street (see oval on the attached aerial photograph). The staff has negotiated the attached purchase agreement with LRC Real Estate (LRC). In general, the terms are...

- LRC will sell 500-538 40th Street (~0.5 acres) to the City for \$1.00.
- The City will demolish the buildings on three nearby properties (526 40th Street, 533 40th Street, 537 40th Street) owned by LRC. (estimated cost = \$45,000)
- The City will restore the parking surface on 500-538 40th Street after the underground storage tank is constructed. (estimated cost = \$84,301)
- The City will allow LRC to use the parking surface as long as the use does not interfere with the operation of the underground storage tank.
- LRC will maintain the parking surface.

The design of the underground storage tank is underway and bids for the construction will be opened in Fall 2013.

RECOMMENDATION

The Public Works Department recommends that the City Council approve the purchase agreement with LRC Real Estate and authorize the City Manager to execute the documents.

Submitted by: Robert T. Hawes, P.E., Assistant City Manager/Public Works Director

PURCHASE AGREEMENT

WHEREAS, the City of Rock Island, Illinois a municipal corporation (hereinafter The City) desires to purchase property owned by LRC Real Estate (hereinafter LRC), located at 500-538 40th Street Rock Island, Illinois, which currently is covered by concrete and was utilized at one time as a parking lot for the former Farmall plant so that it may install a below ground combined sewer storage tank, and

WHEREAS, LRC desires to sell to The City the property located at 500-538 40th Street Rock Island, Illinois (hereinafter the Property) so The City may install the aforementioned combined sewer storage tank, and

WHEREAS, LRC owns three (3) houses and out structures located at 526- 40th Street, 533- 40th Street and 537- 40th Street, which currently are unoccupied and in a deteriorated condition and that LRC wishes to have the City demolish these three (3) properties as part of the consideration paid to LRC by the City for purchase of the Property, and

WHEREAS, LRC desires to retain an easement for use of the surface of the Property it desires to sell to the City after completion of the construction of the combined sewer storage tank and wishes the City to grant this easement to LRC as part of the consideration for the purchase of the Property, and

WHEREAS, LRC as further consideration for its sale of the Property to the City desires to have the Property returned to current condition by having the City replace the surface of the Property with new concrete after completion of the installation of the below ground combined sewer storage tank and,

WHEREAS, the removal of the three (3) vacant and deteriorated homes and out structures on said Property will improve the aesthetic look to the neighborhood and will support the ongoing efforts of LRC to prepare its property for future development, and

WHEREAS it is the desire of the City to assist and encourage LRC in its ongoing efforts in redeveloping its property in and around the area of the Property it wishes to convey,

THEREFORE IT IS AGREED AS FOLLOWS:

1. This Purchase Agreement is entered into this ___ day of ___, 2012 by and between the City as Buyer and LRC as Seller for the purchase of certain real estate for the distinct purpose of allowing the City's installation of a combined sewer storage tank. Said property is legally described as follows:

Lots One (1), Two (2) and Three (3) in COLUMBIA PARK, an Addition to the City of Rock Island, situated in the County of Rock Island and State of Illinois,

and more commonly known as 500-538 -40th Street, Rock Island, Rock Island County, Illinois, (hereinafter the Property).

2. Consideration. The City as Buyer agrees to give to LRC as Seller the following as consideration for the purchase of the Property:

- a. One Dollar (\$ 1.00) cash due at closing;
- b. The City agrees to demolish, at its own expense, and at an estimated cost of Forty-Five Thousand and No/100's (\$45,000.00) Dollars, three (3) houses owned by LRC commonly known as 526-40th Street, Rock Island, Illinois, 533-40th Street, Rock Island, Illinois, and 537-40th Street, Rock Island, Illinois, legally described as follows:

Lot Number Six (6) in Block Number Three (3) in that part of the City of Rock Island known as and called "COLUMBIA PARK" an Addition to the City of Rock Island, situated in the County of Rock Island and State of Illinois, and

Lots Number Nine (9) and Ten (10) in Block Number Two (2) in that Part of the City of Rock Island known as and called Columbia Park Addition to said City, situated in the County of Rock Island and State of Illinois;

