

CITY COUNCIL AGENDA ITEM

CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Adoption of Resolution No. 347 - Aurora Square Community Renewal Area (CRA) Public-Private Partnership Project: Right-of-way (ROW) Vacation and Dedication to Transform Westminster Way N
DEPARTMENT:	Economic Development
PRESENTED BY:	Dan Eernisse, Economic Development Manager
ACTION:	<input type="checkbox"/> Ordinance <input checked="" type="checkbox"/> Resolution <input type="checkbox"/> Motion <input type="checkbox"/> Discussion

PROBLEM/ISSUE STATEMENT:

The CRA Plan includes a number of conceptual Public-Private Partnership Projects (PPP) that will both improve the function of Aurora Square and provide clear public benefit. To help the transformation of Westminster Way N, one of the PPP Projects, an approximately 7,335 square feet (sf) portion of public right-of-way (ROW) along the eastern edge of Westminster Way N is proposed to be vacated. In consideration for the vacated property, the property owner will pay \$36,480 and dedicate to the City approximately 6,007sf of Parcel No. 1826049453. The vacation and consideration will further the transformation of Westminster Way N by improving the layout, safety, and pedestrian-friendliness of the road. Council discussed the vacation at the [June 10, 2013, business meeting](#) and directed staff to draft Resolution No. 347 (Attachment A). Adoption of Resolution No. 347 set the date and time for the Hearing Examiner to hold a public hearing on this issue. The resolution provides for the hearing to occur at 9:00 a.m. on October 1, 2013. Within 14 days of the hearing the Hearing Examiner will write a recommendation for Council to take final action on in a closed record hearing. Council is scheduled to take final action on the vacation in October.

RESOURCE/FINANCIAL IMPACT:

Since the City is initiating the vacation, the vacation process will devote staff time, the cost of the Hearing Examiner (est. \$1,000), and the professional services needed to create the new legal descriptions (est. \$4,000). The value of the ROW vacated will be offset by an equivalent amount of consideration in the form of \$36,480 cash received, dedicated ROW, and the cost of removing the building from the site. After the vacation, the City may incur costs associated with the construction of a new right-in/right-out road connector from Westminster Way N to Aurora Ave N across the dedicated property, the closing of the section of Westminster Way N north of the Interurban bridge over Aurora Ave N, and/or the enhancement of the park space between the two Interurban bridges.

RECOMMENDATION

Staff recommends that Council adopt Resolution No. 347 to docket the vacation public hearing with the Hearing Examiner.

Approved By: City Manager **JU** City Attorney **IS**

INTRODUCTION

The PPP Project ready for Council action is the vacation of an approximately 7,335sf portion of public right-of-way (ROW) along the east edge of Westminster Way N. In consideration for the vacated property, the property owner will contribute \$36,480 in cash, dedicate to the City a 6,007sf parcel of land that provides additional contiguous park space and the potential to build a new road connector to Aurora Ave N, thereby helping to transform Westminster Way N between 155th and 160th into a more pedestrian-friendly connector within the site.

DISCUSSION

Westminster Way N between 155th and 160th does not function well, and its need for improvement has long been recognized. The Shoreline City Council's [Resolution No. 156](#), adopted on August 23, 1999, accepted the recommendation of the Citizens Task Force to pursue an environmental analysis and pre-design study for the Aurora corridor project. The Citizen Advisory Task Force recommendation included 32 Points (Attachment B). Point #17 of that document is to "Develop a design for closure of Westminster Road between 158th and 155th by developing a southbound right turn lane at 155th Street and converting the existing road section to a driveway entrance to Aurora Square."

The City's CRA master planning efforts builds on Point #17 and concludes that this section of Westminster Way N will also need:

- Buildings built up to the street/sidewalk on both sides;
- Traffic calmed to signal a safe place for pedestrians and bicyclists by making it a two-lane road possibly with raised crosswalks;
- Back-in angled or parallel on-street parking to provide convenience for those coming to shops or services as well as help calm traffic;
- Well-thought vehicle, bike and pedestrian connections to transit, the Interurban Trail, and the other parts of Aurora Square;
- Better connection to Aurora Ave N;
- Calming or elimination of the one-way southbound leg of Westminster Way N to the north of the Interurban bridge over Aurora Ave N;
- Removal of truck route designation on Westminster Way N north of N 155th St;
- Amenities to bring beauty and continuity.

Valuation: To prepare for the discussion tonight, a third-party appraisal was conducted to determine the values of the vacation and dedication properties. The value of each was found to be \$35 per square foot (Attachment C); the areas initially given to the appraiser resulted in an unequal transaction and therefore a recommendation by the Appraiser that the City receive \$72,000 cash consideration in addition to the dedicated property. After receiving the appraisal, staff worked with the property owner and adjusted the areas dedicated and vacated. The result is the property owner contributing \$36,480 to the City along with 6,007sf of property. The Appraiser estimated the value of the demolition of buildings at \$5 to \$7/sf, and the building is approximately 2,000 sf. Therefore, the value of removing the building is set at \$10,000. The value of property vacated is approximately \$10,000 more than the property dedicated to the City. Therefore, the total value of the vacation ($\$35 \times 7,335\text{sf} = \$256,725$) is \$36,480 more

than the value of the consideration (\$35 x 6,007sf = \$210,245 plus \$10,000 for removal of the building). The actual values of these parcels are expected to change slightly when a surveyor writes actual legal descriptions and calculates areas.

PUBLIC VALUE OF PROPERTY GAINED

The trade of vacated ROW for the northern finger of property (see Attachment A, Exhibit 2) will take positive steps toward the transformation of Westminster Way N and provide clear public benefit both by providing contiguous park and open space and by allowing the Aurora Square road network to be improved. Gaining the northern finger of property will provide three benefits that all help transform Westminster for the public and for the businesses operating at Aurora Square.

1. The property gained will provide more park space contiguous to both the Aurora Interurban Bridge and the park between the two bridges.
2. The property gained will allow eventual construction of a better right-in/right-out road connector from Westminster Way N to Aurora Ave N. The new road will line up logically and safely with the driveway between Sears and Pier 1. If built, the existing right-in/right-out driveway currently located between the Interurban bridges would be eliminated.
3. The southbound one-way leg of Westminster Way N north of the Aurora Interurban Bridge may eventually be eliminated, based on the findings of future traffic studies.
4. Finally, the southbound truck route currently shown on this section of Westminster Way N will be changed to continue travelling south on Aurora Ave N to the westbound turn at N 155th St followed by a southbound turn at Westminster Way N. This will eliminate excess traffic and allow for traffic-calming measures to be taken such as back-in angle parking and raised crosswalks.

PUBLIC VALUE OF VACATING PROPERTY

The current owner of the site, Tsang Enterprises, LLC, is supportive of the land exchange and has entered into an agreement with the City to provide consideration in the form of cash, property and removal of the building in exchange for the vacation area. While Tsang is currently marketing his site for multi-family use, the vacation helps improve Westminster Way N regardless of whether the property is used for residential or something else, since the resulting road-section is right-sized for the proposed 85' street section that would draw together Aurora Square (see Attachment D).

An agreement with the property owner and the City states:

1. The property owner agrees to dedicate approximately 6,007sf of Parcel C in exchange for the 15' wide strip of Westminster Way N equaling approximately 7,335sf.
2. The property owner and City warrant that the dedicated/vacated properties are free of environmental contamination.
3. The property owner agrees to remove all building improvements from Parcel C.
4. The City will pay for all costs associated with the vacation including permit and filing fees, the hearing examiner, appraisal, and the creation of new legal descriptions.
5. The property owner will allow the City to build a new road connector across its leased area with Seattle City Light.

6. The property owner agrees to remove the driveway that currently connects Aurora Ave N to Parcel A before or as soon as the new road connector is built.
7. In order to cover the City's expenses, the property owner agrees to provide the City with a Promissory Note in the amount of \$9,250 that will only be converted to cash in the event that the property owner decides not to execute the agreement.

VACATION PROCESS

Resolution No. 347 has been drafted to docket the vacation on the Hearing Examiner's calendar for 9:00AM, October 1, 2013. The Hearing Examiner will hold a public hearing on the vacation and write a recommendation no more than 14 days after the hearing. Council will take final action in a closed record hearing later in October.

COUNCIL GOALS ADDRESSED

Renewal of Aurora Square will promote Council's Goal 1: Strengthen Shoreline's economic base. The City Council adopted a six-year comprehensive Economic Development Strategy in January of 2012 that specifically calls out the need to improve Aurora Square as one of the city-shaping place-making opportunities in Shoreline.

Furthermore, the action is consistent with Comprehensive Plan, as Section ED6 of the Economic Development Element No. 5 in which it is stated that the City will "Work to reinvigorate economically blighted areas in Shoreline by establishing Community Renewal Areas with associated renewal plans."

