



King County

Metropolitan King County Council

STAFF REPORT

| | | | |
|----------------------|-----------|--------------|--------------|
| Proposed No.: | 2020-0150 | Name: | Erica Newman |
|----------------------|-----------|--------------|--------------|

SUBJECT

Proposed Ordinance 2020-0150 would authorize the sale of surplus property located at 14256 100th Ave NE, Kirkland, WA.

SUMMARY

Proposed Ordinance 2020-0150 would authorize the Executive to convey the surplus 24,750 square feet of property located within Council District 1 at 14256 100th Ave NE, Kirkland, WA for the price of \$360,000. The parcel was purchased by the County with proceeds from a Capital Improvement Project in 1997 for a road improvement project along 100th Ave NE.

The Facilities Management Division (FMD) declared the parcel surplus property on September 26, 2019 as the County does not have a future need for the parcel. The sale of the parcel to the City of Kirkland would relieve the Roads Services Division of maintenance and liability, including the annual assessment fees totaling \$252 and provide a one-time revenue to the Road Services Division Operating Fund of \$360,000 to support other priorities. The City of Kirkland plans to use funding received from the County's Conservation Futures Tax Levy (CFT) to acquire the parcel and will leave the space open and as a riparian restoration of Cedar Creek.

Amendment 1 would amend the Purchase and Sale Agreement (Attachment A to the proposed ordinance) to extend the date of the Council approval period to September 30, 2020.

BACKGROUND

The Roads Services Division purchased the parcel located at 14256 100th Ave NE, Kirkland, WA in 1997 with proceeds a Capital Improvement Project for a road improvement project along 100th Ave NE.¹

In 2019, King County dedicated a 20-foot wide strip of road frontage to the City of Kirkland as a right of way. The County negotiated a purchase and sale agreement with the City of Kirkland for the remainder 24,730 square parcel, which is currently open land.

¹ Sale Property Summary

As outlined in KCC 4.56.140 and RCW 39.33.020, intergovernmental surplus property that is valued at more than \$50,000 requires that a public hearing notice be advertised at least ten days but no more than twenty-five days before the public hearing.

According to KCC 4.56.080, any surplus sale greater than \$100,000 requires Council approval.

ANALYSIS

In March 2020, the Executive transmitted Proposed Ordinance 2020-0150, which would authorize the Executive to convey the surplus property located at 14256 100th Ave NE, Kirkland, WA for the purchase price of \$360,000. The City of Kirkland plans to use funding received from the County’s CFT levy to purchase the parcel.² According to KCC 4.56.080, any surplus sale greater than \$100,000 requires Council approval.

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.4.56.100 and analysis of how this proposed surplus property sale meet those requirements.

Table 1. Surplus Property Sale Requirements

| NO. | REQUIREMENT | K.C.C. | KIRKLAND SURPLUS PROPERTY PROCESS |
|-----|--|------------|--|
| 1. | FMD provides value of parcel | 4.56.070.A | Valbridge Property Advisors appraised the parcel on April 25, 2019. The parcel has a fair market value of \$360,000. |
| 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 were no official reports submitted, but FMD monitors changes to the County's real property on a daily basis. |

² The CFT levy can help buy open spaces in cities and in rural King County. CFT funding is provided to governmental agencies and eligible nature conservancy or historic preservation nonprofits. Community groups or individuals can partner on projects with local agencies and eligible nonprofits. More details can be found at: <https://www.kingcounty.gov/services/environment/stewardship/conservation-futures/cft-frequently-asked-questions.aspx>

| NO. | REQUIREMENT | K.C.C. | KIRKLAND SURPLUS PROPERTY PROCESS |
|-----|---|--------------|---|
| 3. | FMD decides if departments can justify retention of the property, if not, FMD may offer parcel to other departments | 4.56.070.C | The Sale Property Summary notes that there were two efforts to sell or lease the parcel for foster care housing, but the Department of Community and Human Services was unable to locate funding and released interest of the parcel in December 2018. |
| 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 2016, this parcel was reviewed and does meet the code requirements for affordable housing, but due to stream setbacks and Right of Way dedications, it is unlikely that an affordable housing project would fit on the parcel. |

