

CITY OF BURTON
COUNCIL OF THE WHOLE WORKSHOP MINUTES
FEBRUARY 20, 2012 AT 6:00 P.M., COUNCIL CHAMBERS
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The Workshop was called to order by Vice President Haskins at 6:00 p.m.

MEMBERS PRESENT: O'Keefe, Smith, Wells, Ellenburg, Martinbianco, Haskins and Heffner.

MEMBERS ABSENT: None.

OTHERS PRESENT: Mayor P. Zelenko, Attorney R. Austin, Stacey Bassi, Assessor and J. Adams, City Clerk.

PURPOSE OF THE MEETING: Discussion and possible recommendation regarding Ordinance 32.19, Sale of City Property.

PRESENTATION:

Mrs. Ellenburg said there were problems at the previous meeting with purchasing agreements they had for the properties listed on the January 3, 2012 meeting. It was done in the procedure that has always been used and it worked well.

Mr. O'Keefe said he is getting numerous calls from unhappy residents regarding the sales process. He said when you deal with assets of the City and especially the value of their worth it needs to be done by sealed competitive bids. This method was not the case at the last meeting and because of that concern, he voted no.

Mrs. Ellenburg's understanding of this ordinance was, per the Assessor if the asking price came in and someone signed a purchasing agreement it would come before Council one time, speeding up the process. The City Attorney advised this to speed up selling the properties. The City has 500 properties, which have gone through 3 auctions, been publicized by the County and advertised in the paper. She feels it's not fair to those who bid to change the procedure at this time.

COUNCIL DISCUSSION:

Mr. Haskins said he voted no on this because we have done it his way in the past and the ordinance is written for a sealed bidding process. He agrees this method needs to be expedited but now that several residents were interested in these properties we should not close the door and allow the sealed bidding process to take place. He feels closed bidding would be the best method. In the past the City has had properties for sale that no one seemed to care for. There were several residents interested in some properties recently sold.

Mr. Heffner said the Council made a rule for the City to abide by for selling properties. There were 3 Legislative meetings starting in January 2010 regarding this. Every January the Assessor gives her recommendation on the properties as well as prices just as she did January 3 of this year. Basically we set the rules and prices, the residents purchasing these properties went by our rules and prices and then we said no. That makes no sense to him. He asked the Mayor how much time and effort went into preparing these properties for sale.

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Mayor Zelenko said Brenda Moulton had about 20 hours, Pete Wingblad spent 26 hours making maps, Stuart Worthing spent 9 hours reviewing the properties, Tony Mahler spent 9 hours securing the houses, clerical in the Assessors office spent 5 hours on the spreadsheet and approximately 15 hours on the phone or with residents in person concerning the properties. Finally, the Assessor, not counting the time she spends with the County auction process spent between 50 and 60 hours.

Mr. Heffner wanted to mention the time the prospective buyers spent looking into these properties. He said if Council is not satisfied with the advertising that went into the sale, they can request more advertising. That was never done so we were obviously satisfied with the sale. When looking at the ordinance, under real property, it says the property shall be sold to the highest bidder. Now halfway through this some Council wants to change the rules. This is not fair to residents and the employees who work on the sales. Now we are going to be stuck with properties we could have sold. He thinks this is ridiculous that we set rules and then don't abide by them.

Mr. Haskins said we certainly do set the rules and if we don't agree to it, we change it and that is exactly what we did. He said Mr. Heffner's feelings about this issue makes no sense since the ordinance clearly states the Council can turn it down if it is not liked. When you have several people interested in properties it should go by the bidding process.

Attorney Austin said there was not adequate notification to the public prior to the land sales being consummated. Another concern was having parcels with multiple prospects. The existing ordinance provides that the resolution of intent to sell may identify with the manner and method of sale. This essentially could provide a notice of provision that before the purchasing agent accepts purchase agreements the notice shall be put on the website or published in the Burton View.

Mr. Martinbianco said we went through several 7-0 votes and finds this annoying that the Council who voted for it now find fault with the process.

Mr. Austin said the resolution approving the sealed bid would be transmitted to the Clerk's Office for 28 days to comply and re-approved 1 month later.

Mr. Heffner mentioned that in 2010 the reason this ordinance was put together was to fast track the sale of properties so we didn't lose sales like lots in Trail Ridge. If Council doesn't agree with things lets go back to the old way, which was sealed bids where we could save a lot of money.

Mr. Haskins said if mistakes are made by the Legislative body it needs to be corrected. He is not saying the fast tracking was a bad idea or that the City has to get away from that but other people should have the opportunity to look at the properties as well since we still have the sealed bidding process in our ordinance.

Mr. Heffner agreed with Mr. Haskins and if Council had done their job the City wouldn't own the properties today.

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Mr. Austin said there was separate action items on the agenda rather than bundled so they could be accepted or rejected individually.

