

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Authorizing the City Manager to execute agreements for the purchase of two properties adjacent to Paramount Open Space Park, 14528 10 th Ave NE and 14534 10 th Ave NE
DEPARTMENT:	City Manager's Office
PRESENTED BY:	Nathan Daum, Economic Development Program Manager
ACTION:	<input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution <input checked="" type="checkbox"/> Motion <input type="checkbox"/> Discussion <input type="checkbox"/> Public Hearing

PROBLEM/ISSUE STATEMENT:

On July 31, 2017, the City Council approved the update to the Parks, Recreation and Open Space (PROS) Plan. The Plan identified parkland needs of 43 acres in the light rail station subareas to meet the target of 4.06 acres per 1,000 population.

The proposed Paramount Open Space expansion would allow the preservation of existing trees, planting of new trees, expansion of wetlands, and improvements to streams. The City has the opportunity to acquire approximately one-third of an acre of property, in two parcels adjacent to the Paramount Open Space Park, willingly from the two property owners.

Before Council tonight is a proposed motion to authorize the City Manager to execute purchase and sale contracts for 14528 10th Ave NE and 14534 10th Ave NE, the parcels adjacent to the Paramount Open Space Park.

As per Council Rules of Procedure 6.1.B, which states that for an Action Item that is before the City Council for the first time and is not part of the consent agenda, public comment for that item will follow the staff report but precede Council review. Council should therefore allow for Public Comment following the staff report, and the same rules for Public Comment provided as part of the Council's Regular Meeting Agenda shall apply.

RESOURCE/FINANCIAL IMPACT:

The total cost for the two parcels is \$1,114,000, of which the City has received \$557,000 in Conservations Futures Tax (CFT) grant funding. The City would be required to fund the remaining \$557,000. There is approximately \$900,000 in collected Park Impact Fees (PIF) not yet allocated available to support the purchase of the properties. The City Council will also be determining whether the City should submit a ballot measure for voter consideration to fund park improvements and/or park property acquisition. If approved by voters, the proceeds from the bond measure could also be used towards the purchase of the properties.

RECOMMENDATION

Staff recommends that Council authorize the City Manager to execute contracts to purchase two properties adjacent to Paramount Open Space. The purchase price for these properties would be \$539,000 for the property located at 14528 10th Ave NE and \$575,000 for the property located at 14534 10th Ave NE.

Approved By: City Manager **DT**_ City Attorney **MK**_

BACKGROUND

PROS Plan Priorities Adopted

On July 31, 2017, the Council approved the update to the Parks, Recreation and Open Space (PROS) Plan after 18 months of Council and community engagement. A Citywide population forecast of more than 15,000 new residents by 2035 estimated 75% of that growth would occur in the light rail station subareas. To maintain the current level of service of park property acreage per 1,000 population, the PROS Plan estimated parkland needs of 95 acres citywide, including 43 acres in the light rail station subareas and identified priority acquisitions and park developments. Some of the top facility needs identified in the PROS Plan were expanding walking and trail-related activities, improving the urban forest health, and managing impacts from future growth through acquisition and expanded outdoor recreation in the subareas. PROS Plan Strategic Action Initiative #7 called for ensuring adequate park land for future generations and set a target of adding five acres on new park land by 2023. The Staff Report can be found at

<http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/council/staffreports/2017/staffreport073117-7a.pdf>.

PROS Plan Implementation

PROS Plan Initiative 10 directed City staff to secure sustainable funding.

- On July 31, 2017, the City Council adopted Ordinance 786 establishing Park Impact Fees to require that new growth and development pay a proportionate share of the cost of system improvements to serve such new development. The Staff Report can be found at <http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/council/staffreports/2017/staffreport073117-8a.pdf>.
- The City has received King County Conservation Futures Tax (CFT) grant funding to partially offset of some park property, including the two parcels discussed in this staff report. The updated Inter-Local Agreement for CFT funds was approved via consent at the March 2, 2020 Shoreline City Council meeting. The Staff Report can be found at <http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/council/staffreports/2020/staffreport030220-7c.pdf>.

The PROS Plan's Tables 6.5 and 6.6 list priority acquisitions and park developments including Paramount Open Space trail development and property acquisition.

Now before the Council for action is the proposed authorization of the City Manager to enter into purchase and sale contracts for the parcels adjacent to the Paramount Open Space Park.

COUNCIL GOALS ADDRESSED

Earlier this year, Council adopted its 2020-2022 City Council Goals, and Goal 2, Action Step 2, is:

- *Implement the Parks, Recreation, and Open Space Plan, including priority park improvements and acquisition of additional park properties.*

DISCUSSION

The proposed Paramount Open Space expansion includes two properties along 10th Ave NE at the south end of the open space. The owners of both properties are willing to enter into Purchase and Sale agreements with the City at this time. These two properties would allow the preservation of existing trees, planting of new trees, expansion of wetlands, and improvements to the streams in that area of the open space. As importantly, these acquisitions would allow for a trail connection along the 10th Ave NE right-of-way from NE 145th Street into and through open space connecting to Paramount School Park and further north.

The City's offer of fair market value for the property located at 14534 10th Ave NE was based on an independent appraisal and independent review and was welcomed by the property owner who has requested the purchase and sale be structured in the form of a Life-Estate.

The property located at 14528 10th Ave NE is listed for sale via the Multiple Listing Service (MLS) and if sold, will likely cease to be an opportunity for future parkland. To achieve the PROS Plan goals for added parkland in the subarea, the City would need to identify other property which may not necessarily facilitate expansion of existing public space. While the City could apply for funding anew, the \$297,800 in grant funds approved for the acquisition of this parcel would no longer be available to the City. Although listed on the MLS at a price of \$575,000, the seller has entered into a Purchase and Sale agreement at \$539,000 in recognition of the City's ability to close without buyer's agent commission (which would be paid by the seller) and the all-cash nature of the purchase, which is not contingent on financing or the sale of another property as would likely be the case with other potential buyers. The independent appraiser who provided the appraisal review has found the sale price to be just compensation.

Funding Options Available to the City

The City has secured CFT funding for up to 50% of the funds required to close, up to \$595,600. For these properties the CFT funding will require a 50% local match. There is also approximately \$900,000 in collected Park Impact Fees (PIF) available, but not currently allocated, to support the purchase of the properties.

Earlier this year the City issued \$25M in Bond Anticipation Notes (BAN) to purchase property for a future Community and Aquatics Center and to support PROS Plan Property Acquisition. These short-term notes will need to be refunded or repaid in late 2022 using a Future Parks Improvement Bond Levy or other revenue. The cost of the Storage Court was \$17,251,265 leaving \$7,748,735 of the BAN that could be used to purchase park properties. If Council would like to move forward with the purchases of properties now, the City can choose to utilize the BAN to fund the purchases. The annual interest rate on the almost 3-year BAN is 1.92%. Ultimately though, a permanent revenue source would be required to pay for the properties. The BAN should only be considered a short-term bridge loan. PIF funds earn interest in the City's account at a rate is subject to market fluctuations, currently 0.5% so it is 1.4% lower than the interest rate charged on the BAN.

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ATTACHMENTS

Attachment A – Property Area Map

Attachment A – Property Area Map

