

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

<b>AGENDA TITLE:</b>	Action on the Purchase of Property Located at 19827 25 <sup>th</sup> Avenue NE, Identified as King County Tax Parcel No. 042604-9030-07; and Authorizing the City Manager to Take the Necessary Steps to Complete the Property Purchase
<b>DEPARTMENT:</b>	City Manager's Office
<b>PRESENTED BY:</b>	Nathan Daum, Economic Development Program Manager
<b>ACTION:</b>	<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 95 acres citywide to maintain a level of service of 7.38 acres per 1,000 population.

Council action recommended tonight is a motion to approve the purchase and sale contract for 19827 25<sup>th</sup> Avenue NE, a 20,000-square-foot parcel adjacent to Brugger's Bog Park. The proposed Brugger's Bog expansion would allow for the development of park amenities outside of the park's wetland and stream buffers and was one of the top priorities of the PROS Plan and the Park Funding Advisory Committee. It is included as one of the five parks identified for expansion in the Proposition No. 1 Park Bond Measure will be before voters on the fall 2021 ballot.

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 negotiated purchase price for the parcel is \$1,140,000. A fall 2021 bond measure, if approved by voters, would be used for the purchase of this and other properties. In 2020, the City issued Bond Anticipation Notes (BAN) to support Parks, Recreation, and Open Space (PROS) Plan property acquisitions. There is \$7,748,735 of the BAN available for park property purchases. This short-term funding source will need to be refunded or repaid in late 2022 using proceeds from the Parks Bond Measure or other revenue. If the voters do not approve the measure, then the City would need to repay the BAN from other sources such as Park Impact Fees, reprogramming of General Capital Revenues, CFT Grant Funding, or General Fund fund balance. Immediate post-

acquisition costs could range from \$15,000-\$150,000 or more dependent upon condition of the structure and potential for interim residential rental use, or if the City were to proceed with fencing, demolition, and some limited planting. Relocation costs for the personal property of the seller are an estimated additional \$1,000-\$3,000.

### **RECOMMENDATION**

Staff recommends that the City Council approve the purchase of property located at 19827 25<sup>th</sup> Avenue NE, identified as King County Tax Parcel No. 042604-9030-07; and authorize the City Manager to take the necessary steps to complete the property purchase.

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

## **BACKGROUND**

On July 31, 2017, the Council approved the update to the Parks, Recreation and Open Space (PROS) Plan. To maintain the current level of service of 7.38 acres of parkland per 1,000 population, the PROS Plan estimated a need of 95 acres citywide, and identified priority park acquisitions and developments. The staff report for the adoption of the PROS Plan can be found at the following link:

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

The PROS Plan Strategic Action Initiative #7 called for ensuring adequate park land for future generations and set a target of adding five acres of new park land by 2023. The PROS Plan's Tables 6.5 and 6.6 list priority park acquisitions and park developments including Brugger's Bog development and property acquisition.

On December 7, 2020, Council discussed a potential \$38.5-million Parks Bond Measure, including redevelopment of Brugger's Bog Park, on the April 2021 special election ballot. The development of Brugger's Bog Park is one of the top priorities of the PROS Plan and the highest priority park investment, based on "equity, need, and urgency," of the Park Funding Advisory Committee (PFAC) recommendations from 2020.

Equity-based Investment was a guiding principle of the original PFAC recommendations, strategically locating essential park amenities where investment has been low and need is high, particularly near higher-density housing, lower income populations, and underserved groups. The Staff Report for this December 7, 2020 Council discussion can be found at the following link:

<http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/council/staffreports/2020/staffreport120720-9a.pdf>.

On June 28, 2021, Council discussed the results of the April 2021 special election in which the Parks Bond Measure received 72% support but failed to meet voter-turnout validation requirements. At that time, Council adopted Ordinance No. 932 authorizing the placement of the same Parks Bond Measure on the November 2021 ballot, again including Brugger's Bog Park as one of the five parks identified for expansion. The Staff Report for this Council action can be found at the following link:

<http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/council/staffreports/2021/staffreport062821-8a.pdf>.

Also on June 28, 2021, Council, met in Executive Session as authorized by RCW 42.30.110(1)(b) to discuss price for potential acquisition of the property at 19827 25th Ave NE, identified as King County Tax Parcel No. 042604-9030-07.

Now before the Council for action is the proposed authorization of the City Manager to purchase the property adjacent to Brugger's Bog Park, located at 19827 25<sup>th</sup> Avenue NE, identified as King County Tax Parcel No. 042604-9030-07; and authorizing the City Manager to take the necessary steps to complete the property purchase.