RESOURCE/FINANCIAL IMPACT

The vacation will result in the use of staff time, the cost of the Hearing Examiner (est. \$1,000), and the professional services needed to create the new legal descriptions (est. \$4,000). The value of the ROW vacated will be offset by an equivalent amount of consideration in the form of cash received in \$36,480, dedicated ROW and the estimated cost of removing the building improvements from the site. After the vacation, the City may incur roadwork costs associated with the construction of a new right-in/right-out road connector from Westminster Way N to Aurora Ave N across the dedicated property, the closing of the section of Westminster Way N north of the Interurban bridge over Aurora Ave N, and the enhancement of the park space between the two Interurban bridges.

RECOMMENDATION

Staff recommends that Council adopt Resolution No. 347 to docket the vacation public hearing with the Hearing Examiner.

ATTACHMENTS:

- | | |
|---------------|--|
| Attachment A: | Resolution No. 347 |
| Exhibit 1: | Legal Descriptions |
| Exhibit 2: | Schematic of Vacation and Dedication Areas |
| Attachment B: | 32 Points – Aurora Corridor Pre-Design Study |
| Attachment C: | Appraisal of Vacation and Dedication Areas |
| Attachment D: | Proposed 85' Westminster Way N Roadway Section |
| Attachment E: | Tsang/City of Shoreline Agreement |

RESOLUTION NO. 347

A RESOLUTION OF THE CITY OF SHORELINE, WASHINGTON, INITIATING REVIEW OF A STREET VACATION FOR 7,335 SQUARE FEET OF RIGHT-OF-WAY ALONG THE EASTERN EDGE OF WESTMINSTER WAY N BETWEEN N 155TH STREET AND N 160TH STREET; AND FIXING A PUBLIC HEARING DATE FOR THE VACATION

WHEREAS, the City Council may initiate a street vacation review by a resolution of intent under SMC 12.17.040 in lieu of a petition from two-thirds of abutting owners; and

WHEREAS, the City has identified a need to vacate 7,335 square feet of right-of-way along the eastern edge of Westminster Way N between N 155th Street and N 160th Street to improve pedestrian and vehicle connectivity on Westminster Way N in order to enhance the economic function of the Aurora Square Community Renewal Area; and

WHEREAS, in exchange for vacation of 7,335 square feet of the Westminster Way N right-of-way, the owner of the property acquiring the vacated right-of-way has committed to dedicating approximately 6,007 square feet of King County Parcel No. 1826049453 to the City, in addition to consideration including both \$36,480 in cash funds and demolishing the building on the parcel; and

WHEREAS, the Council finds that a public hearing prior to consideration of final action shall be set before the Hearing Examiner; NOW, THEREFORE

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SHORELINE, WASHINGTON AS FOLLOWS:

Section 1. Vacation Proposed. The City Council declares its intent to consider the vacation of 7,335 square feet of right-of-way along the eastern edge of Westminster Way N between N 155th Street and N 160th Street described in Exhibit 1 and depicted in Exhibit 2, following notice to the public and abutting owners as required by law and a public hearing.

Section 2. Hearing Date. A public hearing to take public comment on the vacation described in Section 1 is hereby set before the Hearing Examiner for Tuesday, October 1, 2013, to commence at 9:00 a.m., in the Council Chambers at 17500 Midvale Avenue North, Shoreline, Washington 98133. Following the public hearing, the City Council shall consider the hearing record and the recommendation of the Hearing Examiner at a closed record hearing and take such action in regard to the vacation as may be deemed appropriate.

Section 3. Notice of Hearing. The City Clerk shall cause to be posted a notice containing a statement that the vacation has been initiated by the City Council describing

ATTACHMENT A

the right-of-way proposed to be vacated, and the time and place of the hearing to consider the vacation at the times and locations set forth in SMC 12.17.020. The Notice shall further state that if 50 percent of the abutting property owners file written objection to the proposed vacation with the City Clerk prior to the Hearing Examiner hearing, the vacation proceeding will terminate.

ADOPTED BY THE CITY COUNCIL ON AUGUST 5, 2013.

Keith A. McGlashan, Mayor

ATTEST:

Scott Passey
City Clerk

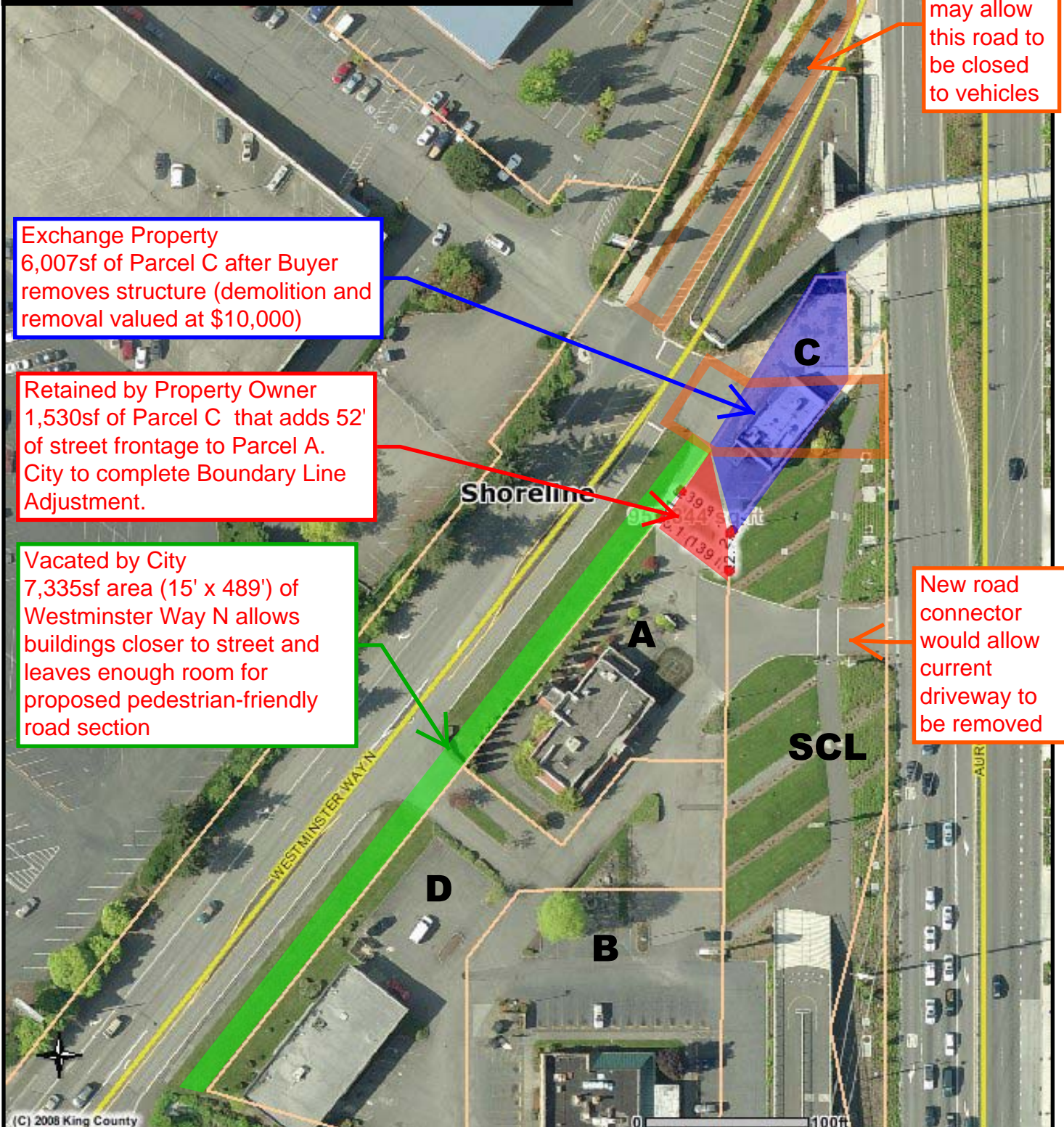
LEGAL DESCRIPTION OF AREA SUBJECT TO RIGHT-OF-WAY VACATION

Eastern 15 feet of Westminster Way N adjacent to the following tax parcels:

- King County Tax Parcel 1826049454;
- King County Tax Parcel 1826049081; and
- The southern 53 feet of King County Tax Parcel 1826049453

Westminster Vacation Schematic
 7,335sf of right-of-way exchanged for consideration of \$36,480 cash, \$10,000 to demolish structure, and 6,007sf of property.

Resolution 347 EXHIBIT 2



The information included on this map has been compiled by King County staff from a variety of sources and is subject to change without notice. King County makes no representations or warranties, express or implied, as to accuracy, completeness, timeliness, or rights to the use of such information. This document is not intended for use as a survey product. King County shall not be liable for any general, special, indirect, incidental, or consequential damages including, but not limited to, lost revenues or lost profits resulting from the use or misuse of the information contained on this map. Any sale of this map or information on this map is prohibited except by written permission of King County.

Date: 6/26/2013 Source: King County iMAP - Property Information (<http://www.metrokc.gov/GIS/iMAP>)



King County

“The 32 Points”

AURORA CORRIDOR – PRE-DESIGN STUDY

The following “32 Points” were included in Shoreline City Council Resolution #156 on August 23, 1999, accepting the recommendation of the Citizens Advisory Task Force on the Preferred Alternative. These 32 Points were approved unanimously by the CATF on July 8, 1999. The 32 Points are to be used as guides during implementation and design of the project to ensure that concerns of the community and the vision of the City Council are fully addressed.

