



**King County**

**Metropolitan King County Council**

**STAFF REPORT**

<b>Proposed No.:</b>	2020-0300	<b>Name:</b>	Erica Newman
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**SUBJECT**

Proposed Ordinance 2020-0300 would authorize the sale of surplus property located at 14511 Juanita-Woodinville Way NE, Bothell, WA.<sup>1</sup>

**SUMMARY**

Proposed Ordinance 2020-0300 would authorize the Executive to convey the surplus 50,545 square feet of property located within Council District 1 at 14511 Juanita-Woodinville Way NE, Bothell, WA for the price of \$850,000. According to the Sale Property Summary provided by the Executive, the parcel was purchased by the Road Services Division on December 3, 1999 for the possible siting of a storm water retention pond associated with the widening of Juanita-Woodinville Way. The pond was never constructed, and the property has not been used by the county. The City of Bothell annexed the area in 2014.

The Facilities Management Division (FMD) declared the parcel surplus property on February 6, 2020 as the county does not anticipate having a future need for it. The sale of the parcel to Great Market, LLC would relieve the Roads Services Division of maintenance and liability, including the annual assessment fees totaling \$211 and provide a one-time revenue to the Road Services Division Operating Fund of about \$825,000 to support other priorities.<sup>2</sup> The Great Market, LLC plans to develop the site as allowed under the City of Bothell's permitting authority.

The purchase and sale agreement expires on December 23, 2020. The Council's Legal Counsel has reviewed the purchase and sale agreement and identified no issues.

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<sup>1</sup> Note that in the ordinance body and title as well as the recital to the Purchase and Sale Agreement the incorrect suffix "N" is used. However, the bargain and sale deed use the correct legal description and the incorrect suffix in the ordinance and recital to the Purchase and Sale Agreement is not material.

<sup>2</sup> Although the parcel is being sold for \$850,000, only \$825,000 from the sale will be available for use by the Roads Services Division as the remaining \$25,000 will be distributed to FMD to cover their costs for administering the sale.

## **BACKGROUND**

The parcel (Assessor's Parcel # 1726059123) located at 14511 Juanita-Woodinville Way NE Bothell, WA was purchased by the Road Services Division on December 3, 1999 for the possible siting of a storm water retention pond associated with the widening of Juanita-Woodinville Way. However, the pond was never constructed nor has the property been used since its purchase.

According to the Sale Property Summary, the parcel is 50,545 square feet of vacant land located within the southern limits of the City of Bothell and in close proximity to a gas station and the former NorthShore Public Health Building.

## **ANALYSIS**

In September 2020, the Executive transmitted Proposed Ordinance 2020-0300, which would authorize the Executive to convey the surplus property located at 14511 Juanita Woodinville Way NE, Bothell, WA for the purchase price of \$850,000. According to the Sale Property Summary, the purchaser, Great Market, LLC plans to develop the site.

According to KCC 4.56.080, any surplus sale greater than \$100,000 requires Council approval and KCC 4.56.070 authorizes the Facilities Management Division (FMD) to conduct sales of all county surplus property. The table below lists the requirements for all surplus property sales as outlined in KCC.4.56.070 through KCC.4.56.130 and provides an analysis of how this proposed surplus property sale meets those requirements.

**Table 1. Surplus Property Sale Requirements**

<b>NO.</b>	<b>REQUIREMENT</b>	<b>K.C.C.</b>	<b>KIRKLAND SURPLUS PROPERTY PROCESS</b>
1.	FMD provides value of parcel	4.56.070.A	According to the Sale Property Summary, Bates McKee appraised the parcel on February 1, 2020. The parcel has a fair market value of \$800,000.

