

AGENDA
FORT SMITH BOARD OF DIRECTORS
STUDY SESSION JULY 12, 2005 - 12:00 NOON
FORT SMITH PUBLIC LIBRARY
COMMUNITY ROOM

1. Discuss widening the Kelley Highway bridge to accommodate retail growth
2. Discuss foreclosure proceedings against properties with city liens

Goodman / Shipley, place on agenda

Ordinance to appropriate \$1.5 mil
(include a cap) for city's share

1



MEMORANDUM

July 8, 2005

TO: Bill Harding, City Administrator

FROM: Ray Gosack, Deputy City Administrator

SUBJECT: Kelley Hwy. Bridge Project

Attached is a letter from Tapp Development requesting assistance with the cost of replacing, widening and signaling the Kelley Hwy. bridge over I-540. Tapp is planning to construct a 500,000 square foot retail shopping center on the east side of I-540 just south of Kelley Hwy. A Wal-Mart Supercenter would be one of the principal anchors of the shopping center.

The retail development will generate traffic volumes that far exceed the capacity of the 2-lane bridge. The bridge needs to be widened to four lanes and the on/off-ramps need to be signaled. The estimated cost is more than \$4 million. Tapp is requesting the city pay \$1,150,000 of this cost. Tapp and Wal-Mart would pay the remaining costs.

This retail development project would meet one of the board's 2005 budget goals:

attract and retain quality jobs and retail businesses by promoting Fort Smith's and the region's assets and providing development incentives where appropriate.

The Tapp development would add new retailers and restaurants to Fort Smith, and be in an area which currently has little retail development. At Tuesday's study session, Tapp Development will identify the extraordinary costs it has encountered to make the proposed site buildable. Tapp is seeking assistance with a portion of the bridge cost to overcome the extraordinary development costs.

Assisting with roadway projects to stimulate development isn't unusual for the city. Past city roadway projects have helped retail development. The Grand Ave., Waldron Rd. and Phoenix east projects have all brought new commercial activity. Recently completed projects will likely do the same. Also, the city provided a comparable incentive to build a road for Graphic Packaging at Chaffee Crossing. The public benefits of new development are:

- ▶ additional jobs
- ▶ new shopping and dining opportunities for residents
- ▶ sales tax revenue for the city and property tax revenue for the school district, city and county

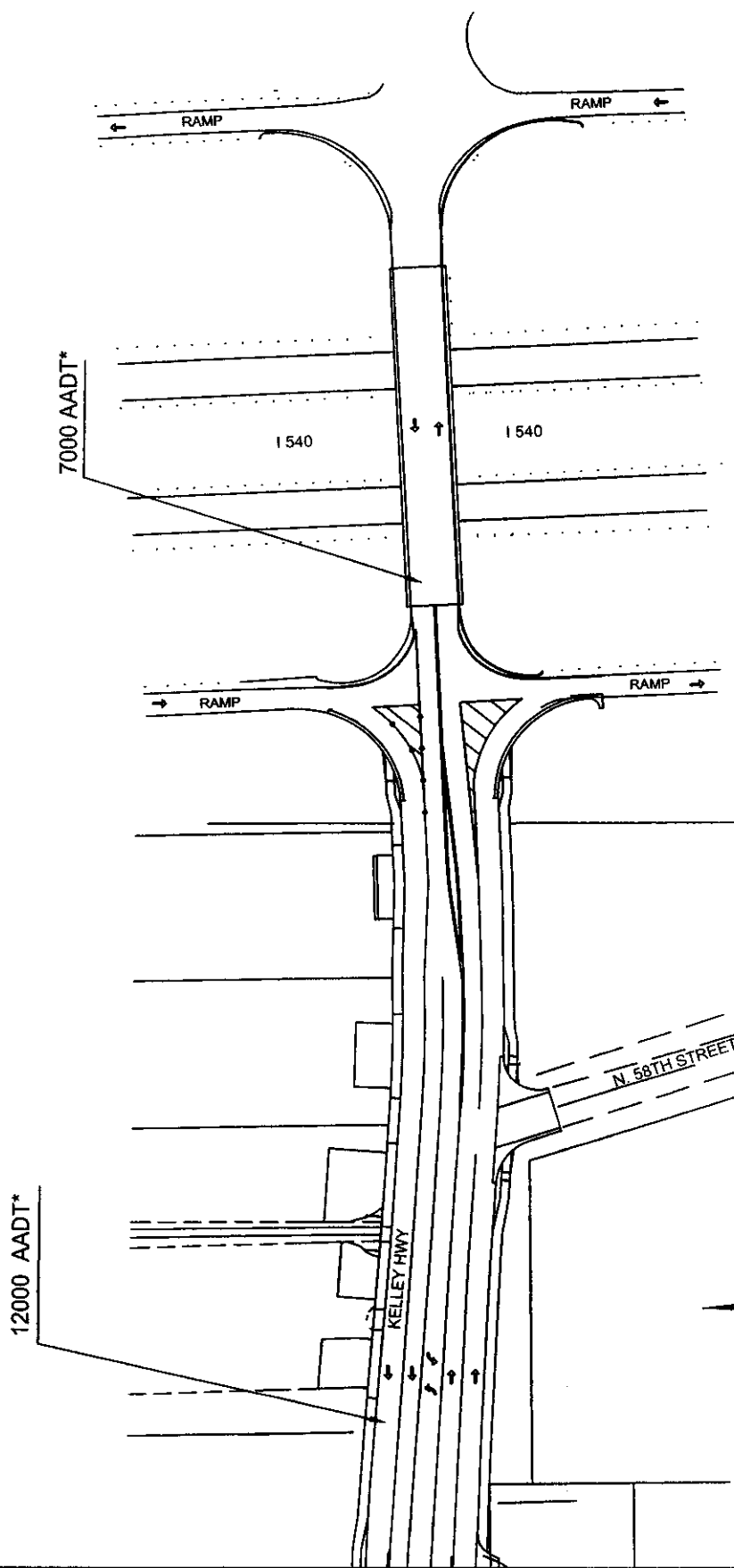
As the board considers this request, it should keep in mind that we may soon be receiving a similar request in the area of Old Greenwood Rd. and I-540. There's a significant development prospect considering that location. The prospect will likely seek city assistance with roadway, bridge and signalization improvements. The costs could be comparable to the Kelley Hwy. bridge project.

Providing economic development assistance must be done judiciously. Incentives should be offered only where there's **extraordinary** development costs that must be overcome. Without such assistance, the development may not occur or may locate elsewhere.

