

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE: Approval to amend Aurora Corridor Real Property Acquisition and Relocation Policy, Procedures and Guidelines to allow expense reimbursement for clearing title on land acquisitions

DEPARTMENT: Public Works

PRESENTED BY: Maggie Brown, Capital Projects Manager

PROBLEM/ISSUE STATEMENT:

The purpose of this action item is to amend the Aurora Corridor Real Property Acquisition and Relocation Policy, Procedures and Guidelines (P&P Manual) to allow a reimbursement of legal and/or title company expenses not to exceed \$2000.00 for clearing title during the land acquisition process. The P&P Manual currently specifies that reimbursement will not be granted to perfect title.

BACKGROUND:

On January 22, 2001, the Council adopted the Aurora Corridor Real Property Acquisition and Relocation Policy, Procedures and Guidelines. This document establishes procedures for acquisition of right-of-way and authorizes the City Council to acquire property and begin the condemnation process. This document was amended by Council on November 17, 2003 to include updates and added a provision that the City would pay up to \$10,000 to establish hookup of utilities to the individual properties due to the undergrounding of utilities along Aurora.

The Local Agency Guidelines requires that the agency will acquire evidence of the condition of title for all properties from which rights are to be acquired. It further suggests that the title to the property acquired be cleared so that a policy of title insurance can be issued showing title vested in the agency is subject only to those exceptions which can reasonably be accepted.

During the acquisition process for phase I (N 145th ST – N 165th ST), there has been at least one instance where the City's request to the property owner to clear title for a property acquisition has resulted in considerable expense to the property owner, which is not reimbursable under the current P&P Manual. The current P&P Manual allows a reimbursement of up to \$1500 for review of an appraisal, but specifically disallows reimbursement for perfecting title.

The City is eligible for federal reimbursement for a maximum of \$750 for reimbursement to defray the owner's expenses incurred in evaluating the agency's offer. The City is currently prepared to pay up to an additional \$750, out of City funds, for this purpose. The proposal

to reimburse for clearing title up to an additional \$2000, would be also be paid from City funds.

In most circumstances, the City is able to assist the owner in clearing title for the property owner or the condemnation action can quiet title by joining all parties that represent a cloud on title. However, it is in the City's interest in exceptional cases to have the owner clear title and justifies a negotiated reimbursement of legal and title company expenses.

The city attorney cannot act as the attorney for the owner where legal action is required to clear title, and clear title will allow voluntary settlement without forcing condemnation to reach the same result. The condemnation process itself adds expense to the acquisition process, and is more complex where it is used to clear title to the interest taken.

The following wording is proposed for the P&P Manual amendment to limit reimbursement for clearing title to special circumstances e.g., where an extended legal process is indicated:

6.3. Expenses incidental to Transfer of Title

a. ...The City will not pay costs incurred solely to perfect the owner's title to the property; provided that where the City Attorney has determined that clear title can be most efficiently achieved through efforts of the owner, the City may negotiate reimbursement of documented owner expenses for legal and title company fees not to exceed \$2,000.

This amendment avoids placing undue hardship on property owners when the City's project is dictating the timing and occasion of clearing title on their property.

FINANCIAL IMPACT: \$2000 from City funds for each instance of exceptional circumstances in clearing title. It is estimated that there will be no more than 10 cases where outside services will be needed for property owners to clear title for both Phase I and Phase II.

RECOMMENDATION

Approve amendment to the Aurora Corridor Real Property Acquisition and Relocation Policy, Procedures and Guidelines as proposed to allow expense reimbursement for clearing title on land acquisitions up to \$2000.00.

Approved By: City Manager  City Attorney 