



Washtenaw County Parks and Recreation Commission

MEMORANDUM

TO: Washtenaw County Parks and Recreation Commission
FROM: Robert L. Tetens, Director
DATE: June 11, 2013
RE: **DF Land Development Property – Ann Arbor Township**

Background

In December 2009, a parcel of property located in Ann Arbor Township was nominated for consideration by the Washtenaw County Natural Areas Preservation Program (NAPP). The 54 acre parcel is owned by DF Land Development, LLC. The Natural Areas Technical Advisory Committee's site visit in Fall 2009 identified a number of significant natural features. The property is almost entirely wooded, with areas of mature oaks, maples and other hardwoods. The central woodlot is of especially high quality with an open understory and an absence of invasive plant species. The western boundary of the property is loosely defined by Kirk's Brook, a tributary to Fleming Creek that flows south and east, eventually entering the University of Michigan Matthaei Botanical Gardens. The most significant characteristic of the property is the steep slopes that are present throughout. From a central highpoint or plateau the property slopes to both the east and west with a change in elevation of approximately 50 feet.

Subsequent to the site visits, the Natural Areas Technical Advisory Committee (NATAC) discussed the value of preserving the DF Land Development Property. The location of the property is significant, as it is immediately west of Marshall Nature Area, an 87 acre property owned by the City of Ann Arbor. NATAC also remarked on the close proximity of the DF Land Development Property to other protected land, namely the Commission's Goodrich Preserve and the University of Michigan Horner-McLaughlin Woods. Connecting these properties would be of significant value to the public, offering the opportunity for an extensive trail system.

Based upon the characteristics of the site and the opportunities noted above, preservation of the DF Land Development Property is a high priority – especially if it can be acquired through a partnership or other collaborative approach. Letters of support have been received, most notably from Ann Arbor Charter Township, along with the Huron River Watershed Council, City of Ann Arbor and the University of Michigan, demonstrating a wide range of interest in preserving the property.

Discussion

As a means of leveraging funds available through NAPP, the Parks and Recreation Commission authorized staff to submit an application to the Michigan Natural Resources Trust Fund (MNRTF) for acquisition funds to purchase the DF Land Development property. MNRTF grants have provided significant support to the Commission in the past, including projects at Parker Mill County Park and Rolling Hills County Park. An application requesting acquisition funds was submitted to MNRTF in April 2011. The requested funds would cover 70% of the cost of acquisition, requiring a 30% local match. The Commission received notice in December 2011 that the application had been selected for award and a project agreement was executed in August 2012.

An MNRTF acquisition grant requires a number of due diligence investigations, including property survey, title search and Phase 1 Environmental Site Assessment, which must be completed prior to receipt of funds. Perhaps the most significant requirement is preparation of two appraisals of the property which must then be submitted to MNRTF for review. For the DF Land Development Property an appraisal prepared by Bosserd Appraisal Services identified a value of \$2,167,000. A second appraisal, prepared Bur Valuation Group, identified a value of \$3,250,000. After review of the two appraisals, MNRTF initially set the value for the property at \$1,300,000. Since this value was significantly different than that identified in either of the professional appraisals, staff met with representatives from MNRTF and discussed the basis of the lower value. Additional sales information, utilizing the most recent sales activities, was provided for consideration by MNRTF. After further review, MNRTF elected to set the value of the DF Land Development property at \$1,554,600 – an increase of roughly 20% over the original figure. Based upon that value, the MNRTF will award \$1,088,220, representing 70% of the value set by MNRTF, toward the cost of the DF Land Development Property.

Concurrent to the above discussions, staff met with the property owner to discuss the property value set by MNRTF. As expected, the property owner expressed concern over the difference between the MNRTF value and that which had been identified in the professional appraisals. The focus of the discussion was to determine if a mutually agreeable value for the property could be identified. Staff noted the Parks and Recreation Commission had a successful working relationship with Bosserd Appraisal Services that extended over 10 years. During that time, the Parks and Recreation Commission has acquired over 2500 acres of land and established 23 new nature preserves, utilizing Bosserd almost exclusively to identify fair market value for prospective purchases.

Acknowledging this successful service, it was determined to accept the appraisal prepared by Bosserd Appraisal Services (\$2,167,000) as the basis for establishing the NAPP contribution as \$928,780, which will be included in a sales offer for presentation to the property owner. The property owner has expressed an interest in becoming a partner through a reduction in sales price, based upon the value as determined in the Bur Valuation Group appraisal. This will result in a sales offer utilizing the following funding sources:

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| Sales offer for DF Land Development Property | \$3,250,000 |
| MNRTF Acquisition Grant Funds (70% of \$1,554,600) | \$1,088,220 |
| NAPP contribution | 928,780 |
| Anticipated contribution from partner | 150,000 |
| Price reduction from property owner | 1,083,000 |
| Final net price for DF Land Development | \$2,167,000 |

Recommendation

It is my recommendation the Washtenaw County Parks and Recreation Commission authorize preparation of a purchase offer for the DF Land Development Property (Ann Arbor Township) at a net price of \$2,167,000, contingent upon the receipt of acquisition funds in the amount of \$1,088,220 from the Michigan Natural Resources Trust Fund along with the participation of other partners, completion of all necessary due diligence investigations and the Commission’s final approval.