The goal of the Aurora Corridor Pre-Design project is to develop a design concept that improves safety for pedestrians and drivers, improves the aesthetics and image of the street, adds people moving capacity, and supports existing and future business investments along the street. Landscaping is a key feature in strengthening the image and in supporting the walkability of the corridor.

The preferred design will be based upon Alternative 2, the people mover alternative. The main features of this design concept include the addition of business access transit lanes on the outside of the roadway; curbs, gutters, landscaping/street furnishing strip, and sidewalks on both sides; and the creation of a landscaped center median safety lane with left and u-turn pockets. The recommendation also includes four new signalized intersections and four new pedestrian activated signalized crossings.

1. The maximum number of lanes on an intersection leg shall not exceed eight lanes including turning lanes. Seven lanes is the desired width.
2. Provide ability at intersections for all pedestrians to safely cross (and include median refuge at intersections with pedestrian pushbuttons). New mid-block pedestrian crossings should include pedestrian activated signals. Bus stops and pedestrian crossings will complement each other.
3. Twelve foot sidewalks will be provided on both sides of Aurora the entire length. Consider reducing the initial sidewalk width to mitigate land impacts/acquisitions on existing businesses. Note: a minimum of four feet of a landscaping/street furnishing zone is included in the twelve foot width total above.
4. Utilize more landscaping or colored pavement in sidewalk areas to soften the look. The four foot landscaping/street furnishing strip behind the curb should utilize trees in tree grates/pits (consider a combination tree protector/bike rack), low growing ground cover/shrubs, and could utilize some special paving (or brick) between curb and sidewalk to strengthen the identity of an area.

5. Strive to design the project so that new sidewalks can link to existing recently constructed sidewalks (such as Seattle Restaurant Supply, Drift-on-Inn, Schucks, Hollywood Video, and Easley Cadillac).
6. Re-align the street where possible to avoid property takes.
7. As the final design is developed, work with WSDOT to obtain design approvals for lane width reductions, and look for opportunities to reduce (but not eliminate) the median width both to enable reduction of pavement widths, construction costs, and land impacts/acquisition on existing businesses.
8. Develop median breaks or intersections for business access and U-turns at least every 800-to-1000 feet (these details will be worked out during future design phases and will be based in part on the amount of traffic entering and exiting businesses).
9. Use low growing drought resistant ground-cover and space trees in the median to allow visibility across it.
10. Unify the corridor by adding art, special light fixtures, pavement patterns (and coloring at crosswalks), street furniture, banners, unique bus shelters, etc. to dramatically enhance image and uniqueness of the streetscape and develop it differently than the standard design that has been constructed for most streets.
11. Unify the entire corridor by the use of street trees, lighting, special paving, bus zone design, and other elements to visually connect the corridor along its length.
12. Provide elements in the Interurban/Aurora Junction area, between 175th and 185th that create a safe, pedestrian oriented streetscape. Elements can include special treatments of crossings, linkages to the Interurban Trail, etc.
13. Develop signature gateway designs at 145th and 205th with special interest landscaping, lighting, paving and public art to provide a visual cue to drivers that they have entered a special place.
14. Develop themes that reflect the character and uses of different sections of the street (such as the 150th to 160th area which has a concentration of international businesses, recall the historic significance of the Interurban or other historic elements, and Echo Lake).
15. Utilize the Arts Council and neighborhoods to solicit and select art along the corridor.
16. Strengthen connections to the Interurban Trail through signing and other urban design techniques.

17. Develop a design for closure of Westminster Road between 158th and 155th by developing a southbound right turn lane at 155th Street and converting the existing road section to a driveway entrance to Aurora Square. Also, develop an elevated Interurban trail crossing through “the Triangle” that is integrated with future development of the Triangle (reserve the option to build above Westminster should we not be successful in closing the roadway).
18. Pursue modifying the access to Firlands at 185th, closing Firlands north of 195th, and developing a new signal at 195th.
19. The preferred design shall include:
 - Stormwater management improvements to accompany the project that follow the city's policies;
 - Traffic signal control and coordination technology (including coordination with Seattle and Edmonds SR 99 signal systems);
 - Traffic signal technology to enable transit priority operations;
 - Continuous illumination for traffic safety and pedestrian scale lighting;
 - Undergrounding of overhead utility distribution lines.
20. Traffic signals will include audible elements for the sight-impaired, and wheelchair detection loops for wheelchair users.
21. The City should establish a right-of-way policy to retain or relocate existing businesses along the corridor, including those that do not own the land on which they are located. Consideration should be given to providing financial incentives to those businesses.
22. Work with property and business owners during the preliminary engineering phase to consolidate driveways, share driveways, and potentially to share parking and inter business access across parcel lines. Be creative and sensitive to the parking needs of businesses, including consideration for some potential clustered/shared parking lots (especially if remnant parcels are available).
23. Provide improvements that will not generate an increase in neighborhood spillover traffic.
24. Work with transit agencies to provide increased service and seek capital investments from them to support this project.
25. Develop partnerships with WSDOT and King County/Metro to jointly fund the project.

26. Provide curb bulbs where practical on side streets to reduce pedestrian crossing width and to discourage cut-through traffic.
27. Strengthen and preserve the heritage of the red brick road. If the design impacts the red brick road in its current configuration/location north of 175th, preserve its heritage by relocating it elsewhere.
28. Consider new signalized intersections at 152nd, 165th, 182nd, and 195th.
29. Consider new pedestrian only signalized crossings in the vicinity of 149th, 170th, 180th and 202nd.
30. Sign Ronald Place south of 175th as the route to I-5.
31. Pursue reducing the speed limit to 35 mph where appropriate recognizing the potential impacts of spillover traffic with a lower posted speed.
32. Seek funding to develop a program to assist and encourage businesses to improve their facades.

Mr. Dan Eernisse, Manager
Economic Development
City of Shoreline

Project Number:
Owner: Tsang Enterprises, LLC
Tax ID No.: 182604-9453
Project: Westminster Way North Street Vacation
R/W Plan Title: Westminster Way Map
Plan Sheet: 1 of 1
Plan Approval Date: 6/20/2013
Date of Worksheet: 6/24/2013

CERTIFICATION OF APPRAISER

I certify that, to the best of my knowledge and belief:

- ◆ The statements of fact contained in this appraisal are true and correct.
- ◆ The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conclusions, and are my personal, unbiased professional analyses, opinions, and conclusions.
- ◆ I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- ◆ I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- ◆ My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- ◆ My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- ◆ I have made a personal inspection of the property that is the subject of this report. I have, to the extent possible, made a personal inspection of the comparable sales referenced in this report.
- ◆ No one provided significant real property appraisal assistance to the person signing this certification.
- ◆ I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the previous three years.
- ◆ The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute. It also conforms to the Uniform Standards of Professional Appraisal Practice.
- ◆ The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- ◆ As of the date of this report, I have completed the Standards and Ethics Education requirements for Practicing Affiliates of the Appraisal Institute.
- ◆ I have disregarded any increase in Market Value caused by the proposed public improvement or its likelihood prior to the date of valuation. I have disregarded any decrease in Market Value caused by the proposed public improvement or its likelihood prior to the date of valuation, except physical deterioration within the reasonable control of the owner.
- ◆ I have afforded the owner or a designated representative of the property that is the subject of this appraisal the opportunity to accompany me on the inspection of the property.
- ◆ This appraisal has been made in conformity with the appropriate State and Federal laws and requirements, and complies with the contract between the agency and the appraiser.

The property has been appraised for its market value as though owned in fee simple, or as encumbered only by the existing easements, if any, as of the date of inspection, which was June 22, 2013. No title report was furnished to the appraiser.

The opinion of value expressed below is the result of, and is subject to, the data and conditions described in detail in this report of 11 pages.

I made a personal inspection of the property that is the subject of this report on June 22, 2013. The **Date of the Report** is June 24, 2013.

