

CITY OF COOS BAY CITY COUNCIL
Agenda Staff Report

MEETING DATE	AGENDA ITEM NUMBER
August 5, 2014	

TO: Mayor Shoji and City Councilors

FROM: Jim Hossley, Public Works Director

THROUGH: Rodger Craddock, City Manager



ISSUE: Estimated Cost for Demolition of "Old" Wastewater Treatment Plant #2 Site

BACKGROUND:

At the June 3, 2014 meeting, Council members discussed demolition of the "old" (existing) wastewater treatment plant site #2. Council requested staff provide cost estimate for two demolition alternatives. The first is to have the contractor remove all surface features and their substructure to a depth up to three (3) feet below grade, fill all vaults with appropriate (but not engineered) material, and grade the surface level and plant with native grasses. The second alternative is to remove all surface and below ground structures, back fill with engineered materials, grade the surface level and plant with native grasses. Council also requested that staff request the City's realtor of record provide an estimate for the market value of the "old" treatment plant land

The contractor estimate for the first alternative, including contingencies, is \$444,400. The cost range for the second alternative is \$900,000 to \$1,333,000. The realtor of record has estimated the value of the property after completing the first alternative at approximately \$300,000. The value of the property after completing the second alternative would be approximately \$450,000.

ADVANTAGES:

Alternative one has the least upfront cost for demolition of the current wastewater treatment plant #2 site. This is a good alternative to minimize cost to the City's wastewater rate payers and for passive use of the property. Alternative one provides the best return on investment. Alternative two provides a "shovel ready" piece of property to accommodate most any future use of the property. Some demolition cost can be recovered by the sale of the property.

DISADVANTAGES:

Alternative one is the least cost option but limits the value of the property (approximately \$150,000). Future use of the property may require substantial expenditure to make the property ready to build. Alternative two requires substantial expenditure of wastewater funds.

BUDGET:

The contractor estimate for the first alternative, including contingencies, is \$444,400. The cost range for the second alternative is \$900,000 to \$1,333,000. The realtor of record has estimated the value of the property after completing the first alternative at approximately \$300,000. The value of the property after completing the second alternative would be approximately \$450,000. In addition, the City owns the property to the south of the existing wastewater treatment plant

#2. Most of the property is wetlands, however adding this property to the total land package could bring the land value to as much as \$800,000.

RELATED CITY GOAL:

Infrastructure and Services: To maintain and improve the City's physical infrastructure and provide quality services for current and future citizens.

ACTION REQUESTED:

It if pleases the Council, provide staff with direction regarding demolition of the "old" wastewater treatment plant #2 site.

ATTACHMENTS:

Letter from Randy Hoffine, Realtor of Record
Map of City Property Adjacent Old WWTP#2 Site



RANDY HOFFINE – PRINCIPAL BROKER
791 COMMERCIAL AVE. COOS BAY, OR 97420
541-269-5263, OFFICE 541-269-7131, FAX

July 7, 2014

City of Coos Bay
500 Central Avenue
Coos Bay, OR 97420

RE: Broker's Price Opinion – 100 Fulton Ave, Coos Bay

I was asked by Jim Hossley to determine a listing price for the sewer treatment plant property in Empire. In making this determination we rely upon the information we have available to us, such as other property that is currently available for sale in similar locations and description, and to a greater degree similar properties that have sold. Obviously, the uniqueness of this property makes finding comparable properties few and far between or having to stretch for what is considered similar.

Two different scenarios were asked to be considered:

- A. Entails removing only the structures above the ground at an estimated cost of \$350,000.
- B. This second scenario includes removing everything up to 3' below the ground in addition to the structures above the ground. The estimated cost is just over \$1,000,000.

I could fairly safely say that option A is the way to go. I don't see there being a significant increase in value to the tune of \$650,000+ with the removal of pipes, etc. below grade. My proposed numbers would be my opinion of what to list the property for on today's market, taking into consideration the probable \$15 million Hollering Place Hotel development as well as other optimistic economic developments in the area. Option A - \$300,000 and Option B - \$450,000.

If the adjacent property to the South were added in to the mix, it would add more significantly to the equation. An estimated package list price (with Option A and tax lots 500, 5300, & 5400) would be \$800,000.

With Appreciation,

Randy Hoffine, Principal Broker



City Property