



City of Muscatine

ITEM NUMBER 2023-0242

AGENDA ITEM SUMMARY

DATE: 6/15/2023

STAFF

Carol Webb, City Administrator

SUBJECT

Third and Final Reading of an Ordinance Governing Disposal of City-Owned Surplus Real Property

EXECUTIVE SUMMARY

City staff is proposing adoption of an ordinance governing the disposal of city-owned surplus real property. The ordinance codifies the City's process for declaring property surplus, property disposal methods, and determination of property value.

STAFF RECOMMENDATION

Staff recommends approval.

BACKGROUND/DISCUSSION

The City owns real property and periodically assumes ownership of real property that no longer serves a public purpose. The City has historically declared such property surplus and has disposed of the property in various ways, including via competitive bidding, direct sale, conveyance to a non-profit agency for housing development, or by gifting the property to other public entities. This ordinance will codify requirements for surplus real property disposal.

The proposed ordinance can be summarized as follows:

- The Council may consider fair market value, taxable value, and/or the highest and best use of a property to determine the best option for disposal.
- Property must be declared surplus by the City Council via resolution. A public hearing must be held notifying the public that the Council intends to do so (as required by the Iowa Code § 364.7 and 362.3) prior to property disposal.
- The City may dispose of surplus real property by any of the following methods:
 - via sealed bid (in writing, publicly invited and opened) at or above fair market value
 - transferred to another City department for a public purpose

- traded if the market value of the trade is equal to or more than the market value of the property
- sold to a non-profit agency or state or federal agency for a public purpose via sealed bid to the highest bidder and pre-conditions established by City Council
- by gift to a governmental body for a public purpose or for purposes of urban renewal (Iowa Code § 364.7(3))
- The policy allows the City to determine the fair market value by any of the following methods:
 - consulting with the Muscatine County Assessor
 - utilization of an independent appraiser
 - referencing values of adjacent properties
 - requesting bids on a property.

The City from time to time disposes of property that is not independently usable or developable (e.g. a parcel that does not meet the minimum size for construction of a residence, a vacated easement, etc.). Per the proposed policy, in these circumstances, the City may sell property directly to owners of abutting properties without a sealed bid process at a pre-determined unit price established by City Council (yet to be determined).

If the City Council supports the ordinance and policy, City staff will include consideration of such approvals on an upcoming Council agenda.

CITY FINANCIAL IMPACT

The ordinance should have a positive financial impact on the City by ensuring the City receives a fair price for sale of surplus property.

ATTACHMENTS

1. Surplus City Property Ordinance ATT 05.18.23 (2)

ORDINANCE NO. 2023-0242

**AN ORDINANCE ADDING SECTION 12 – DISPOSAL OF CITY PROPERTY
TO CHAPTER 12 OF TITLE 1 OF THE MUSCATINE CITY CODE**

WHEREAS, the City of Muscatine periodically disposes of real property that is no longer needed for public purposes;

WHEREAS, the City has historically disposed of such real property by declaring it surplus and directing its disposal in various ways;

WHEREAS, the provisions of Iowa Code §§ 364.7; 362.3, and 364.3(1) outline certain requirements for cities for the disposal of public property.

WHEREAS, the City Council desires to codify the process by which it has historically disposed of such property in compliance with applicable provisions of Iowa law.

**NOW, THEREFORE BE IT ORDAINED BY THE CITY COUNCIL OF THE
CITY OF MUSCATINE, IOWA:**

The following section is added to Chapter 12 of Title 1 – Fiscal Management, of the City Code of the City of Muscatine:

Section 12. Disposal of City Property

1-12-1 Disposal of City Owned Real Property/Property Interests. Any City owned real property or any City interest in real property, including but not limited to the conveyance of easements, may only be disposed of in accordance with Iowa Code § 364.7 of Iowa Code, as amended, or as otherwise provided for herein:

- A. Declaration of Surplus. The City Council shall set forth its proposal to declare real property as surplus and dispose of such property in a resolution and shall publish a public notice of a date, time, and place of a public hearing on the proposal pursuant to Iowa Code § 362.3.
- B. Disposal Methods.
 - 1. Property may be disposed of via sealed bid (in writing, publicly invited and opened) and will be sold at or above fair market value unless other pre-conditions on the sale have been established and approved by City Council. Any property proposed to be disposed of via sealed bid shall be reviewed and so approved for disposal by resolution of the Council. Notice of said public bid sale shall be published pursuant to Iowa Code § 362.3, as amended.
 - 2. Property may be traded if the market value of the trade is equal to or more than the fair market value of the property. Any property trade shall be reviewed and approved by the Council.

3. Property may be sold to a non-profit agency or other state or federal agency provided that the planned use of the property fulfills a public purpose and that such sale is conducted via sealed bid and is sold to the highest bidder or meets predetermined conditions approved by City Council.
4. The City may dispose of property that is not independently usable or developable. The City may, in these circumstances, sell property directly to owners of abutting properties without a sealed bid process at a pre-determined unit price established by City Council.
5. The City may only dispose of real property by gift to a governmental body for a public purpose or for purposes of urban renewal within the City's established urban renewal area.