- c. The City at its cost and expense will replace the surface of the Property with new concrete after completion of the installation of the below ground combined sewer storage tank;
 - d. The City, after completion of the installation of its storm water storage tank, will grant to LRC a perpetual easement to use the surface of the Property subject to the limitations as set forth below.
3. Easement Limitations. The City grants a perpetual easement to LRC for LRC to use the surface area of the Property for all legally permitted land uses. LRC acknowledges that by selling the Property to the City it is giving up all of its rights, title and ownership and easement interests it may have had in any subsurface mineral, oil, coal or natural gas deposits located below the Property. Such legally

permitted uses LRC is acquiring by way of the City's grant of this easement however must not in any way interfere or prohibit the City in its ownership, operation, maintenance, care or use of the Property and in particular its combined sewer storage tank located beneath the Property. This limitation on the easement is binding on LRC, its heirs, assignees, purchasers or any future individuals, partnerships, corporations or other legal entities who may become legally vested with LRC's easement rights in and to the Property. LRC further agrees that it will not sell, assign or convey its easement rights in the property without first notifying the City in writing of its intentions and without first providing documentation to the City that any conveyance, sale or assignment of its easement rights in the property is subject to the limitations as set forth herein.

4. Maintenance. LRC agrees to maintain and keep in good repair both from a structural and aesthetic aspect the area comprising the easement conveyed by the City to LRC. The City, after determining that LRC is unable or unwilling to maintain the easement in a proper condition, retains the right to exercise whatever remedies it may have in law to remedy said situation. LRC agrees to reimburse the City for all of its costs and expenses including reasonable attorney's fees should it become necessary for the City to undertake any remedial action to maintain the easement.
5. Indemnification. LRC agrees that it shall indemnify and hold the City of Rock Island, Illinois harmless from any and all claims, demands, expenses, costs including attorney's fees, or damages including those arising out of litigation or administrative action taken against the City of Rock Island, Illinois brought by any person, partnership, corporation or other legal entity resulting or growing out of any intentional, reckless or negligent act or failure to act on the part of LRC, its officers, agents, employees heirs and assigns, or from or growing out of any violation of federal or state law or local ordinance in the course of performing its responsibilities hereunder. In addition there to LRC agrees to obtain and maintain, with no lapse in coverage, liability coverage with maximum liability coverage of One Million and no/100's (\$1,000,000.00) Dollars and with the City of Rock Island, Illinois being named as an additional insured on said policy.LRC shall on an annual basis provide proof of the maintenance of said policy.
6. Binding on Heirs and Assigns etc. The terms and conditions of this Agreement are binding upon any heirs, assigns, purchasers, and future owners or easement holders of the Property.

7. Closing and Possession. Closing shall be on a mutually agreed upon date but not later than _____, 2012. LRC shall deliver possession concurrently with closing.

8. Taxes. All real estate taxes shall be prorated between LRC and The City as of the date of closing. Any proration of real estate taxes shall be in accordance with standards adopted by the county bar association of Rock Island County.

9. Evidence of Title. LRC shall deliver a Commitment for Title Insurance issued by a title insurance company regularly doing business in Rock Island County, committing the company to issue an owner's policy in the usual form insuring merchantable title to the real estate in The City's name for the amount of \$129,301.00, which equals the estimated costs to The City and the allocation to LRC to complete the said project. It is agreed by and between LRC and The City that Meridian Title Company of Rock Island, Illinois, will prepare and issue said title commitment.

10. Conveyance of Title and Documents of Sale: At closing, LRC shall deliver a warranty deed to The City conveying title together with such other documents as may be required to record the deed, grant the easement and protect The City from mechanics' liens.

Dated this _____ day of _____, 2012.

Seller:
LRC REAL ESTATE

Buyer:
THE CITY OF ROCK ISLAND,
ILLINOIS, a municipal
corporation

BY: _____

ATTEST: _____

BY: _____



508 39 ST

508 39 ST

3912-16 5 AVE

507 39 ST

500-538 40 ST

501 40 ST
4006 5 AVE

503-517 40 ST

500 42 ST PARKING LOTS

500 42 ST MAIN OFF

513-527 39 ST
PARK LOTS

514 40 ST

500-538 40 ST

529 40 ST

526 39 ST

526 40 ST

532 39 ST

531 39 ST

500-538 40 ST

533 40 ST

537 39 ST

537 40 ST

3816 6 AVE
602 39 ST

3916 6 AVE

600 40 ST

601 40 ST

600 41 ST

601 41 ST

4114 6 AVE

608 39 ST

607 39 ST

610 40 ST

607 40 ST

606 41 ST

605 41 ST

606

610 39 ST

611 39 ST

614 40 ST

611 40 ST

612 41 ST

609 41 ST

608-6

618 39 ST

617 39 ST

616 40 ST

619 40 ST

616 41 ST

615 41 ST

616-1