If the board supports Tapp Development's request, the staff and city attorney will work with Tapp and Wal-Mart to finalize an agreement. Funding would come from the 1¢ sales tax for streets, bridges and drainage.

Ray

Attachment



* AADT - AVERAGE ANNUAL DAILY TRAFFIC VOLUME ESTIMATE

LOCATION MAP
 INTERSTATE 540 OVERPASS
 AT KELLEY HIGHWAY
 FORT SMITH, ARKANSAS
 JULY 2005

1" = 100'





Commercial Real Estate Services Since 1972

July 7, 2005

Mr. Ray Gosack
Deputy City Administrator
The City of Fort Smith
623 Garrison Avenue
P. O. Box 1908
Fort Smith, AR 72902

Re: Proposed Retail Development
I-540 and Kelley Highway
Fort Smith, Arkansas

Dear Mr. Gosack:

As you are aware, Tapp Development Corporation is currently working on a proposed retail development on the east side of I-540 between Kelley Highway and Grand Avenue. Our planned development will consist of approximately 500,000 square feet of retail box space as well as multiple out parcels.

We have spent the past two and one-half years investigating all of the development challenges with this site. Now that we have resolved all of the issues related to the Section 404 Permit with the Corp of Engineers, including wetlands mitigation and historical properties preservation, we are left with the last outstanding issue and that is access. Given this development that will likely consist of 500,000 square feet of retail space, we want to ensure proper access is in place to prevent traffic problems. In our conversations with the City, and our traffic consultants, it became clear one or two things need to be addressed for this development to be successful.

We will need to either improve the existing two-lane Kelley Bridge over I-540 to provide additional lanes or extend a frontage road from Kelley to Grand on the east side of I-540. Our current anchor for this development is Wal-Mart. Wal-Mart's traffic consultants feel the most appropriate way to address the access issue is to expand the Kelly Highway bridge to four lanes. The current estimated cost for the proposed expansion is a little over \$4,000,000.

As the developer of this center, we are asking for the City's participation in the widening project. We are proposing the City to pay \$1,150,000 toward the widening project and the remainder will be split between Wal-Mart and the developer. We have presented a tri-party construction agreement to the City and would request that this agreement and all issues related to this agreement be brought to the City Board's attention on their July 12th planning session. Assuming you can accommodate this request, a representative from Wal-Mart's engineering staff will attend this meeting. The Tapp Development Corporation representative and the Wal-Mart engineering firm representative will bring the most current site plans for the development, construction plans, costs for the bridge widening and examples of where the City have helped on similar types of development. We will be fully prepared to discuss this in length with the Board.

TAPP Development Corporation

3501 French Park Drive • Suite B • Edmond, Oklahoma 73034 • 405/752-7522 • Fax 405/749-9924
Visit our Web Site at <http://www.tappdevelopment.com>

Mr. Ray Gosack
The City of Fort Smith
July 7, 2005
Page 2

Please let me know what additional information you will need to put this on the City Board agenda. I am attaching the most current site plan, costs for the bridge widening, and preliminary design drawings for the bridge widening for your review.

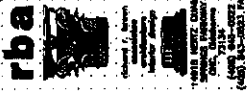
Sincerely,



Jim C. Tapp

JCT/co

Enclosures



Charles A. Roberts
 President
 Robert A. Roberts
 Vice President
 Robert J. Roberts
 Vice President
 Robert K. Roberts
 Vice President
 Robert L. Roberts
 Vice President
 Robert M. Roberts
 Vice President
 Robert N. Roberts
 Vice President
 Robert O. Roberts
 Vice President
 Robert P. Roberts
 Vice President
 Robert Q. Roberts
 Vice President
 Robert R. Roberts
 Vice President
 Robert S. Roberts
 Vice President
 Robert T. Roberts
 Vice President
 Robert U. Roberts
 Vice President
 Robert V. Roberts
 Vice President
 Robert W. Roberts
 Vice President
 Robert X. Roberts
 Vice President
 Robert Y. Roberts
 Vice President
 Robert Z. Roberts
 Vice President

