



CITY OF MARCO ISLAND

To: Marco Island City Council

From: Jeff Poteet, Water Sewer Department General Manager

Date: September 20, 2021

Re: Update on Sale of Surplus Properties

Background

As requested by City Council, on February 1, 2021, staff presented a report to Council with a list of 41 parcels owned by the City of Marco Island. The report included the properties that could be formally declared as surplus. On May 17, 2021 City Council voted to direct staff to publicly notice the sale of four surplus properties and accept the highest bid as long as it was not below the appraised value. If the bids were less than the appraised value, staff would return to City Council for direction. Between June 2nd and June 28th the City received updated appraisals on these properties. On July 29, 2021 the City posted the bidding documents on the City's website and Demand Star with the bid deadline being September 2, 2021. Required legal notices were also published in the Naples Daily News on August 3, 2021.

Surplus Properties and Appraised Values:

- Marco Shores consists of two parcels on Mainsail Drive.
 - 1955 Mainsail Dr: 2.63 acres zoned PUD – Marco Shores, Section VII – Utility. Based on highest and best use, the appraised value: \$1,410,000.
 - 1825 Mainsail Dr: 1.41 acres zoned PUD – Marco Shores, Section VII – Utility. Based on highest and best use, the appraised value: \$750,000
- The Rapid Infiltration Basins (RIBS) consists of 43 acres zoned Utility within the Fiddler's Creek PUD. Value: \$1,610,000.
- 239 Tahiti Rd. is a 0.20 acre residential lot zoned RSF-4. Value: \$170,000.

Bid Status:

The City did not receive any bids on the RIBS or Tahiti properties. The City received bids for the two Marco Shores properties at the appraised values. The offers are from SK Holdings Real Estate (the Buyer), which is the owner of the adjacent development.

The Buyer included a condition in both offers to allow for 12 months to obtain permits and entitlements to design, construct, develop and operate the property for its intended use. The closing would occur 60 days after the Buyer successfully secures entitlements consistent with the highest and best use as described in the appraisal.

The appraiser, Integra Realty Resources, appraised the Marco Shores properties based on their potential for multi-family residential development similar to other properties located in the Marco Shores PUD. The market value conclusion was based on an alternative "highest and best use" for residential multi-family development based on a density of 25 dwelling units for 1825 Mainsail Dr. and 47 dwelling units for 1955 Mainsail Dr.

According to Collier County Growth Management Department, the Marco Shores PUD has been amended several times and these two City properties are currently zoned Utility and Park Sites. The County also confirmed there are 419 dwelling units available in the Marco Shores PUD.

Recommendations:

It is staff's recommendation that City Council accept the current offers from SK Holdings Real Estate for 1825 and 1955 Mainsail Drive. Based on input from Collier County the PUD density is available and an amendment to change the zoning from Utility to Residential is possible through the County's application and review process. The City will work with the Buyer to apply for the PUD amendment and secure approval for the desired development of 72 dwelling units, at the Buyer's expense. If density credits have to be purchased from another developer, it will be the responsibility of the Buyer to purchase the density credits.

If Council agrees, the City Attorney will draft a formal purchase and sale contract that would set forth the terms of the transaction. The contract would provide for the development terms and purchase price contingencies.