NO.	REQUIREMENT	K.C.C.	KIRKLAND SURPLUS PROPERTY PROCESS
2.	County departments submit a report to FMD regarding status of property	4.56.070.B	According to KCC 4.56.070.B, no later than April 1 of each calendar year, each department shall submit a report to the FMD on the status of all real property for which the department is the custodian and include in the report any change in use or status since the previous year's report. According to the executive, there was no official report submitted by April 1, but FMD monitors changes to county real property daily and the departments reach out to the FMD when there are specific changes to be made.
3.	FMD decides if departments can justify retention of the property; if not, FMD may offer parcel to other departments	4.56.070.C	According to the Executive, the expectation is that agencies review the proposed surplus property notice consistent with their operational needs and county code.
4.	If the property is deemed as not needed for essential government services, then FMD determines if parcel is suitable for affordable housing	4.56.070.C.1	According to the Sale Property Summary, in March 2019, this parcel was reviewed for affordable housing, but the Neighborhood Business zoning designation is not a residential zone.
5.	<p>FMD declares the parcel a surplus after the review of other uses is complete as outlined in K.C.C. 4.56.070.D.</p> <p>FMD shall review and make recommendations to the executive for uses other than the sale of surplus real property before a decision by the executive to dispose of such properties through sale. Other possible uses that shall be considered by the division in accordance with this chapter are:</p> <ol style="list-style-type: none"> <li>1. Exchanges for other privately or publicly owned lands that meet the county's land needs;</li> <li>2. Lease with necessary restrictive</li> </ol>	4.56.070.D	FMD declared the property surplus on February 6, 2020. According to Executive staff, FMD's standard practice related to 4.56.070.D has been sending the surplus notice, including the notice of interest form to all county Departments and Elected Officials. The Executive staff also noted that the area is neither floodplain nor slide hazard property.

NO.	REQUIREMENT	K.C.C.	KIRKLAND SURPLUS PROPERTY PROCESS
	covenants;  3. Use by other governmental agencies;  4. Retention by the county if the parcel is classified as floodplain or slide hazard property;  5. Use by nonprofit organizations for public purposes;  6. Long-term lease or sale for on-site development of affordable housing; and  7. A sale under K.C.C. 4.56.100.A.12. <sup>3</sup>		
6.	Notify public of sale, bid, or auction	4.56.100.A	In accordance with KCC 4.56.100.A.4, the sale of this parcel was listed with a Multiple Listing Service (MLS). FMD received multiple offers and selected the offer with the highest return to the county.
7.	Purchase and Sale Agreement drafted	N/A	The Purchase and Sale Agreement was drafted on March 16, 2020.
8.	Public Hearing Notice	4.56.140	N/A
9.	Council approval of purchase and sale agreement greater than \$100,000	4.56.080	The surplus property is being sold for \$850,000 and therefore would require Council approval.

<sup>3</sup> The county property is declared surplus to the future foreseeable needs of the county and sold to a governmental agency that will, consistent with Section 230.10.10 of the King County Charter, other applicable laws, regulations and contract restrictions, such as grant funding requirements, compensate the county for the real property as well as provide public benefits. For the purposes of this subsection, “public benefits” means benefits to the public that are in addition to the public benefit that may arise from the primary intended use of the property by the purchasing governmental agency and which may include, but are not limited to, the provision of affordable housing, open space or park land, child care facilities, public art beyond what is required under applicable law, or monetary contribution toward such benefits.

NO.	REQUIREMENT	K.C.C.	KIRKLAND SURPLUS PROPERTY PROCESS
10.	Disbursement of Sale Proceeds	4.56.130	When the Purchase and Sale Agreement is approved by the Council, the proceeds from the sale (\$850,000), minus cost of sale (\$25,000) will be available to the Roads Services Operating Fund. <sup>4</sup>

The purchase and sale agreement expires on December 23, 2020. The Council's Legal Counsel has reviewed the purchase and sale agreement and identified no issues.

