

Memorandum



CITY OF DALLAS

Date May 30, 2008

To City Council Economic Development Committee:
Ron Natinsky,(Chair), Tennell Atkins,(Vice Chair), Jerry Allen, Dwaine Caraway,
Sheffie Kadane, Linda Koop, Mitchell Rasansky, Steve Salazar

Subject Abandonment Procedures and Fees

Attached you will find the briefing that describes the abandonment procedures and fees. This briefing is intended to provide basic information as a precursor to a future policy discussion and possible changes.

Please contact Theresa O'Donnell at 214-671-9293 should you need additional information.

A handwritten signature in black ink, appearing to read 'A.C. Gonzalez', written over a circular stamp or seal.

A. C. Gonzalez
Assistant City Manager

- c: The Honorable Mayor and Members of the City Council
 - Mary K. Suhm, City Manager
 - Deborah Watkins, City Secretary
 - Thomas P. Perkins, Jr., City Attorney
 - Craig Kinton, City Auditor
 - Judge Jay Robinson, Judiciary
 - Ryan S. Evans, First Assistant City Manager
 - David O. Brown, Interim Assistant City Manager
 - Jill A. Jordan, P.E., Assistant City Manager
 - Ramon F. Miguez, P.E., Assistant City Manager
 - Dave Cook, Chief Financial Officer
 - Jeanne Chipperfield, Interim Budget Director, Office of Financial Services
 - Karl Zavitkovsky, Director Office of Economic Development
 - Hammond Perot, Assistant Director, Economic Development
 - Helena Thompson, Assistant to the City Manager



City of Dallas

Abandonment Procedures and Fees

***Economic Development
Committee***

June 2, 2008



Purpose

- Discuss current policy and fees
- Review impacts
- Consider next steps

History

- Real Estate Task Force formed in 2003
 - 7 members appointed by the Mayor
 - Purpose: review City procedures and policies related to real estate transactions
 - Developed recommendations to improve the abandonment process
- Task Force recommendations resulted in Ordinance No. 25651 approved June 23, 2004, which amended City Code and established new policies

New Policies

- 180-day expiration of appraisals
- Third-party appraisals required for transactions above \$20,000 (previous limit \$100,000)
- Charge 100% of market value
 - Appraiser's discretion to discount up to 15% for full abandonment (previously, full abandonment automatically discounted 15%)

New Policies Cont.

- City to assess minimum fee if abandoning property to original dedicator
- Minimum processing fee to be reviewed periodically to ensure costs recovered
 - Since raised from \$5,000 to \$5,400

Abandonment Types

- Most common types of abandonment requests:
 - Street, Alley or Storm Water Management Area
 - Utility Easement (utility, water, wastewater, etc.), Drainage Easement or Other Easement Areas (fire lane, etc.)



Log# 32304
Abandonment area
Reagan Street facing
southwest toward Tollway



**Orr Street
Abandonment Area**

AUG 20 2004

2008 Easement Abandonment case



Current Process

- Applicant submits written request and initial fees
 - \$2,500 application fee, non-refundable
 - \$75 minimum recording fee
 - Additional appraisal fees if required
- Request, maps routed to departments and outside agencies for review
- Market value determined

Market Value

- If DCAD value less than \$20K, that value used to determine market value (City Code)
- If DCAD value \$20K or more, staff seeks independent appraisal for market value (City Code)
 - Applicant submits \$2,500 minimum deposit for appraisal fee (policy – not in City Code)
 - If appraisal bid exceeds \$2,500, applicant pays difference; if less, applicant credited difference

Abandonment Credit for Dedication

- Section 2-26.2. of the City Code
 - If City needs additional property owned by an applicant in the area of the proposed abandonment, a square foot for square foot credit can be given against the area to be abandoned
 - If area dedicated to City exceeds area abandoned, applicant only charged a processing fee

