

TO: Honorable Mayor and City Council

FROM: City Administrator Ron Johnson

SUBJECT: Approve Sale of Parcel 52.100.4080

MEETING DATE: January 2, 2018

BACKGROUND

At the December 19, 2017, Council discussed a request to purchase a city parcel from the adjoining landowner. The parcel is the first piece of property west of the Mill Street Bridge. Council subsequently authorized staff to come back with an offer from the landowner.

The Public Works Commission discussed this at an earlier meeting and found no use for this parcel. The entire approximate 50' x 120' lot is not usable. Further, there is a well on the property which the proposed purchaser would seal at their expense. The well is abandoned. City Engineer Anderson said the lot will not accommodate a parking lot (see attached memo). Staff has found no documentation that the lot was to be designated for any special purpose such as park land.

The Assessor's Market Value for the parcel (52.100.4080) is \$7,100. The purchaser is offering \$5,000 and will be responsible for sealing the well (estimated cost of \$1,500 to \$3,000). If Council wants to discuss the sale price, Council can discuss during the regular meeting or can close the meeting as authorized by MN Statutes 13D.05 subdivision 3(c) to discuss the possible sale of real property.

REQUESTED COUNCIL ACTION

Approve the sale of Parcel 52.100.4080 to James D. Johnson and Sharon E S Johnson for \$5,000- the Johnsons to be responsible for sealing the well at their expense.

Attachment(s): SEH memo; maps; purchase agreement



Building a Better World
for All of Us®

MEMORANDUM

TO: Ron Johnson, City Administrator

FROM: Greg Anderson, PE, City Engineer

DATE: December 14, 2017

RE: 6th Street North Parcel
SEH No. CANNO 123363 14.00

The parcel the City owns on 6th Street North, just west of the Mill Street bridge, is currently vacant with a well on it. Staff discussed the possibility of a parking lot on this parcel. There is only about 50 feet of usable width on the parcel (east to west). The balance of the parcel is on the slope down to the Little Cannon River. With setbacks, curbing and landscaping there would likely only be room for one lane of parking stalls with an entrance/exit aisle behind them. The typical parking stall is 18-20 feet deep and a two way traffic aisle is typically at least 23 feet wide.

Behind the existing sidewalk on Mill/6th Street, there is about 60 feet or so of usable depth to the lot. A typical parking stall is 9 to 10 feet deep. Leaving 5 feet or so behind the sidewalk for turning movements into the first stall, would result in room for about only 6-7 stalls. A quick estimate for a parking lot this size is \$30,000. This doesn't include any soil or geotechnical work. Not sure if there would be issues/concerns given the proximity to the slope/bluff down to the river.

