



BUSINESS OF THE CITY COUNCIL CITY OF MERCER ISLAND

AB 6756
September 2, 2025
Consent Agenda

AGENDA BILL INFORMATION

TITLE:	AB 6756: Acquisition of Real Property by Eminent Domain (Second Reading of Ordinance No. 25-21)	<input type="checkbox"/> Discussion Only <input checked="" type="checkbox"/> Action Needed: <input type="checkbox"/> Motion <input checked="" type="checkbox"/> Ordinance <input type="checkbox"/> Resolution
RECOMMENDED ACTION:	Adopt Ordinance No. 25-21 to issue limited tax general obligation debt for the acquisition of real property by eminent domain.	

DEPARTMENT:	City Council
STAFF:	Matthew Mornick, Finance Director
COUNCIL LIAISON:	n/a
EXHIBITS:	1. Ordinance No. 25-21
CITY COUNCIL PRIORITY:	3. Make once-in-a-generation investments to update and modernize aging infrastructure, capital facilities, and parks.

AMOUNT OF EXPENDITURE	\$ n/a
AMOUNT BUDGETED	
APPROPRIATION REQUIRED	\$ n/a

EXECUTIVE SUMMARY

The second reading of Ordinance No. 25-21 authorizes the issuance and sale of one or more series of limited tax general obligation bonds of \$1.6 million to help pay for a portion of the acquisition of the building at 9655 SE 36th Street ("9655 Building") by eminent domain.

- At the June 17, 2025 City Council meeting, the Council authorized the City Manager to execute an agreement to acquire the 9655 Building by eminent domain for the purchase and sale price of \$9,060,000 ([AB 6714](#)). An additional \$20,000 appropriation was included for estimated closing costs.
- On July 1, the City Council adopted on first reading Ordinance No. 25-20 condemning the 9655 Building and authorizing an easement over the remainder of the parcel for ingress and egress ([AB 6726](#)).
- The City Council held the first reading of Ordinance No. 25-21 on July 15, authorizing \$9.08 million be set aside in available City resources to acquire the 9655 Building ([AB 6738](#)). On-hand resources include unassigned fund balance from the Municipal Facility Replacement Fund, General Fund, and other available capital resources.
- Ordinance No. 25-21 also authorizes staff to finance \$1.5 million of the purchase price with a private placement (Exhibit 1). A not to exceed amount of \$1.6 million is included in the ordinance, accounting for the cost of issuing general obligation debt.

- The 9655 Building will eventually serve as the permanent location for the Community Planning and Development Department, the Public Works Administration, Capital Projects and Engineering teams, and the Youth and Family Services Department.

BACKGROUND

At the July 15, 2025 meeting, the City Council held a first reading of Ordinance No. 25-21, authorizing \$9.08 million in resources be set aside to acquire the 9655 Building ([AB 6738](#)). Council also directed staff to finance \$1.5 million of the total purchase with a private placement, including an additional \$100,000 to cover the anticipated costs to issue the general obligation debt (Exhibit 1). Resources that remain after accounting for the cost of issuance will go directly to the 9655 Building acquisition.

The purchase will be funded with 2024 year-end savings from the City's General Fund, resources set aside for long-term facility needs, and available capital resources as outlined in Figure 1.

Figure 1		
Available Unassigned Fund Balance		Amount
General Fund	\$	3,302,358
Municipal Facility Replacement Fund		3,362,808
Capital Improvement Fund		1,670,752
Town Center Parking Facilities Fund		744,082
TOTAL	\$	9,080,000

Ordinance No. 25-21 authorizes the City Manager and Finance Director to issue \$1,600,000 of one or more series of limited tax general obligation bonds to finance and/or reimburse costs related to the acquisition of and improvements to the 9655 Building and to pay the cost of issuing the bonds.

ISSUE/DISCUSSION

Exhibit 1 limits the term to a maximum of 20 years and the true interest cost to no more than 6.25%. Proceeds remaining after the cost of issuance will be committed to the 9655 Building. After the effective date of this ordinance, staff would have one year to issue the limited tax general obligation bonds.

The City anticipates taking possession of the building in Fall 2025, after the current tenant moves out. Some repairs and upgrades are needed before staff can relocate, including security improvements, HVAC updates, roof repair, and new carpeting. The 9655 Building will eventually house the Community Planning and Development Department, the Public Works Administration, Capital Projects and Engineering teams, as well as the Youth and Family Services Department.

NEXT STEPS

The condemnation process is currently underway. With City Council approval, staff will undergo a competitive private placement this year to finance \$1.5 million to help fund a portion of the 9655 Building acquisition.

RECOMMENDED ACTION

Adopt Ordinance No. 25-21 related to financing for the acquisition of real property by Eminent Domain.