



King County

Metropolitan King County Council

STAFF REPORT

Proposed No.:	2021-0276	Name:	Nick Bowman
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SUBJECT

Proposed Ordinance 2021-0276 would authorize the sale of the surplus property located at 155XX NE Woodinville Duvall Rd in Woodinville, WA.

SUMMARY

Proposed Ordinance 2021-0276 would approve the sale of 2.25 acres of surplus property located within the City of Woodinville, in Council District 1 for \$590,000. According to the Executive, the property was purchased by the Road Services Division (Roads) in 1976, for work on the NE Woodinville Duvall Road and has remained vacant since.

The Facilities Management Division (FMD) declared the parcel surplus to County needs on November 30, 2020 after determining any future need for the property was unlikely. Selling the property to a private individual would provide one-time revenue to Roads and relieve the County of approximately \$18 in annual fees and assessments.

The Council approval contingency period included in the Purchase and Sale Agreement (See Attachment A) expires on October 4, 2021.

BACKGROUND

The 2.25-acre parcel (Assessor Parcel #1126059153) was purchased by the Roads Services Division in 1976 for work on the NE Woodinville Duvall Road (Roads). The vacant and undeveloped property is located within the City of Woodinville and outside of Roads service area. While the site has access provided by an easement from 182nd NE place, this access is also undeveloped. There are no property rights associated with the parcel.

ANALYSIS

Proposed Ordinance 2021-0276 would approve the sale of 2.25 acres of surplus land located in the City of Woodinville in Council District 1 for \$590,000 to an adjacent

property owner. The agreed upon purchase price of \$590,000 is based on the sales comparison of similar properties.

All surplus property sales must 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.

Surplus Property Sale Requirements			
No.	Requirement	KCC Reference	Outcome/Status
1	FMD appraisal of parcel	n/a	The property was appraised on November 18, 2020 by McKee Appraisal and assigned a value of \$590,000.
2	Road Services Division surplus declaration	4.56.070	The Road Services Division declared the property surplus to its needs on August 17, 2020.
3	FMD offer of parcel to other County agencies	4.56.070	FMD offered the property to other County agencies on August 31, 2020 and received no interest.
4	Determine if property is suitable for affordable housing	4.56.070.C.1	DCHS confirmed on September 23, 2020 that it was not pursuing the property for affordable housing due to the fact that the unimproved access and lack of density made affordable housing incompatible with the neighborhood.
5	Final surplus declaration	4.56.070	FMD declared the parcel surplus to County needs on November 30, 2020.
6	Notice of public sale, bid, or auction.	4.56.100	In accordance with KCC 4.56.100.A.4, the sale of this parcel was listed with a Multiple Listing Service (MLS). According to FMD, the property was initially under contract with a developer. However, when the developer pulled out of the deal after the due diligence period, an offer from the adjacent property owner was accepted.
7	Purchase and Sale Agreement	n/a	The Purchase and Sale Agreement (PSA) was executed on April 7, 2021.

Surplus Property Sale Requirements

No.	Requirement	KCC Reference	Outcome/Status
8	Council Approval	4.56.080	If the value of surplus property exceeds \$100,000, Council approval of the sale is required. Therefore, under the terms of the PSA, the sale is contingent on approval by ordinance by the Council by October 4, 2021 which includes an additional 60-day extension.
9	Disposition of Sale Proceeds	4.56.130	If approved by the Council, the sale proceeds would be disbursed first to DES/FMD Real Estate Services (RES) for work associated with the sale of the surplus property, and the remaining funds will be deposited in the Roads Operating Fund.

The Council's legal counsel reviewed the purchase and sale agreement and identified no issues.

ATTACHMENTS

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



King County

Dow Constantine

King County Executive

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July 13, 2021

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 a proposed Ordinance that, if enacted, will enable King County to sell a surplus property parcel located at 155XX NE Woodinville Duvall Rd, Woodinville, Washington, to Douglas K and Joyce L Giarde 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.

Sale of this property furthers the King County Strategic Plan goal of efficient, accountable regional and local government and the objective of exercising sound financial and risk management and build the County's long term fiscal health through the relieving the County of assessments and liability associated with this unused parcel and providing one-time funds to the Roads Services Operation Fund.