| NO. | REQUIREMENT | K.C.C. | KIRKLAND SURPLUS PROPERTY PROCESS |
|-----|--|--------------|--|
| 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"> 1. Exchanges for other privately or publicly owned lands that meet the county's land needs; 2. Lease with necessary restrictive 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. | 4.56.070.D | The FMD declared the property surplus on September 26, 2019 |
| 6. | Notify public of sale, bid, or auction | 4.56.100.A.1 | The proposed ordinance would convey the surplus property to the City of Kirkland for \$360,000. As outlined in KCC 4.56.100.A.1, the sale of this parcel is exempt from being sold to the highest bidder as the parcel is being sold to another government agency. This type of sale is also known as an intergovernmental sale. |

| NO. | REQUIREMENT | K.C.C. | KIRKLAND SURPLUS PROPERTY PROCESS |
|-----|---|----------|---|
| 7. | Purchase and Sale Agreement drafted | N/A | The Purchase and Sale Agreement was drafted on December 20, 2019. |
| 8. | Public Hearing Notice | 4.56.140 | As outlined in KCC 4.56.140 and RCW 39.33.020, intergovernmental surplus property that is valued at more than \$50,000 requires that a public hearing notice be advertised at least ten days but no more than twenty-five days before the public hearing. |
| 9. | Council approval of purchase and sale agreement | 4.56.080 | According to KCC 4.56.080, any surplus sale greater than \$100,000 requires Council approval. |
| 10. | Disbursement of Sale Proceeds | 4.56.130 | When the Purchase and Sale Agreement is approved by the Council, the \$360,000 will be available to the Roads Services Operating Fund. |

As outlined in KCC 4.56.140 and RCW 39.33.020, intergovernmental surplus property that is valued at more than \$50,000 requires that a public hearing notice be advertised at least ten days but no more than twenty-five days before the public hearing. The public hearing was advertised on September 2, 2020 for the September 15, 2020 full Council meeting.

The Council's Legal Counsel has reviewed the purchase and sale agreement and identified no issues.

AMENDMENT

Amendment 1 would amend the Purchase and Sale Agreement (Attachment A to the proposed ordinance) to extend the date of the Council approval period to September 30, 2020.

ATTACHMENTS

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

March 17, 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 will enable King County to sell the property located at 14256 100th Ave NE, Kirkland, Washington, to the city of Kirkland in support of the provision of King County operations and services.

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

Pursuant to KCC 4.56.140 and RCW 39.33.020 this proposed intergovernmental transfer of surplus real property requires public notice, a press release and a public hearing. The public notice is required to be published in an area newspaper at least ten days but no more than twenty-five days prior to the hearing. A hearing notice and a press release are attached.

Sale of this property furthers the goals of the King County Strategic Plan guiding principles of Financial Sustainability by reducing liability to the County and providing one-time fund to the Roads Services Operation Fund, and Regional Collaboration by allowing the city of Kirkland to preserve stream habitat.

Thank you for your consideration of this ordinance.

The Honorable Claudia Balducci

March 17, 2020

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If your staff have any questions, please feel free to contact Anthony Wright, Director, Facilities Management Division at 206-477-9352.

Sincerely,

Dow Constantine

King County Executive

cc: King County Councilmembers

ATTN: Carolyn Busch, Chief of Staff

Melani Pedroza, Clerk of the Council

Dwight Dively, Director, Office of Performance, Strategy and Budget

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

John Taylor, Director, Department of Local Services (DLS)

Rick Brater, Director, Road Services, DLS

KING COUNTY FISCAL NOTE - Property Leases and Sales

GENERAL TRANSACTION INFORMATION

| | | | | | |
|---------------------------|---|----------------|----------|--------------------------|-------------|
| Ordinance/Motion: | | | | Transaction Duration: | NA yrs |
| Title: | Sale of 14256 100th Ave NE Kirkland | | | Fair Market Value: | \$ 360,000 |
| Affected Agency/Agencies: | Roads Division / FMD Real Estate | | | Legal Transaction Type: | Sale |
| Note Prepared By: | Carolyn Mock / Steve Rizika | Date Prepared: | 1/6/2020 | Fiscal Transaction Type: | Stand Alone |
| Note Reviewed By: | | | | | |
| Description of Request: | Sale of Roads Division property at 14256 100th Ave NE, Kirkland | | | | |

