TO: Mayor and City Council

SUBJECT: Sale of City-owned Property at 21st Street North and I-135 (District VI)

INITIATED BY: Office of Property Management

AGENDA: Consent

Recommendation: Approve the sale.

Background: In the early 1970’s the City of Wichita acquired land in the 1400 and 1500 blocks of 21st Street North for the construction of the I-135 and 21st Street North Interchange. The acquisitions were funded 10% by the Kansas Department of Transportation (KDOT) and 90% by the Federal Highway Administration (FHWA). In 2002, the interchange was reconfigured with a smaller footprint resulting in approximately nine acres of land lying outside the immediate right of way boundaries. The property is currently undeveloped except for an approximately 40,000 square foot parking lot located in the north portion of the parcel. While the property is currently not zoned, surrounding land is zoned Heavy Industrial. The property is identified as part of the Central Subarea of the 21st Street North Corridor Revitalization Plan (the Plan). The Plan recommends that the site not be developed for heavy industrial uses. KDOT and FHWA have reviewed the City’s request to market the property and have approved the request. The property was acquired specifically for highway construction so the City does not have clear title. This necessitates that any transfer of the property be by quit claim rather than warranty deed. Any sale will be contingent on a future use in accordance with the recommendations of the Plan. Appropriate City departments have reviewed the parcel being proposed for sale and have requested that 100 feet be retained adjacent to 21st Street North and 80 feet be retained adjacent to the drainage way on the east. These retentions reduce the size of the site being sold to approximately 7.4 acres. The City Council approved marketing the property on July 12, 2016.

Analysis: The property was marketed through direct mailings to area real estate brokers, Certified Commercial Investment Members (CCIM’s) and other interested parties. It was also listed on the City’s website and on the internet. After exposure to the market for approximately two months, one proposal for $64,464.80 was received. The buyer is the owner of the land surrounding the City parcel as well as a significant assemblage north of the site. The buyer intends to develop the site with multiple buildings for a variety of uses including warehouse, distribution, manufacturing, etc.

Financial Considerations: The cash consideration for the sale of the property will be divided between KDOT and FHWA in proportions equal to the initial contribution for purchase. The City will be reimbursed for the cost of the appraisal and any other direct costs. The sale of the property to a private party will place additional value into the tax base and relieve the City of the cost of maintenance.

Legal Considerations: The Law Department has approved the real estate agreement as to form.

Recommendation/Action: It is recommended that the City Council approve the real estate purchase agreement and authorize all necessary signatures.

Attachments: Real estate purchase agreement and aerial.