

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Action on the Proposed Purchase of Real Property Located at 14534 10 th Avenue NE, Identified as King County Tax Parcel No. 663290-0820, and Authorizing the City Manager to Take the Necessary Steps to Complete the Property Purchase
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 95 acres citywide to maintain a level of service of 7.38 acres per 1,000 population and 43 acres in the light rail station subareas to meet the target of 4.06 acres per 1,000 population. The plan set a target of adding five acres of new park land by 2023.

The City has the opportunity to acquire a 7,800 square-foot parcel, completing the PROS Plan's two-parcel, approximately one-third-acre expansion of Paramount Open Space Park. This parcel, which is in the 145th Street Light Rail Station Subarea and is identified as King County Tax Parcel No. 663290-0820, together with the previously acquired parcel, would allow the preservation of existing trees, planting of new trees, expansion of wetlands, and improvements to streams. In 2019, the City was awarded a grant for 50% funding which included a requirement that any purchase and sale agreement be voluntary on the part of the seller. In 2020, Council authorized the purchase of both parcels and the City closed on the southern parcel. Since that time, the City continued to communicate with the seller of the northern parcel while the property continued to increase in value along with the appreciation seen in Shoreline and across the region. Given the passage of time and the increased price, the purpose of tonight's City Council action is to approve or deny the fully executed purchase and sale agreement for the parcel located at 14534 10th Avenue NE in Shoreline.

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 City in 2019 secured from the King County Conservation Futures Tax (CFT) grant program a 50% funding award and as such would require 50% matching funds from the City. The voter-approved 2022 Parks Bond Measure included \$9.5 million for Paramount Open Space expansion and other priority parks acquisitions of which this parcel acquisition represents 5%. Until such time that the CFT grant award dollars are transmitted to the City, the City’s General Capital Fund has sufficient funds for the estimated \$1,000,000 in just compensation, appraisal, relocation and other associated costs related to the acquisition of this parcel and does not negatively impact other parkland property acquisitions anticipated by the City.

Should Council choose to reject the proposed acquisition, the property would remain in private ownership and the CFT dollars would not be available to cover half of the City expenditures to-date, including appraisal, title, and agent’s fees.

Additional costs following the closing of the purchase would potentially include hazardous materials survey/abatement, demolition, site clearing, and fencing. Design for the site is planned for 2024 and construction costs are not known at this time. Because this is an addition to a natural area, no ongoing maintenance or action to provide immediate use of the site by the public is proposed for the interim. Prioritization for the development of the site will be included with the 2023-2024 PROS plan update. Funding for potential improvements has not yet been identified.

RECOMMENDATION

Staff recommends that the City Council approve the proposed purchase of real property located at 14534 10th Avenue NE in Shoreline, identified as King County Tax Parcel No. 663290-0820; and authorize the City Manager to take the necessary steps to complete the property purchase.

Approved By: City Manager City Attorney

BACKGROUND

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. 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 Paramount Open Space Park property acquisition. More information about this Council action can be found here: [Adoption of the 2017-2023 Parks, Recreation, and Open Space Plan](#).

On June 15, 2020, Council discussed the proposed expansion of Paramount Open Space Park and approved the acquisition of the subject property. More information about this Council action can be found here: [Authorizing the City Manager to execute agreements for the purchase of two properties adjacent to Paramount Open Space Park, 14528 10th Ave NE and 14534 10th Ave NE](#).

On December 7, 2020, Council discussed a potential \$38.5-million Parks Bond Measure, including Paramount Open Space Park property acquisition, for the April 2021 special election ballot. Property Acquisition, including "key acquisitions" such as Paramount Open Space Park, was one of the highest priority park investment opportunities identified in the Park Funding Advisory Committee (PFAC) recommendations from 2020. More information about this discussion can be found here: [Park Improvements and Property Acquisition Priorities and Funding](#).

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, the Council adopted Ordinance No. 932 authorizing the placement of the same Parks Bond Measure on the ballot, again including Paramount Open Space Park as one of the five parks identified for expansion. The staff report for this Council action can be found at the following link: [Property Tax Bond Measure for Park Improvements and Park Land Acquisition](#).

On February 8, 2022, Shoreline voters approved the park and recreation improvement bond which included acquisition funding for the proposed Paramount Open Space Park expansion. More information about the bond measure can be found here: [Voters Approve Prop 1](#).

Now before the Council for action is the proposed authorization of the City Manager to purchase the second of two properties need for the proposed Paramount Open Space Park expansion located at 14534 10th Avenue NE, identified as King County Tax Parcel No. 323510-0300; and authorizing the City Manager to take the necessary steps to complete the property purchase.

DISCUSSION

Paramount Open Space Park Expansion Parcels

The proposed Paramount Open Space expansion includes two properties along 10th Avenue NE adjacent to the southwest area of the park (Attachment A). These two properties would allow expansion of the wetlands and improvements to the streams and limited recreation facilities that would fit within the 15% maximum developed area allowed under CFT rules. These acquisitions would allow for a trail connection along the 10th Avenue NE right-of-way from NE 145th Street into and through the open space connecting to Paramount School Park to the north.