The **Date of Value** for the property that is the subject of this appraisal is **June 22, 2013**. Per the **Market Value** definition herein, the value conclusions for the property that is the subject of this appraisal are on a cash basis and are:

Indicated Value City of Shoreline Parcel Street R/W	\$257,000
Indicated Value of Tsang Enterprises, LLC Parcel C	<u>\$185,000</u>
Indicated Value Difference	\$ 72,000

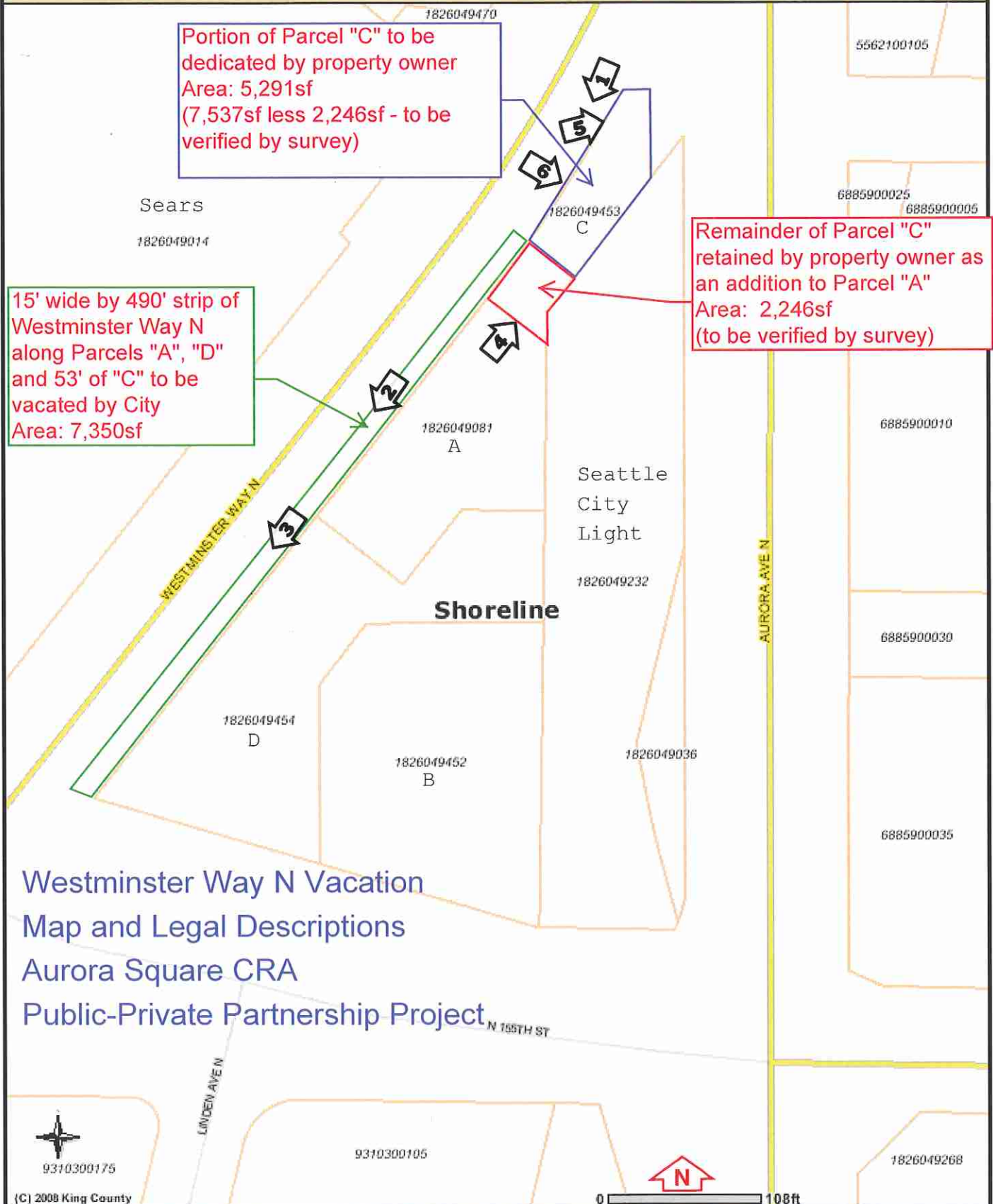
Date of Assignment or Contract: June 18, 2013

Date Signed: 6/25/2013



Donald K. Melton
WA State Certified General Real Estate
Appraiser #1100878

iMAP



(C) 2008 King County

The information included on this map has been compiled by King County staff from a variety of sources and is subject to change without notice. King County makes no representations or warranties, express or implied, as to accuracy, completeness, timeliness, or rights to the use of such information. This document is not intended for use as a survey product. King County shall not be liable for any general, special, indirect, incidental, or consequential damages including, but not limited to, lost revenues or lost profits resulting from the use or misuse of the information contained on this map. Any sale of this map or information on this map is prohibited except by written permission of King County.

Date: 6/20/2013 Source: King County iMAP - Property Information (<http://www.metrokc.gov/GIS/iMAP>)



King County

SUBJECT PROPERTY PHOTOGRAPHS

Taken by Donald Melton on June 22, 2013



1. View from Parcel C and Westminster Way North looking south along existing street. Parcel C to left.



2. View of City of Shoreline Parcel looking south. Exchange parcel is right of tree line.



3. View of City of Shoreline Parcel looking south.
Exchange parcel is right of building.



4. View of Parcel C from the south end looking north.



5. View of north end of Parcel C from Westminster Way North looking northeast.



6. View of building improvements on Parcel C from Westminster Way North looking east.

REPORT PARAMETERS AND DEFINITIONS

Effective Date of Value

The effective date of the value opinion for the subject property is June 22, 2013, the last date of property inspection.

Property Rights Appraised

This is an appraisal of the fee simple interest in the subject property or portions of the subject property identified in this report, subject to all easements, encroachments and other encumbrances noted in this report and specifically stated in Section 6 of this report. To the extent that the property may be leased or encumbered with other interests, this fee simple interest may be a hypothetical condition that is appropriate for the intended user and use of the appraisal. *Fee Simple* is defined by the Fifth Edition of the Appraisal Institute's *Dictionary of Real Estate Appraisal* as the "Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat."

Definition of Market Value

Market Value is defined by the *Washington Pattern Jury Instructions* (WPI 150.08) as "the amount in cash which a well-informed buyer, willing but not obliged to buy the property, would pay, and which a well-informed seller, willing but not obligated to sell it would accept, taking into consideration all uses to which the property is adapted and might in reason be applied."

Definition of Cash Equivalent

A price expressed in terms of cash (money) as distinguished from a price which is expressed all or partly in terms of the face amount of notes or other securities which cannot be sold at their face amount. Market data in this appraisal are compared to the subject on an all cash basis to satisfy the definition of Market Value.

Definition of the Larger Parcel

The Fifth Edition of the Appraisal Institute's *Dictionary of Real Estate Appraisal* defines the Larger Parcel (also known as the "parent parcel") as: "In governmental land acquisitions, the tract or tracts of land that are under the beneficial control of a single individual or entity and have the same, or an integrated, highest and best use. Elements for consideration by the appraiser in making a determination in this regard are contiguity, or proximity, as it bears on the highest and best use of the property, unity of ownership, and unity of highest and best use."

Reasonable Exposure Time

The exposure time is defined as "the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based upon analysis of past events assuming a competitive and open market."

Competence of Appraiser

Donald Melton has both the knowledge and experience required to competently perform this appraisal.

DESCRIPTION OF SUBJECT PROPERTY

1. OWNERSHIP

According to the public records the owner of the subject property known as “Parcel C” is Tsang Enterprises, LLC. The City of Shoreline owns the street right-of-way portion of the proposed trade.

2. SUBJECT

The subject property known as “Parcel C” is an irregularly shaped site that has been developed with a 1,508 s.f. masonry retail/warehouse building. It was constructed in 1977 and the owners have closed the building and it is scheduled for demolition. According to public records, the site contains 7,537 s.f. The street address is 15565 Aurora Avenue North, Shoreline, Washington.

The City of Shoreline owns the street right-of-way portion of the proposed trade and it contains about 7,350 s.f.

3. LEGAL DESCRIPTION / ASSESSOR’S PARCEL NUMBER

The lengthy legal descriptions are retained in the appraiser’s office files. According to the King County Assessor’s records, the subject property known as “Parcel C” has a parcel number of 182604-9453. The City of Shoreline street right-of-way does not have a parcel number.

4. SALES HISTORY / USE HISTORY

King County records show that the subject’s larger parcel (Parcel C) was purchased on November 19, 2012 for \$2,152,000 as part of a four parcel transaction. The buyer is reportedly planning to remove all the existing structures and redevelop the site with a mixed use apartment (350 units) and commercial complex.

5. THE APPRAISAL PROBLEM

Appraisal Problem Overview

The purpose of this appraisal is to provide an opinion of the Market Value of the proposed fee acquisition of 5,291 s.f. of Parcel C as of the date of appraisal. The City of Shoreline has about 7,350 s.f. of excess street right-of-way adjacent to the subject’s larger parcel that they want to trade with the property owner for the 5,291 s.f. of Parcel C. Specifically, in the case of the subject, the purpose of the appraisal is to provide an opinion of the Market Values of the two segments of the proposed trade areas using the Administrative Offer Summary Format (AOS) report, a type of restricted format appraisal report.

USPAP Compliance

This appraisal is intended to conform to the *Uniform Standards of Professional Appraisal Practice* (USPAP), adopted by the Appraisal Foundation in 1987 and amended. This restricted format appraisal report as defined in USPAP and set forth under Standards Rule 2-2(b) presents no discussions of the data, reasoning and analyses that were used in the appraisal process to develop my opinion of value. The depth of discussion contained in this report is specific to the needs of the client and to the intended use stated in this report.