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 |
|---|----|---|----|

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: ^{2,3,5}

| Appropriation Unit | Appr. Number | Department | Fund Number | Project Number | Revenue Account Code and Source/Description | Sum of Revenues Prior to 2020 | 2020 / 2021 | 2022 / 2023 | 2024 / 2025 | Sum of Outyear Impacts ² |
|-------------------------|--------------|------------|-------------|----------------|---|-------------------------------|-------------|-------------|-------------|-------------------------------------|
| Roads Services Division | A73000 | DLS | 1030 | 101791 | 39512 Sale of Real Property | \$ - | \$ 335,716 | \$ - | \$ - | \$ - |
| Real Estate Services | A44000 | DES | 0010 | 1046360 | 34187 Cost Real Property Sales | \$ - | \$ 24,284 | \$ - | \$ - | \$ - |
| TOTAL | | | | | | \$ - | \$ 360,000 | \$ - | \$ - | \$ - |

Expenditures from: ^{2,3,4,5}

| Appropriation Unit/Expenditure Type | Appr. Number | Department | Fund Number | Project Number | Expenditure Notes | Sum of Expenditures Prior to 2020 | 2020 / 2021 | 2022 / 2023 | 2024 / 2025 | Sum of Outyear Impacts ² |
|--|--------------|------------|-------------|----------------|---|-----------------------------------|-------------|-------------|-------------|-------------------------------------|
| Roads Services Division | A73000 | DLS | 1030 | 101791 | | | | | | |
| Real Estate Services Labor Costs | | | | | Surplus, due diligence, marketing, sale & PSA | \$ - | \$ 22,368 | \$ - | \$ - | \$ - |
| King County Project Management | | | | | | \$ - | \$ - | \$ - | \$ - | \$ - |
| Lease Payments/Associated O&M | | | | | | \$ - | \$ - | \$ - | \$ - | \$ - |
| Service Costs (Appraisal, Title, Move) | | | | | Title Report | \$ - | \$ 416 | \$ - | \$ - | \$ - |
| Tenant and Other Improvements | | | | | | \$ - | \$ - | \$ - | \$ - | \$ - |
| 10% Art for General Fund Transactions | | | | | | \$ - | \$ - | \$ - | \$ - | \$ - |
| Other Transaction Costs | | | | | Closing/Escrow | \$ - | \$ 1,500 | \$ - | \$ - | \$ - |
| SUBTOTAL | | | | | | \$ - | \$ 24,284 | \$ - | \$ - | \$ - |
| 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 | | | | | | \$ - | \$ - | \$ - | \$ - | \$ - |
| SUBTOTAL | | | | | | \$ - | \$ - | \$ - | \$ - | \$ - |
| TOTAL | | | | | | \$ - | \$ 24,284 | \$ - | \$ - | \$ - |

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: ¹

| Appropriation Unit | Appr. Number | Department | Fund Number | Project Number | Appropriation Notes | 2020 / 2021 Appropriation Change | Total 6-Year CIP Outyear Planning Level Costs |
|--------------------|--------------|------------|-------------|----------------|---|----------------------------------|---|
| | | | | | The transaction was anticipated in the current budget; no supplemental appropriation is required. | \$ - | \$ - |
| | | | | | | \$ - | \$ - |
| TOTAL | | | | | | \$ - | \$ - |

Assumption and Additional Notes:

*** An NPV analysis was not performed because this is a sale of property considered surplus to county needs.

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 the property will save KC \$252/year in fees and assessments.

Sale Property Summary

Photo of Property



| | |
|--------------------------|---|
| Address | 14256 100 th Ave NE Kirkland, WA |
| Sale Price | \$360,000 |
| Sale Area | 24,750 square feet |
| Assessor's Parcel | 202605-9104 |
| Zoning | RSA-8 |
| Council District | One |
| Funding Source | Roads Fund CIP 101791 |
| Declared Surplus | September 26, 2019 |
| Template Status: | County template with minor changes |
| Offer Expiration: | None |

Property Information

The Roads Services Division purchased the property in 1997 for a road improvement project along 100th Ave NE. Before the project commenced, the area was annexed by the City of Kirkland. In 2019, the county dedicated a 20 ft wide strip of road frontage to the City of Kirkland as Right of Way. The County has negotiated a purchase and sale agreement with the City for the

remainder of the parcel. The parcel will be used for passive open space and riparian restoration of Cedar Creek. The Bargain and Sale deed restricts the use of the parcel in perpetuity and reflects that Conservation Futures Tax Levy (CFT) funds were used in the acquisition.