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

Sincerely,

for

Dow Constantine

King County Executive

cc: King County Councilmembers

The Honorable Claudia Balducci

July 13, 2021

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ATTN: Melani Pedroza, Clerk of the Council

Shannon Braddock, Deputy Chief of Staff, Office of the Executive

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

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

Tricia Davis, Director, Roads Services, DLS

KING COUNTY FISCAL NOTE - Property Leases and Sales

GENERAL TRANSACTION INFORMATION

Ordinance/Motion:				Transaction Duration:	NA yrs
Title:	Roads Woodinville-Duvall Surplus Sale			Fair Market Value:	\$ 590,000
Affected Agency/Agencies:	DLS / Roads Division			Legal Transaction Type:	Sale
Note Prepared By:	Carolyn Mock / Steve Rizika	Date Prepared:	4/26/21	Fiscal Transaction Type:	Stand Alone
Note Reviewed By:	Sid Bender	Date Reviewed:	6/28/2021		
Description of Request:	Sale of Roads Division Property at 15xx NE Woodinville-Duvall Road, Parcel 1126059153				

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: 2.3.5

Appropriation Unit	Appr. Number	Department	Fund Number	Project Number	Revenue Account Code and Source/Description	Sum of Revenues Prior to 2021	2021 / 2022	2023 / 2024	2025 / 2026	Sum of Outyear Impacts ²
DLS / Roads Division	A73000	DLS	1030	1122030	39512 - Sale of Real Property	\$ -	\$ 564,976	\$ -	\$ -	\$ -
DES / Facilities Mgmt / Real Estate Svcs	A44000	DES	0010		34187 - Cost Real Property Sales	\$ -	\$ 25,024	\$ -	\$ -	\$ -
TOTAL						\$ -	\$ 590,000	\$ -	\$ -	\$ -

Expenditures from: 2.3.4.5

Appropriation Unit/Expenditure Type	Appr. Number	Department	Fund Number	Project Number	Expenditure Notes	Sum of Expenditures Prior to 2021	2021 / 2022	2023 / 2024	2025 / 2026	Sum of Outyear Impacts ²
DLS / Roads Division	A73000	DLS	1030	1122030						
Real Estate Services Labor Costs					Real Estate Services Labor	\$ -	\$ 20,624	\$ -	\$ -	\$ -
King County Project Management						\$ -	\$ -	\$ -	\$ -	\$ -
Lease Payments/Associated O&M						\$ -	\$ -	\$ -	\$ -	\$ -
Service Costs (Appraisal, Title, Move)					Appraisal	\$ -	\$ 4,400	\$ -	\$ -	\$ -
Tenant and Other Improvements						\$ -	\$ -	\$ -	\$ -	\$ -
10% Art for General Fund Transactions						\$ -	\$ -	\$ -	\$ -	\$ -
Other Transaction Costs						\$ -	\$ -	\$ -	\$ -	\$ -
SUBTOTAL						\$ -	\$ 25,024	\$ -	\$ -	\$ -
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						\$ -	\$ 25,024	\$ -	\$ -	\$ -
TOTAL						\$ -	\$ 25,024	\$ -	\$ -	\$ -

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	2021 / 2022 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 determined to be surplus to King 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:
 - This sale will reduce King County's responsibility for annual fees and assessments of \$17.81.
 - Private ownership of this property will generate approximately \$6,414 annually to the taxing district based on the current Mill Levy.

Sale Property Summary

Photo of Property



Address	155XX NE Woodinville Duvall Road
Sale Price	\$590,000
Sale Area	2.25 Acres
Assessor's Parcel	1126059153
Zoning	R-1: Residential-one residence per acre
Council District	One
Funding Source	Roads Operating Fund from 1976
Declared Surplus	November 30, 2020
Template Status:	County template with minor, customary changes
Offer Expiration:	Ordinance Approving the Sale to be Effective by August 5, 2021 with one 60-day extension.