The City identified interest on the part of both property owners, first acquiring the property to the south located at 14528 10th Avenue NE in 2020 for \$548,738. Initial demolition and site clearing has occurred with trail connections, plantings, and other open space improvements to follow.

The second of the two properties to be acquired is 7,800 square feet (0.18 acres) in size and is zoned R-6 (Single Family Residential, 6 units per acre). The parcel is across the street from single-family zoning and is now adjacent to park property on its three other sides. While the owner had been less motivated to sell initially, the City has been in ongoing communication with the property owner for the past two years.

In May of 2022, the property owner indicated an interest in selling, depending on the current market value of the home and the potential available properties on the market that she could relocate to. The City obtained an appraisal from a certified independent appraiser in the amount of \$920,000, which was confirmed by a review appraisal. Subsequently, the City formally presented a purchase and sale agreement to the seller, received a counter-offer from the seller, and fully executed the purchase and sale in the amount of \$968,500, or approximately 5% above appraisal. The agreement also includes moving expenses within a maximum distance of 50 miles and a six-month lease-back to the seller which would yield a small amount of short-term rental income from the property. As CFT funding is not available for properties acquired via condemnation, staff is recommending moving forward with the voluntary purchase of this property as negotiated.

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

The City submitted a grant application in 2019 for CFT funding and was awarded a \$595,600 grant for the proposed two-parcel acquisition. The total appraised value of the two parcels at that time was \$1,070,000. For these properties the CFT funding will require a 50% local match. While the subject property has appreciated considerably along with the market since the time of the award, staff has been assured by the County that it is not uncommon for the final closing price to be higher than the amount identified at the time of the award. Staff was further assured by the County that upon receipt of final closing and other required documents, fully 50% of the additional funds needed to complete this transaction would be provided upon request in the next grant cycle, or as a supplemental request in the current grant cycle should there be funds available.

Funding Options – Voter-approved 2022 Parks Bond

In 2022, voters approved Proposition 1 which included \$9.5 million to support property acquisition, including approximately \$1 million for Paramount Open Space expansion, or 10.5% of that total. The City's 50% match - \$500,000 of the estimated \$1 million acquisition cost for this parcel - represents approximately 5% of that total, leaving \$500,000 available in the bond measure for other acquisitions. The first property acquired for the proposed Paramount Open Space expansion at 14528 10th Avenue NE was completed with 50% grant funds and 50% Park Impact Fees (PIF). The City also has approximately \$2.3 million in Park Impact Fees available. An estimated \$3,734,000 was identified in the PIF rate study for "Paramount Open Space Acquisition."

Tonight's Council Action

While the purchase and sale agreement is fully executed for the property at 14534 10th Avenue NE, it is subject to Council approval. Tonight, the City Council is scheduled to take action to approve or deny the proposed acquisition.

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.

COUNCIL GOALS ADDRESSED

This item addresses City Council Goal No. 2, Action Step 3:

Continue to Implement the Parks, Recreation, and Open Space Plan, including construction of park improvements and acquisition of properties funded through the 2022 Park Bond.

RESOURCE/FINANCIAL IMPACT

The City in 2019 secured from the King County Conservation Futures Tax (CFT) grant program a 50% funding award and as such would require 50% matching funds from the City. The voter-approved 2022 Parks Bond Measure included \$9.5 million for Paramount Open Space expansion and other priority parks acquisitions of which this parcel acquisition represents 5%. Until such time that the CFT grant award dollars are transmitted to the City, the City's General Capital Fund has sufficient funds for the estimated \$1,000,000 in just compensation, appraisal, relocation and other associated costs related to the acquisition of this parcel and does not negatively impact other parkland property acquisitions anticipated by the City.

Should Council choose to reject the proposed acquisition, the property would remain in private ownership and the CFT dollars would not be available to cover half of the City expenditures to-date, including appraisal, title, and agent's fees.

Additional costs following the closing of the purchase would potentially include hazardous materials survey/abatement, demolition, site clearing, and fencing. Design for the site is planned for 2024 and construction costs are not known at this time. Because this is an addition to a natural area, no ongoing maintenance or action to provide immediate use of the site by the public is proposed for the interim. Prioritization for the development of the site will be included with the 2023-2024 PROS plan update. Funding for potential improvements has not yet been identified.

RECOMMENDATION

Staff recommends that the City Council approve the proposed purchase of real property located at 14534 10th Avenue NE in Shoreline, identified as King County Tax Parcel No. 663290-0820; and authorize the City Manager to take the necessary steps to complete the property purchase.

ATTACHMENTS

Attachment A – 14534 10th Avenue NE Property Area Map

Attachment A: Paramount Open Space