Mr. Austin said you have at least one Council member who is going to vote no. It seems that when the purchasing agent accepted the conditional purchase agreement, which is what he instructed her to do, she should have kept any other names of inquiries until we knew if any other people expressed an interest. He said everyone interested in buying one of these properties was encouraged to attend the Council meeting to express just that.

Mr. Martinbianco said people who were interested but were not rewarded the properties may have under the Council's suggestion purchased insurance, which the City should reimburse them for.

Mr. Smith said he previously worked for the newspaper, which has drastically declined about 40% over the past 3 years. We rely on media to get the word out and now it's not as easy. The Flint Journal delivers once a week to homes but doesn't include 75-80% of Burton residents so they may not be seeing it. We need to get the word further out and not wait until last minute because in his opinion if the residents don't know about an ordinance it doesn't exist.

Mr. Wells thinks the ordinance is somewhat flawed. He said Burton would have to use the Davison and Grand Blanc newspapers since the Burton News doesn't reach everyone. The City's website will be our best bet and we could mail a letter out to neighbors close to the property and put a sign in the yard, which would be the cheapest form of advertising. The City could detail and charge for additional costs so the City is not out any more money. He feels the Council should review the map of the City owned properties rather than department heads and the Parks and Recreation Chair. He feels all seven Council members should make that choice, not just one and that this should go to sealed bids.

Mr. Austin said there must be 28 days between the first approval and the second.

Mr. Haskins asked if someone wanted to bid higher than an original bid, why can't that be considered a first approval since they are meeting the minimum amount the City is requiring.

Mr. Austin said you wouldn't know until the bids come in what the highest amount would be. He said the problem is if someone says they are willing to pay more for the property.

Mr. Wells said the Coin St. property was on the condemned list and wondered if it was brought back to code.

Mr. Martinbianco said the home was tagged and put on the list for sale when it couldn't meet any of the standards to be a functional property in its current state.

Mr. Austin said if we sell it with no warranty or purchase agreement we could strike it from the resolution of intent to sell.

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Mr. Wells said then we can demolish it and it can be purchased and rebuilt. He asked what the City's intentions are with this ordinance.

Mr. Austin said it was originally to get tax reverted land back on the tax roll.

Mr. Wells said in his mind it is to help stabilize neighborhoods. When a property is purchased there is a stipulation that within 30 days they would pull a permit and within 180 days they would make great strides in bringing that property up to code.

Mr. Austin said once the sale is approved we cannot attach stipulations.

Mr. Heffner said at the February 15, 2010 meeting Mr. Haskins suggested putting in a clause that prospective buyers know the situation on what they are buying.

Mr. Smith said he had been unsure of legalities of the homes so we decided to wait.

Mrs. Ellenburg said we aren't responsible for any of these properties. They have been through the County and aren't going to be prime pieces of property. The City simply wants them put on the tax roll to get some money. If questions arise they should be asked to City staff ahead of time.

Mr. Martinbianco said the bottom line is to get the properties into individual property owner's hands, take care of neighborhoods and stride for betterment in the City.

Mr. Martinbianco said we owe the people who purchased title insurance and made legitimate bids.

Mr. Smith said he would like to see the 8 properties that they agree on put back on the agenda and have administration call the prospective buyers to see if they are still interested.

Mr. Haskins said he received calls of interest from people on the same properties so we'll be in the same boat as we are now.

Mr. Austin said if there is a motion made during the Council meeting it would probably be to place a resolution of intent to sell the 8 properties on the agenda for the Council meeting in 2 weeks. If that motion is made he would put in additional language requiring additional notifications be given and include specifically when the Purchasing Agent would begin accepting purchase agreements. The acceptance would be after the notifications are published and placed on the website.

Mr. Austin said if there is more than 1 person interested his guess is the Council would not approve that conditional purchase agreement. It seems like there might not be 5 votes for procedure even with the notification safeguards. We may need to go to the sealed bid procedure in order to achieve the 5 vote minimum requirement. He said it would be anticipating a lot but he could establish a minimum bid price and the resolution would establish a date, time and place for the submission of the sealed bids and later on that meetings agenda we would place approval of the highest responsible bid and that would constitute the first approval.

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Mr. Smith said the Assessor sets the prices, Council approves those prices and the City advertises. If only 1 person is interested in a property, Council approves it and is a go but if more than 1 person is interested the Council would vote it down and go to a sealed bid process under this ordinance.

Mr. Austin said he doesn't want to start down a path and not have enough votes like before.

Mr. Heffner said he has no problem if Council wants to change this ordinance but lets finish this round of sales and then pursue the change afterwards. It is not fair to the purchasers or the City.

Heffner moved and Haskins seconded the following motion:

1. To close discussion of the Council of the Whole Workshop.
- Motion carried 7-0.

Meeting adjourned at 7:50 p.m.

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