



City of Pensacola

222 West Main Street
Pensacola, FL 32502

Memorandum

File #: 21-00160

City Council

2/25/2021

LEGISLATIVE ACTION ITEM

SPONSOR: Grover C. Robinson, IV, Mayor

SUBJECT:

ACQUISITION OF REAL PROPERTY - 1621 ATWOOD DRIVE

RECOMMENDATION:

That City Council approve the purchase of the real property located at 1621 Atwood Drive (Parcel No. 181S304313000000) from Communication Workers of America Local 3109 for \$575,000 plus an estimated \$25,000 in closing costs for a total amount of \$600,000. Further, that City Council authorize the Mayor to take all necessary actions and execute any documents related to the acquisition of the property. Finally, that City Council adopt a Supplemental Budget Resolution to appropriate the funds needed to purchase the property.

HEARING REQUIRED: No Hearing Required

SUMMARY:

In late November 2020, Pensacola Energy became aware of the upcoming availability of the property at 1621 Atwood Drive, the sole adjacent parcel to the Pensacola Energy main offices at 1625 Atwood Drive. The parcel is approximately 3.17 acres and zoned HDMU (high-density mixed-use). The owners were originally asking \$750,000 for the parcel. A preliminary search of public records shows no current or pending liens nor litigation involving the parcel as of January 2021.

Pensacola Energy main offices are housed on approximately 4.51 acres, and the successful purchase of this parcel will raise their total acreage to 7.68 acres, a 70% increase in size. During the almost 40 years that Pensacola Energy has been at Atwood Drive, advancements in underground construction equipment have improved productivity and safety. However, parking and storing equipment has become a significant problem with the limited space available. Additionally, federal regulations now require that the polyethylene pipe (PE) used for natural gas mains cannot be exposed to sunlight for extended periods. Pensacola Energy needs to construct an indoor storage facility for PE pipe in order to comply with current regulations, and adequate space for construction does not exist in the current footprint.

Fruitticher-Lowery Appraisals subsequently conducted an appraisal in late December 2020, and the appraised value of the parcel was \$390,000. After some discussion and review of the appraisal, the owners reduced their asking price to \$575,000. This reduction is almost exactly the midpoint between the owners' original asking price and the appraised value. In consideration of the owners'

good faith reduction, the limited options available for the necessary expansion of Pensacola Energy, and the unknown land acquisition and construction costs associated with a potential total relocation of Pensacola Energy in the future, staff has determined the \$575,000 sale price to be acceptable.

PRIOR ACTION:

None

FUNDING:

N/A

FINANCIAL IMPACT:

Adoption of the Supplemental Budget Resolution will provide the funds necessary to acquire the property.

CITY ATTORNEY REVIEW: Yes

2/8/2021

STAFF CONTACT:

Keith Wilkins, City Administrator

Richard Barker Jr., Deputy City Administrator - Administration & Enterprise

Don Suarez, Pensacola Energy Director

ATTACHMENTS:

- 1) Aerial and Parcel Info
- 2) Appraisal
- 3) Supplemental Budget Resolution
- 4) Supplemental Budget Explanation

PRESENTATION: No