Client, Intended Use/User(s) of Appraisal and Restrictions On Use

The client is the City of Shoreline. The intended use of this appraisal is to provide information to the client to assist in decisions regarding the potential acquisition of the various subject property rights described herein for the Westminster Way North Street Vacation Project. The intended user of this appraisal is the client. This appraisal is intended for use by only the above-referenced parties for the indicated use and purpose. All others reading or relying on this report are unintended users. The opinions and conclusion set forth in this report may not be understood properly without additional information retained in the appraiser's work file.

Scope of Investigation / Appraisal Development and Reporting Process

This appraisal has been based upon an investigation of the neighborhood, the subject market area and region in general. The subject property was inspected on June 22, 2013, and the photographs included in this report were taken on June 22, 2013. Specific data on the subject were obtained from/furnished by my personal inspection of the subject, representatives from, and records of, King County and the Department of Public Works and Utilities, Planning and Development Services, King County Auditor's, Assessor's and other offices, and various other public agencies. In addition, various individuals and departments at the City of Shoreline were contacted.

Specific data regarding sales were generally obtained from/furnished by my personal inspections of the properties; grantors; grantees; MetroScan; CoStar, the Northwest Multiple Listing Service; public records; and local real estate agents, managers, and brokers. All of the data used was directly confirmed by Don Melton or other staff at the Eastman Company. A number of knowledgeable individuals and market participants were interviewed regarding the current state of the market, and the resulting opinion of value is considered to be reasonable and well supported. It is assumed that all information gathered from various sources is correct and accurate; any changes or modifications of this data may invalidate the conclusions contained herein.

The scope of the investigation and analyses is extensive, including analysis of the subject property, interviews with various governmental officials and private parties, demographic and economic research, research and analysis of various market data including sales information, and valuation analyses of the subject property. Further details are described in various parts of this report. The resulting opinion of value is considered to be reasonable and well supported. Supporting documentation is retained in the work file at The Eastman Company.

6. RIGHTS TO BE ACQUIRED AND EFFECTS OF ACQUISITION

Property Rights to Be Acquired

The City of Shoreline wishes to acquire certain property rights for the Westminster Way North Street Vacation Project. The subject property rights to be purchased are defined as follows:

Acquisition Parcel: Tsang Enterprises, LLC Parcel: The City of Shoreline is proposing to purchase 5,291 s.f. of the northerly portion of tax parcel 182604-9453, which is also known as Parcel C. The proposed fee acquisition area is irregular in shape. Please refer to the attached map and exhibits for specific details. For the purpose of this appraisal assignment, it is assumed

that the building and site improvements have been removed and that the site is vacant land. The fee taking area is generally level and at grade with Westminster Way North. There will be no resultant changes in the current use, highest and best use, zoning, availability of utilities, utility of access, visibility and exposure, functional utility or general marketability of the larger parcel property due to the proposed acquisition. The City of Shoreline has stated that the proposed redevelopment of the site will not be adversely impacted by this fee acquisition if the proposed trade with the City is completed.

Exchange Parcel: The City of Shoreline is proposing an exchange with the ownership of Parcel C. The City parcel is a strip of land that contains 7,350 s.f. and is located along the east side of Westminster Way North. The parcel is 15 feet in width and about 490 feet in length.

7. HIGHEST AND BEST USE

The Highest and Best Use of Parcel C, as vacant, is for commercial development consistent with the MUZ zoning. The Highest and Best Use of the parcel owned by the City of Shoreline, as vacant, is for assemblage with an adjacent parcel and then for development consistent with the MUZ zoning.

8. LAND VALUATION

The real estate market is not a perfect market, as demonstrated by the sales used in this analysis, and properties with similar highest and best use will sell for different amounts. The Sales Comparison Approach was utilized in the valuation of the subject. Four sales and two listings were selected to be used in this report to reflect the mixed use commercial potential of the site. These sales and listings show a range of value, indicating the price the subject would likely sell for if available in the market today. Before adjustment, these six comparable properties ranged in price from about \$26.00 to \$43.65 per s.f. After adjustments are made for various differences between the comparables and the subject, it is concluded that these sales indicate a Market Value for the subject of \$35.00 per square foot (rounded). The compensation due to the City of Shoreline for the proposed trade areas is therefore indicated as follows:

City of Shoreline Parcel:

7,350 s.f. @ \$35.00 per s.f. = (rounded)	\$257,000
---	-----------

Tsang Parcel C:

5,291 s.f. @ \$35.00 per s.f. = (rounded)	<u>\$185,000</u>
---	------------------

In conclusion, the compensation due for the proposed trade is estimated at **\$72,000.**

9. SITE IMPROVEMENT VALUATION

Compensation is required for both the lands to be acquired, and also for the site improvements that are located within the proposed fee taking area, if they contribute to the highest and best use. Both parcels in the trade are assumed to be vacant and available for development, therefore no compensation is indicated for site improvements. Both areas are planned for redevelopment.

10. CONCLUSION

In conclusion, the estimated Market Values for the proposed trade areas are not equal due to their size differences. The property owned by the City is larger, therefore it has a greater market value. The estimate differential is Seventy Two Thousand Dollars (\$72,000).

APPRAISAL ASSUMPTIONS AND LIMITING CONDITIONS

1. The property description supplied to the appraiser is assumed to be correct.
2. The appraiser has made no survey of the property, and assumes no responsibility in connection with such matters. Illustrative material, including maps and plot plans, utilized in this report are included only to assist the reader in visualizing the property. Property dimensions and sizes are considered to be approximate.
3. No responsibility is assumed for matters of a legal nature affecting title to the property, nor is any opinion of title rendered. Property titles are assumed to be good and merchantable unless otherwise stated.
4. Information furnished by others is believed to be true, correct, and reliable. However, no responsibility for its accuracy is assumed by the appraiser.
5. All mortgages, liens, encumbrances, leases, and servitudes have been disregarded unless so specified within the report. The property is assumed to be under responsible, financially sound ownership and competent management.
6. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that would render the property more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies which may be required to discover them.
7. Unless otherwise stated in this report, no environmental impact studies were either requested or made in conjunction with this report. The appraiser reserves the right to alter, amend, revise, or rescind any opinions of value based upon any subsequent environmental impact studies, research, or investigation.
8. Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by the appraiser. However, the appraiser is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. The value conclusions in this report are predicated on the assumption that there are no such materials on or in the property that would cause a loss of value. No responsibility is assumed for any such conditions, or for the expertise required to discover them. The client is urged to retain an expert in this field if desired. The analysis and value conclusions in this report are null and void should any hazardous material be discovered.
9. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance is specified, defined, and considered in this report.
10. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless non-conformity has been specified, defined and considered in this report.
11. It is assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or federal governmental or private entity or organization have been or can be obtained or renewed for any use on which the value estimate is based.

12. The appraiser will not be required to give testimony or appear in court because of having made this report, unless arrangements have previously been made.
13. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the client without the written consent of the appraiser, and in any event, only with properly written qualification and only in its entirety.
14. Neither all nor any part of the contents of this report, or copy thereof, shall be conveyed to the public through advertising, public relations, news, sales, or any other media without written consent and approval of the appraiser. Nor shall the appraiser, client, firm, or professional organization of which the appraiser is a member be identified without the written consent of the appraiser.
15. The liability of the appraiser, employees, and subcontractors is limited to the client only. There is no accountability, obligation, or liability to any third party. If this report is placed in the hands of anyone other than the client, the client shall make such party aware of all limiting conditions and assumptions of the assignment and related discussions. The appraiser is in no way responsible for any costs incurred to discover or correct any deficiencies of the property.
16. It is assumed that the public project which is the object of this report will be constructed in the manner proposed and in the foreseeable future.
17. Acceptance and/or use of this report constitutes acceptance of the foregoing assumptions and limiting conditions.
18. The following General Assumptions and Limiting Conditions are supplemented by additional specific assumptions and limiting conditions identified in the attached report.
19. The value conclusions are the result of integration of the entire appraisal process, including multiple methodologies, approaches and analyses. Any specific errors or omissions may or may not change the value conclusions.
20. The forecasts, projections and estimates contained in this report are based on current market conditions, anticipated short-term supply and demand factors, and a stable economy. These forecasts are, therefore, subject to changes with future conditions. The analyses and conclusions are valid only as of the date of value of the report.
21. The allocation of total value to land, buildings, or any fractional part or interest as shown in this report, is invalidated if used separately or in conjunction with any other appraisal.
22. For the purpose of this appraisal assignment it is assumed that the building and site improvements have been removed and that both the sites are vacant land. In addition, the City of Shoreline has stated that the proposed redevelopment of the site will not be adversely impacted by this fee acquisition if the proposed trade with the City is completed.