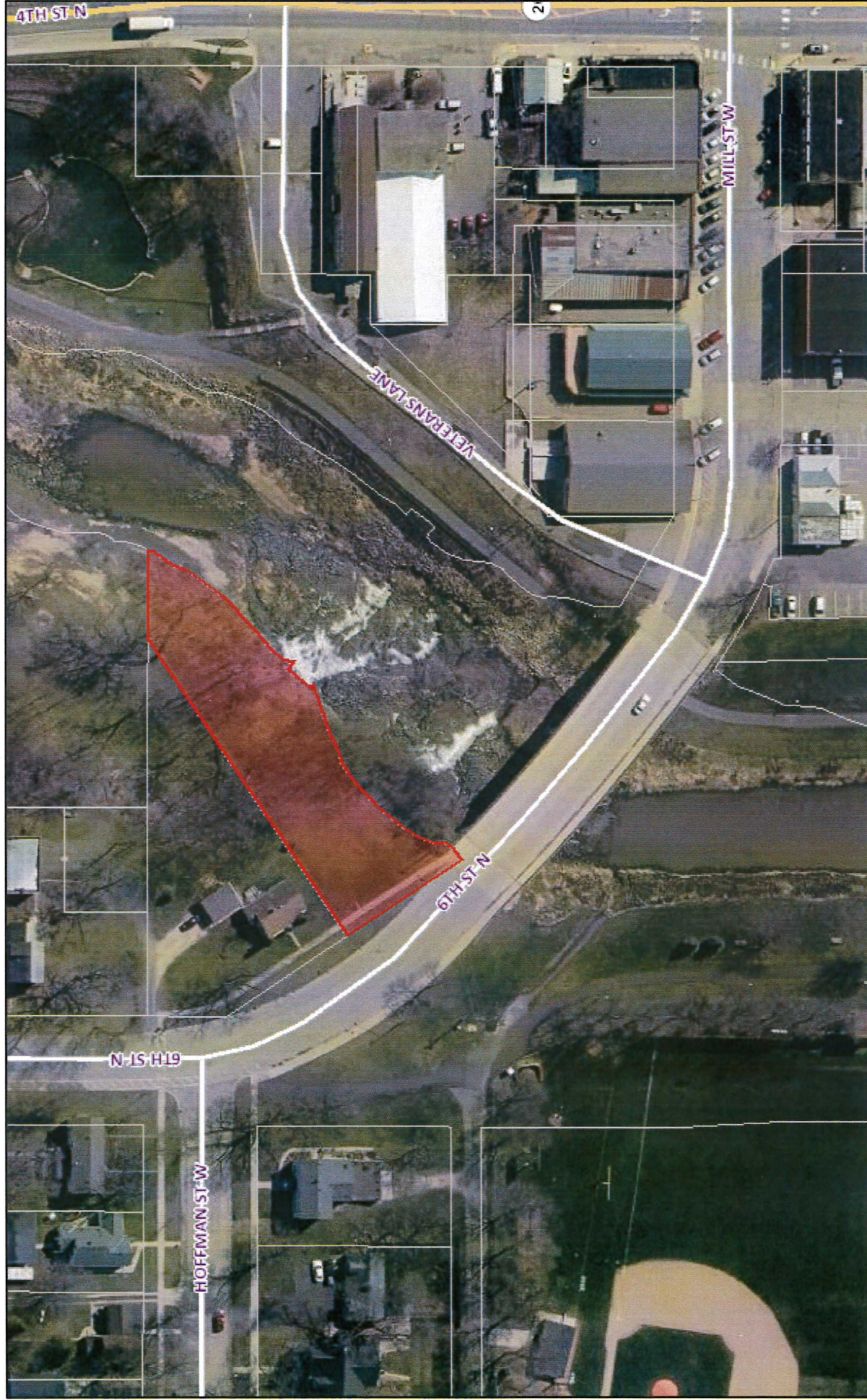
An additional concern with a potential parking lot would be headlights into the house on the adjacent lot to the west.

Regardless of the City's plans for the parcel, the existing well should be sealed by a licensed well driller for the public's protection.

