## STAFF REPORT

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| **Agenda Item:** | 7 | **Name:** | Nick Bowman |
| **Proposed No.:** | 2021-0075 | **Date:** | April 20, 2021 |

**SUBJECT**

Proposed Ordinance 2021-0075 would authorize the sale of the surplus property located on Issaquah Pine Lake Rd SE in Sammamish, WA.

**SUMMARY**

Proposed Ordinance 2021-0280 would approve the sale of 6.69 acres of surplus land located in the City of Sammamish in Council District 3 for $550,000. According to the Executive, the two contiguous parcels were purchased in 1991 and 1996 by the Road Services Division (Roads) for a capital improvement project that was never completed. The land, which was annexed by the city of Sammamish in 2016, has not been used by the County and remains vacant.

The Facilities Management Division (FMD) declared the parcels surplus on January 24, 2020 as the county does not anticipate any future needs for the property. Selling the property to the City of Sammamish would relieve Roads of maintenance and liability, including approximately $416 in annual assessment fees and provide one-time revenue of approximately $541,000[[1]](#footnote-1) to the County. According to the Executive, the City of Sammamish plan to use the property to complete a roadway capital project widening Issaquah-Pine Lake Road SE, as well as for conservation and potential wetland mitigation purposes.

The Council approval contingency period included in the purchase and sale agreement expired on January 20, 2021. The county and the City of Sammamish signed an amendment on July 27, 2020, extending the council contingency period to May 20, 2021. The signed amendment is included as Attachment 2 to this staff report.

Council legal counsel has reviewed the purchase and sale agreement and found no issues.

**BACKGROUND**

The two parcels (Assessor's Parcel #1524069062 and 1524069069) located on Issaquah-Pine Lake Rd SE in the City of Sammamish, were purchased by Roads in 1991 and 1996 for a capital project. However, the project was never constructed, and the property has remained vacant since its purchase.

**ANALYSIS**

Proposed Ordinance 2021-0075 would approve the sale of 6.69 acres of surplus land located in the City of Sammamish in Council District 3 for $550,000. According to the Executive, the City of Sammamish plans to use the property to complete a roadway capital project widening Issaquah-Pine Lake Road SE, as well as for conservation and potential wetland mitigation purposes.

***Intergovernmental Surplus Real Property Sale Requirements***

According to King County Code Section 4.56.080, any surplus property sales greater than $100,000 requires council approval. Section 4.56.060 authorizes FMD to conduct sales of all county surplus properties. All surplus property sales need to abide by the requirements outlined in King County Code Section 4.56. The table below provides the requirements, the reference to King County Code, and the outcome or status of each requirement. The requirements are listed chronologically since each requirement is dependent on the outcome of another requirement (i.e. FMD surplus declaration must happen prior to FMD’s offer of a parcel to other county agencies).

**Table 1. Surplus Property Sale Requirements**

| **NO.** | **REQUIREMENT** | **K.C.C. Reference** | **Outcome/Status** |
| --- | --- | --- | --- |
| 1. | Roads Surplus Declaration | 4.56.070 | FMD stated that Roads declared the property a surplus to its needs on September 6, 2019. |
| 2. | FMD Offer of Property to other County Agencies | 4.56.070 | FMD stated that it offered the property to other county agencies on October 18, 2019 and received no interest in the property. |
| 3. | Property Evaluated for Affordable Housing | 4.56.070.C.1 | According to the Sale Property Summary, the property was reviewed for affordable housing, but the existence of streams, wetlands and distance from services made affordable housing development unlikely. However, the parcels were referred to DCHS who declined interest on November 27, 2019. |
| 4. | Final Surplus Declaration | 4.56.070 | FMD declared the property surplus on January 24, 2020. |
| 5. | FMD Appraisal | n/a | According to the Property Summary, the property was appraised on February 24, 2020 by Integra Reality Resources. |
| 6. | Public Notification of Sale | 4.56.090 | Since the surplus property is proposed to be sold to a government agency i.e. the City of Sammamish, it is exempt from being sold to the highest responsible bidder at public auction or by sealed bid, and therefore public notification was not required. |
| 7. | Bid Process | 4.56.100 | Per KCC 4.56.100.A.1, since the surplus property is being sold to a government agency, it is exempt from being sold to the highest bidder at public auction or by sealed bid. |
| 8. | Purchase and Sale Agreement | N/A | The Purchase and Sale Agreement (PSA) was executed on July 24, 2020. |
| 9. | Council Approval | 4.56.080 | As the value of the surplus property being conveyed exceeds $100,000, council approval of the sale is required. Under the terms of the PSA, the sale is contingent on the council approving the PSA by January 20, 2021. The county and the City of Sammamish signed an amendment on July 27, 2020, extending the council contingency period to May 20, 2021. |
| 10. | Disposition of Sale Proceeds | 4.56.130 | If approved by the Council, the sale proceeds would be disbursed first o the Department of Executive Services – FMD Real Estate Services (RES) for work associated with the sale of the surplus property ($8,828).  Remaining proceeds ($541,172) would be deposited into the Roads Capital Fund.  The fiscal note also notes that the county will realize savings of $416 annually from no longer paying annual assessment fees. |
| 11. | Public Hearing Notice of Intergovernmental Sale | 4.56.140 | Prior to an intergovernmental disposal of real property with an estimated value greater than $50,000, a public hearing notice would need to be advertised at least ten days but not more than twenty-five days before the public hearing.[[2]](#footnote-2)  A public hearing notice and press release were transmitted by Executive staff with the proposed ordinance. |

**INVITED**

* Anthony Wright, Director, Department of Executive Services – Facilities Management Division

**ATTACHMENTS**

1. Proposed Ordinance 2021-0075 (and its attachments)
2. Amendment 1 to the Purchase and Sale Agreement
3. Transmittal Letter
4. Fiscal Note
5. Property Summary
6. Press Release (Draft)
7. Public Hearing Notice (Draft)

1. Although the property is being sold for $550,000, approximately $9,000 will be used to cover FMD's costs for administering the sale. [↑](#footnote-ref-1)
2. RCW 39.33.020. [↑](#footnote-ref-2)