ADMINISTRATIVE OFFER SUMMARY

Project: Westminster Way North Vacation Project Parcel #: C
 CRP: N/A Assessor's Parcel #: 182604-9453
 Owner: Tsang Enterprises, LLC Sheet _____ of _____
 Address: 15565 Aurora Ave. No., Shoreline, WA Funding #: _____

Plan Approval Date: 6/20/2013 Revision Date: _____ Worksheet Date: _____

Before Area: 7,537 SF After Area: 2,246 SF
 Acquisition Area: Fee: 5,291 SF Easement: _____ SF
 (area) (type) (area)

Construction Permit: _____

Current Use: Closed retail/warehouse building Zoning: MUZ

Highest and Best Use Vacant: Mixed use development Improved: Demolition - redevelopment

Effects of Acquisition: There will be no resultant changes in the current use, highest and best use, zoning, availability of utilities, utility of access, visibility and exposure, functional utility or general marketability of the larger parcel due to the proposed acquisition.

Sales relied on: Land Sales 1-4, plus 2 listings retained in office files 6/24/2012

Subject sold within the last 5 years? Yes Is it used as comparable sale in analysis? Yes

If no, explain why not: _____

ACQUISITION COMPENSATION

Land in Fee:			
<u>5,291</u> SF	<u>\$35.00</u>	<u>\$185,185</u>	
(area)	(unit value)		
Easements:			
<u>None</u> SF			
(area)	(unit value) (%)		
<u> </u> SF			
(area)	(unit value) (%)		
Improvements:			
<u>None</u> SF			
(type) (size)	(unit value)		
<u> </u> SF			
(type) (size)	(unit value)		
Damages: <u>None</u>			
Total:		<u>\$185,185</u>	
Total (Rounded):		<u>\$185,000</u>	

Prepared By: Donald Melton - The Eastman Company Date: 6/24/2013

- I have no present or prospective interest in the property that is the subject of this report and I have no personal interest or bias with respect to the parties involved.
- My compensation is not contingent on an action or event resulting from this report.

Donald Melton
 Donald Melton - The Eastman Company

6/25/2013
 Date

This form is prepared in conformance with Local Agency Guidelines policy and procedures.

QUALIFICATIONS OF APPRAISER**DONALD K. MELTON****EXPERIENCE HISTORY:**

1985 to Present: Appraiser and Consultant, The Eastman Company, Seattle, Washington.
 1978 to 1984: Appraiser and Consultant, Lamb, Hanson, Lamb, Seattle, Washington.
 1977 to 1978: Appraiser and Consultant, Conger, Schueler, McKown, Seattle, Washington.

Specialty appraisal experience in valuing most property types for condemnation/acquisition purposes, golf courses and driving ranges, special use properties with environmentally critical features and hazards, parks and open space uses, conservation easements and many other types of easements (sidewalks, utilities, slopes, power lines, roads).

General experience includes the following property types: Apartments (2-250 units), bingo parlors, car dealerships, cemeteries, churches, dry cleaners, fire and police stations, funeral homes, grocery stores, golf courses, historical buildings, laundromats, lumber yards, machine shops, marinas, medical clinics, mobile home parks, mortuaries, motels/hotels, oil/fuel storage farms, orchards, office buildings, radio stations, retail stores, restaurants, retirement homes, schools, service stations, shopping centers, single family residences, subdivisions, taverns, transmission lines, vacant land (upland and submerged), warehouses and other special use properties.

EDUCATION:

Bachelor of Arts in History and Communicative Disorders, University of Washington, 1976. Provisional Teaching Certificate, 1976.

Society of Real Estate Appraisers, Course 101, 201 and Examination R-2. American Institute of Real Estate Appraisers Courses 1B-A, 1B-B, 2-1, 2-2, 2-3, 710 (Condemnation Appraising), Standards of Professional Practice Parts A, B and C and successfully challenged Courses 1A-1 and 1A-2. Successfully passed Demonstration Appraisal Report course.

Additional training includes multiple continuing education classes such as the Appraisal Institute 2011 seminar "Uniform Appraisal Standards for Federal Land." Other recent seminars include the Washington State Department of Natural Resources seminar "Forestland Road Cost Obligations" and the US Department of Transportation, Federal Highway Administration (NHI) seminar "Appraisal Review for Federal-Aid Highway Programs."

DESIGNATION: Washington State Certified General Real Estate Appraiser (1100878)

PROFESSIONAL AFFILIATIONS:

Candidate for Designation, Appraisal Institute
 Washington State Department of Transportation (WSDOT) approved appraiser

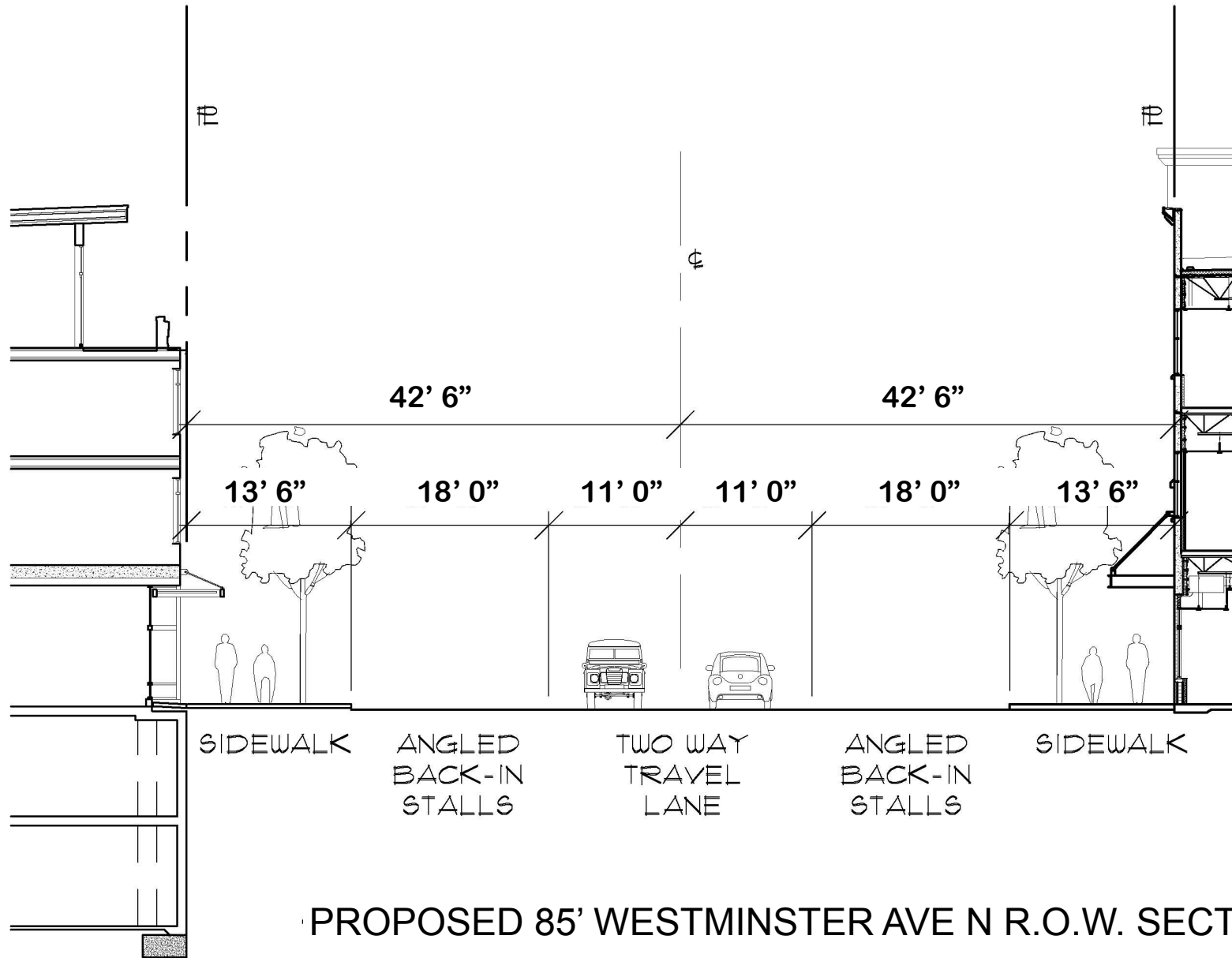
COURT EXPERIENCE:

Qualified as an expert witness and have testified in the Superior Court of the State of Washington.

CLIENTS SERVED:

Chevron, USA
 Seattle School District
 Seattle and Kent Parks Departments
 Puget Sound Energy/Puget Western
 Department of Navy
 National Park Service

King, Pierce and Snohomish Counties
 General Services Administration
 Cities of Seattle, Bellevue, Kent
 Cities of Bothell, Everett, Burlington
 Washington State Department of Transportation
 Washington State Parks & Recreation Commission



PROPOSED 85' WESTMINSTER AVE N R.O.W. SECTION

N.T.S.

RIGHT OF WAY VACATION AGREEMENT

THIS RIGHT OF WAY VACATION AGREEMENT ("Agreement") is made and entered into as of _____, 2013, for reference purposes only, by and between **CITY OF SHORELINE**, a municipal corporation (the "Seller") and Tsang Enterprises LLC, (the "Buyer").

RECITALS

A. Seller is the owner of that certain right-of-way of approximately 7,335 square feet located in the City of Shoreline, King County, State of Washington, the legal description of which is attached hereto as **EXHIBIT A** (the "Property").