**INVITED**

- Anthony Wright, Director, Facilities Management Division
- Steve Rizika, Real Property Agent, Department of Executive Services

**ATTACHMENTS**

1. Transmittal Letter
2. Fiscal Note
3. Sale Property Summary

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<sup>4</sup> Fiscal Note



**King County**

**Dow Constantine**

King County Executive

401 Fifth Avenue, Suite 800

Seattle, WA 98104-1818

**206-263-9600** Fax 206-296-0194

TTY Relay: 711

[www.kingcounty.gov](http://www.kingcounty.gov)

September 4, 2020

The Honorable Claudia Balducci  
Chair, King County Council  
Room 1200  
C O U R T H O U S E

Dear Councilmember Balducci

This letter transmits an ordinance that, if enacted, will enable King County to sell 14511 Juanita Woodinville Way to Great Market, LLC in support of the provision of King County operations and services. This transaction requires the ordinance to be effective by September 23, 2020.

This transaction is recommended per the rationale and considerations provided in the attached property summary.

Sale of this property furthers the King County Strategic Plan goal of Accountable, Efficient Local and Regional Government and the goal of Exercising Sound Financial and Risk Management by providing one-time funds to the Roads Services Operation Fund.

Thank you for your consideration of this ordinance. If your staff have questions, please feel free to contact Anthony Wright, Director, Facilities Management Division at 206-477-9352.

Sincerely,

for

Dow Constantine  
King County Executive

cc: King County Councilmembers  
ATTN: Carolyn Busch, Chief of Staff  
Melani Pedroza, Clerk of the Council  
Shannon Braddock, Deputy Chief of Staff, Office of the Executive

The Honorable Claudia Balducci

September 4, 2020

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Karan Gill, Director, Council Relations, Office of the Executive  
Caroline Whalen, County Administrative Officer, Department of Executive Services  
(DES)

Anthony Wright, Director, Facilities Management Division (FMD), DES

Bryan Hague, Manager, Real Estate Services, FMD, DES

Rick Bauer, Director, Road Services Division, DLS

KING COUNTY FISCAL NOTE - Property Leases and Sales

GENERAL TRANSACTION INFORMATION

Ordinance/Motion:				Transaction Duration:	NA yrs
Title:	<b>Sale 14511 Juanita Woodinville Way N</b>			Fair Market Value:	\$ 850,000
Affected Agency/Agencies:	DLS Roads / DES FMD Real Estate			Legal Transaction Type:	Sale
Note Prepared By:	Carolyn Mock / Steve Rizika	Date Prepared:	7/8/20	Fiscal Transaction Type:	Stand Alone
Note Reviewed By:					
Description of Request:	Sale of Property - 14511 Juanita Woodinville Way N, APN 1726059123				

FINANCIAL IMPACTS

Part 1 - Net Present Value Analysis Results

Net Present Value to King County (all impacts): ***	NA	Net Present Value to Primary Impacted Agency (customer of transaction): ***	NA
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Part 2 - Revenue and Expenditure Impacts

As of the preparation date of this fiscal note, the impact of the above legislation on the financial affairs of King County is estimated to be as indicated below:

Revenue to: <sup>2,3,5</sup>

Appropriation Unit	Appr. Number	Department	Fund Number	Project Number	Revenue Account Code and Source/Description	Sum of Revenues Prior to 2019	2019 / 2020	2021 / 2022	2023 / 2024	Sum of Outyear Impacts <sup>2</sup>
DLS Roads Services	A73000	DLS	1030	1122030	39512 - Sale of Real Property	\$ -	\$ 825,964	\$ -	\$ -	\$ -
DES FMD Real Estate	A44000	DES	0010	1046360	34187 - Cost Real Property Sales	\$ -	\$ 24,036	\$ -	\$ -	\$ -
<b>TOTAL</b>						\$ -	\$ 850,000	\$ -	\$ -	\$ -

