



BUSINESS OF THE CITY COUNCIL CITY OF MERCER ISLAND

AB 5996
December 7, 2021
Consent Agenda

AGENDA BILL INFORMATION

TITLE:	AB 5996: Acceptance of Amended Deed for Parcel 12 and Acquisition of Surplus Real Property from WSDOT Using REET Funds	<input type="checkbox"/> Discussion Only <input checked="" type="checkbox"/> Action Needed:
RECOMMENDED ACTION:	Adopt Resolution 1612 Authorizing City Manager to Execute Documents to Accept Amended Deed for Parcel 12 and to Acquire Surplus Real Property from WSDOT with REET revenues.	<input type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input checked="" type="checkbox"/> Resolution

DEPARTMENT:	City Manager
STAFF:	Jessi Bon, City Manager Gareth Reece, Special Project Lead Merrill Thomas-Schadt, Special Project Lead Jason Kintner, Chief of Operations Bio Park, City Attorney
COUNCIL LIAISON:	Choose an item. Choose an item. Choose an item.
EXHIBITS:	1. Resolution 1612 2. Exhibit A to Resolution 1612 (Quit Claim Deed to WSDOT Surplus Property) 3. Exhibit B to Resolution 1612 (Amended Quit Claim Deed to Parcel 12) 4. Map of WSDOT Surplus Property (Labeled A-2) 5. Map of Parcel 12 6. Appraisal of WSDOT Surplus Property 7. WSDOT Offer Letter
CITY COUNCIL PRIORITY:	1. Prepare for the impacts of growth and change with a continued consideration on environmental sustainability.

AMOUNT OF EXPENDITURE	\$ 668,000
AMOUNT BUDGETED	\$ n/a
APPROPRIATION REQUIRED	\$ 668,000

SUMMARY

Agenda Bill (AB) 5996 describes the City's proposal to acquire certain surplus real property from WSDOT and to accept an amended quit claim deed for property previously deeded by WSDOT to the City (see exhibits 1 thru 3). The property previously deeded by WSDOT is generally referred to as Parcel 12, which the City owns, and the surplus property that WSDOT is offering to sell is generally referred to as Parcel A-2 (see Exhibits 4 and 5 - maps for Parcel A-2 and Parcel 12).

BACKGROUND

In 2000, WSDOT quit claim deeded to the City various surplus properties along the I-90 corridor after they were no longer needed by WSDOT. These properties are generally referred to as “Turnback Properties.” Parcel 12 was one of the Turnback Properties.

A segment of Parcel 12 is contiguous with another City owned property in Town Center generally referred to as the Tully’s Property. The segment of Parcel 12 that is contiguous with the Tully’s Property is generally referred to as Parcel A-1 (see Exhibit 4). Parcel A-1 and the Tully’s Property are intended to be used as a combined lot for commuter parking adjacent to the new Sound Transit Mercer Island light rail station.

Additionally, the Washington State Legislature adopted, and the Governor signed into law in 2017, a WSDOT budget proviso related to use of Parcel 12. The budget proviso stated that if commuter parking, as part of the vertical development of the Parcel 12, is one of the significant uses of the Parcel 12, use requirements in WSDOT’s original quit claim deed to the City are deemed satisfied. The same proviso was also included into WSDOT’s budget in 2019 and 2021.

ACQUISITION OF WSDOT SURPLUS PROPERTY / A-2

The Tully’s Property combined with Parcel A-1, however, does not result in an optimal configuration for commuter parking without also combining with Parcel A-2 (see Exhibit 4). Consequently, the City explored options to acquire Parcel A-2 from WSDOT, and ordered an appraisal, which was prepared by McKee Appraisal, Inc. (see Exhibit 6). According to the Appraisal, which was reviewed and accepted by WSDOT, the standalone fair market value of Parcel A-2 as of January 2021 is \$660,000.

Parcel A-2 has been surplus by WSDOT, and WSDOT has offered to sell it to the City, free and clear of use restrictions provide the City’s use does not compromise I-90, at the appraised price (see Exhibit 7). Surplus Real Estate Excise Tax (REET) funds in the Capital Improvement Fund are available and may be used for the purchase of Parcel A-2.

AMENDED QUIT CLAIM DEED / PARCEL 12

In order to comply with the 2017, 2019, and 2021 WSDOT budget proviso on the use of Parcel 12, WSDOT has agreed to insert the pertinent budget proviso language in the deed for Parcel 12, and to grant the City an amended quit claim deed (see Exhibit 3 - Amended Deed). With an amended deed, the budget proviso will be permanently recorded with Parcel 12, and reintroduction of the proviso will not be required every time the Washington Legislature adopts a new biennial budget for WSDOT.

RESOLUTION 1612

Resolution 1612 authorizes the use of REET surplus to purchase Parcel A-2 at the appraised fair market value of \$660,000 plus closing costs, which is estimated to be less than \$8,000. The City Manager is authorized to execute all necessary documents and instruments for the purchase and closing of Parcel A-2. Furthermore, the City Manager is also authorized to execute all necessary documents and instruments to accept an amended quit claim deed from WSDOT for Parcel 12 memorializing the WSDOT budget proviso. See Exhibits 1, thru 3 - Resolution 1612, Deed for Parcel A-2, Amended Deed for Parcel 12.

RECOMMENDED ACTION

Adopt Resolution 1612 authorizing the City Manager to execute documents to accept an amended deed for Parcel 12 and to acquire certain surplus real property from WSDOT using REET revenues in the Capital Improvement Fund.