B. Seller is desirous of vacating the Property and Buyer is desirous of purchasing the Property.

AGREEMENT

NOW, THEREFORE, in consideration of the promises and mutual covenants contained herein, and other valuable consideration, receipt and sufficiency of which are hereby acknowledged, the parties hereto covenant and agree as follows:

ARTICLE 1. PROPERTY

1.1. PROPERTY TO BE VACATED. Subject to and upon the terms and conditions set forth in this Agreement, Seller shall vacate and convey to Buyer on the Closing Date (as hereinafter defined) and Buyer shall buy and accept from Seller on the Closing Date the following assets and properties:

(a) all the Seller's right, title and interest in the parcel identified as the Property, as described in **EXHIBIT A**;

(b) all of Seller's right, title and interest in improvements and structures located on the Property, if any;

(c) all of Seller's right, title and interest in and to tangible personal property, if any, owned by the Seller and attached, appurtenant to or used in connection with the Property ("Personal Property");

ARTICLE 2. PURCHASE PRICE

2.1. **Purchase Price and Payment.** In consideration of the Vacation of the Property, Buyer shall, in full payment therefore, pay to Seller on the Closing Date a total purchase price of \$256,725 (the "Purchase Price") consisting of cash in the amount of \$36,480 and a statutory warranty deed conveying to the Seller the real property depicted in Exhibit B attached hereto approximately 6,007 square feet in area. Buyer shall provide a legal description prior to closing and incorporated herein by reference ("Exchange Property"). The Purchase Price and Payment reflects the value of the Property and the Exchange Property at \$35 per square foot and includes a \$10,000 credit for the demolition and removal of the existing structure on the Exchange Property.

2.2. **ALLOCATION OF PURCHASE PRICE.** Seller and Buyer agree that the entire Purchase Price is allocable to real property and that the value of the Personal Property, if any, is *de minimis*.

2.3. **DEPOSIT.** Within two (2) business days after the execution of this Agreement, Buyer shall deliver to Shoreline Administrative Services Department, in trust, a promissory note in the amount of \$9,250.00 (the "Deposit"). The Deposit shall be due and payable as provided in this Agreement.

ARTICLE 3. REPRESENTATIONS AND WARRANTIES OF THE PARTIES

3.1. **WARRANTIES AND REPRESENTATIONS OF SELLER.** As of the Closing Date, Seller represents and warrants as follows:

3.1.1. **EXECUTION, DELIVERY AND PERFORMANCE OF AGREEMENT, AUTHORITY.** This Agreement constitutes the legal, valid and binding obligation of Seller enforceable against Seller in accordance with the terms thereof.

3.1.2. **FULL DISCLOSURE.** To the extent of Seller's knowledge as defined herein, no representation or warranty by Seller in this Agreement or in any instrument, certificate or statement furnished to Buyer pursuant hereto, or in connection with the transactions contemplated hereby, contains or will contain any untrue statement of a material fact or fails to state a material fact which is necessary to make the statements set forth therein not false or

misleading. As used in this Agreement, the phrase "Seller's knowledge" or any derivation or variation thereof shall mean the actual knowledge of the following persons, based on their reasonable inquiry in the file locations where the relevant information would normally be filed:

3.1.3. NO BROKER. No broker, finder, agent or similar intermediary has acted for or on behalf of Seller in connection with this Agreement or the transactions contemplated hereby, and no broker, finder, agent or similar intermediary is entitled to any broker's, finder's or similar fee or commission in connection with this Agreement based on an agreement, arrangement or understanding with Buyer or any action taken by Buyer.

3.1.4. CONTRACTS. There are no contracts or other obligations outstanding for the sale, exchange, transfer, lease, rental or use of the Property or any portion thereof.

3.1.5. FUTURE AGREEMENTS. From and after the date hereof unless this Agreement is terminated in accordance with its terms, Seller shall not without the prior written consent of Buyer:

(i) enter into any agreement, contract, commitment, lease or other transaction that affects the Property in any way; or

(ii) sell, dispose of or encumber any portion of the Property;

3.1.6. MAINTENANCE OF THE PROPERTY. Seller shall continue to maintain the Property in compliance with all applicable laws and pay all costs of the Property with respect to the period prior to Closing.

3.1.7. CONDITION OF THE PROPERTY. (a) Seller has not made, does not make, and specifically negates and disclaims any representations, warranties, promises, covenants, contracts or guarantees of any kind or character whatsoever, whether express or implied, oral or written, past, present or future, of, as to, concerning, or with respect to the value, nature, quality, or condition of the Property, including, without limitation:

(i) The water, soil and geology;

(ii) The income to be derived from the Property;

(iii) The suitability of the Property for any and all activities and uses that Buyer or anyone else may conduct thereon;

(iv) The compliance of or by the Property or its operation with any laws, rules, ordinances or regulations of any applicable governmental authority or body;

(v) The habitability, merchantability, marketability, profitability or fitness for a particular purpose of the Property;

(vi) The manner or quality of the construction or materials, if any, incorporated into the Property; or

(vii) Any other matter with respect to the Property.

(b) Seller has not made, does not make, and specifically disclaims any representations regarding compliance with any environmental protection, pollution, zoning or land use laws, rules, regulations, orders, or requirements, including the existence in or on the Property of hazardous materials or substances.

(c) Without limitation, Seller does not make and specifically disclaims any warranties, express or implied, any warranties or representations with respect to the structural condition of the Purchased Assets, the area of land being purchased, the existence or non-existence of any Hazardous Substances or underground storage tanks, or the actual or threatened release, deposit, seepage, migration or escape of Hazardous Substances, from or into the Purchased Assets, and the compliance or noncompliance of the Purchased Assets with applicable federal, state, county and local laws and regulations, including, without limitation, environmental laws and regulations and seismic/building codes, laws and regulations. For purposes of this Agreement, the term "Hazardous Substances" shall mean: "hazardous substance" as defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended ("CERCLA"); "hazardous waste" as defined by the Resource Conservation and Recovery Act of 1976 ("RCRA") as amended; hazardous wastes, hazardous materials, hazardous substances, toxic waste, toxic materials, or toxic substances as defined in state or federal statutes or regulations; asbestos-containing materials, polychlorinated biphenyls; radioactive materials, chemicals known to cause cancer or reproductive toxicity; petroleum products, distillates or fractions; any substance the presence of which is prohibited by statute or regulation; and any substance for which any statute or regulation requires a permit or special handling in its use, collection, storage, treatment or disposal.

(d) All provisions of this Section 3.1.10 shall survive Closing and the expiration or earlier termination of this Agreement.

3.1.11. RISK OF LOSS. Until the Closing Date, the risk of loss relating to the Property shall rest with the Seller. Risk of Loss shall be deemed to include any property damage occurring as a result of an "Act of God," including, but not limited to, earthquakes, tremors, wind, rain or other natural occurrence.

3.2. REPRESENTATIONS AND WARRANTIES OF BUYER. As of the Closing Date, Buyer represents and warrants as follows:

3.2.1. Reciprocal terms for Exchange Property. Terms applicable to the Seller as to the Property under 3.1.1-3.1.11 shall apply to the Buyer with equal force and effect in regard to the Exchange Property to be conveyed as part of the purchase price from the Buyer to the Seller.

3.2.2. EXECUTION, DELIVERY AND PERFORMANCE OF AGREEMENT,

AUTHORITY. The execution, delivery and performance of this Agreement by Buyer does not and will not violate any provision of any law, rule, regulation, order, writ, judgment, decree or award to which the Buyer is a party or which is presently in effect and applicable to Buyer. This agreement constitutes the legal, valid and binding obligation of Buyer enforceable against Buyer in accordance with the terms hereof.

3.2.3. FULL DISCLOSURE. No representation or warranty by Buyer in this Agreement or in any instrument, document, certificate or statement furnished to Seller pursuant hereto, or in connection with the transactions contemplated hereby, contains or will contain any untrue statement of a material fact.

3.2.4. CONDITION OF PROPERTY.

(a) Buyer acknowledges and accepts Seller's disclaimer of the Property condition in Section 3.1.10 of this Agreement.

(b) Buyer further acknowledges and agrees that, having been given the opportunity to inspect the Property, Buyer is relying solely on its own investigation of the Property and not on any information provided or to be provided by Seller. Buyer further acknowledges and agrees that any information provided or to be provided with respect to the Property was obtained from a variety of sources and that Seller has not made any independent investigation or verification of such information and makes no representations as to the accuracy or completeness of such information and no employee or agent of Seller is authorized otherwise. Buyer further acknowledges and agrees that Seller is not liable or bound in any manner by any verbal or written statements, representations, or information pertaining to the Property, or the operation thereof, furnished by any real estate broker, agent, employee, servant or other person, and, to the maximum extent permitted by law, the sale of the Property as provided for herein is made on an "AS-IS" condition and basis with all faults. It is understood and agreed that the sale price reflects that the Property is sold by Seller to Buyer subject to the foregoing.