(Code of Iowa, Sec. 364.7(3))

- C. Determination of Value. The City may utilize one or more of the following methods to determine the fair market value of a property, including consultation with the Muscatine County Assessor, utilization of an independent appraiser, referencing values of adjacent properties, or, when disposing of property as described in City Code Section 1-12.B(3), the City may request bids on a property to determine value. City Council shall make the final determination on the conveyance of real property or interest therein and the total price thereof in conformity with applicable laws of the State of Iowa.

PASSED, APPROVED AND ADOPTED this 15th day of June, 2023.

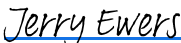
Attest

**By the City Council of the City of
Muscatine, Iowa**



Bradley Bark (Jun 16, 2023 20:29 CDT)

Dr. Brad Bark, Mayor



Jerry Ewers (Jun 17, 2023 06:56 CDT)

Jerry Ewers
Acting City Administrator

First Reading: May 18, 2023
Second Reading: June 1, 2023
Third Reading: June 15, 2023
Publication:



***** Proof of Publication *****

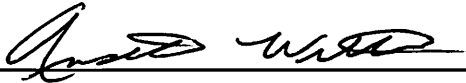
The undersigned, being first duly sworn, on oath does say that he/she is an authorized employee of THE MUSCATINE JOURNAL, morning edition, a daily newspaper printed and published by Lee Enterprises, Incorporated, in the City of Davenport, Scott County, Iowa, and that a notice, a printed copy of which is made a part of this affidavit, was published in said THE MUSCATINE JOURNAL, on the dates listed below.

CITY OF MUSCATINE- Legals account

215 Sycamore Street
MUSCATINE, IA 52761

ORDER NUMBER 157977

The affiant further deposes and says that all of the facts set forth in the foregoing affidavit are true as he/she verily believes.



Section: Notices & Legals

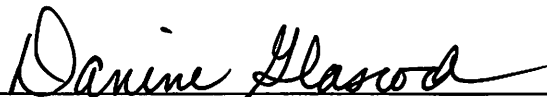
Category: 2627 Miscellaneous Notices

PUBLISHED ON: 06/30/2023

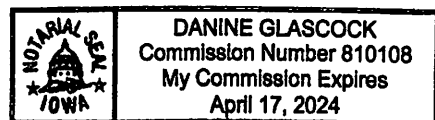
TOTAL AD COST: 86.75

FILED ON: 6/30/2023

Subscribed and sworn to before me by said affiant this 30 day of
JUNE 2023



Notary Public in and for Scott County, Iowa



*** Proof of Publication ***

ORDINANCE NO. 2023-0242

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WHEREAS, the City has historically disposed of such real property by declaring it surplus and directing its disposal in various ways;

WHEREAS, the provisions of Iowa Code §§ 364.7; 362.3, and 364.3(1) outline certain requirements for cities for the disposal of public property.

WHEREAS, the City Council desires to codify the process by which it has historically disposed of such property in compliance with applicable provisions of Iowa law.

NOW, THEREFORE BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF MUSCATINE, IOWA:

The following section is added to Chapter 12 of Title 1 – Fiscal Management, of the City Code of the City of Muscatine:

Section 12. Disposal of City Property
1-12-1 Disposal of City Owned Real Property/Property Interests. Any City owned real property or any City interest in real property, including but not limited to the conveyance of easements, may only be disposed of in accordance with Iowa Code § 364.7 of Iowa Code, as amended, or as otherwise provided for herein:

A. Declaration of Surplus. The City Council shall set forth its proposal to declare real property as surplus and dispose of such property in a resolution and shall publish a public notice of a date, time, and place of a public hearing on the proposal pursuant to Iowa Code § 362.3.

B. Disposal Methods.

1. Property may be disposed of via sealed bid (in writing, publicly invited and opened) and will be sold at or above fair market value unless other pre-conditions on the sale have been established and approved by City Council. Any property proposed to be disposed of via sealed bid shall be reviewed and so approved for disposal by resolution of the Council. Notice of said public bid sale shall be published pursuant to Iowa Code § 362.3, as amended.

2. Property may be traded if the market value of the trade is equal to or more than the fair market value of the property. Any property trade shall be reviewed and approved by the Council.

3. Property may be sold to a non-profit agency or other state or federal agency provided that the planned use of the property fulfills a public purpose and that such sale is conducted via sealed bid and is sold to the highest bidder or meets predetermined conditions approved by City Council.

4. The City may dispose of property that is not independently usable or developable. The City may, in these circumstances, sell property directly to owners of abutting properties without a sealed bid process at a pre-determined unit price established by City Council.

5. The City may only dispose of real property by gift to a governmental body for a public purpose or for purposes of urban renewal within the City's established urban renewal area.

(Code of Iowa, Sec. 364.7(3))

C. Determination of Value. The City may utilize one or more of the following methods to determine the fair market value of a property, including consultation with the Muscatine County Assessor, utilization of an independent appraiser, referencing values of adjacent properties, or, when disposing of property as described in City Code Section 1-12.B(3), the City may request bids on a property to determine value. City Council shall make the final determination on the conveyance of real property or interest therein and the total price thereof in conformity with applicable laws of the State of Iowa.

PASSED, APPROVED AND ADOPTED
this 15th day of June, 2023.

By the City Council of the City of
Muscatine, Iowa

Dr. Brad Bark, Mayor

Attest

Jerry Ewers

Acting City Administrator

First Reading: May 18, 2023

Second Reading: June 1, 2023

Third Reading: June 15, 2023

Publication: June 30, 2023