

A Case Against Surrendering A Downtown City Parking Lot... A Parking Lot That should Have Nothing To Do With Providing EMS Services For The East Ridge!

by William McTygue August 4, 2014

Last July, I expressed my strong opposition to the idea of selling the Collamer Parking Lot in exchange for property out Union Avenue for the construction of an EMS Facility on the City's east ridge.

At the time, my opposition to this proposal was expressed to Commissioners Chris Mathiesen, John Franck and Michele Madigan. My opposition was based primarily on the fact that this deal was seriously undermining the City's future ability to maximize the development potential of the High Rock Avenue Parking Lot by bundling the two properties together (the High Rock Lot and the Collamer Lot) into one major downtown urban development project.

After reviewing the process by which the Collamer Parking Lot was offered up for sale last year, coupled with the current offer on the table, I have broadened my opposition based on the way this whole "Request For Proposal" (RFP) process was handled from the very beginning.

Based on a review of RFP documents, it appears the process and the results supporting this transaction are seriously flawed.

The Appraised Value For the Collamer Lot Is Based on Inaccurate Information

I call to your attention the reliability of the numbers presented in the Armstrong Appraisal dealing with the Collamer Parking Lot property. From the City's perspective, the accuracy of the data involving the Appraisal's conclusions should come into serious question. Simply put, the data presented in the Sales Comparison approach to valuing the Collamer Lot is not accurate and therefore significantly undervalues the Appraisal's conclusion. The Appraisal uses the previous Lillian's Lot sale (422 Broadway) as a "Primary Indicator" of value. However, the data presented with that particular sale is inaccurate for the following reasons:

Referring to Page 23 of the Collamer Lot Appraisal, the Primary Comparable Sale used is the 422 Broadway "Lillian's Parking Lot" property. The date of Sale listed for this transaction, "September 4, 2012", should not have been used to accurately reflect the "Valuation Date" of this property. The \$750,000 Value placed on this property was actually established in November of 2006 (six years prior to the date used in the Appraisal) when Bonacio Construction actually submitted their bid on November 30, 2006.

The acreage used in the Sales Comparison is also wrong. The acreage (or lot size) indicated in the Appraisal for the previous Lillian's Lot sale is 20,037 sq. ft or 0.46 acre.

The actual amount of property listed in the Lillian's Lot RFP was for 16,553 sq.ft. or 0.38 acre. The acreage detailed by the Appraisal's conclusion for the Lillian's Lot was off by 3,484 sq.ft. or 0.08 acre.¹

Therefore, in establishing the value using the Appraisal's Primary Sales Comparison, where the Valuation date is wrong and the lot size is wrong, the cost in undervaluing the Collamer Lot is substantial. This resulting error (even if everything remained constant in valuing Broadway real estate over the past 8 years) would be over \$172,000. Of course, that's not the case in our City. Real estate values in Saratoga Springs have remained on a significant upward trend over the past several years leaving one to wonder: just what the Collamer Lot is really worth in today's market?

Protect the "City's" Interest and Reject The Whole Process

At the very least the City should seek another "second" property appraisal for the Collamer Lot; this time from a competent appraisal firm specializing in valuing Commercial Real Estate.

Not only are we surrendering a Broadway Parking Lot based on a very dubious legal transaction, we are letting it go "cheap". If nothing else, the errors contained in this appraisal for the sale of the Collamer Lot, coupled with the fact this process lacked competitive bidding because the RFP was seriously limiting, these issues alone should be enough to reject this whole process.

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Chairman, 2005 High Rock Avenue Parking Lot Redevelopment Committee

Chairman, 2006 Lillian's Parking Lot Redevelopment Committee

¹ The discrepancy is caused by the addition of a small public access parcel located to the rear of the Lillian's Parking Lot property that provides walkway access to Putnam Street. This parcel (SBL # 165.60-1-77.2) was added in the 2012 Deed transfer of property from the City to Bonacio and was not part of the original 2006 RFP offering. Bonacio in turn, granted the City public access rights over this same parcel, which again, represents the rear walkway access to Putnam Street.