(c) Buyer acknowledges that Buyer has approved the physical condition of the Property and agrees to accept and purchase the same "AS IS, WHERE IS", including, without limitation, the existence or non-existence of any pollutants, contaminants, hazardous waste, dangerous waste, toxic waste, underground storage tanks or contaminated soil, or the actual or threatened release, deposit seepage, migration or escape of such substances at, from or into the Property and the compliance or noncompliance of the Property with applicable federal, state, county and local laws and regulations including, without limitation, environmental laws and regulations. Buyer acknowledges and agrees that, except to the extent of Seller's representations and warranties in Section 3.1 of this Agreement, and to the extent of any fraud or deliberate misrepresentation by Seller, Seller shall have no liability for, and that Buyer shall have no recourse against the Seller for, any defect or deficiency of any kind whatsoever in the Property including without limitation those relating to Hazardous Substances, without regard to whether such defect or deficiency was discovered or discoverable by the Buyer or Seller.

3.2.5. INDEMNIFICATION. From and after the Closing Date, Buyer shall indemnify, defend and hold Seller, its officers, agents and employees harmless from and against

any and all claims and agency orders or requirements relating to or arising out of, directly or indirectly, the Property.

ARTICLE 4. TITLE MATTERS

4.1. TITLE. Seller shall deliver to Buyer good and marketable title, free and clear of all liens, defects and encumbrances, except the reservation of easements for existing public utilities, if any. The title, right of possession and interest in the Property shall pass to Buyer upon the Closing Date and thereafter the risk of loss thereof shall be the responsibility of Buyer.

4.3. CONVEYANCE. Seller shall convey to Buyer the title to the Property by Shoreline Ordinance vacating the Property, subject only to necessary utility easements, and record a Declaration of Street Vacation.

ARTICLE 5. CONDITIONS PRECEDENT TO BUYER'S OBLIGATIONS

All obligations of Buyer hereunder are subject to the fulfillment of each of the following conditions at or prior to the Closing:

5.1. DELIVERY OF DOCUMENTS. Seller shall have delivered to Buyer at or prior to the Closing all documents required by the terms of this agreement to be delivered to Buyer.

5.2. REPRESENTATIONS, WARRANTIES AND COVENANTS. All representations, warranties and covenants of Seller contained herein or in any document delivered pursuant hereto shall be true and correct in all material respects when made and as of the Closing Date.

5.3. OBLIGATIONS. All obligations required by the terms of this Agreement to be performed by Seller at or before the Closing shall have been properly performed in all material respects.

5.4. TITLE. Easements proposed by the Shoreline Hearing Examiner to be recorded against title upon vacation to maintain, repair and replace existing utilities within the Property shall be approved as to form by Buyer. If Buyer objects to these easements, if any, within 10 days from delivery to Buyer, this agreement shall terminate and the Deposit returned to the Buyer.

5.5 FEASIBILITY PERIOD. Mill Creek Residential Trust, LLC (MCR) currently holds a contract to purchase Buyer's property as currently configured. Seller grants Buyer a Feasibility Period until September 19, 2013, to secure approval of the new configuration from MCR. During the Feasibility Period Buyer can terminate this agreement without penalty, the Earnest Money or Note, if deposited, shall be refunded or returned to Buyer.

ARTICLE 6. CONDITIONS PRECEDENT TO SELLER'S OBLIGATIONS

All obligations of Seller to close on the Closing Date are subject to the fulfillment of each of the following conditions at or prior to the Closing:

6.1. APPROVAL OF SHORELINE COUNCIL. This Agreement is subject to the vacation of the Property to Buyer by ordinance of the Shoreline City Council.

6.2 BOUNDARY LINE ADJUSTMENT. Seller shall obtain a boundary line adjustment creating the Exchange Property as a legally segregated parcel at Seller's expense.

6.3 DEMOLITION OF EXISTING STRUCTURES. Seller shall demolish the existing structures Exchange Property including removing foundations and capping utilities.

6.4 REMOVAL OF DRIVEWAY. Should Seller build a roadway connector across the Exchange Property from Aurora Avenue N to Westminster Way N, Buyer agrees to grant Seller permission according to the terms of the Buyer's Ground Lease with Seattle City Light (P.M. #260418-2-421) and to abandon its driveway from Aurora Avenue N no later than by the completion of the roadway connector. This provision shall survive the closing of this transaction and shall be recorded as a covenant that runs with the Exchange property in a form approved by the Seller.

6.5. DELIVERY OF DOCUMENTS. Buyer shall have delivered to Seller at or prior to Closing all documents required by the terms of this Agreement to be delivered to Seller.

ARTICLE 7. CLOSING

7.1. CLOSING/CLOSING DATE. The Closing shall take place within ten (10) days following the vacation of the Property by the City of Shoreline City Council or such other date as may be mutually agreed upon by the Parties, unless extended pursuant to a written agreement executed by Buyer and Seller. Closing shall occur in the offices of the Shoreline City Attorney, Shoreline, Washington.

7.2 Closing Costs. Seller shall pay any real estate excise or other transfer tax due, and its own attorneys' fees on transfer of the Property and the cost of preliminary and binding title commitments for the Exchange Property and recording fees for the Declaration of Vacation. Buyer shall pay the cost of the real estate excise or other transfer tax due on transfer of the Exchange Property, recording fees for the deed and its own attorneys' fees. Except as otherwise provided in this Section all other expenses hereunder shall be paid by the Party incurring such expenses.

ARTICLE 8. TERMINATION

8.1. TERMINATION BY EITHER PARTY. Either Party may terminate this Agreement if a condition to its obligation to consummate the transactions contemplated by this Agreement has not been satisfied by the Closing Date. In that event, if neither Party is in default of any material term under this Agreement, the Parties shall have no further obligations or liabilities to one another and all documents delivered into escrow shall be returned to the appropriate Party.

ARTICLE 9. MISCELLANEOUS PROVISIONS

9.1. ENTIRE AGREEMENT AND AMENDMENT. This writing (including the Exhibits attached hereto) constitutes the entire agreement of the Parties with respect to the subject matter hereof and may not be modified or amended except by a written agreement specifically referring to this Agreement and signed by all parties hereto.

9.2 SEVERABILITY. In the event any portion of this Agreement shall be found to be invalid by any court of competent jurisdiction, then such holding shall not impact or affect the remaining provisions of this Agreement unless that court of competent jurisdiction rules that the principal purpose and intent of this contract should and/or must be defeated, invalidated or voided.

12.7 WAIVER. No waiver of any breach or default hereunder shall be considered valid unless in writing and signed by the Party giving such waiver and no such waiver shall be deemed a waiver of any prior or subsequent breach or default.

12.8 BINDING EFFECT. This Agreement shall be binding upon and inure to the benefit of each Party hereto, its successors and assigns.

12.9 LEGAL RELATIONSHIP. The Parties to this Agreement execute and implement this Agreement solely as Seller and Buyer. No partnership, joint venture or joint undertaking shall be construed from this Agreement.

12.10 CAPTIONS. The captions of any articles, paragraphs or sections contained herein are for purposes of convenience only and are not intended to define or limit the contents of said articles, paragraphs or sections.

12.11 COOPERATION. Prior to and after Closing the Parties shall cooperate, shall take such further action and shall execute and deliver further documents as may be reasonably requested by the other Party in order to carry out the provisions and purposes of this Agreement.

12.12 GOVERNING LAW. This Agreement and all amendments thereof shall be governed by and construed in accordance with the laws of the State of Washington applicable to contracts made and to be performed therein, without giving effect to its conflicts of law rules or choice of law provisions.

12.13 NON-MERGER. The terms and provisions of this Agreement shall not merge in, but shall survive, the Closing of the transaction contemplated under this Agreement.

12.14 ASSIGNMENT. Buyer shall not assign this Agreement or any rights hereunder without Seller's prior written consent.

12.15 NEGOTIATION AND CONSTRUCTION. This Agreement and each of its terms and provisions are deemed to have been explicitly negotiated between the Parties, and the language in all parts of this Agreement will, in all cases, be construed according to its fair meaning and not strictly for or against either Party. The Parties acknowledge and represent, as an express term of this Agreement, that they have had the opportunity to obtain and utilize legal review of the terms and conditions outlined in this Agreement, although each Party must determine if they wish to obtain and pay for such legal review. Each Party shall be and is separately responsible for payment of any legal services rendered on their behalf regarding legal review of the terms found in this Agreement.

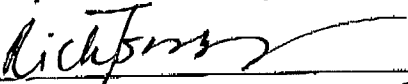
12.16 EXHIBITS. The following Exhibits described herein and attached hereto are fully incorporated into this Agreement by this reference:

Exhibit A	Legal Description of Vacation
Exhibit B	Legal description of Exchange Property

EXECUTED as of the date and year first above written:

BUYER: TSANG ENTERPRISES LLC

SELLER: CITY OF SHORELINE

By: 

By: _____

Name: rick TSANG 7-29-13.

Name: _____

Title: MANAGER

Title: _____

APPROVED AS TO FORM:

By: _____

EXHIBIT A.

PROPERTY LEGAL DESCRIPTION

EXHIBIT B.

EXCHANGE PROPERTY LEGAL DESCRIPTION