



# City of Oregon City

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## Staff Report

File Number: 20-315

**Agenda Date:** 6/17/2020

**Status:** Agenda Ready

**To:** City Commission

**Agenda #:** 7e.

**From:** Police Chief and Public Safety Director James Band

**File Type:** Contract

### **SUBJECT:**

Second Amendment to the Real Estate Contract with F & F Structures, Inc. for the Sale of the Oregon City Police Department Property

### **RECOMMENDED ACTION (Motion):**

Authorize the City Manager to execute the second amendment to the contract with F & F Structures, Inc. for the sale of the Oregon City Police Department property located at 320 Warner Milne Road, Tax Lots 3-2E-05C-00201 and 3-2E-05C-00500.

### **BACKGROUND:**

On December 18, 2019, the City Commission approved a real estate contract with F & F Structures, Inc. for the sale of the current police and court facility, located at 320 Warner Milne Road, in Oregon City.

On February 27, 2020, the Chief of Police received an email from Dan Fowler (of F & F Structures) which included a letter and photographs. The letter was from F & F Structures and was referencing an action taken by Danielson's Properties, the neighboring property to the police department. Danielson's Properties placed a curb and removed asphalt from a portion of their lot, blocking what had for years been an access used by the public and the police department. Prior to placing the property up for sale, staff researched if there was an existing easement or agreement in place to access the property. No easement or agreement was located. The police department has not often utilized the access point, but has had that entrance gated and uses it occasionally.

F & F Structures has been working in their due diligence period pursuant to the approved real estate contract and noticed this action taken by Danielson's Properties. F & F Structures believes the blocked access significantly affects their intended use of the property and therefore, the property's value. Chief Jim Band spoke to a representative of Danielson's Properties; they are unwilling to restore access.

F & F Structures proposed an extension to the current real estate contract. Their desire was to work toward an agreement with Danielson's Properties and to research what ramifications this issue might have on their intended use of the property.

On March 18, 2020, the City Commission tabled a proposed extension to the current purchase

agreement, which ends April 18, 2020. The proposed extension was for a minimum of 90 additional days, with the possibility of a total extension of 164 days, if F & F Structures was unable to resolve the easement with Danielson's Properties in the first 90 days of the extension.

After that meeting, F & F Structures had communications with Danielson's Properties and discussed some potential solutions for the easement issues.

On April 15, 2020, F & F Structures requested a 60-day due diligence period extension to the purchase agreement, which the City Commission approved.

On June 4, 2020, F & F Structures requested another extension of the due diligence period. There were several reasons stated, notably the effects of the Covid outbreak. F & F Structures has been negotiating with an entity to lease the property after their purchase. The timeline for that entity to approve the lease with F & F Structures has been delayed by their inability to meet as a board. F & F Structures has also been negotiating with Danielson's Properties over an easement/access issue in the parking lot.

F & F Structures is requesting a 45 day extension and proposes a \$15,000 non-refundable deposit, which would be applied to the purchase price, as a condition of the extension.

The City Attorney and staff worked through and edited the potential extension agreement, which is attached and labeled Amendment 02.

**Options:**

1. Approve the extension labeled Amendment 02.
2. Deny the extension request and continue the City's position under the current approved and signed real estate contract with Amendment 01.