



# MEMORANDUM

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**TO:** Members of the Finance Committee

**FROM:** Rich Olson, City Manager

**DATE:** May 2, 2016

**REF:** Consideration – Offer by USCG to Purchase Aviation Park Property

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***BACKGROUND:***

On May 1, 2009, the City of Elizabeth City and DRS Technical Services entered into a lease agreement for 27.08 acres of property located at the Elizabeth City Airpark. This property is commonly known as Phase I of the Aviation Park. The tract consists of 5.77 acres, which is the location of the existing DRS parking lot; and 21.31 acres, which is the developed, but not built upon property north of Aviation Parkway.

As part of the purchase of the DRS property by the United States Coast Guard (USCG), the City executed a Landlord Consent and Estoppel Certificate and Amendment to Lease Agreement, which allowed the City to assign the DRS lease to the USCG. The City generates \$259,660.20 in revenue from this lease annually.

The USCG has determined that they would like to purchase only the 5.77 acres on which the parking lot is located. In anticipation of this purchase, the City hired Shackelford and Associates to do an appraisal of the property. They completed their appraisal on November 2, 2015 and determined the value of the property to be \$1,970,000. A copy of this appraisal was provided to the USCG. The City requested a copy of the USCG's appraisal on November 30, 2015; but our request was originally denied. However, on April 28, 2016, the City received an Offer to Purchase in the amount of \$861,120.

***ANALYSIS:***

The City received an opinion from the School of Government that any sale of property to the USCG would fall under G. S. 160A-274, which is the upset bid statute. If we can come to terms with the USCG, the City would need to follow the same procedure as we would for any City property sold to a private citizen.

Attached, you will find the Offer to Purchase from the USCG. In their offer letter, it is stated that an appraisal was done to determine the fair market value of the property. However, there has been no appraisal done by the USCG on the City's property. A review of the "appraisal" by the General Services Administration

(GSA) specifically states "This is not an appraisal but an allocation of previously estimated values."

There are a number of errors in the USCG "appraisal" provided to staff. On numerous occasions, the report states that the land is unimproved, which is not correct. City staff has and will continue to discuss with the USCG the purchase of this property.

In staff's opinion the City's appraisal value of \$1,970,000 adequately reflects the income basis method for appraising property. Staff has requested that another appraisal be performed on the property with the USCG and the City agreeing to the scope of work to be performed.

Due to the discrepancies in the appraisal, staff has no other recourse except to recommend that the City Council reject the offer made by the USCG at this time.

During their April 27, 2016 meeting, the Airport Authority Board of Directors voted to reject the offer to purchase that the USCG made on the Authority's property.

***STAFF RECOMMENDATION:***

By motion, recommend that the City Council reject the offer made by the United States Coast Guard in the amount of \$861,120 to purchase 5.77 acres located at the Aviation Park.

RCO/vdw

U.S. Department of  
Homeland Security

United States  
Coast Guard



Commanding Officer  
United States Coast Guard

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RECEIVED

APR 28 2016

11011  
18 April 2016

Mr. Richard Olson  
City Manager  
City of Elizabeth City  
P.O. Box 347  
Elizabeth City, NC 27907-0347

Dear Mr. Olson:

The U. S. Coast Guard is interested in acquiring fee simple ownership of 5.77 acres of property identified as Tract 1A of 1049 Consolidated Road, Elizabeth City, NC 27909, also known as the Parking Lot Parcel/Lease #3.

As required by the Uniform Relocation Act of 1970 and regulations promulgated thereto, a government appraisal has been prepared for this property. That appraisal has determined that the fair market value is \$861,120, which is our offer to you. This offer disregards any decrease or increase in the fair market value caused by the project for which the property is being acquired. Also enclosed is a summary of facts for the desired parcel.

We understand you will need a reasonable time to consider this offer before calling, therefore, we anticipate hearing from you by May 6, 2015. Thank you for your consideration in this matter. If you have any questions, please contact Ms. Laurette Tully at (216) 902-6266, [Laurette.m.tully@uscg.mil](mailto:Laurette.m.tully@uscg.mil).

Sincerely,

A handwritten signature in blue ink that reads "James K. Ingalsbe".

Digitally signed by INGALSBE.JAMES.KEITH.1064401714  
DN: cn=US, o=U.S. Government, ou=DoD, ou=PKI,  
ou=USCG, cn=INGALSBE.JAMES.KEITH.1064401714  
Reason: I am the author of this document  
Date: 2016.04.18 14:50:35 -0400

J. K. Ingalsbe  
Acting Chief, Office of Civil Engineering  
U.S. Coast Guard

Encl: 1) Summary of Facts

SUMMARY OF FACTS OF DESIRED PARCELS

Parcel Identification	<b>Parking Lot Parcel, aka Lease #3</b>
Property Name	Elizabeth City Regional Airport
Address	1049 Consolidated Road Elizabeth City, NC 27909
Property Type	Land
Owner of Record	City of Elizabeth City
Tax ID	Map P125-6, PIN 8932 429473
Land Area (Gross)	5.77 acres; 251,341 sf
Proposed Acquisition	5.77 acres of land, improved with a parking area, which is a portion of 1049 Consolidated Road (Tract 1A), as described in legal description below
Zoning Designation	Airport Overlay District/Aeronautical
Highest and Best Use-Before and After	Auxiliary support structure for adjacent hanger
Exposure Time; Marketing Period	12 months; 12 months
Effective Date of the Appraisal	June 22, 2015
Date of the Report	July 1, 2015
Property Interest Appraised	Fee Simple

Being all of Tracts 1A (containing 5.77 acres) <sup>5.77</sup> and ~~1B (containing 21.31 acres)~~, as shown and delineated on that certain plat entitled in part, "Lease Plat for The Elizabeth City Aviation Center", said plat being prepared by Hyman & Robey, P.C., Engineers and Surveyors under date of March 28, 2008, modified December 4, 2008 and April 16, 2009, which plat is recorded in Map Book 50, at Page 43, of the Pasquotank County Registry, and said plat is incorporated herein by reference for a more particular description of the tracts of land described herein.