ah

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ArcGIS WebMap

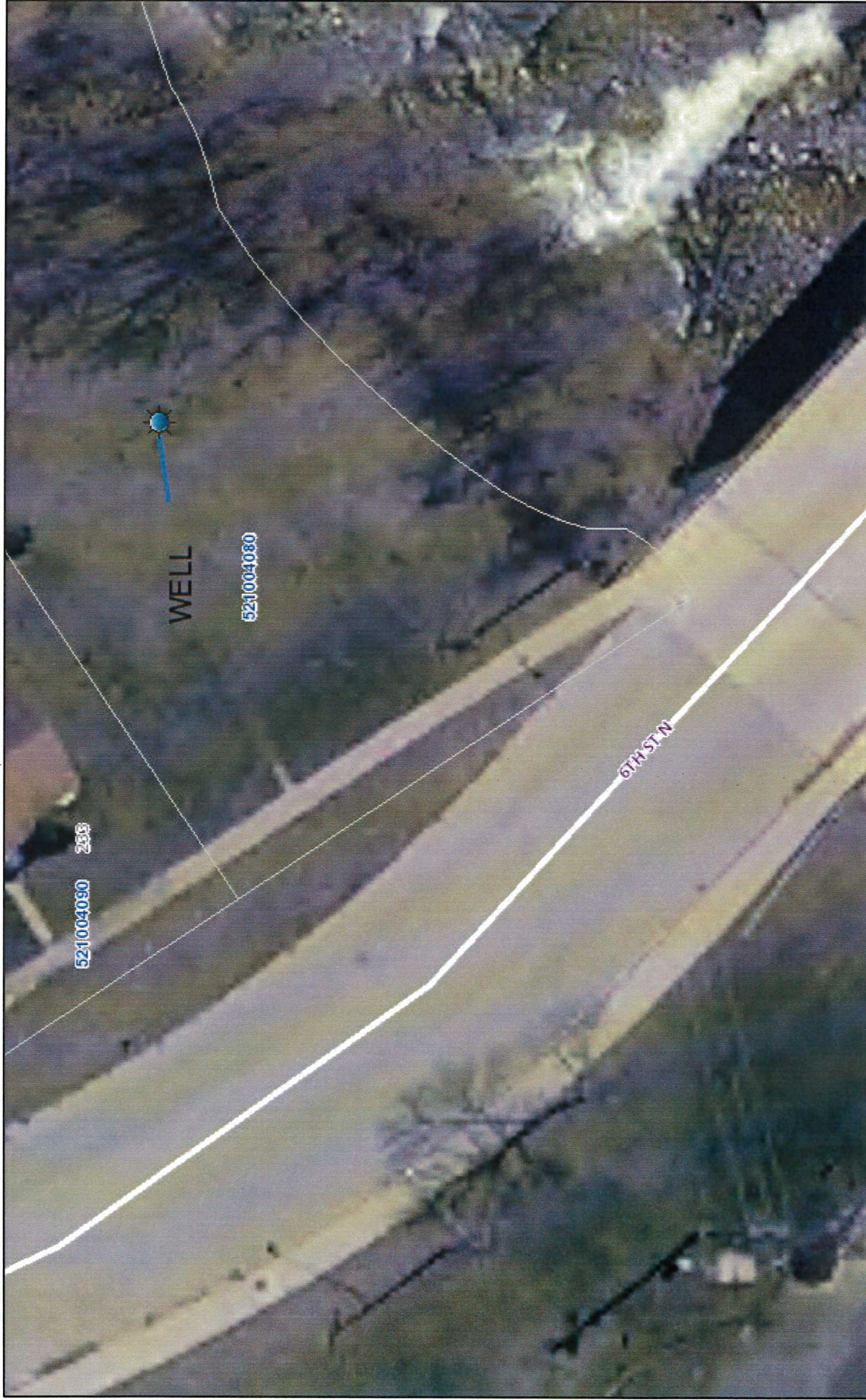


December 12, 2017

Search Results: Search by Parcel Major Roads 1,200 County Roads 1,200

- Override 1
- Roads 9.600
- Township or Other Roads
- US Highway
- State Highway
- County Roads - Gravel
- County Roads - Paved

ArcGIS WebMap



December 15, 2017

House Number

PIN

Roads 9.600

Township or Other Roads

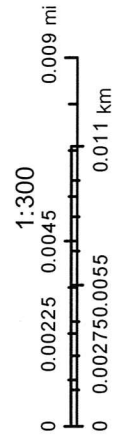
Roads 300

Township or Other Roads

Roads 300

Township or Other Roads

Parcels



WELL



**VACANT LAND
PURCHASE AGREEMENT**

1. PARTIES. This Purchase Agreement is made on _____ day of _____, 2018, by and between the **CITY OF CANNON FALLS**, a Minnesota municipal corporation, located at 918 River Road, Cannon Falls, Minnesota 55009 (“Seller”) and **JAMES D. JOHNSON AND SHARON E S JOHNSON**, husband and wife, residing at 233 Sixth Street North, Cannon Falls, Minnesota 55009 (“Buyers”).

2. OFFER/ACCEPTANCE. Buyers offer to purchase and Seller agree to sell real property located in the City of Cannons, County of Goodhue, State of Minnesota, legally described in Exhibit A attached hereto (referred to herein as the “Property”).

3. PRICE AND TERMS. The price for the real property included in this sale is Five Thousand and No/100 Dollars (\$5,000.00) which shall be payable by Buyers to Seller in cash or certified funds in full on the Date of Closing.