Expenditures from: <sup>2,3,4,5</sup>

Appropriation Unit/Expenditure Type	Appr. Number	Department	Fund Number	Project Number	Expenditure Notes	Sum of Expenditures Prior to 2019	2019 / 2020	2021 / 2022	2023 / 2024	Sum of Outyear Impacts <sup>2</sup>
DES FMD Real Estate	A44000	DES	0010							
Real Estate Services Labor Costs					Due diligence, marketing, sale	\$ -	\$ 19,236	\$ -	\$ -	\$ -
King County Project Management						\$ -	\$ -	\$ -	\$ -	\$ -
Lease Payments/Associated O&M						\$ -	\$ -	\$ -	\$ -	\$ -
Service Costs (Appraisal, Title, Move)					Appraisal	\$ -	\$ 4,800	\$ -	\$ -	\$ -
Tenant and Other Improvements						\$ -	\$ -	\$ -	\$ -	\$ -
10% Art for General Fund Transactions						\$ -	\$ -	\$ -	\$ -	\$ -
Other Transaction Costs						\$ -	\$ -	\$ -	\$ -	\$ -
<b>SUBTOTAL</b>						\$ -	\$ 24,036	\$ -	\$ -	\$ -
Real Estate Services Labor Costs						\$ -	\$ -	\$ -	\$ -	\$ -
King County Project Management						\$ -	\$ -	\$ -	\$ -	\$ -
Lease Payments/Associated O&M						\$ -	\$ -	\$ -	\$ -	\$ -
Service Costs (Appraisal, Title, Move)						\$ -	\$ -	\$ -	\$ -	\$ -
Tenant and Other Improvements						\$ -	\$ -	\$ -	\$ -	\$ -
10% Art for General Fund Transactions						\$ -	\$ -	\$ -	\$ -	\$ -
Other Transaction Costs						\$ -	\$ -	\$ -	\$ -	\$ -
<b>SUBTOTAL</b>						\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL</b>						\$ -	\$ 24,036	\$ -	\$ -	\$ -

APPROPRIATION IMPACTS

As of the preparation date of this fiscal note, the impact of the above legislation on the budget appropriation of King County is estimated to be as indicated below: <sup>1</sup>

Appropriation Unit	Appr. Number	Department	Fund Number	Project Number	Appropriation Notes	2019 / 2020 Appropriation Change	Total 6-Year CIP Outyear Planning Level Costs
					0	\$ -	\$ -
						\$ -	\$ -
<b>TOTAL</b>						\$ -	\$ -

Assumption and Additional Notes:

\*\*\* An NPV analysis was not performed because ...

1. If the expenditure impact equals or exceeds five percent of the fund expenditures, a copy of the most recent applicable appropriation unit financial plan is attached to this transmittal.
2. The sum of outyear impacts is provided for capital projects and agreements. This sum for revenue and expenditures includes all revenues/expenditures for the duration of the lease/other agreement or life of the capital investment.
3. This transaction does not require the use of fund balance or reallocated grant funding.
4. The transaction involves the sale of a property and the expenditures associated with this sale are limited to transaction costs. No long-term expenditures requiring resource backing are associated with this transaction.
5. A detailed explanation of how the revenue/expenditure impacts were developed is provided below, including major assumptions made in developing the values presented in the fiscal note and other supporting data:
  - Sale of this property will relieve the county of assessments totalling \$211/year and generate tax revenue estimated at \$9,477 annually.

# Sale Property Summary

## Photo of Property



<b>Address</b>	14511 Juanita Woodinville Way N
<b>Sale Price</b>	\$850,000
<b>Sale Area</b>	50,545 square feet
<b>Assessor's Parcel</b>	1726059123
<b>Zoning</b>	NB-Neighborhood Business-Bothell
<b>Council District</b>	One
<b>Funding Source</b>	RSD-Capital Fund for R/W#9-1999-010 CIP#100498
<b>Declared Surplus</b>	February 6, 2020
<b>Template Status:</b>	County template with minor changes
<b>Offer Expiration:</b>	Ordinance must be effective by September 23, 2020 per the terms of the Purchase and Sale Agreement.

## Property Information

The parcel is a little over an acre in size and is vacant land with all utilities. The parcel sits just inside the southern limits of the City of Bothell, next to a gas station and the former Northshore Public Health Building. The city of Bothell Neighborhood Business zoning allows a variety of “community type” commercial uses. The potential purchaser intends to develop the site. The city of Bothell will have jurisdictional permitting authority.

