

MEMORANDUM

To: Board of Regents
From: Board Office
Subject: Proposed Property Exchange Agreement
Date: February 9, 2004

Recommended Action:

Approve, subject to approval of the Executive Council of Iowa, the property exchange with the City of Cedar Falls which would:

- Transfer to the City 12.4 acres of University property known as the former Driving Education Range; and
- Transfer to the University 27.6 acres of City property contiguous to the University campus located west of campus and south of 27th Street.

(ROLL CALL VOTE)

Executive Summary:

The University wishes to transfer 12.4 acres of University property to the City of Cedar Falls in exchange for 27.6 acres of City property contiguous to the University campus. (A map showing the location of the properties is included as Attachment A.)

The University property (Parcel A) is located in the eastern area of campus, south of University Avenue and west of Main Street in Cedar Falls. The City property (Parcel B) is located west of campus and south of 27th Street.

The University property formerly housed the Driving Education Range operated by the University and the Cedar Falls Community School District; the Driving Range was closed in 2001.

Since the property has little potential for University development, the University issued a Request for Proposals (RFP) for disposal of the property, indicating its preference for an exchange of similar property contiguous to campus and the right to negotiate with any of the bidders to make an award in the University's best interest.

The University received four sealed bids for the property; the City of Cedar Falls offered the highest value for the land of \$319,844, which consisted of 17.68 acres of farm land (with the highest appraisal of \$219,844) located west of campus and south of 27th Street, plus \$100,000 in cash.

The City's proposal also provided negotiation options to meet the University's need for additional land, and other provisions that would benefit the University.

Since the City offered the highest total value for the University land, and was the only bidder that offered an exchange of land contiguous to campus and negotiation options, the University chose to negotiate further with the City, in accordance with the RFP, in an attempt to obtain as much contiguous land as possible in lieu of cash.

The negotiations resulted in an increased offer of land from the City at the same location, a total of 27.6 acres (an increase of approximately 10 acres), in lieu of the \$100,000 in cash.

The City's offer maximizes the University's receipt of contiguous land for future campus development.

The purchase agreement has been reviewed by the Attorney General's Office and is recommended for approval.

The property exchange has been approved by the Cedar Falls City Council and would also require approval of the Executive Council of Iowa.

Background and Analysis:

Background

The University no longer has a need for the 12.4 acre parcel of land known as the former Driving Education Range which is located in the eastern area of campus. The property is located south of University Avenue and west of Main Street in Cedar Falls. (A map indicating the location of the property (Parcel A) is included as Attachment A.)

The University purchased the property in 1963 from the Sena Rownd estate.

- The property was purchased with University funds; no state appropriations were used.

From 1969 to 2001, the University and the Cedar Falls Community School District operated and maintained the Driving Education Range (a driver education facility) on the property under a cooperative agreement.

In April 2001, the School District notified the University of its intent to terminate the agreement, in accordance with the terms of the agreement, based on the deteriorated condition of the Driving Range and the estimated cost of repairs (in excess of \$400,000).

Since the University had a reduced need for the facility, the University agreed to terminate the agreement and the Driving Range was closed.

Since the property has little potential for University development, and following consultation with the Board Office, the University decided to dispose of the property.

RFP for Property Disposal In November 2003, the University issued a Request for Proposals (RFP) for the property. The RFP indicated:

- The most desirable offer to the University would be an exchange of similar property contiguous to campus;
- The University reserves the right to consider a cash offer in lieu of or in addition to a trade, if deemed to be in the University's best interest;
- The University reserves the right to accept and/or reject any or all offers, and to negotiate with one or more bidders in order to make an award in the University's best interest; and
- The sale or exchange is subject to approval by the Board of Regents and the State Executive Council.

UNI Property Appraisals The RFP noted that the University had received two appraisals for the property:

- \$220,000 (based on mix residential or institutional development as the highest and best use); and
- \$250,000 (based on multi-family development as the highest and best use).

The average of the two appraisals is \$235,000.