4. DEED/MARKETABLE TITLE. Upon performance by Buyers, Seller shall execute and deliver a Limited Warranty Deed conveying marketable title of record, subject to:

- A. Covenants, conditions, restrictions, declarations and easements of record, if any;
- B. Reservations of minerals or mineral rights by the State of Minnesota, if any;
- C. Building and zoning laws, ordinances, state and federal regulations; and
- D. Any other matters consented to by Buyers in writing or not timely objected to by Buyers.

5. REAL ESTATE TAXES AND SPECIAL ASSESSMENTS.

- A. Prior Years’ Delinquent Real Estate Taxes and Delinquent Special Assessments. Delinquent real estate taxes payable in years prior to the year of Closing and delinquent installments of special assessments certified for collection with real estate taxes payable in years prior to the year of Closing, together with penalty, interest and costs, shall be paid by Seller not later than the Date of Closing.
- B. Real Estate Taxes Payable in the Year of Closing. Real estate taxes payable in the year of Closing shall be paid by Buyers. Buyers shall assume installments not paid at Closing. Buyers shall pay penalty, interest and costs on any delinquent installment of taxes and special assessments payable in the year of Closing.
- C. Certified Special Assessments. All installments of special assessments certified for payment with the real estate taxes payable on the Property in the year of Closing shall be paid by Seller at Closing.

6. SELLER'S BOUNDARY LINE, ACCESS, RESTRICTIONS AND LIEN WARRANTIES. Seller warrants that buildings on adjoining real property, if any, are entirely outside of the boundary lines of the Property. Seller warrants that there has been no labor or material furnished to the Property for which payment has not been made. Seller warrants that there are no present violations of any restrictions relating to the use or improvement of the Property. These warranties shall survive the delivery of the Deed.

7. ACCESS PRIOR TO CLOSING. Upon reasonable notice to Seller, Buyers and Buyers' authorized agents shall have the right during the period from the date of this Agreement to the Date of Closing to enter in and upon the Property in order to make, at Buyers' expense, surveys, measurements, soil tests and other tests that Buyers shall deem necessary. Buyers agree to restore any resulting damage to the Property and to indemnify, hold harmless and defend Seller from any and all claims by third persons of any nature whatsoever arising from Buyers' right of entry hereunder, including all actions, proceedings, demands, assessments, costs, expenses and attorneys' fees. Buyers shall not perform any invasive testing of the Property without Seller's prior written consent. Seller's consent may be conditioned upon any restrictions that Seller deem necessary.

8. POSSESSION. Seller shall deliver possession of the Property not later than the actual Date of Closing.

9. TITLE INSURANCE. Within thirty (30) days following the date of this Agreement, Buyers shall obtain a title insurance commitment in the full amount of the Purchase Price issued by a title company, certified to date to include proper searches covering bankruptcies, state and federal judgments and liens, by which said company commits to issue its policy of title insurance that insures that at closing Buyers shall have good, marketable and insurable title of record to the Property. Buyers shall be allowed twenty (20) business days after receipt of the title commitment for examination of title and making any objections, which shall be made in writing or deemed waived.

10. TITLE CORRECTIONS AND REMEDIES. Seller shall have twenty (20) business days from receipt of Buyers' written title objections to notify Buyers of Seller's intention to make title marketable within ninety (90) days from Seller's receipt of such written objections. If notice is given, payments hereunder required shall be postponed pending correction of title, but upon correction of title within ten (10) days after written notice to Buyers, the parties shall perform the Agreement according to its terms. If no such notice is given, or if notice is given but title is not corrected within the time provided for, this Agreement shall be null and void, at the option of Buyers, and in such case, neither party shall be liable for damages hereunder to the other.

11. NOTICES. All notices required herein shall be in writing and delivered personally or mailed to the address as shown at Paragraph 1, above and if mailed, are effective as of the date of mailing.

12. MINNESOTA LAW. This contract shall be governed by the laws of the State of Minnesota.

13. WELL DISCLOSURE. *[Check one of the following:]*

☐ Seller certifies that Seller does not know of any wells on the Property.

