

CITY COUNCIL AGENDA ITEM

CITY OF SHORELINE, WASHINGTON

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| AGENDA TITLE: | Authorize City Manager to Execute a Possession and Use Agreement and Provide Compensation for Property Located at 17504 Aurora Avenue North |
| DEPARTMENT: | Public Works Department; City Attorney's Office |
| PRESENTED BY: | Kris Overleese, Capital Projects Manager; Ian Sievers, City Attorney |

PROBLEM/ISSUE STATEMENT:

City Council consideration and approval is requested for the execution of a Possession and Use Agreement and approval of eligible moving expenses for the property located at 17504 Aurora Avenue North. Council action is required due to the amount of the agreement.

Land and a temporary construction easement are needed from this property for widening of both Aurora Avenue North and N 175th Street as part of the Aurora Corridor Project (N 165th to N 185th Street). The owner and tenant of the property is Key Bank. The Aurora Project requires enough property from the site that the west end of the Key Bank building is impacted, including the bank vault. They have chosen to remodel the building on the remainder of the property.

The City completed an appraisal and review appraisal and made an offer to the property owner in the amount of \$1,333,200.00 in August of 2008 for the property, temporary construction easement, and cost to cure/damages to the building. Eligible moving expenses (personal property) are also expected at this site, but are paid on a reimbursement basis only after eligibility is established by the City. Staff estimates the eligible moving expenses will not exceed \$75,000.

The City is required to pay its offer price in exchange for the possession and use agreement. The City will continue to negotiate with Key Bank on final purchase of property interests, but payment for the possession and use agreement will keep the Aurora Project moving forward. The staff will return to Council for approval of the final purchase amount if the final settlement exceeds the City Manager's amendment authority for a Council approved contract under the purchasing ordinance.

FINANCIAL IMPACT:

The offered amount for property rights and damages to Key Bank is \$1,333,200.00 which the payment required for the possession and use agreement. Eligible moving expenses, governed by federal law, are not expected to exceed \$75,000 based on

reimbursement of actual expenses. Negotiations will continue with Key Bank to reach a final settlement. If a final settlement cannot be reached, staff will proceed to court to determine fair market value of the acquisitions from this parcel.

The total cost of this acquisition has been accounted for in the budget of the Aurora project (N 165th to N 185th Street). The appraisals for all properties are now complete and the sum of offers made is \$8,750,000 and includes property purchase, temporary construction easements, damages to property, sign relocations, and relocation costs. The cost of another three uneconomic remnants is approximately \$450,000. The cost for appraisals and right-of-way consultant fees is approximately \$2,350,000. Therefore, the total cost of the right-of-way for the next mile is approximately \$11,550,000.

The summary of the Aurora budget is as follows:

| | N 165th Street - N 185th Street Budget | N 185th Street - N 205th Street Budget | Total Budget |
|--------------------------------|--|--|--------------|
| PROJECT ADMINISTRATION | | | |
| <i>Subtotal</i> | \$9,254,020 | \$8,267,020 | \$17,521,040 |
| REAL ESTATE ACQUISITION | | | |
| <i>Subtotal</i> | \$11,550,000 | \$6,290,991 | \$17,840,991 |
| CONSTRUCTION | | | |
| <i>Subtotal</i> | \$20,470,000 | \$26,444,000 | \$46,914,000 |
| CONTINGENCY | | | |
| <i>Subtotal</i> | \$2,837,273 | \$7,902,089 | \$10,739,362 |
| EXPENDITURE TOTALS | \$44,111,293 | \$48,904,100 | \$93,015,393 |

To date, approximately \$3,500,000 has been spent through property settlements or the signing of possession and use agreements for this mile. We are still well within our budget projections and revenues for this phase of the Aurora Project. The Key Bank purchase is one of the largest acquisitions and staff anticipates returning to Council for acquisition approval for five additional owners.

RECOMMENDATION

Staff recommends that Council authorize the City Manager to execute a Possession and Use Agreement and pay \$1,333,200.00 for the property located at 17504 Aurora Avenue North. Staff also recommends that Council authorize the City Manager to pay up to \$75,000 in eligible moving expenses.

Approved By:  City Manager  City Attorney