## Context

The parcel was purchased by the Road Services Division on December 3, 1999 for the possible siting of a storm water retention pond associated with the widening of Juanita-Woodinville Way. The pond was never constructed and has not been used by the county. Bothell annexed the area in 2014.

*Rationale for transaction:* The property is surplus to the current and likely future needs of the Road Services Division and the county. DCHS submitted a notice of interest following the Surplus Property Notice but withdrew its interest in March 2019. The property was reviewed for affordable housing suitability, but the Neighborhood Business zoning designation is not a residential zone. The sale will relieve the county of liability and maintenance burdens while providing one-time revenues to the Roads Fund.

*Policy considerations :* Given current and future anticipated operations, this parcel is no longer needed to support the Road Services Division, or other King County operations, and retaining the parcel results in additional liability as well as lost opportunity costs.

*Political considerations:* None

*Community considerations  
or partnerships:* None

*Fiscal considerations:* Sale of this property will relieve the county of assessments totaling \$211/year and generate tax revenue estimated at \$9,477 annually.

*Other considerations:* None

*CIP/operational impacts:* None

*Change in property use:* Property is vacant land and has never had a public use.

*SEPA Review Required yes/no:* No

*King County Strategic Plan impact:* The proposed sale furthers the King County Strategic Plan guiding principles of Financial Sustainability by relieving the county of assessments and liability associated with this unused parcel and provide one-time funds to the Roads Services Operation Fund.

*Equity and Social Justice impact:* In accordance with Real Property Asset Management Plan (RAMP) policies, the Facilities Management Division and Road Services Division reviewed this

legislation for Equity and Social Justice (ESJ) impacts. This location is in the Oskams Corner neighborhood of Bothell and there are no anticipated ESJ impacts from the sale of this property.

### Surplus Process

*Interest from other county agencies?* No  
*Property suitable for affordable housing?* No, the zoning is commercial. DCHS also reviewed the property as for affordable housing and declined interest in writing on March 15, 2019.  
*Property determined to be surplus?* Yes-February 6, 2020

### Marketing and Sale

Indicate whether the property was marketed or not, and if so, how it was marketed:

<input checked="" type="checkbox"/>	MLS Limited Service Listing
<input type="checkbox"/>	Commercial Broker
<input type="checkbox"/>	County Website (number of website views: _____)
<input type="checkbox"/>	Social Media
<input type="checkbox"/>	Onsite Signage
<input type="checkbox"/>	Not Marketed (briefly explain)

### Appraisal Process

*Date of valuation:* February 1, 2020  
*Appraised by:* Bates Mckee  
*Appraisal factors:* Sales Comparison Approach was used as is typical for vacant land.  
*Comps analysis:* All comps used are appropriate.  
*Estimated FMV:* 800,000