PRELIMINARY
 NOT FOR CONSTRUCTION



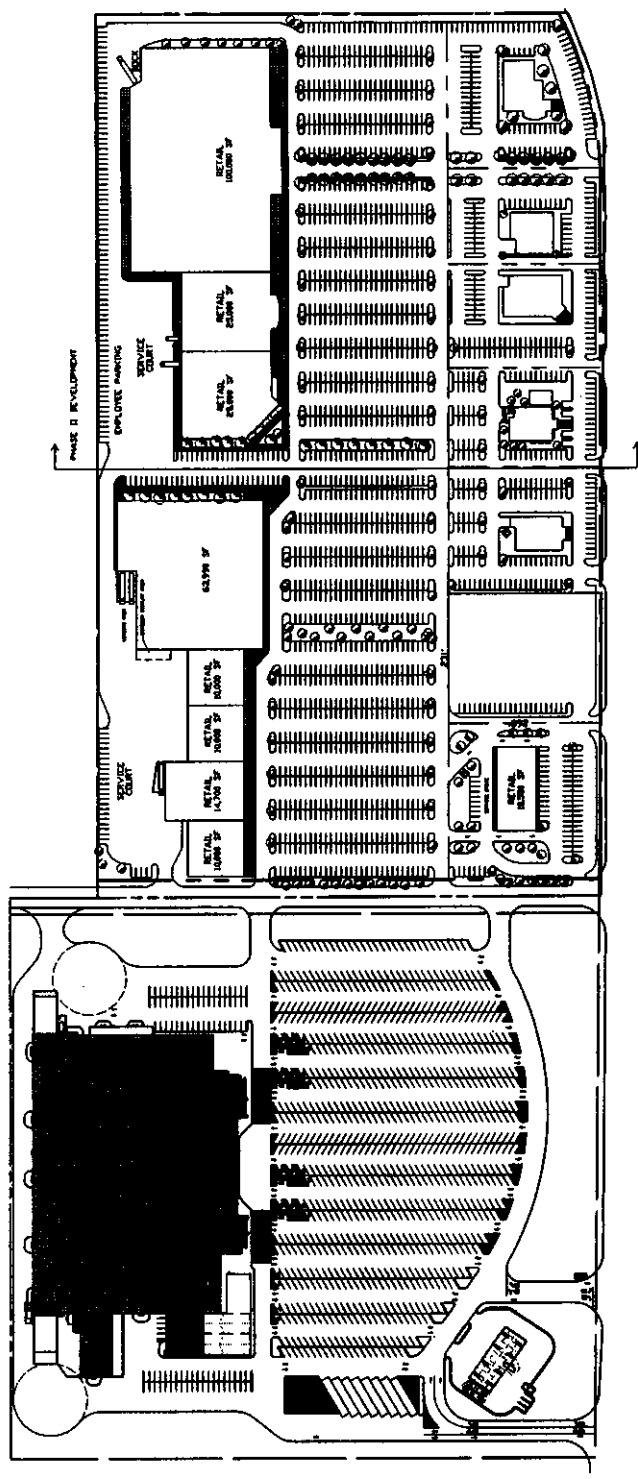
A DEVELOPMENT BY
 TAPP COMPANIES INC.
 OKLAHOMA CITY
 405-762-7100

FT. SMITH SHOPPING CENTER

PROJECT NO. 03/17/04

SITE PLAN

A101



PRELIMINARY OPINION OF PROBABLE COST

JOB: KELLEY HIGHWAY BRIDGE REPLACEMENT

**DESCRIPTION: REPLACEMENT OF KELLEY HIGHWAY BRIDGE OVER I-540 TO 4-LANES WITH OFF RAMP WIDENING
USE STANDARD FOUR SPAN BRIDGE. ASSUME GRADE RAISE APPROX. 0.75 FEET.**

CTA JOB NO.:

DATE: APRIL 14, 2005

BY: MIKE BURNS

ITEM	DESCRIPTION	UNITS	EST. QUAN.	UNIT PRICE	TOTAL
Kelley Highway Bridge Replacement					
1.0	Kelley Highway	L.F.	300	\$750	\$225,000
2.0	Ramp 1 - NB off	L.F.	750	\$325	\$243,750
3.0	Ramp 2 - NB on	L.F.	300	\$325	\$97,500
4.0	Ramp 3 - SB off	L.F.	750	\$325	\$243,750
5.0	Ramp 4 - SB on	L.F.	300	\$325	\$97,500
6.0	REMOVAL AND DISPOSAL OF KELLEY HWY BRIDGE	L.S.	1	\$85,000	\$85,000
7.0	BRIDGE OVER I-540 - KELLEY HIGHWAY (FOUR LANES)	L.S.	1	\$1,832,645	\$1,832,645
KELLEY HIGHWAY CONSTRUCTION SUBTOTAL					\$2,825,145
Miscellaneous Items					
8.0	DRAINAGE STRUCTURES/ STORM DRAINAGE	L.S.	1	\$75,000	\$75,000
9.0	EROSION CONTROL (1% OF SUBTOTAL)	L.S.	1	\$29,001	\$29,001
10.0	TRAFFIC CONTROL (3% OF SUBTOTAL)	L.S.	1	\$87,004	\$87,004
11.0	MOBILIZATION (2% OF SUBTOTAL)	L.S.	1	\$58,003	\$58,003

CONSTRUCTION SUBTOTAL	\$3,074,153
CONTINGENCY (15% OF CONST. SUBTOTAL)	\$461,123
CONSTRUCTION TOTAL	\$3,535,276

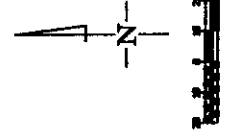
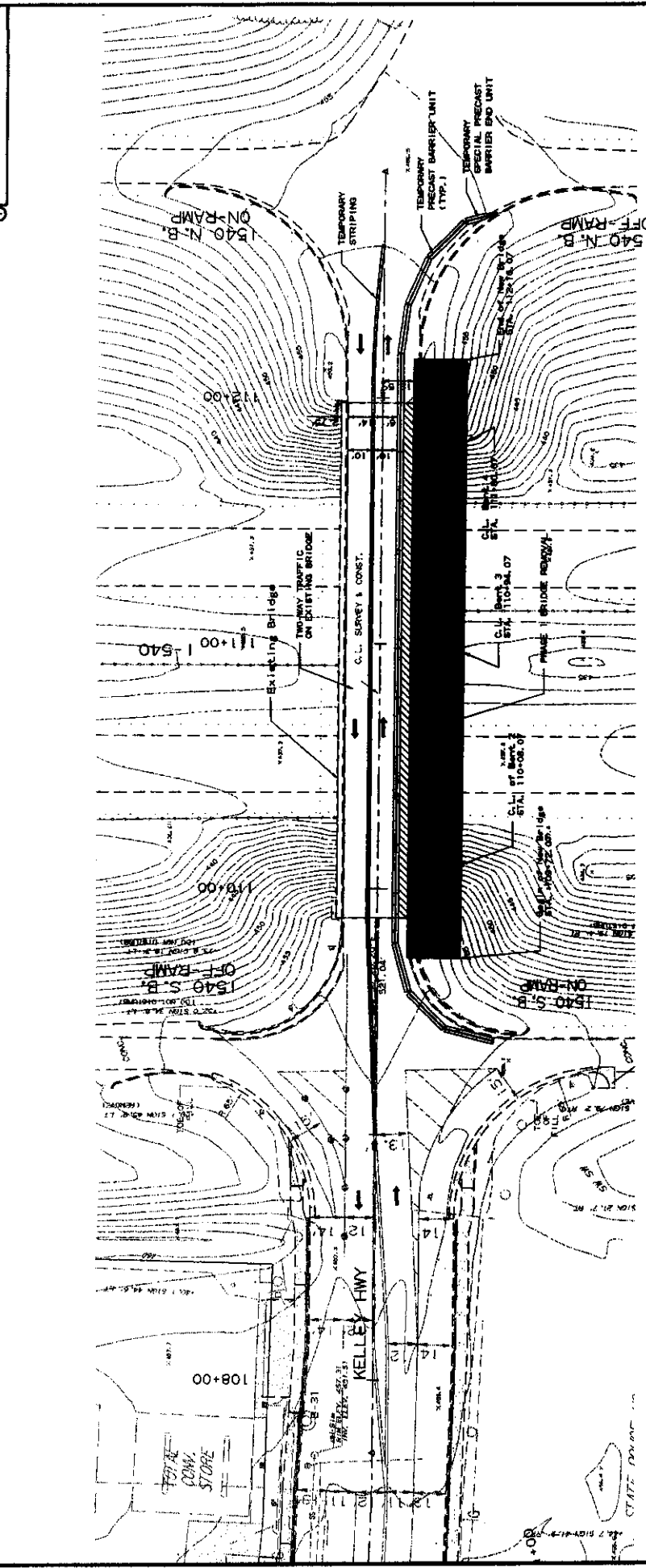
PRELIMINARY ENGINEERING (TITLE I)	\$302,427
CONSTRUCTION ADMINISTRATION	\$226,938