☒ Wells on the Property are disclosed by Seller on the attached Well Disclosure form.

14. DISCLOSURE OF INDIVIDUAL ON-SITE SEWAGE TREATMENT SYSTEM.
[Check one of the following:]

☒ Seller certifies that Seller does not know of any individual on-site sewage treatment systems on the Property.

☐ Individual on-site sewage treatment systems on the Property are disclosed by Seller on the attached Disclosure form.

15. SELLER'S REPRESENTATIONS. Seller, as part of the consideration therefore, represents that:

A. to Seller's knowledge, without investigation, no entity or person has, at any time:

- i) "released" or actively or passively consented to the "release" or "threatened release" of any Hazardous Substance (as defined below) from any "facility" or "vessel" located on or used in connection with the Property or adjacent tracts in violation of applicable laws; or
- ii) taken any action in "response" to a "release" in connection with the Property or adjacent tracts; or
- iii) otherwise engaged in any activity or omitted to take any action which could subject Seller or Buyers to claims for intentional or negligent torts, strict or absolute liability, either pursuant to statute or common law, in connection with Hazardous Substances (as defined below) located in or on the Property or adjacent tracts, including the generating, transporting, treating, storage, or manufacture of any Hazardous Substance (as defined below) in violation of applicable law. "Hazardous Substance" means any substance, whether waste, liquid, gaseous or solid matter that is or is deemed to be hazardous, hazardous waste, toxic, pollutant, a deleterious substance, a contaminant or a source of pollution or contamination under any applicable environmental law.

B. Seller has the present full authority and power to execute this Agreement and to close the sale of the Property.

C. Seller represents to the best of Seller's knowledge that the property does not have any American Indian burial grounds, other human burial grounds, ceremonial earthworks, historical materials, and/or other archeological sites

that are protected by federal or state law. Buyers' obligation to close is contingent upon Buyers determining to Buyers' satisfaction that the property does not have any American Indian burial grounds, other human burial grounds, ceremonial earthworks, historical materials, and/or other archeological sites that are protected by federal or state law.

- D. All of Seller's covenants, representations and warranties in this Agreement shall be true as of the date hereof and of the Closing Date, and shall be a condition precedent to the performance of Buyers' obligations hereunder. If Buyers discovers that any such covenant, representation, or warranty is not true, Buyers may elect prior to Closing, in addition to any of its other rights and remedies, to cancel this Agreement, or Buyers may postpone the Closing Date up to ninety (90) days to allow time for correction. If Buyers elect to proceed with the Closing following such discovery, Buyers shall be deemed to have waived their rights to assert a claim against Seller arising from the inaccuracy or untruthfulness of any such covenant, representation, or warranty.

The representations under this Paragraph shall survive closing for a period of two (2) years.

16. WELL. There is a well on the Property that must be sealed. The Buyers shall be responsible for sealing the well at their expense in accordance with state laws and rules by _____, 20____. This Paragraph shall survive the closing.

17. CLOSING. The closing (the "Closing") shall take place at the offices of a title company designated by Seller (the "Title Company"). The Closing shall take place on or before _____, 2018 ("Closing Date"), or at such other time as agreed upon by the parties. Unless otherwise agreed by the parties in writing, in the event that any of the contingencies provided for in this Agreement are not satisfied prior to the Closing Date, this Agreement shall be null and void and of no further force and effect. At closing, Seller and Buyers shall disclose their Social Security Numbers or Federal Tax Identification Numbers for the purposes of completing state and federal tax forms.

18. CLOSING DOCUMENTS.

A. At the Closing, Seller shall execute and/or deliver to Buyers the following (collectively the "Closing Documents"):

- (1) **Limited Warranty Deed.** A Limited Warranty Deed in recordable form and reasonably satisfactory to Buyers.
- (2) **Seller's Affidavit.** A standard form affidavit by Seller indicating that on the Closing Date there are no outstanding, unsatisfied judgments, tax liens or bankruptcies against or involving Seller or the Property; that there has

been no skill, labor or material furnished to the Property for which payment has not been made or for which mechanic's liens could be filed; and that there are no other unrecorded interests in the Property.

