

Memorandum



CITY OF DALLAS

DATE June 8, 2021

Honorable Members of the Government Performance and Financial Management
Committee: Cara Mendelsohn (Chair), Jennifer S. Gates (Vice Chair), Adam Bazaldua,
TO Adam McGough, Casey Thomas, II

SUBJECT **Minimum Reserves for City Properties at Auction**

This memo is in response to questions at the April 28, 2021 Council Agenda meeting on setting reserve amounts for the sale of City-owned property through the public auction process. The purpose of this memo is to further clarify the procedures of Section 2-24.1(b) of the Dallas City Code relating to the establishment of a reserve amount and provide further details on staff's proposed process moving forward in establishing the reserve amount on all City-owned property offered for sale through the public auction process.

Section 2-24.1(b) of the Dallas City Code currently provides for the establishment of a reserve amount prior to offering a property for sale by public auction. The City Council, by resolution, shall authorize the sale and establish a reserve amount for the property that will be the minimum price acceptable to the City for that property. Establishing a reserve amount may be waived by City Council resolution.

At the April 28, 2021, Council Agenda meeting, Item No. 21-466, staff recommended the waiver of the reserve amount requirement for the Forest Green Library; thereby resulting in the property being sold absolute. Historically, staff has made this recommendation unless a reserve amount is specifically requested or factors warrant the need for a reserve amount to be established. Some of the typical factors considered include the condition of the property or facility, the building life cycle, time span from original acquisition date, as well as any other pertinent information about the property.

The City has seen positive returns on value, both with a reserve amount and sold absolute. The results from the City's most recent auction held on May 26, 2021, are as follows:

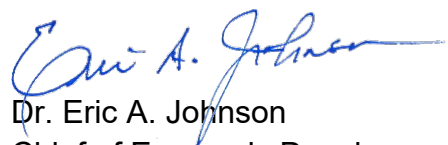
1. Forest Green Library (sold absolute): \$2.1M (appraised value: \$1.1M)
2. 17800 Dickerson (sold with a reserve): \$8.2M (appraised value: \$6M)

Based on the discussion at the April 28, 2021 City Council meeting, staff (SDC – Real Estate Division) will heretofore establish and recommend a reserve amount on all property offered for sale through the public auction process, not seeking a waiver as frequently done in the past. Staff will establish the reserve amount by reviewing appraisal evaluations, as well as any other pertinent information relevant in making an informative

DATE June 8, 2021
SUBJECT **Minimum Reserves for City Properties at Auction**

recommendation. The established reserve amount is not published or disclosed to the public, and will be provided to the Council, upon request.

If you require additional information or have any questions, please contact me or Kris Sweckard at 214-671-9273.



Dr. Eric A. Johnson
Chief of Economic Development and Neighborhood Services

c: Honorable Mayor and Members of City Council
T.C. Broadnax, City Manager
Chris Caso, City Attorney
Mark Swann, City Auditor
Billieae Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizzor Tolbert, Chief of Staff to the City Manager

Majed A. Al-Ghafry, Assistant City Manager
Jon Fortune, Assistant City Manager
Joey Zapata, Assistant City Manager
M. Elizabeth Reich, Chief Financial Officer
M. Elizabeth (Liz) Cedillo-Pereira, Chief of Equity and Inclusion
Directors and Assistant Directors