TOTAL COST \$4,064,641

DATE REVISION	DATE FILED	DATE REVISION	DATE FILED	DATE REVISION	DATE FILED	DATE REVISION	DATE FILED

NO.	DATE	BY	REVISION
1			

DATE	BY	REVISION



**BRIDGE REPLACEMENT SEQUENCING
PHASE 1**
(BRIDGE SECTIONS 1 & 2)

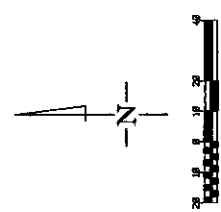
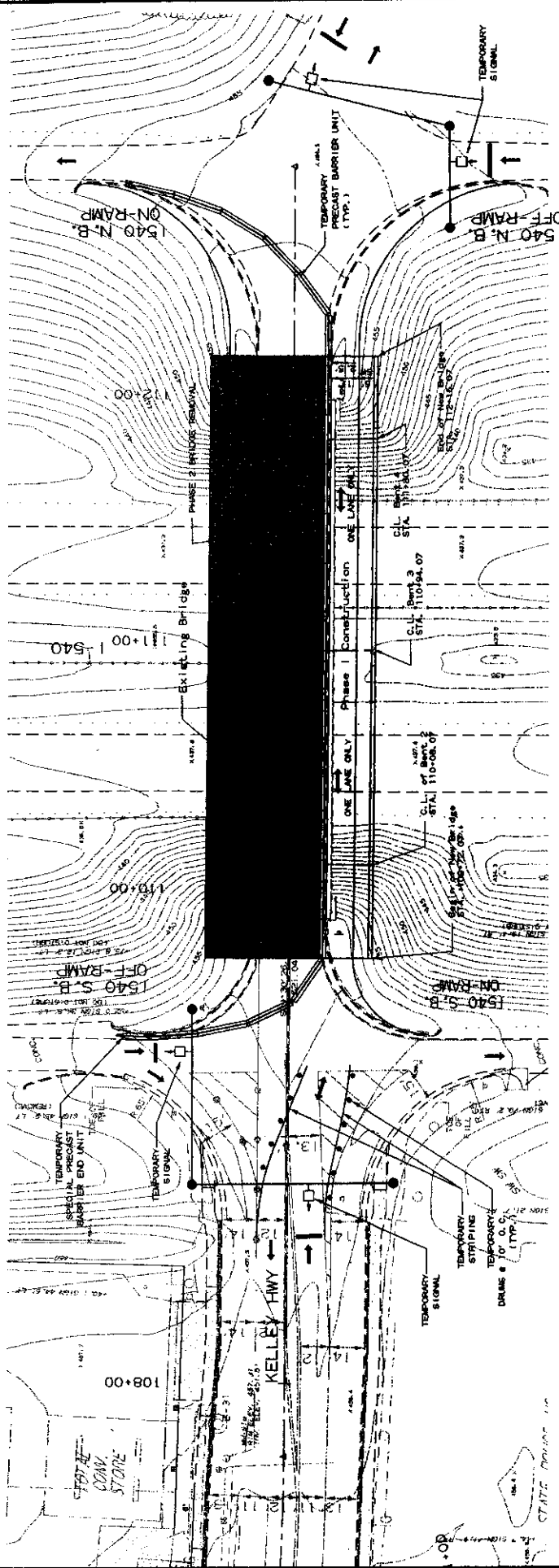
KELLEY HIGHWAY OVER I-540
 ROUTE 112
 SECTION 10
 ARKANSAS STATE HIGHWAY COMMISSION
 LITTLE ROCK, ARK.
 DRAWN BY: _____ DATE: _____
 CHECKED BY: _____ DATE: _____
 DESIGNED BY: _____ DATE: _____
 BRIDGE NO. _____ DRAWING NO. _____

PRELIMINARY
 AD-1114, 2005

DATE REVISION	DATE REVISION	DATE REVISION	DATE REVISION	DATE REVISION	DATE REVISION	DATE REVISION	DATE REVISION	DATE REVISION	DATE REVISION
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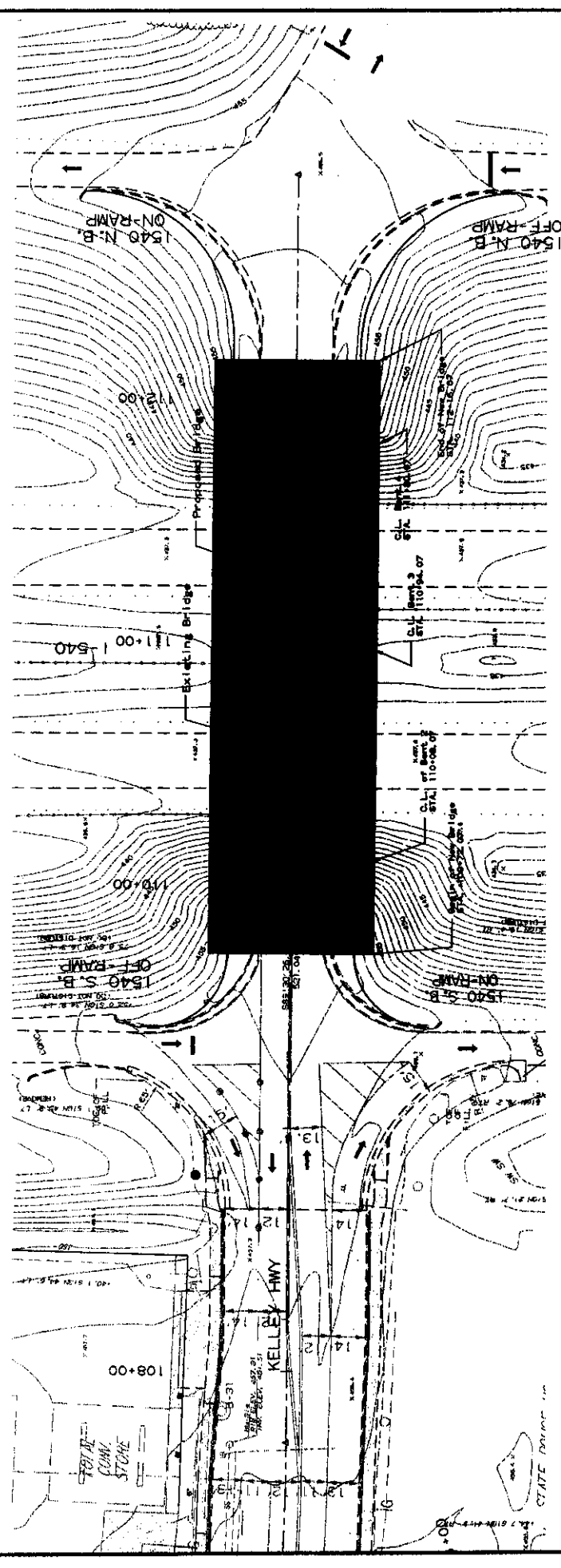
1525 988
 DESIGN FILE: 040107/AR/07/Kelley Hwy Bridge/Design/Concept Ph 2.dgn
 PLOTTER: 4/4/2005 1:48
 SCALE: 401