Abandonment Costs

- **Cost for abandoning street, alley or storm water management area:**

Market value of area

- minus any discounts applied by appraiser

- minus any credits from dedications

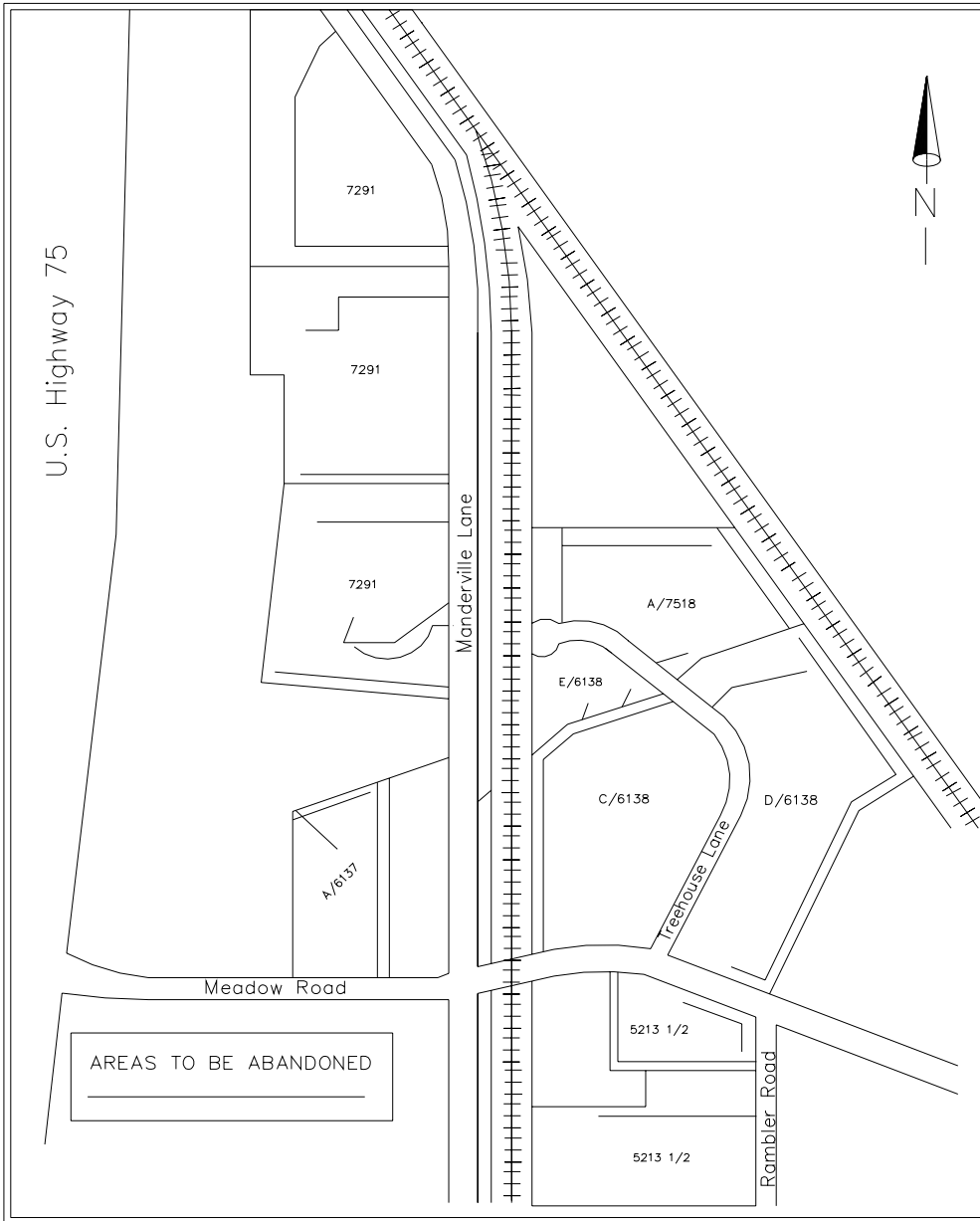
= fee for abandonment or \geq \$5,400

Abandonment Costs

- **Cost for abandoning utility, drainage or other easements:**
 - \$5,400 processing fee per application (unlimited number of easement tracts per application)
 - If easement was originally purchased by the City:
 - Square footage of the area abandoned
x Market value
x 50%
= abandonment fee or \geq \$5,400

Issues Raised

- Are fee amounts appropriate ?
- Are new policies appropriate/necessary for redeveloping urban core properties?
- Multiple easement abandonments per application take significantly more staff time.
- Minimum processing fee is inadequate to recover costs on multiple easement abandonment requests.