- (3) **Non-Foreign Person Certification.** A certification in form and content satisfactory to the parties hereto and their counsel, properly executed by Seller, containing such information as shall be required by the Internal Revenue Code, and the regulations issued there under, in order to establish that Seller is not a "foreign person" as defined in §1445(f)(3) of such Code and such regulations.
- (4) **Settlement Statement.** A Closing settlement statement prepared by the Title Company reflecting the financial provisions of this Agreement.
- (5) **Other Documents.** All other documents reasonably determined by either party or the title insurance company to be necessary to transfer and provide title insurance for the Property.

B. At the Closing, Buyers shall execute and deliver to Seller the following:

- (1) **Purchase Price.** Payment of the Purchase Price.
- (2) **Settlement Statement.** A Closing settlement statement prepared by the Title Company reflecting the financial provisions of this Agreement.
- (3) **CRV.** A Certificate of Real Estate Value in form acceptable to the Title Company and Seller.
- (4) **Other Documents.** All documents reasonably determined by either party or the title insurance company to be necessary to provide title insurance for the Property.

19. CLOSING COSTS. The following costs and expenses shall be paid as follows in connection with the Closing:

- (a) Seller shall pay:
 - (1) Seller's attorneys' fees.
- (b) Purchaser shall pay the following costs in connection with the Closing:

- (1) The cost of issuance of the title commitment and the premium issued pursuant to the Commitment;
- (2) Recording fee for the Limited Warranty Deed;
- (3) State deed tax;
- (4) Conservation fee attributable to the Limited Warranty Deed.
- (5) Buyers' attorneys' fees;
- (6) The closing fee charged by Title Company for the Closing between Seller and Buyers;
- (7) The cost of engineers or other consultants, if any, engaged by Buyers regarding the Property; and
- (8) The cost of recording the satisfaction of any existing mortgage and any other reasonable document(s) necessary to make title marketable.

20. TIME IS OF THE ESSENCE. Time is of the essence for all provisions of this Agreement.

21. MULTIPLE ORIGINALS. Seller and Buyers have signed two (2) originals of this Agreement.

IN WITNESS WHEREOF, the parties hereto have entered into this Agreement as of the day and year written above.

[Remainder of page intentionally left blank]
[Signature pages to follow]

The City agrees to sell the Property for the price and terms and conditions set forth above.

SELLER:
CITY OF CANNON FALLS

By: _____
Lyman M. Robinson, Its Mayor

And: _____
Ronald S. Johnson, City Administrator

The Buyers agree to buy the Property for the price and terms and conditions set forth above.

BUYERS:

James D. Johnson

Sharon E S Johnson

EXHIBIT A
Legal Description of Property

That part of Mill Block 3 of the City of Cannon Falls, as per the original plat thereof, bounded and described as follows: Beginning at the southwest corner of Lot 5 of Block 22 of said original plat of the City of Cannon Falls, running thence East along the South line of said Lot 5 to the Southeast corner thereof; thence northerly along the east line of said Block 22 to the south line of State Street of said City of Cannon Falls; thence east on said south line of State Street a distance of 120 feet; thence southerly, parallel to the east line of said Block 22 a distance of 240 feet; thence southerly 210 feet to the south end of the protection wall on the west side of the dam; thence southerly a distance of 115 feet to the east side of the west pier of the concrete bridge over the mill pond and river; thence westerly along the north line of Mill Street and the East line of Sixth Street of said City of Cannon Falls to the place of beginning; excepting therefrom the following described parts thereof; 1. Beginning at the southeast corner of said Block 22; thence northerly on the east line of Block 22; to the South line of State Street; thence east 120 feet; thence south 240 feet; thence southerly to a point due east of the point of beginning; thence west to the point of beginning. 2. Beginning at the southwest corner of Lot 5 of said Block 22; thence south 40 feet; thence southeasterly along the easterly side of the certain street which connects Hoffman Street and Mill Street for 105 ½ feet; thence at an angle of 90 degrees northeasterly to the intersection of the south line of said Block 22 extended easterly, thence west to the point of beginning.