Property Bids The University received four sealed bids in response to the RFP:

- Rick Young Realty, which offered \$210,000 in cash, or the purchase of property contiguous to the University (to be designated by the University) for the same amount of cash and in exchange for the RFP property;
 - Randy Vandersee, who offered \$280,000 in cash;
 - Lockard Land, Inc., which offered \$285,000 in cash, and further offered to help the University acquire another piece of property on a commission-free basis;
 - City of Cedar Falls, which offered 17.68 acres of bare farm land (with the highest appraisal of \$219,844) located west of campus and south of 27th Street, plus \$100,000 in cash (total proposal value of \$319,844 based on the highest appraisal).
- Based on the average of the two appraisals of the land, the value, including cash, would have been \$299,443.

- The City's proposal offered to negotiate additional land arrangements, including the adjustment of property lines, if the University was interested in receiving slightly more land and less cash; the City further stated that it was willing to negotiate an appropriate level of land to cash exchange to meet specific University needs and desires.
- The City also offered the following:
 - University use for overflow parking or storage of a new parking lot proposed for construction on the former Driving Range property, when it is not in use by the City (approximately nine months a year).
 - Maintenance of approximately 1,000 feet of the University's Jennings Drive from South Main Street to a parking lot entrance to the Residence on the Hill (ROTH) facility, and extension of trail and sidewalk access from University Avenue to the ROTH facility. (These areas are also indicated on the attached map.)

Negotiation
Process

The University chose to negotiate further with the City, in accordance with the RFP, in an attempt to obtain as much contiguous land as possible in lieu of cash.

- In addition to offering the highest total value for the University land, the City of Cedar Falls was the only proposal that offered an exchange of land contiguous to campus (as indicated in the RFP as the University's most desirable offer), and negotiation options.

The negotiations resulted in an increased offer of land from the City at the same location, a total of 27.6 acres (an increase of approximately 10 acres), in lieu of the \$100,000 in cash. (The property is indicated as Parcel B on the attached map.)

The City's offer maximizes the University's receipt of contiguous land for future campus development.

Negotiated
Proposal

Under the negotiated agreement with the City of Cedar Falls, the City would transfer its 27.6 acre parcel to the University in exchange for the University's 12.4 acre parcel.

In addition, as offered in the RFP, the City would allow University use of the parking lot proposed for construction on the former Driving Range property, maintain a portion of Jennings Drive, and extend trail and sidewalk access from University Avenue to the ROTH facility.

City Property
Appraisals

The City received two appraisals for the 27.6 acre parcel:

- \$270,000 (based on interim agricultural with subsequent multi-family residential as the highest and best use); and
- \$335,000 (based on multi-family development as the highest and best use).

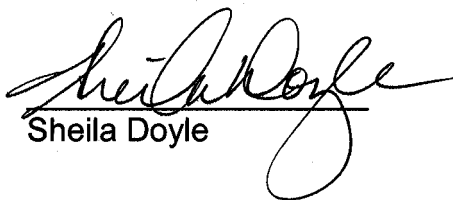
The average of the two appraisals is \$302,500.

City Council
Approval

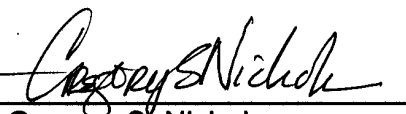
The Cedar Falls City Council approved the property exchange at its meeting on January 26, 2004.