BRIDGE REPLACEMENT SEQUENCING
 PHASE 2
 (BRIDGE SECTIONS 3 & 4)

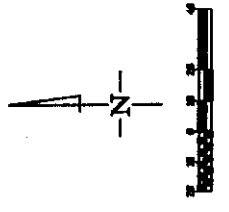
PRELIMINARY
 APR 14, 2005

KELLEY HIGHWAY OVER I-540
 ROUTE XX SEC. XX
 ARKANSAS STATE HIGHWAY COMMISSION
 LITTLE ROCK, ARK.
 DRAWN BY: _____
 CHECKED BY: _____
 DATE: _____
 SCALE: AS SHOWN
 DRAWING NO. _____



DATE REVISION	DATE FILLED	DATE REVISION	DATE FILLED	DATE REVISION	DATE FILLED	DATE REVISION	DATE FILLED

FINAL PROPOSED BRIDGE PLAN



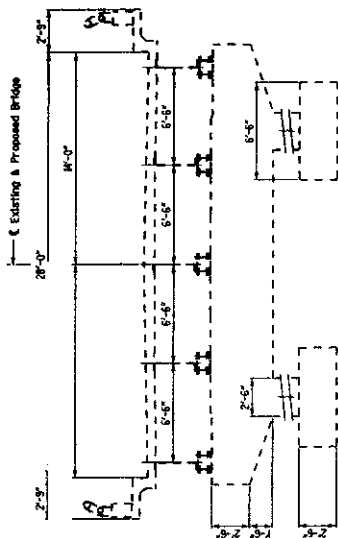
KELLEY HIGHWAY OVER I-540
ROUTE 241, SECTION 26
ARKANSAS STATE HIGHWAY COMMISSION
LITTLE ROCK, ARK.

DESIGNED BY: _____ DATE: _____
CHECKED BY: _____ DATE: _____
APPROVED BY: _____ DATE: _____

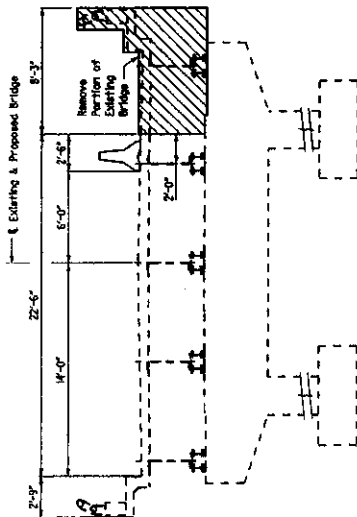
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PRELIMINARY
APR 14, 2005

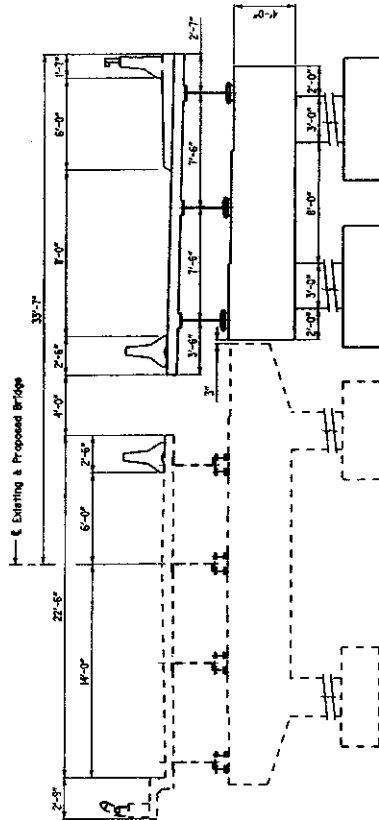
DATE REVISION	DATE REVISION	DATE REVISION	DATE REVISION	DATE REVISION	DATE REVISION	DATE REVISION	DATE REVISION
			JOB NO.			PHASE CONCEPT	
			XXXXX			XXXXX	
			XXXXX			XXXXX	
			XXXXX			XXXXX	



EXISTING BRIDGE SECTION



SECTION I

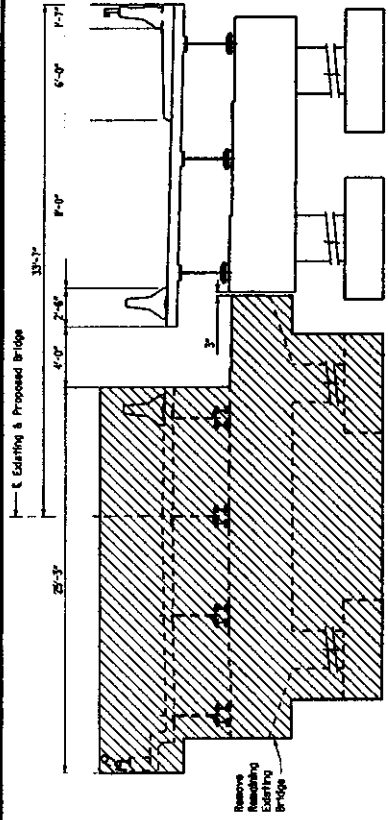


SECTION 2

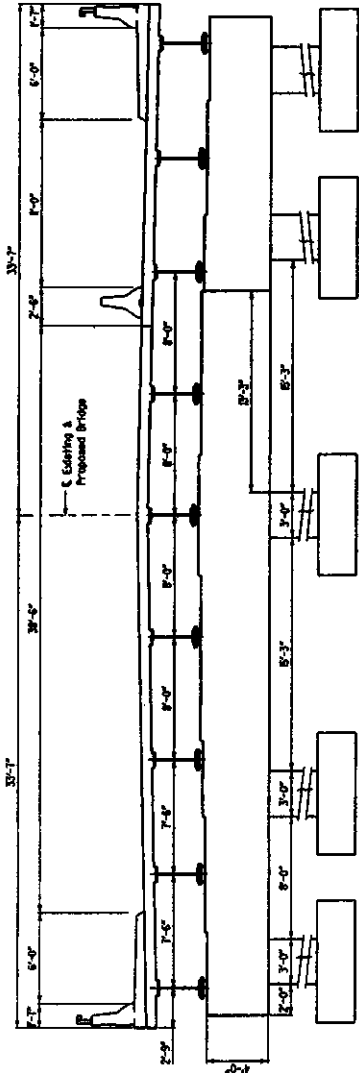
SHEET 1 OF 2
 CONSTRUCTION PHASING CONCEPT
 KELLEY HIGHWAY OVER I-540
 ROUTE XX SEC. XX
 ARKANSAS STATE HIGHWAY COMMISSION
 LITTLE ROCK, ARK.
 DRAWN BY: XX DATE: XX/XX/XX PERMANENT BRIDGE SECTION
 CHECKED BY: XX DATE: XX/XX/XX ROAD ALIGNMENT
 BRIDGE NO. XXXXX DRAWING NO. XXXXX