## **DISCUSSION**

The proposed Brugger's Bog expansion would allow for more flexibility in developing park amenities outside of the wetland and stream buffers that currently exist in the park. The City has the opportunity to acquire this property from the property owner willingly, adding approximately 0.46 of an acre for a total of 1.75 acres of park land at this park.

In May of 2021, the City through its agent, Contract Land Staff, reached out to the property owner of this property. While there was no response at that time, the City learned in June of 2021 through a community member that the property was for sale. The property was placed on the Northwest Multiple Listing Service (MLS) on June 22, 2021 by Windermere Real Estate/East at a price of \$1,199,800.

While the Parks Bond Measure has yet to be taken up by voters, if sold to another party, this parcel will likely cease to be an opportunity to implement a PROS Plan goal of expanding Brugger's Bog Park as envisioned by the Parks Bond Measure, except in the unlikely event that such a buyer would be willing to sell to the City, or if the City were to opt for purchasing the property through use of eminent domain from an unwilling seller. Otherwise, the City would need to seek opportunities to pursue priority acquisitions in other areas of the city to achieve the PROS Plan goals for added parkland.

The City's offer of fair market value for this property was based on an administrative summary prepared by the City's agent following federal Uniform Relocation Act (URA) guidelines. The summary applied updated market information reflecting appreciation in property values since the time of an independent appraisal of the property in September 2019 to determine just compensation of \$1,140,000. This offer was accepted by the property owner.

### **Preliminary Post-Acquisition Cost Analysis**

Additional costs would include the City's real property agent fees for brokering the transaction, post-acquisition costs of clearing the site or preparing the property for rental, and relocation of the personal property of the seller as required under the URA. Based on an initial site visit, staff's preliminary evaluation finds the duplex on site to be viable as a residential rental property at an estimated rate of \$2,200 for each of the two units per month, or potentially \$3,900 \$4,100 if both units were leased together under one agreement. The City has a contract for property management services which would equal the first month's rent as a leasing fee followed by a 10% per month management fee thereafter. Costs to make the make the property renter-ready are estimated at \$15,000-\$25,000. Costs to survey and demolish the property are estimated at \$150,000 or more, but would likely be deferred until the park improvement construction begins. Relocation costs for the seller's personal property are an estimated at an additional \$1,000-\$3,000.

### **Funding Options – Bond Anticipation Notes (BAN)**

In 2020, the City issued \$25M in Bond Anticipation Notes (BAN) to support PROS Plan Property Acquisition. The cost of a future Community and Aquatic Center site 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 three-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. These short-term notes will need to be refunded or repaid in late 2022 using a Future Parks Improvement Bond Levy or other revenue if the Bond Measure fails.

### **Funding Options – Park Impact Fees (PIF)**

While other property acquisitions have been funded by Park Impact Fees (PIF), such funds may not be immediately available for this purchase. While the City has approximately \$1.86 million in Park Impact Fees available, \$1,210,000 was identified in the PIF rate study for “Brugger’s Bog Development,” and not for “Acquisition.” As such, it would require separate action by the City Council to amend the Shoreline Municipal Code Chapter 3.70 – Impact Fees for Parks, Open Space, and Recreation Facilities in order to utilize PIF for this acquisition.

### **Funding Options – King County Conservation Futures Tax (CFT) Grant Funding**

The City’s development plans for Brugger’s Bog Park are not finalized, however, staff has discussed the potential of King County Conservation Futures Tax (CFT) grant funding to support this acquisition. Staff would approach King County CFT in advance of the next application period. Staff would continue to research CFT requirements and identify alignment with the development envisioned for Brugger’s Bog Park with a potential CFT application in early 2022. CFT typically funds up to 50% of a project, however, some projects may be considered for 100% reimbursement in areas that have been underserved in the past.

### **Tonight’s Council Action and Public Comment**

As is noted above, tonight, staff is seeking Council authorization for the City Manager to purchase the property located at 19827 25<sup>th</sup> Avenue NE (King County Tax Parcel No. 042604-9030-07) and authorizing the City Manager to take the necessary steps to complete the property purchase.

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### **COUNCIL GOALS ADDRESSED**

This item addresses the 2021-2023 City Council Goal 2, Action Step 2, which states:

- *Continue to Implement the Parks, Recreation, and Open Space Plan, including implementation of the 2021 Park Bond if approved by voters.*

### **RESOURCE/FINANCIAL IMPACT**

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### **ATTACHMENTS**

Attachment A – Brugger’s Bog Property Area Map

**Attachment A – Property Area Map**

Brugger's Bog Park and Acquisition Parcel Located at 19827 25th Avenue NE

