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ITEM #23
BOMA
12/14/2010

MEMORANDUM

December 7, 2010

TO: Board of Mayor and Aldermen

FROM: Eric S. Stuckey, City Administrator *ES*
Russell Truell, Assistant City Administrator / CFO
Eric Gardner, Engineering Director
Brian Wilcox, Purchasing Manager

SUBJECT: Consideration of finding of default of contract #2010-0018 for the sale of structure at 1009 Hillsboro Road

Purpose

The purpose of this memorandum is present information to the Board of Mayor and Aldermen (BOMA) to consider a finding of default of Contract #2010-0018, the sale of the structure located at 1009 Hillsboro Road.

Background

The property (improved land) at 1009 Hillsboro Road was purchased by the City in 2008 but only the unimproved land is needed, not the house nor any other improvements. BOMA voted on February 9, 2010 to accept and approve the bid from Camp & Sons, LLC, d/b/a W.P. Camp & Sons, of Nashville for \$575.00 for the purchase from the City of the single-family residential dwelling at 1009 Hillsboro Road, award the sale of this surplus property to this bidder, and authorize and direct staff to negotiate details necessary to finalize this sale of surplus property. The single-family residential dwelling at 1009 Hillsboro Road needs to be removed from that location in order to make way for the planned extension of Mack Hatcher Parkway west of Hillsboro Road. Other single-family residential dwelling structures will need to be removed as well.

According to contract document and referenced bid documents, the single-family residential dwelling structure, including an attached garage and an attached work shop, was to have been removed from the premises at 1009 Hillsboro Road "on or before a date to be mutually acceptable to the City and the buyer but within 180 days of consummation of transfer of ownership, unless City agrees in writing to a delay." As the signed agreement was dated February 17, 180 days elapsed on or about August 17, 2010. As recently as September 16, Mr. Camp assured staff that he still wished to go through with the project, and some preliminary site visits were made by Mr. Camp and his representatives. However, staff has yet to receive the required insurance documentation, and has yet to receive a request for extension to the 180-day deadline. Furthermore, staff has not heard from Mr. Camp since September 16 despite repeated attempts to reach him.

It is worth noting that the property was subject to flooding as a result of the May 1-2, 2010 rain event. The extent of damage, if any, has not been verified by staff.

Financial Impact

In the weeks leading up to the February 9, 2010 BOMA meeting, staff took bids for the purchase by the City of demolition and related services for this structure. The apparent lowest, most responsive and responsible bid pursuant to that solicitation was in the amount of \$23,330.00 for the specified services. It is not possible to say how much demolition services would cost the City at this time as we would need to rebid the project. However, staff predicts that if the project is grouped with the remaining structures that are now ready to be demolished, then the cost of demolition for this particular property may be less than the amount bid earlier this year.



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Options

Two decisions are now ready to be made related to this subject:

1. Should the City reclaim ownership of the single-family residential dwelling at 1009 Hillsboro Road?
2. Should the City retain the proceeds (\$575.00) from the sale of the surplus property?

Recommendation

Staff recommends that the Board of Mayor and Aldermen vote (1) to find the contract #2010-0018 for the sale of structure at 1009 Hillsboro Road to be in default, (2) to reclaim ownership of the single-family residential dwelling at 1009 Hillsboro Road effective immediately; and (3) to retain the proceeds (\$575.00) from the February 17, 2010 sale of the surplus property.