PRELIMINARY
 APRIL 14, 2005

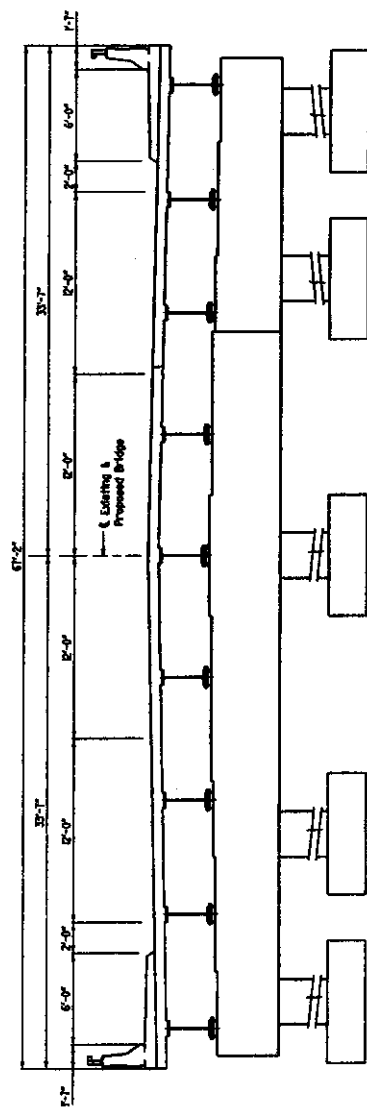
DATE REVISED	BY []	DATE REVISED	BY []	DATE REVISED	BY []	DATE REVISED	BY []



SECTION 3



SECTION 4



SECTION 5

FINAL PROPOSED BRIDGE

SHEET 2 OF 2
 CONSTRUCTION PHASING CONCEPT
 KELLEY HIGHWAY OVER I-540
 MOBILE, AL
 ARKANSAS STATE HIGHWAY COMMISSION
 LITTLE ROCK, ARK.
 DRAWN BY: JXX DATE: XX/XX/XX PLANNING BRIDGE SECTION
 CHECKED BY: JXX DATE: XX/XX/XX
 DESIGNED BY: JXX DATE: XX/XX/XX
 BRIDGE NO. XXXXX DRAWING NO. XXXXX

PRELIMINARY
 APR-11-14-2005

PRELIMINARY OPINION OF PROBABLE COST

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CONSTRUCTION TOTAL	\$3,538,276

PRELIMINARY ENGINEERING (TITLE I)	\$302,427
CONSTRUCTION ADMINISTRATION	\$228,938

TOTAL COST \$4,064,641



2

MEMORANDUM
July 7, 2005

To: Bill Harding, City Administrator

From: Dean Kruithof, Deputy City Administrator

Subject: Additional Lien Foreclosures & Foreclosure Policy

During the June 21st Board Meeting, there was a discussion regarding lien foreclosures in relation to the City's demolition of derelict properties

You might remember our first attempt at foreclosure involved an abandoned home at 102 Dartmouth. I have attached memos concerning the Dartmouth foreclosure which outlines the process being followed. This process worked well in that a private party purchased this home for restoration and the City's liens were repaid. Following this, we identified a number of properties in the area targeted for initial improvement by the International Property Maintenance Code. On the original list, one lien was forgiven in the Historic District because a resident in the district was purchasing it and one property was donated to the City in order to satisfy past liens.

Mark Horoda has reported that the title reports for most of the properties in the target area have been received and a few are still pending. The title work is the biggest concern regarding this process because the ownership of many properties is undefined at best, which is usually the reason they are derelict. However, in order to avoid any constitutional due process issues we must take these steps when dealing with real property.

While we have the system to foreclose on these properties, there is a question of what the City will do with them when they are sold. For discussion with the Board, some of our thoughts follow:

- First, we should send a foreclosure list to all City departments to see if there is a potential public use for the property such as parks, drainage ways, utility easements, etc. If this potential exists, staff would determine the value of the property and whether we should exceed the amount of lien in open bidding.
- Second, if there is no public use, our bid should be for the amount of the lien only. That way anyone outbidding the City would become the owner of the property and, we hope, convert it to a private productive use. To determine neighborhood interest, we should consider notifying the surrounding property owners of the foreclosure sale.

Third, if the City becomes the property owner through the foreclosure process, we should be flexible in our policies and procedures to allow a reuse for the property. Every case will be different and the ultimate use will be as well. In these decisions we may want to:

- Determine if groups like the Housing Authority or Habitat for Humanity would have a use for the property.
- Work with the surrounding property owners in adopting the site for a neighborhood use (as is being developed for the lot at 623 North 13th that was donated by Clyde Neal).
- Offer the property for sale through the real estate market.
- Explore “urban homesteading” concepts in which the property is granted or sold at a very low price so long as the buyer improves the site and lives at the location for a period of time.

For the third and fourth “bullet” points, local banks may be interested in providing low interest loans as part of their community reinvestment obligations.

In all steps being discussed, our hope is that any properties that do not have a public use are converted back to productive private ownership.

In that regard, Cindy Remler has also noted the City owns a number of smaller tracts of property that were obtained through capital improvement projects but are no longer needed. A review of these properties is in order to see if they could be sold or, in cases where the property is small and/or odd sized, revert ownership to surrounding property owners.

This information is being presented in preparation for the July 12th Study Session. In the meantime, any comments, concerns, or ideas would be appreciated.

