

**A G E N D A R E P O R T**

**DATE** August 6, 2002

**ITEM** Modified Purchase Agreement - Former Railroad Right-Of-Way, Sec. 5 & 6, T20N, R4E

**INITIATED BY** Public Works Department

**ACTION REQUESTED** Approve Modified Purchase Agreement

**PREPARED & PRESENTED BY** Jim Rearden, Public Works Director

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**RECOMMENDATION:**

Staff recommends the City Commission approve the following motion:

**MOTION:**

I move the City Commission approve the purchase of 10.659 acres of railroad right-of-way, as depicted on a modified Exhibit A, from the Burlington Northern and Santa Fe Railway Company for \$28,250 and authorize the City Manager and staff to execute the necessary documents.

**SYNOPSIS:**

An agenda item authorizing execution of a 'Real Estate Purchase and Sale Agreement', was approved by the Commission on March 5, 2002. The original purchase agreement involved 12.128 acres of former railroad right-of-way extending from the east side of 25<sup>th</sup> Street North to the west side of 38<sup>th</sup> Street North. This parcel is located adjacent to Veterans Memorial Park (Legion Ballpark and Eagle Falls Golf Course) and the Americans Little League Complex. Subsequent to the Burlington Northern and Santa Fe Railway (BNSF) formalizing the Agreement, their operations branch decided that 700 feet of track on the 25<sup>th</sup> Street (west) end could not be sold, but was needed for train storage by Columbia Grain. Through negotiation with their agent in Seattle, City staff requested that the 38<sup>th</sup> Street right-of-way be added to the sale. The BNSF agent has insisted that although the sale involves less property (now 10.659 acres), based on current and pending sales in the area and the dated appraisal the property is worth twice what we are paying. A pending sale to the east of this property confirms the enhanced value. Staff recommends purchase of the 10.659 acres of property at the same price as the original intended purchase.

**BACKGROUND:**

The City has been in contact with the railroad since the mid 1990's in an attempt to negotiate a purchase of the property. An appraisal was obtained in 1999 that established the fair market value of the land at \$28,250 and the Burlington Northern and Santa Fe Railway Company had agreed to accept the City's offer based on the appraisal. The attached Real Estate Purchase and Sale Agreement and cover letter document all the specifics pertaining to the sale, including an administrative processing fee of \$1,000.

Although a specific use of the property has not been identified at this time, City staff foresees this land used as an underground utility corridor. The surface would be available for a variety of potential recreational uses that would be complimentary to Legion Ballpark, Eagle Falls Golf Course and the Americans Little League

Complex. This land is located in the Pasta Montana Tax Increment District and funds are available from that source for the purchase.

Attachment: On file in City Clerk's Office, Civic Center Room 102