



Item: Public Hearing for Sale of City-Owned Property, Parcel #847435, located at 1100 15th Street North, and more legally described at Lot 2, Amended Plat of 15th Street Bridge Addition

From: Ross Bartell, Sanitation Supervisor

Initiated By: Public Works Department

Presented By: Jim Rearden, Public Works Director

Action Requested: Conduct a Public Hearing

Public Hearing:

1. Mayor conducts public hearing, calling three times each for opponents and proponents.
2. Mayor closes public hearing and asks the will of the Commission.

Suggested Motion:

1. Commissioner moves:

“I move the City Commission (accept/reject) the bid from Mike Mitchell of Mitchell’s Crash Repair for the sale of City-Owned property at 1100 15th Street North in the amount of \$401,000.”

2. Mayor calls for a second, discussion, and calls for the vote.
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Staff Recommendation: Staff recommends that the City Commission accept the bid from Mike Mitchell of Mitchell’s Crash Repair for the sale of City-Owned property at 1100 15th Street North in the amount of \$401,000.

Background:

The property for sale consists of 2.152 acres located at 1100 15th Street North. The main building built in 1973 is a pre-engineered “Armco” steel structure developed on concrete footing and foundation. It originally was built to house a pulverizer plant operation and associated equipment. This operation was short lived. On May 1, 1984, the City sold Lot 1 of the 15th Street Bridge Addition to Admiral Beverage for \$210,484.50. The original platting included a cul-de-sac access from 15th Street. The original plat was amended in 2008 when the cul-de-sac was eliminated. The amended plat increased the size of the City parcel to 2.152 acres and the

Admiral Beverage parcel to 4.195 acres. The pulverizer equipment was removed as salvage in 2002. The property operated as a Citizen's Convenience Center for recycling and trash disposal from 1992 until August 2012, when the facility was closed. The building has storage/work space, offices, a customer service area, small kitchen/break area, and a bathroom with shower. This total gross building area is 12,960 sf. There is also a container storage area made of masonry block that includes a hoist. This building was originally used as a shop area and is 60 to 65 years old. This total gross building area is 3,000 sf.

The former City Recycling Center property was recently appraised by McKay Rowen Associates. The Summary Appraisal Report dated January 27, 2014, estimates the market value of the property within a range of \$400,000 - \$500,000. The property has been offered for lease four times with only one offer that was not acceptable to the City at the time of \$30,000 annually. There have been no formal offers to purchase the property since it was first made available in 2012.

On May 20, 2014 the City Commission set a Public Hearing date for June, 17, 2014. A notice of Public Hearing appeared in the *Great Falls Tribune* on June 1, 2014.

Purpose

Staff proposes that the sale of City-owned property parcel #847435 described as Lot 2, Amended Plat of 15th Street Bridge Addition, to the City of Great Falls, a Tract of Land Situated in Government Lot 5, Section 6, Township 20 North, Range 4 East, P.M.M., Cascade County, Montana, filed with the Office of the Cascade County Clerk and Recorder as P – 2008 – 0000019 PL on 06/03/2008, be sold as is. The property has been vacant since 2012. This sale would put this vacant area of City-owned property back into a productive use and add to the City tax base.

Evaluation and Selection Process

The specifications were advertised one time in the *Great Falls Tribune*, placed on the City of Great Falls' website, and mailed to eleven prospective bidders, with a minimum bid amount set at \$400,000. Two bids were received and opened on May 7, 2014:

- 1) Mark Macek – Macek Companies, Inc. submitted a bid on behalf of Kent Reimer, KK&B Partnership, d/b/a Midway Rental, Inc., in the amount of \$435,000, with contingencies: 1) The Seller shall rezone the property from M-2 Mixed Use Transitional Zoning to I-1 Light Industrial Zoning; 2) The Seller shall provide and the Buyer shall approve a Phase I Environmental Report/Study of the property showing that there is no likely environmental contamination of the property. This is proposed as a method to reduce future environmental liability for both the Seller and the Buyer; 3) The Seller shall provide and the Buyer shall approve a Purchase and Sale Agreement for the property within fifteen (15) days of notice of award of the RFP; 4) the Seller shall provide and the Buyer shall approve any and all studies and/or reports performed on the property within ten (10) days of the notice of award of the RFP; and 5) If any or all of the above items are not satisfied the ten percent (10%) bid security deposit shall be returned to the Buyer.

Subsequent to the bid opening, Mark Macek followed-up with staff and clarified that the Purchaser would agree to participate in the requested zoning change process with the City as co-applicant.

The costs associated with obtaining a Phase I Environmental Report/Study are estimated to be \$3,500.

2) Mike Mitchell, Collision Repair & Service Headquarters, d/b/a Mitchell's Crash Repair, submitted a bid in the amount of \$401,000.

Gary Zadick, Ugrin, Alexander, Zadick & Higgins, P.C., on behalf of his client, Mike Mitchell, submitted a written objection to consideration of KK&B Partnership's proposal dated May 27, 2014.

Staff evaluated the bids based on the requirements set forth in the invitation for bids. The high bid was submitted with contingencies which staff considered in its evaluation for making a recommendation to the City Commission. Specifically, KK&B's contingencies that the City participate as a co-applicant in a requested zoning change, and that if any or all of the items (contingencies) are not satisfied the ten percent (10%) bid security deposit shall be returned to the Buyer, would adversely affect the purpose of the competitive bid process. State statute and the OCCGF set forth that after bid opening, changes in bid prices or other provisions of bids which are prejudicial to the interest of the City or fair competition may not be permitted.

