

**CITY COUNCIL AGENDA ITEM**  
CITY OF SHORELINE, WASHINGTON

<b>AGENDA TITLE:</b>	Motion to authorize the City Manager to approve settlement in the amount of \$199,000 for a portion of the Joshua Green Corporation parcel required for the Aurora Corridor Project Phase I
<b>DEPARTMENT:</b>	City Attorney's Office
<b>PRESENTED BY:</b>	Ian Sievers, City Attorney

**PROBLEM/ISSUE STATEMENT:**

The City and Joshua Green Corporation (Pizza Hut) have reached agreement on the fair market value and other associated costs for acquisition of a portion of the Joshua Green Corporation property for the Aurora Corridor Project Phase I. The agreed-upon settlement amounts to \$199,000, which is above the City Manager's authorization amount of \$150,000 and requires approval by the City Council.

**FINANCIAL IMPACT:**

The City has already paid \$137,900 to the Joshua Green Corporation for acquisition of the parcel. The difference between the previously-paid amount and the new offer of \$199,000 is \$62,000. There are sufficient funds in the Aurora Corridor Project Phase I budget to cover the difference.

**RECOMMENDATION**

Staff recommends that Council authorize the City Manager to pay the Joshua Green Corporation an additional \$62,000, for a new total of \$199,000, for the portion of the Joshua Green property required for the Aurora Corridor Project Phase I.

Approved By: City Manager  City Attorney 

## **INTRODUCTION**

The City and Joshua Green Corporation recently agreed upon a purchase price for the Joshua Green acquisition parcel in the amount of \$197,500, plus \$1,500 in professional services costs, for a total settlement of \$199,000. Since the City Manager only has \$150,000 settlement authority for Aurora, the City Council must approve this new settlement offer.

## **DISCUSSION**

The City had previously offered Joshua Green Corporation \$137,900 as payment for the fair market value for a portion of their property required for the Aurora Corridor Project Phase I. (The \$137,900 was placed in the court's registry after execution of the possession and use agreement, and has been withdrawn from the registry by Joshua Green.) Joshua Green responded to the City's \$137,900 offer with a counter-offer of \$232,000 plus \$880/month for the temporary construction easement ("TCE").

The main reason for the large discrepancy between the two offers was the square footage valuation. The City's appraiser valued the property at \$33/sf, whereas Joshua Green's appraiser placed a \$60/sf value on the property.

The City adjusted its square footage fair market value after considering the judgment in the *Catania* (Seattle Restaurant Supply) case, where the property was valued at \$40/sf. The Seattle Restaurant Supply parcel is located close to the Pizza Hut parcel, and date of valuation for both appraisals was roughly the same time. The City also added an annual 12% time adjustment to the \$40/sf value from the July 2005 appraisal date, which increased the FMV to \$43/sf. After adding in landscaping, asphalt, and sign costs, the TCE payment, and the professional services costs, the proposed settlement is 7% over the City's appraised fair market value. Considering the imprecise nature of appraisal opinions and risks of litigation, including the condemnee's attorney fees, staff recommends Council approve this settlement.

Since the City has already paid Joshua Green \$137,900, only the difference of \$62,000 is due.

## **RECOMMENDATION**

Staff recommends that Council authorize the City Manager to pay the Joshua Green Corporation an additional \$62,000, for a new total of \$199,000, for the portion of the Joshua Green property required for the Aurora Corridor Project, Phase I.