Current Process:

32 Easement Abandonment
request = \$5,400

Recommendations

- Easement Abandonments on a single application:
 - 0-5 Easements: charge minimum fee of \$5,400
 - Additional fee of \$1,000 for each easement after the 5th one

Example

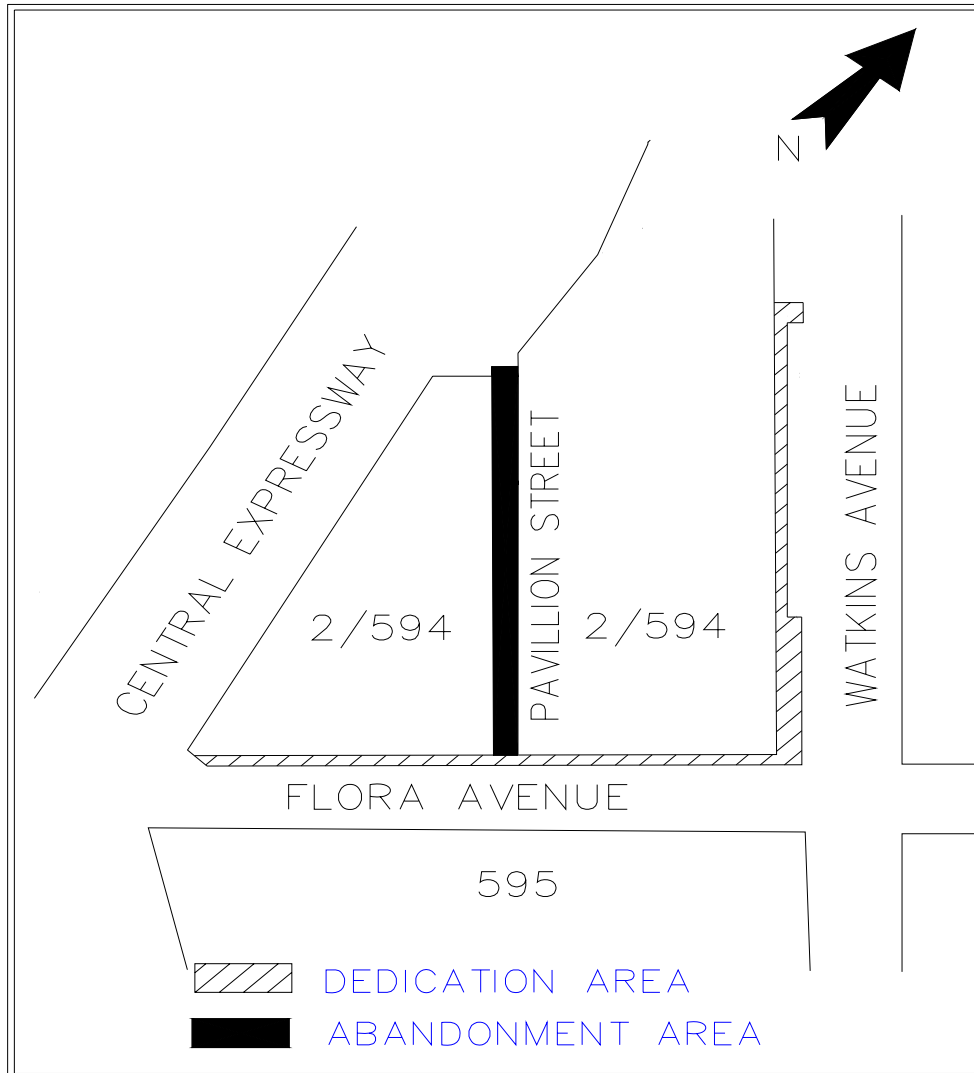
- Applicant requests to abandon 10 easement tracts:

$$\begin{array}{r} \$5,400 \\ + \underline{(5 \times \$1,000)} \\ = \$10,400 \text{ abandonment fee} \end{array}$$

Current Policy for Credits for Abandonments

- Developers receive full credit for dedications
- Crediting abandonment fees for dedications to the City, significantly reduce abandonment revenues and can be inadequate to recover costs.

PAVILLION ABANDONMENT



Current Process:

Abandonment Area: 3,179sf x
\$25/sf = \$79,475

Dedication Area: (to be
credited to abandonment fee)
5,894sf x \$25/sf = \$147,350

Abandonment Fee = \$5,400

Recommendations (cont.)

- Continue to allow credits for dedications for needed street right-away or other City projects
- No credits allowed for dedications not required by the City

Next Steps

- Evaluate processes and fee structures of other Texas cities
- Return to Committee for further direction
- Prepare proposed code amendments