City Cleanup Lien
Foreclosure Project

- Tract 1 - Liens filed with ambiguous/incorrect legal description
- Tract 2 - Gilliam, Will W.
1206 North 4th Street
Total lien amount: \$1,141.28
Current City liens: \$552.27
- Tract 3 - Krein, Robin J. & Delores F. / Smith, Jeff
811 North 4th Street
Total lien amount: \$2,115.59
Current City liens: \$2,115.59
- Tract 4 - Bryan, Sophia L.
1023 North 5th Street
Total lien amount: \$3,991.24
Current City liens: \$537.47
- Tract 5 - Satisfied
- Tract 6 - Huff, Dennis Lee
1019 North 6th Street
Total lien amount: \$3,603.26
Current City liens: \$3,603.26
- Tract 7 - Harding, Ruby C
709 North 8th Street
Total lien amount: \$2,731.45
Current City liens: \$2,731.45
- Tract 8 - McKine, JJ & Vernice
1122 North 8th Street
Total lien amount: \$655.51
Current City liens: \$155.99
- Tract 9 - Mallilieu Black Community Development, Inc.
620 North 8th Street
Total lien amount: \$371.38
Current City liens: \$371.38
- Tract 10 - Wesson, Stacy
820 North 9th Street
Total lien amount: \$289.26
Current City liens: \$289.26

- Tract 11 - Ashworth, VA & Mary
500 North 9th Street
Total lien amount: \$3,589.28
Current City liens: \$3,095.88
- Tract 12 - Mumey, John Frasier
615 North 9th Street
Total lien amount: \$567.59
Current City liens: \$298.98
- Tract 13 - Walker, Lloyd A. Jr & Phillip E. Walker / Walker, Linnia Faye
1212 North 9th Street
Total lien amount: \$8,950.85
Current City liens: \$4,692.54
- Tract 14 - Roberts, Roy C. (liens in name of Henry Roberts)
700 North 9th Street
Total lien amount: \$2,129.39
Current City liens: \$533.97
- Tract 15 - Bannister, David L.
1209 North 12th Street
Total lien amount: \$8,603.67
Current City liens: \$5,575.37
- Tract 16 - Paradise Properties
916 North 12th Street
Total lien amount: \$923.14
Current City liens: \$923.14
- Tract 17 - Owner donated property to City
- Tract 18 - Blue Lagoon Capital, Inc. / Brant, Frank W.
900 North 14th Street
Total lien amount: \$10,673.91
Current City liens: \$10,028.76
- Tract 19 - Mary Ann Fahrback
1316 Bluff Avenue
Total Lien amount: \$1,820.95
Current City liens: \$1,031.45

PROPERTY EANUP
Updated: November 22, 2004

Property Owner	Property Cleaned	Lien	Lien + 10%	Year	Ordinance	Paid
Merrill, Joshua P.	621 North 46th	202.80	223.08	2003	91-03	
Ledbetter, James	702 North 2nd	3,226.67	3,549.34	1998	85-98	Adj to \$1,500 - Paid
Fort Smith Railroad Company	801-821 North 2nd	315.99	347.59	2003	91-03	County
Belcase Office Furniture	823 North 2nd	259.48	285.43	2002	68-02	County
Surburban RR Company / FS RR	NW corner of North 2nd & "H"	584.47	642.92	1998	85-98	County 10/04 Adjusted to \$464.47
Fort Smith Railroad Company	821 North 3rd	188.99	208.99	2003	91-03	County
Fort Smith Railroad Company	822 North 3rd	157.99	173.79	2003	91-03	County
Surburban RR Company / FS RR	North 3rd & "I" (821 North 3rd)	223.37	246.37	1998	85-98	County 10/04 Adjusted to \$126.37
Union Pacific Railroad	SE corner North 3rd & "I"	169.81	186.79	1999	74-99	
Union Pacific Railroad	SW corner North 3rd & "I"	215.81	237.39	1999	74-99	
Powers, Boley Ray	1200 Block of North 4th	187.99	206.79	2003	91-03	
Powers, Boley Ray	1200 Block of North 4th	277.99	305.79	2003	91-03	
Powers, Boley Ray	1200 Block of North 4th	8,333.48	9,166.83	2003	91-03	
Powers, Boley Ray	1200 Block of North 4th	254.49	279.94	2004	72-04	
Powers, Boley Ray	1200 Block of North 4th	203.49	223.84	2004	72-04	
Powers, Boley Ray	1200 Block of North 4th	398.65	438.52	2004	72-04	
Gilliam, Willard W.	1206 North 4th	187.99	206.79	2003	91-03	
Gilliam, Willard W.	1206 North 4th	187.99	206.79	2003	91-03	
Gilliam, Willard W.	1206 North 4th	159.48	175.43	2003	91-03	
Frisco Railroad Company	1519 North 4th	9,079.17	9,987.09	1998	85-98	
Westphal, Robert	204-206 North 4th	136.78	150.46	1998	48-96	County
Smith, Jeffrey L.	911 North 4th	197.49	217.24	2003	91-03	REMOVED-Property sold same week as lien
Smith, Jeffrey L.	811 North 4th	197.01	216.71	2003	91-03	REMOVED-Property sold same week as lien
Smith, Jeffrey L.	811 North 4th	192.99	212.28	2003	91-03	REMOVED-Property sold same week as lien
Phillips, Charlene	Lot north of 1106 South 4th	1,370.96	1,508.06	2003	91-03	
Jacobs, Lyle	SW corner of 4th & North "C"	217.77	239.55	1998	85-98	County
Smith, Jeffrey L.	SW corner of North 4 & "I"	182.01	200.21	2003	91-03	REMOVED-Property sold same week as lien
Smith, Jeffrey L.	SW corner of North 4th & "I"	177.39	195.13	2003	91-03	REMOVED-Property sold same week as lien
Byran, Sophia L.	1023 North 5th	231.53	254.68	2004	72-04	
Byran, Sophia L.	1023 North 5th	2,908.26	3,199.09	2004	72-04	
Wiley, Robert E. & Mary Lou	1100 North 5th	217.48	239.23	2002	68-02	RELEASE per J. Canfield 12/22/03
Wiley, Robert E. & Mary Lou	1100 North 5th	280.16	308.18	2002	68-02	RELEASE per J. Canfield 12/22/03
Horn, Philip M.	1212 South 5th	276.54	304.19	2003	91-03	
Brannon, Floyd K.	1410 North 5th	334.77	368.25	1998	85-98	County
Lordly, Homer & Evelyn	920 North 5th	516.78	568.46	1996	48-96	
Westphal, Robert	Across from 900 North 5th	131.78	144.96	1996	48-96	County
Moore, Neal & Jimmie Morrison	1013 North 6th	114.28	125.71	1996	48-96	County
Wellman, Charles	1013 North 6th	2.03	211.23	1998	85-98	
Huff, Dennis / First National Bank	1019 North 6th	7,788.00	3,067.90	1996	48-96	

