



TO: The Honorable Mayor and City Council Members

FROM: Michael C. Van Milligen, City Manager

SUBJECT: Bee Branch Creek Restoration Project, Acquisition of 411 E. 15th Street (CIP #3402609)

DATE: December 14, 2016

City Engineer Gus Psihoyos recommends City Council approval to amend the purchase agreement for the acquisition of 411 E. 15th Street to reflect the sharing of costs associated with the environmental cleanup required for the City's intended use of the property. The seller has agreed to a reduced purchase price of \$100,000 if the City places \$400,000 in a designated account that would be utilized to help cover cleanup costs. Any funds remaining in the account after completing the cleanup will be paid to the seller. The City would agree to apply for U.S. EPA Brownfields Cleanup Grant funding.

Mr. Blum has agreed to the following terms:

- 1) The City will pay Mr. Blum \$100,000 for the real estate at 411 East 15th Street, Dubuque, Iowa, versus the previously agreed upon price of \$500,000;
- 2) The City will apply for U.S. EPA Brownfields Cleanup Grants in 2016 and in 2017 in an attempt to secure federal funding assistance to perform the environmental cleanup required for the City's use of the property. The City was successful in securing \$200,000 in U.S. EPA Brownfields Cleanup Grant funding for 501 E. 15th Street purchased from Mr. Blum in 2015 and is optimistic a similar grant will be awarded for 411 E. 15th Street;
- 3) The City will hold \$400,000, previously intended for Mr. Blum, in a designated account. The funds will be drawn by the City to pay for up to 50% of the cost of environmental cleanup activities required, \$300,000 unrelated to the buildings and \$100,000 related to the buildings, but only after any and all state or federal grant funds secured by the City specifically for environmental cleanup activities are exhausted. If there is a balance remaining in the designated account upon the issuance of a No Further Action Certificate from the Iowa Department of Natural Resources the balance will be paid to Mr. Blum. Regardless of the status

of cleanup activities, any remaining balance on October 1, 2020 will be paid to Mr. Blum;

- 4) The closing/sale of the property would occur by December 21, 2016. The deadline to apply for U.S. EPA Brownfields Cleanup Grants in 2016 is December 22, 2016;
- 5) All Mr. Blum's personal property and inventory will be removed by July 1, 2017; and
- 6) The City would take possession of the property by July 1, 2017.

I concur with the recommendation and respectfully request Mayor and City Council approval.



Michael C. Van Milligen

MCVM:jh
Attachment

cc: Crenna Brumwell, City Attorney
Cindy Steinhauser, Assistant City Manager
Teri Goodman, Assistant City Manager
Gus Psihoyos, City Engineer