Staff's recommendation is based upon concerns of potential conflict arising from contingencies in the KK&B Partnership proposal, particularly with the City Commission's participating in a zoning process where the City would stand to gain financially from a favorable zoning determination. Therefore, staff recommends that the City Commission accept Mike Mitchell's bid as being the responsible and responsive bid that met the requirements and criteria set forth in the invitation to bids. The City Attorney concurs with staff's recommendation.

Conclusion

As required by Title 3, Chapter 4 of the Official Code of the City of Great Falls, before final consideration of a sale of City property, the City Commission shall hold a public hearing. **Approval of the sale also requires a four-fifths (4/5) vote of all the members of the City Commission.**

Fiscal Impact: The proceeds from the sale of the property would go into the Sanitation Fund and would allow for the purchase of trucks needed for the operation of the enterprise.

Alternatives: The alternatives available to the City Commission are to reject all bids and readvertise.

Attachments/Exhibits: Bid Tab, Bid List, Letter from Gary Zadick dated May 27, 2014

CITY OF GREAT FALLS
PO BOX 5021
GREAT FALLS MT 59403

CITY OF GREAT FALLS CITY-OWNED PROPERTY SALE

Project Number
Bids Taken at Civic Center
Date: May 7, 2014
Tabulated By: Lisa Kunz
Page 1 of 1

NAME & ADDRESS OF BIDDER	BID SECURITY	AFFIDAVIT OF NON- COLLUSION	BID FOR SALE OF PARCEL #847435 MINIMUM OF \$400,000
Mark Macek – Macek Companies, Inc. on behalf of Kent Reimer KK&B Partnership d/b/a Midway Rental, Inc. P.O. Box 5450 Kalispell, MT 59903	Cashier's Check \$43,500	√	\$435,000 *with contingencies
Mike Mitchell Collision Repair & Service Headquarters d/b/a Mitchell's Crash Repair 1021 15th Street North Great Falls, MT 59401	Cashier's Check \$40,100	√	\$401,000

CITY PROPERTY SALE BID LIST

1100 15TH STREET NORTH

Big Game Taxidermy
Randy Suden
#15 Banjo Hill Lane
Great Falls, MT 59404

Grubb & Ellis
Scott Blumfield
625 Central Ave. W. #206
Great Falls, MT 59404

Ironhide LLC
330 18th St. S.W.
Great Falls, MT 59404

Keller-Williams Realty
Sharon Virgin
1323 9th Ave. S.
Great Falls, MT 59405

Lumberyard Supply
1300 River Drive North
Great Falls, MT 59401

Macek Property
Management
104 2nd St. S. Ste 100
Great Falls, MT 59401

Midway Rental
1526 River Dr. N.
Great Falls, MT 59401

Montana Waste Systems
3201 15th Street N.E.
Black Eagle, MT 59414

Noel, Leah
733 34th Ave. N.E.
Great Falls, MT 59404

Pepsi
1212 15th Street North
Great Falls, MT 59401

Ryan Wood
PO Box 294
Geraldine, MT 59446

UGRIN, ALEXANDER, ZADICK & HIGGINS, P.C.

NANCY P. CORY
JORDAN Y. CROSBY
DAVID J. GRUBICH
MARK F. HIGGINS
ROBERT F. JAMES
MARY K. JARACZESKI

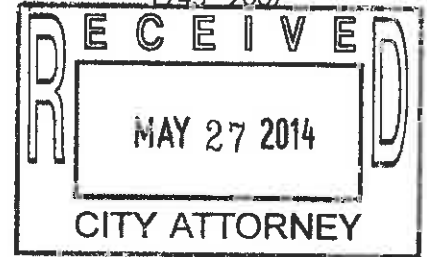
JOHN D. ALEXANDER
(RETIRED)

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CATHY J. LEWIS
KEVIN C. MEEK
MARK D. MEYER
ANDREW T. NEWCOMER
ROGER T. WITT
GARY M. ZADICK

NEIL E. UGRIN
1945 - 2007

May 27, 2014



Our File: MI16-02

Sara Sexe
City Attorney
Civic Center
Great Falls, MT 59401

HAND DELIVERY

Re: Sale of City-Owned Property, Parcel No. 847435

Dear Sara,

As you are aware, Mike Mitchell submitted a bid in response to the City's advertisement for bids for the property located at 1100 15th Street North, which was the transfer station.

Mike's bid met the minimum and did not contain any conditions, in compliance with the bid instructions that the property was to be sold "as is".

The other bid submitted by Mark Macek contained four conditions plus a request that if all of any of the four conditions were not satisfied, that the bid security deposit be returned. This is a non-compliant bid.

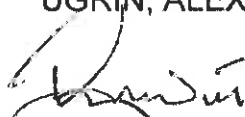
It is the position of our client that his was the only compliant bid and that his bid should be accepted. It would be improper to waive conditions or re-advertise. Waiving conditions after the fact is unfair to the other bidders, and the non-compliant bid should be considered null and void.

Sara Sexe
May 27, 2014
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Thank you for your attention to this matter.

Sincerely,

UGRIN, ALEXANDER, ZADICK & HIGGINS, P.C.

FOR 
Gary M. Zadick

GMZ/cab
cc: Mike Mitchell