Context

Rationale for transaction: The property is surplus to the current and likely future needs of the county. The sale to the city of Kirkland will relieve the Road Services Division of maintenance and liability while providing one-time revenue to support other operational priorities.

Policy considerations : There are no known policy considerations.

Political considerations: The city of Kirkland is purchasing the property with Conservation Futures Tax Levy (CFT) Funds. The deed will contain open space and use restrictions typical of properties purchased with CFT monies.

Community considerations or partnerships: The city has applied for and been granted CFT funds to assist in the acquisition of the parcel.

Fiscal considerations: Sale of the property will relieve the county of annual fees and assessments requirements in the amount of \$252.15.

Other considerations: There are no known considerations

CIP/operational impacts: Sale of the property will provide one-time revenue to the Road Services Division Operating Fund.

Change in property use: The property is currently vacant land. The city's intended use includes passive open space and management of Cedar Creek which flows through the eastern portion of the property.

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 and Regional Collaboration and the goal of preserving open space by reducing liability to the County, providing one-time funds to the Roads Services Operation Fund, and allowing the city of Kirkland to preserve stream habitat.

Equity and Social Justice impact: In accordance with Real Property Asset Management Plan (RAMP) Strategy 2.0 and 24.0, the Road Services Division reviewed this legislation for Equity and Social Justice (ESJ) impacts. This location is in the North Juanita section of Kirkland. The area is suburban in nature and was annexed by the city in 2011. The sale will create more open space and passive recreation opportunities for residents.

Surplus Process

Interest from other county agencies? No

Property suitable for affordable housing? While the parcel appears to meet the technical code requirements for affordable housing suitability, stream setbacks and ROW dedications make it unlikely that an affordable housing project would fit on the parcel. The property was reviewed for affordable housing on March 14, 2016. Two efforts were made to sell/lease the parcel for foster care housing, but funding was unable to be secured. DCHS released interest in this property for affordable housing in December 2018.

Property determined to be surplus? Yes- September 26, 2019

Marketing and Sale

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

| | |
|-------------------------------------|--|
| <input type="checkbox"/> | MLS |
| <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 checked="" type="checkbox"/> | Not Marketed (briefly explain) Direct Sale to Municipality |

Appraisal Process

Summary

Date of valuation: April 25, 2019
Appraised by: Valbridge Property Advisors
Appraisal factors: Sales Comparison Methodology based upon potential for one homesite with speculative potential for additional density pending further study.
Comps analysis: 6 recent land sales were utilized.
Estimated FMV: \$360,000

Appraisal Summary Chart

Land Sales Summary

| Comp. No. | Location | | Date of Sale | Site Size (Sq.Ft.) | Analysis Price | Per Sq. Ft. | Gross Acres | Proposed Units | Per Lot | Zoning |
|----------------|------------------------------|-----------------|--------------|--------------------|----------------|-------------|-------------|----------------|-----------|--------------|
| 1 | 14214 108th Avenue NE | Kirkland | July-18 | 31,237 | \$390,000 | \$12.49 | 0.717 | 1 | \$390,000 | RSA 8 |
| 2 | 7212 NE 170th Street | Kenmore | October-18 | 38,360 | \$530,000 * | \$13.82 | 0.881 | 3 | \$176,667 | R-4 |
| 3 | 10213 NE 124th Street | Kirkland | October-18 | 16,547 | \$682,000 | \$41.22 | 0.380 | 2 | \$341,000 | RSX 7.2 |
| 4 | 14428 100th Avenue NE | Kirkland | November-18 | 18,904 | \$750,000 | \$39.67 | 0.434 | 3 | \$250,000 | RSA 6 |
| 5 | 11229 NE 116th Street | Kirkland | October-17 | 26,571 | \$795,000 | \$29.92 | 0.610 | 3 | \$265,000 | RS 8.5 |
| 6 | 14806 81st Avenue NE | Kenmore | August-17 | 33,800 | \$925,000 | \$27.37 | 0.776 | 4 | \$231,250 | R-6 |
| Subject | 14256 NE 100th Street | Kirkland | | 24,578 | | | | 1+ | | RSA 8 |

* Price excludes contributory value of the improvements

Vicinity View Map



Parcel Map

