

Item Title: Acquisition of Gehrke Open Space Properties in Buffalo Creek

Specific Action Requested:

That the Board of Commissioners:

- 1. Appropriates up to \$1,650,000 of Open Space General Obligation Bonds; and**
- 2. Authorizes the County Manager to execute an agreement to purchase the Gehrke Open Space Properties, subject to terms and conditions acceptable to the County Attorney; and**
- 3. Authorizes the County Manager to execute a limited one-year triple-net lease agreement with the Sellers of Lot 2, subject to terms and conditions acceptable to the County Attorney.**

Item Summary:

Wake County's Division of Parks, Recreation & Open Space (PROS) began its open space acquisition program in 2000 to protect and conserve County land and water for current residents and future generations. The County's 2006 Consolidated Open Space Plan outlines specific benefits of open space, including:

- Preservation of natural resources and habitat;
- Protection of forest and farm land;
- Provision of outdoor recreation;
- Preservation of historical and cultural properties;
- Protection of scenic landscapes; and
- Protection of riparian corridors and water quality

Since 2000, Wake County voters have approved \$91,000,000 in Open Space Bonds. With these funds, the County has preserved or helped preserve approximately 130 properties, totaling more than 6,200 acres, as well as contributed significant funding to area greenway projects.

Working within a "Request for Proposals" framework and utilizing the GIS Open Space Model to identify and rank potential open space properties, staff provided a slate of projects at the August 10, 2015 Board of Commissioners work session meeting. The Board directed staff to continue with the process and come back with recommendations for specific acquisitions and grants. At this time, staff recommends the following acquisition:

Gehrke Properties

The Gehrke properties are located off Robertson Pond Road in Buffalo Creek and are situated adjacent to the Robertson Millpond Preserve. The Gehrke family previously sold the millpond and surrounding property to the County in 2013. The properties to be acquired in this transaction are more specifically identified as Lot 1, consisting of

60.1158 acres owned by G&F Properties, LLC, and Lot 2 consisting of 10.0017 acres owned by Edward J. Gehrke II & Marynell O. Gehrke, (map prepared by John Y. Phelps, Jr. Professional Surveyor, to be recorded in the Wake County Registry at or before the time of the transaction). Lot 1 is currently being leased for farming operations. Lot 2 contains the family home and additional out buildings. Acquisition of these two parcels will provide water quality benefits to Buffalo Creek and provide an opportunity to expand Robertson Millpond Preserve in the future.

Staff has evaluated this Open Space acquisition thoroughly, including the following factors:

Fair Market Value – established by more than one appraisal

County staff obtained an initial appraisal of the two properties in October 2015 reporting a total fair market value of \$1,505,000. The sellers provided an appraisal performed in October 15 reporting a fair market value of \$1,850,000. To resolve the discrepancy, both parties agreed upon a third appraiser (Mr. Thomas Hester, MAI). Mr. Hester performed an appraisal in March 2016 and determined the fair market value of the two properties to be \$1,560,000, which is the price reflected in the Offer to Purchase and Contract for the two properties. Of this total, the residence on Lot 2 is worth approximately \$225,000. The land and out buildings from Lot 2, along with the land from Lot 1, is worth approximately \$1,335,000. With the additional acquisition-related costs such as surveys, appraisals, and title work, and any other required acquisition-related costs, staff estimates the total cost to acquire the Gehrke properties to be approximately \$1,650,000.

Existing Cell Tower

A cell tower is located on the northeast corner of the larger parcel. This tract has a perpetual easement for cell tower operation in favor of American Tower Asset. The easement also allows American Tower to access and maintain the cell tower. When the Gehrke family granted the easement in 2012, they received a one-time payment, so there is no recurring income stream associated with the easement. The appraisers all agree that the cell tower easement does not adversely affect the value or marketability of this property. Since this easement partially encumbers the Robertsons Millpond Reserve property, staff has previously evaluated the existence of the cell tower and concluded that it does not pose any significant concerns.

Existing Agricultural Lease

The Gehrke family has an agreement in place that allows the open land on the larger parcel to be farmed. Upon acquisition of this parcel, staff intends to execute the County's standard agricultural lease with the existing farmer such that the existing use and character of the property will not change. This same farmer currently operates under County agricultural leases on a number of other open space properties in the area.

Multiple Structures

The two parcels have multiple structures on them, including a single family residence and multiple out buildings related to the farm operations. Staff from PROS, Facilities Design & Construction, General Services Administration, and Inspections & Permitting conducted a preliminary evaluation of the structures on August 15, 2016. The residence

is in good condition; however it would require extensive renovation to meet Americans with Disabilities Act (ADA) standards for a public building. Therefore, staff's preliminary plan is to make the house available to interested buyers and/or affordable housing programs with the provision that the new owner move it off site. Some of the farm out-buildings can be more easily modified to meet ADA standards, so staff is planning to retain those buildings for future office space and storage related to Robertson Millpond Preserve.

Post-Closing Occupancy

As part of the consideration for and as a condition of the sale, the individual property owners asked to occupy Lot 2 which is the 10 acre parcel including the house, sheds, barns and other outbuildings, for period limited to one year. This occupancy shall be permitted under the terms of a triple-net lease providing that lessee assumes responsibility for all maintenance, taxes, insurance, and any damage to the property. The lessee must surrender the land and buildings to Wake County at the end of the lease in the same condition existing at the time of the sale. Staff supports this arrangement to allow for on-site stewardship of the property during the lease back period.

Staff has evaluated the preceding factors and the unique opportunity to acquire large contiguous parcels in the Buffalo Creek area suitable for the expanded conservation of open space, protection of water quality, wildlife habitats, scenic areas and natural areas suitable for recreational or other public uses in Wake County. Staff recommends moving forward with the acquisition. The Open Space and Parks Advisory Committee (OSAPAC) reviewed this transaction at its June meeting and unanimously recommended moving forward with the acquisition.

The balance of funds within the Open Space Element after this acquisition will be approximately \$8.14 million. Of this total, \$0.50 million is committed to ongoing projects, \$1.02 million is bond funding, \$3.62 million is unrestricted cash, and \$3.0 million is restricted cash. In addition, there is approximately \$1.55 million in Recreation Land Dedication Ordinance funds. Staff is currently pursuing \$2.47 million in land acquisitions, \$0.36 million in greenway partnership projects with municipalities and \$1.90 million in continued development of Turnipseed, Procter Farm and Robertson Millpond preserves.

Attachments:

1. PowerPoint Presentation
2. Area Map
3. Site Map
4. Appraisal Report
5. Photos of Residence
6. Draft Lease Agreement
7. Budget Memo