Handwritten notes:
 5700 N. 4th
 1200 222
 05/10

A RESOLUTION AUTHORIZING ACCEPTANCE OF
DEED OF CONVEYANCE TO THE CITY OF FORT SMITH, ARKANSAS
FROM CLYDE A. NEAL AND MARIA Y. NEAL

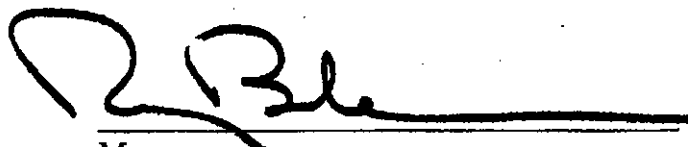
BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE CITY OF FORT SMITH, ARKANSAS, THAT:

Section 1: The City Administrator and the City Attorney are hereby authorized to accept a donation from Clyde A. Neal and Maria Y. Neal of real property located at 623 North 13th Street, Fort Smith, Arkansas in exchange for the release of current lien liability on said real estate in the amount of \$9,276.10, and for payment by the City of current real property tax liability in the amount of \$292.86 , and payment of the expected 2004 real property tax liability in the approximate amount of \$51.98.

Section 2: The City Administrator and the City Attorney are hereby authorized to take all necessary measures to effectuate the transfer of the above described real estate from Clyde A. Neal and Maria Y. Neal to the City of Fort Smith, Arkansas, in connection with the failure of the Neals to pay certain clean-up costs of the property.


This Resolution adopted this 16th day of November, 2004.

APPROVED:



Mayor

ATTEST:



City Clerk

*Approved as to form
JL
NO publication required*

Cindy Remler

From: "Cindy Remler" <cremler@fsark.com>
To: "Kim Wagoner" <kwagoner@fsark.com>
Sent: Monday, April 04, 2005 2:58 PM
Subject: Delinquent Liens

Re: 716 North 6th Street

per Dean Kruthof, please waive the cleanup fees and release liens. property is within the historic district and resident within the district is wanting to purchase. these were turned over to the county and I will notify them to remove from collection list.

2002 - \$328.11, \$270.03, \$204.03, and in 2003, \$206.79, \$208.99, and \$213.39.

Cindy



MEMORANDUM

June 24, 2005

To: Bill Harding, City Administrator

From: Dean Kruithof, Deputy City Administrator

Subject: Lien Foreclosure, 102 Dartmouth

At the January 27th Board Study Session, a discussion regarding the implementation of the International Property Maintenance code was held regarding a proposed plan of action. One element of this discussion was to begin selected foreclosure proceedings on derelict or abandoned properties. The text of my January 23rd memo regarding this follows:

Six. Begin Selected Foreclosure Procedures on Derelict or Abandoned Properties

Without going into great legal detail, our City Attorney has informed us that a mechanism exists which allows the City to foreclose on a property within 18 months of filing a lien. Under this process, the property would be auctioned by the County.

During the auction, the City can bid the amount of its lien. If that is the high bid, the property reverts to the city at the amount of money the city has already spent for clean up (no additional cost). The City could also bid an amount higher and pay the incremental cost to gain possession. Should the City be outbid, the winner would have to pay off the liens owed to the City.

Under this process, the City would receive the amount of its lien in a shortened period of time as a worst case scenario. Better outcomes would be transferring ownership to someone who would better manage the asset or the City could become the owner and return the property to productive use.

This process would not be recommended for minor liens, such as mowing a property once during a growing season. However, it could become a very important process to deal with habitual violators. Taking possession of the property would allow the City to implement programs that could place it back into productive use. This could include making it available to groups like the Housing Authority or Habitat for Humanity for redevelopment. As a long range goal, this process might also allow for programs to restore existing homes in redeveloping neighborhoods. Several cities have had success with programs that provide homes to police officers, fire fighters, teachers, and other responsible citizens who's presence can provide a stabilizing influence.

Shortly after the Board's Study Session, Building Official Jimmie Deer made us aware of the subject property and asked if it would be eligible for foreclosure. City Clerk Cindy Remler has reported that there are three delinquent liens against the property that the City has turned over to the County for collection as per Ordinance No. 91-03. The amounts are \$196.89, \$209.01, and \$194.25 and each lien includes a 10% penalty.

City utility records show that service has been disconnected since November 30, 1999. While from outward appearances (we will have the file available at the Board's March 2nd Regular Meeting), the home does not appear to be in an advanced state of deterioration, it is open and there is evidence of frequent unlawful entry. This property has been reviewed by the City Attorney who has reported it is eligible for a foreclosure action.

We are recommending this action as a way to gage the effectiveness of lien foreclosure in returning property to productive use. For this property, we would only recommend bidding the amount of the City's liens. Should that be the high bid, staff will return disposition options to the Board once the property has shifted to City ownership.

Please let me know if there are any questions.

RESOLUTION NO. _____

**A RESOLUTION AUTHORIZING LIEN FORECLOSURE ACTION
AGAINST PROPERTY LOCATED AT 102 DARTMOUTH**

**BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE CITY OF FORT
SMITH, ARKANSAS that:**

The City Administrator and City Attorney are authorized to initiate lien foreclosure action
against property located at 102 Dartmouth in the City of Fort Smith

THIS RESOLUTION ADOPTED this ____ day of March, 2004.

APPROVED:

Ray Baker, Mayor

ATTEST:

Cindy Remler, City Clerk



MEMORANDUM
October 12, 2004

Board Information

To: Bill Harding, City Administrator

From: Dean Kruithof, Deputy City Administrator

Subject: Commissioner's Sale, 102 Dartmouth Lane

On March 2, 2004, the Board of Directors approved a lien foreclosure action against the subject property. This is the first such action taken by the Board and was intended to be a test case as a way to get derelict or abandoned properties redeveloped and start repaying the City's cost of abating nuisances.

Attached is a letter from Mark Horoda which indicates this process has been completed and the property will be sold on the courthouse steps on October 19th at 10:15 a.m. It is staff's intent to bid the amount of our lien only. If this is the highest bid, we will take ownership and bring options to the Board for redevelopment. This action will not result in any additional cost since our lien will be our bid. Should someone out bid the city, our lien will still be repaid and the property will go to someone who, we hope, will restore the home.

Please let me know if there are any questions regarding this issue.