



COUNTY ADMINISTRATOR
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MEMORANDUM

TO: Jeff Irwin, Chair
Ways & Means Committee

FROM: Robert E. Guenzel
County Administrator

DATE: July 6, 2005

SUBJECT: Resolution approving the purchase of real estate located at 750 Towner Street in Ypsilanti, Michigan from WWEFST Company, and authorizing the County Administrator to take any action needed to complete the sale.

BOARD ACTION REQUESTED:

County Administration is requesting that the Board of Commissioners approve the purchase of 750 Towner Street in Ypsilanti, Michigan and authorize the Administrator to take any action needed to complete the sale.

BACKGROUND:

The County has been examining its space needs in the Ypsilanti, area. Last year, the County lost the use of the facility at 10 S. Prospect Street in Ypsilanti. The County had been using the facility pursuant to a 50 year lease with the City of Ypsilanti. When that lease expired at the end of 2004, the City indicated it was not interested in extending the lease and wanted to take possession of the property as it had a developer interested in the parcel. The County had been permitting Full Circle, a local non-profit entity that operates an adult drop-in center to sublease part of this space. This sublease ended when the main lease expired.

After the lease ended on the 10 S. Prospect property, the County began looking for alternative space in the Ypsilanti area. Facilities Management was looking for a building large enough to house Full Circle. As a result of this search, it found a building for sale located at 750 Towner Street in Ypsilanti. This building is very close to the County's existing facility at 555 Towner Street. Facilities commissioned an appraisal of the property which came in at \$535,000. The building has approximately 8500 square feet and would be big enough to accommodate all of the proposed space needs stated above.

The property was listed by Swisher Realty for \$590,000 on behalf of the seller, WWEFST Company, a Michigan co-partnership. Based upon the appraisal, the County began negotiating to purchase the property. On February 23, 2005, the parties reached an agreement on a Sales Contract. The selling price is \$535,000, which is the appraised price of the property. The Contract contains three main contingencies: (1) final approval of the Sales Contract by the County Board of Commissioners; (2) completion of a Phase I environmental audit of the property satisfactory to the County; and (3) approval by the City of Ypsilanti of any special use permits needed by Full Circle to relocate their business to this location.

The Phase I environmental audit is currently being done and is expected to be completed shortly. Moreover, on June 15, 2005, the City of Ypsilanti approved Full Circle's special use permit to operate at this location subject to two minor actions being taken—garbage being removed from the outside of the building and soiled carpet being removed from one of the bathrooms in the building.

Approval of the purchase by the Board of Commissioners, along with receiving a favorable Phase I environmental audit, are the only contingencies left to be completed before the sale may be closed.

DISCUSSION:

Purchase of the facility at 750 Towner will be a benefit to the County in providing services to the community. The facility is close to the existing County building at 555 Towner, thus making it easier to coordinate services between the buildings. Moreover, if this site is purchased, Full Circle will be able to operate their adult drop-in center at the site. The City of Ypsilanti has approved Full Circle's special use permit to operate at this location.

The County will pay for the purchase of this facility by way of a long-term lease with the WCHO. On January 5, 2005, the WCHO Board approved entering into a 15-year lease with the County at an annual rental rate of \$67,591.00 per year. In addition, the WCHO has agreed to pay \$100,000.00 for renovations to the building. The proposed lease with the WCHO for this facility will be brought back to the Board of Commissioners for approval at the August, 2005 meeting.

IMPACT ON HUMAN RESOURCES:

Approval of this Resolution will have no impact on human resources in the County.

IMPACT ON BUDGET:

Approval of this Resolution will result in the County paying \$535,000 for the property. This money will be advanced from the capital projects fund with an annual revenue stream being provided by WCHO to cover the building purchase and maintenance costs. On January 5, 2005, the WCHO Board approved entering into a 15-year lease with the County at an annual rental rate of \$67,591.00 per year. In addition, the WCHO has agreed to pay \$100,000.00 for renovations to the building.

IMPACT ON INDIRECT COSTS:

Cost normally associated with the purchase of land, i.e. appraisal, closing costs, etc. will be paid for as part of the sale.

IMPACT ON OTHER COUNTY DEPARTMENTS OR OUTSIDE AGENCIES:

Approval of this Resolution will allow Full Circle to relocate to 750 Towner pursuant to a Lease with the County.

CONFORMITY TO COUNTY POLICIES:

This Resolution conforms to all County policies

ATTACHMENTS:

The proposed sales agreement with WWEFST Company for the County's purchase of 750 Towner Street is attached

A RESOLUTION APPROVING THE PURCHASE OF 750 TOWNER STREET IN YPSILANTI, MICHIGAN FROM WWEFST COMPANY AND AUTHORIZING THE COUNTY ADMINISTRATOR TO TAKE ANY ACTION NEEDED TO COMPLETE THIS SALE

WASHTENAW COUNTY BOARD OF COMMISSIONERS

JULY 6, 2005

WHEREAS, the County has been looking at locations in Ypsilanti to meet its space needs to locate both County and non-profit uses for the benefit of the local community; and

WHEREAS, the County's Facilities Management Department found a building listed for sale which is located at 750 Towner Street, just a short distance from the County's existing facility at 555 Towner Street; and

WHEREAS, the County would like to locate Full Circle, a local non-profit entity that operates an adult drop-in center, at this building; and

WHEREAS, the building at 750 Towner Street contains approximately 8500 square feet, which is enough to accommodate the proposed use for the space; and

WHEREAS, the property value for this site has been appraised at \$535,000; and

WHEREAS, the County negotiated with WWEFST Company, the owner of the property to purchase the property; and

WHEREAS, these negotiations resulted in a Sales Contract (attached to this Resolution) between the County and WWEFST which provides, in part, that the County will purchase the property at 750 Towner Street for \$535,000, provided three contingencies are met; and

WHEREAS, the contingencies are (1) final approval of the sale by the Washtenaw County Board of Commissioners; (2) completion of an Phase I environment audit acceptable to the County and (3) approval by the City of Ypsilanti of any permits needed for Full Circle to operate at that site; and

WHEREAS, contingency (2) is currently being completed and (3) has now been satisfied; and

WHEREAS, if the Board of Commissioners approves the sale, contingency (1) will be satisfied, and, once a favorable Phase I environmental audit is received, thus satisfying contingency (2), the property may proceed to closing; and

WHEREAS, the Washtenaw Community Health Organization ("WCHO") has approved entering into a 15 year lease with the County at a rental rate of \$67,591.00 per year to lease space at 750 Towner and will also provide \$100,000.00 to renovate the property; and

WHEREAS, this matter has been reviewed by Corporation Counsel, the Finance Department, the County Administrator's office and the Ways & Means Committee

NOW THEREFORE, BE IT RESOLVED that upon the County's receipt of a favorable Phase I environmental audit for the property at 750 Towner Street in Ypsilanti, the Washtenaw County Board of Commissioners approves Washtenaw County's purchase of 750 Towner Street, Ypsilanti, Michigan from WWEFST Company pursuant to the terms of the attached Sales Agreement, and authorizes the County Administrator to take any action needed to complete this sale, to be filed with the County Clerk.

BE IT FURTHER RESOLVED that the Washtenaw County Board of Commissioners authorizes the advance payment of this purchase from the capital projects fund and set up of transfers for the annual revenue stream from WCHO and ETCS.

BE IT FURTHER RESOLVED that the Washtenaw County Board of Commissioners authorizes the County Administrator, upon review of Corporation Counsel, to execute a lease with the Washtenaw Community Health Organization and/or any resulting subleases relating to the space at 750 Towner to be filed with the County Clerk.