Property Information

This is a 2.25-acre site with access provided by an easement from 182nd NE Place. The access is undeveloped, and the parcel lacks utilities. This transaction contemplates sale to an adjacent neighbor to the east for the appraised value of \$590,000. The property was purchased in 1976, for work on the NE Woodinville Duvall Road. The parcel is located within the city of Woodinville and outside of the Road Services Division service area. There are no property rights that need to be retained.

Context

Rationale for transaction: The property is surplus to King County current and likely future needs. Sale of the property will reduce operating costs and liabilities and provide one-time revenue to support the Road Services Division (RSD). The property was reviewed for affordable housing suitability, but the unimproved access and lack of density made affordable housing incompatible with the neighborhood. The Department of Community and Human Services (DCHS) declined interest in the parcel on September 23, 2020.

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: Property is being sold to the adjacent neighbor to the east.

Fiscal considerations: Sale of the property will provide one-time funds to the Road Services Division and relieve the county of \$17.81 in annual fees and assessments. If assessed at the purchase price of \$590,000, private ownership will provide \$6,414.27 annually to the taxing district, based on the current Mill Levy.

Other considerations: None

CIP/operational impacts: None

Change in property use: The property was never subject to an authorized public use

SEPA Review Required yes/no: No

King County Strategic Plan impact: The proposed sale furthers the King County Strategic Plan guiding principle of Financial Sustainability by relieving the county of assessments and liability associated with this unused parcel and providing 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 (FMD) and Road Services Division reviewed this legislation for Equity and Social Justice (ESJ) impacts. This location is in the Reinwood/Leota neighborhood of Woodinville and, if approved, will be sold to the adjacent neighbor. 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? DCHS declined interest in pursuing for affordable housing. The lack of developed access made affordable housing incompatible with the neighborhood.
Property determined to be surplus? Yes. RSD requested surplus on 8/17/2020. Notice was sent county wide on 8/31/2020. FMD declared the parcel surplus on 11/30/2020.

Marketing and Sale

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

<input checked="" type="checkbox"/>	MLS
<input type="checkbox"/>	Commercial Broker
<input checked="" 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

Summary Appraisal consisted of analysis of 5 comparable land sales along with the theoretical ability to develop two lots per the zoning regulations of the city of Woodinville.

Date of valuation: November 18, 2020
Appraised by: McKee Appraisal
Appraisal factors: Nothing of note, appraisal was to determine the likely market value
Comps analysis: Appropriate vacant land sales were analyzed and compared
Estimated FMV: \$590,000

Appraisal Summary Chart

Sale Number		1	2	3	4	5
Name/Address	Subject	Falcon's Landing - Lot 2	16114 NE 179th Street	16 xx NE 179th	15719 NE 193rd St	15631 NE 167th Pl
Transaction Price		\$420,000	\$325,000	\$315,000	\$490,000	\$524,000
Property Rights		0%	0%	0%	0%	0%
Financing Terms		0%	0%	0%	0%	0%
Conditions of Sale		0%	0%	10%	0%	0%
Expenditures After Sale		\$0	\$0	\$0	\$0	\$0
Adjusted Price		\$420,000	\$325,000	\$346,500	\$490,000	\$524,000
Land Area (sf)	97,817	35,002	35,146	46,173	60,147	64,468
Adjusted Unit Price		\$12.00	\$9.25	\$7.50	\$8.15	\$8.13
Date of Sale	Nov. '20	Nov-20	Sep-20	Jun-20	Sep-20	Feb-18
Market Conditions Adjustment	Appraisal Date	0%	3%	2%	1%	7%
Subtotal Unit Price		\$12.00	\$9.52	\$7.65	\$8.23	\$8.70
Location/Access/Frontage		(5%)	(10%)	(10%)	(5%)	(15%)
Site Size		(5%)	(5%)	0%	10%	10%
Topography		(10%)	0%	(10%)	(10%)	5%
Site Improvements, Utilities & Division		(30%)	(20%)	(20%)	(30%)	(20%)
Total Other Adjustments		(50%)	(35%)	(40%)	(35%)	(20%)
Indicated Unit Value for Subject		\$6.00	\$6.19	\$4.59	\$5.35	\$6.96