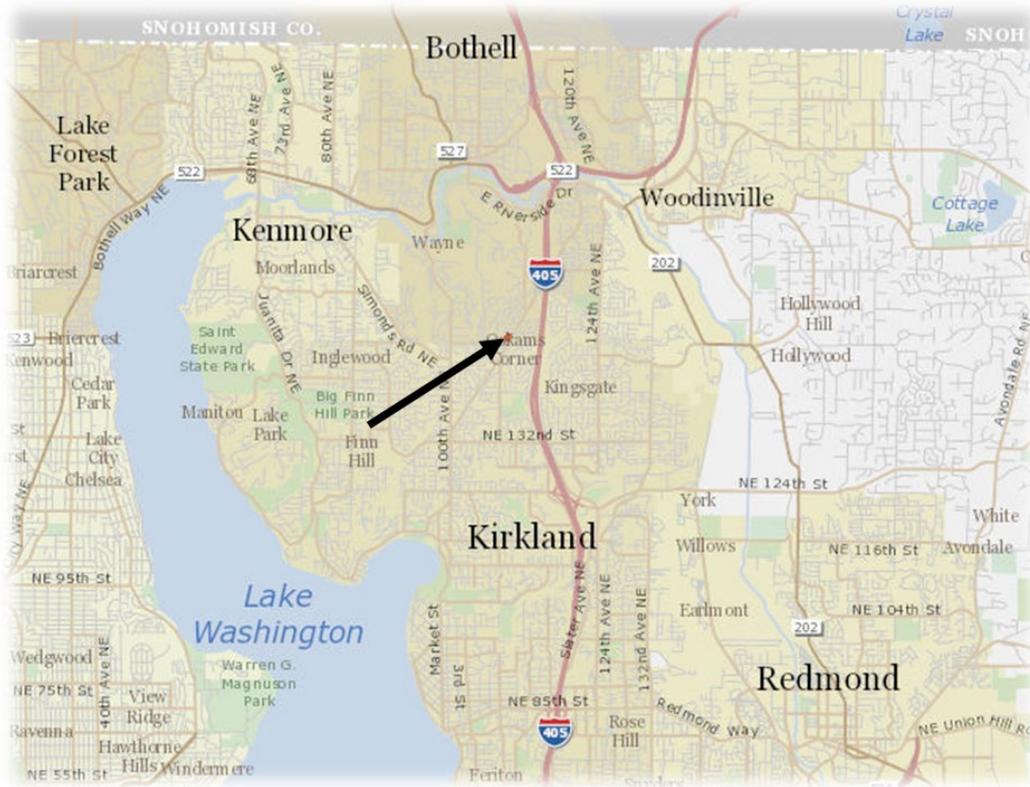
*Appraisal Summary Chart*

### Juanita-Woodinville Way Land

#### Sale Comparison Adjustment Grid

Sale Comparison Number		1	2	3	4	5
Property Name	Subject	Sports Memorabilia Site	Muttley Pet Daycare Site	Site West Daycare Property	Washington Prep School Site	Fairwood Assisted Living
<b>Transaction Price</b>		<b>\$425,000</b>	<b>\$575,000</b>	<b>\$750,000</b>	<b>\$10,025,000</b>	<b>\$2,737,800</b>
<i>Property Rights</i>		0%	0%	0%	0%	0%
<i>Financing Terms</i>		0%	0%	0%	0%	0%
<i>Conditions of Sale</i>		0%	0%	0%	0%	0%
<i>Expenditures after Sale</i>		\$0	\$0	\$0	\$0	\$0
<b>Adjusted Price</b>		<b>\$425,000</b>	<b>\$575,000</b>	<b>\$750,000</b>	<b>\$10,025,000</b>	<b>\$2,737,800</b>
<i>Land area (sf)</i>	50,545	30,000	50,000	66,000	602,435	102,029
<b>Adjusted Unit Price</b>		<b>\$14</b>	<b>\$12</b>	<b>\$11</b>	<b>\$17</b>	<b>\$27</b>
<i>Date of Sale</i>	2/1/2020	Jul-15	May-19	Jul-17	Feb-17	Apr-17
<i>Market Conditions Adjustment</i>	<i>Appraisal Date</i>	23%	4%	13%	15%	14%
<b>Subtotal Unit Price/Sf</b>		<b>\$17</b>	<b>\$12</b>	<b>\$13</b>	<b>\$19</b>	<b>\$31</b>
<b>Subtotal Transaction Price</b>		<b>\$522,750</b>	<b>\$598,000</b>	<b>\$847,500</b>	<b>\$11,528,750</b>	<b>\$3,121,092</b>
<i>Overall Location</i>		(15%)	(10%)	(10%)	(10%)	10%
<i>Site Size</i>		(10%)	0%	0%	10%	5%
<i>Physical Characteristics</i>		10%	10%	10%	0%	5%
<i>Zoning and Development Potential</i>		0%	0%	0%	0%	(30%)
<b>Net Adjustment</b>		<b>(15%)</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>(10%)</b>
<b>Indicated Unit Value for Subject</b>		<b>\$15</b>	<b>\$12</b>	<b>\$13</b>	<b>\$19</b>	<b>\$28</b>

**Vicinity View Map**



**Parcel Map**