Executive Council
Approval

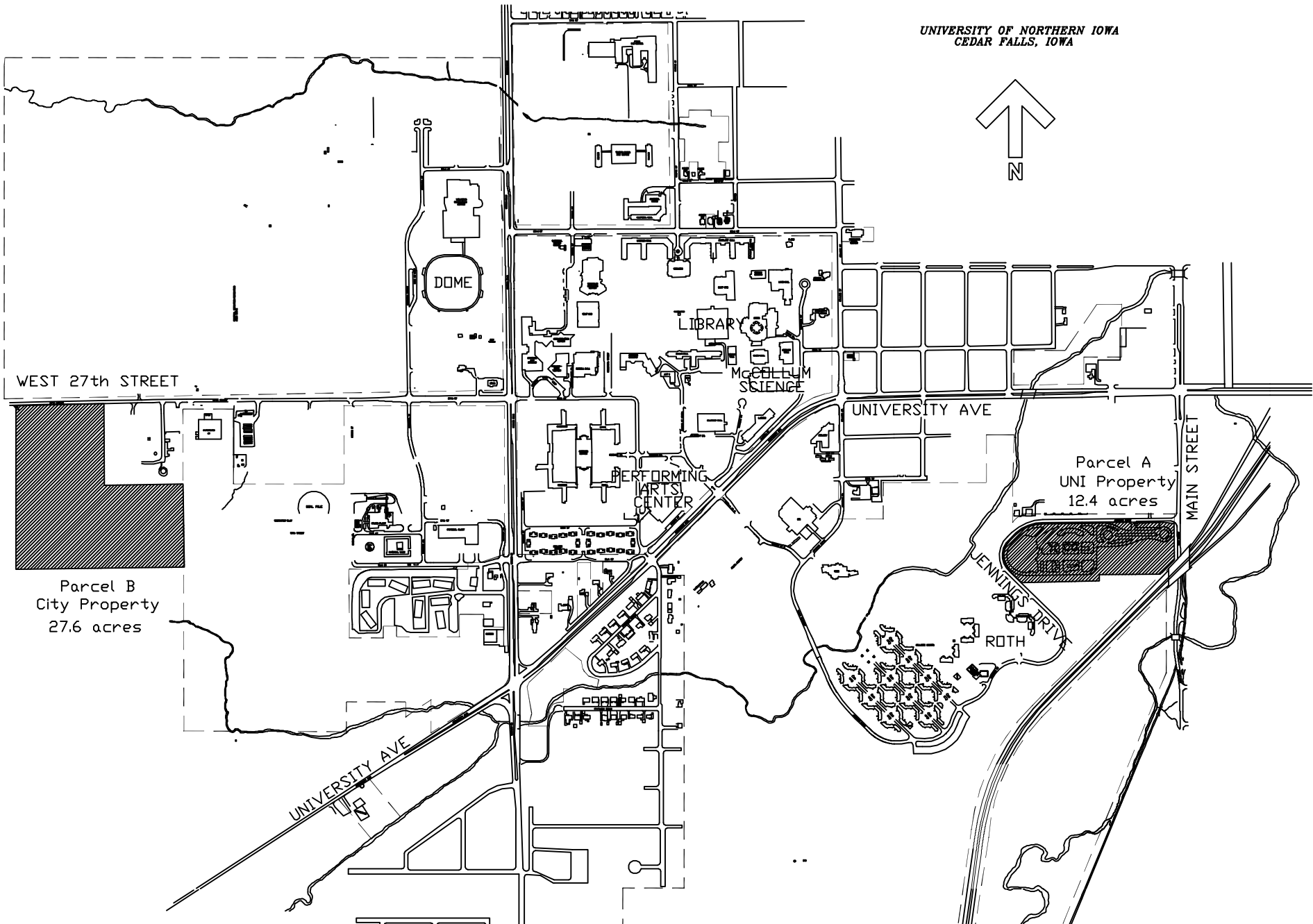
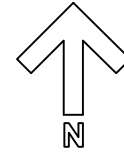
The property exchange is also subject to approval of the Executive Council of Iowa as required by Iowa Code.



Sheila Doyle

Approved: 
Gregory S. Nichols

UNIVERSITY OF NORTHERN IOWA
CEDAR FALLS, IOWA



WEST 27th STREET

DOME

LIBRARY

MCCOLLUM SCIENCE

UNIVERSITY AVE

PERFORMING ARTS CENTER

Parcel A
UNI Property
12.4 acres

MAIN STREET

JENNINGS' PARK

ROTH

Parcel B
City Property
27.6 acres

UNIVERSITY AVE