



BUSINESS OF THE CITY COUNCIL CITY OF MERCER ISLAND

AB 5644
December 10, 2019
Regular Business

AGENDA BILL INFORMATION

TITLE:	AB 5644: Acquisition of ARCO/Tully's Property	<input type="checkbox"/> Discussion Only
RECOMMENDED ACTION:	Authorize the Interim City Manager to execute closing documents to complete the City's acquisition of the real property at 7810 SE 27 th Street, Mercer Island, Washington.	<input checked="" type="checkbox"/> Action Needed: <input checked="" type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution

DEPARTMENT:	City Attorney
STAFF:	Bio Park, Interim City Attorney
COUNCIL LIAISON:	n/a
EXHIBITS:	1. Map 2. Resolution No. 1544 and Exhibit A (PSA) 3. Second Amendment to Purchase and Sale Agreement (PSA)
CITY COUNCIL PRIORITY:	n/a

AMOUNT OF EXPENDITURE	\$ 2,000,000
AMOUNT BUDGETED	\$ 2,000,000
APPROPRIATION REQUIRED	\$ 0

SUMMARY

The purpose of this agenda bill is to direct the Interim City Manager to execute closing documents to complete the City's acquisition of the real property at 7810 SE 27th Street, Mercer Island, WA 98040, commonly known as the ARCO / Tully's property ("Property") (see map at Exhibit 1) for the City's proposed Commuter Parking & Mixed-Used Project.

BACKGROUND

The City Council approved Resolution No. 1544 (see Exhibit 2), authorizing the City Manager to execute the Purchase and Sale Agreement between the City of Mercer Island and the Parkway Management Group ("Seller") on June 5, 2018 (see [AB 5434](#)). Since then, the City has been actively engaged in environmental due diligence. The Seller has extended the due diligence period several times to allow time for the City's environmental consultant, Aspect Consulting, LLC, to conduct Phase I and Phase II environmental assessment work. On November 19, 2019, the City Council approved the environmental remediation Reimbursement Agreement with a known polluter of the Property, Atlantic Richfield Company, and the Seller of the 7810 SE 27th Street property (see [AB 5634](#)). Based on the successful negotiation and execution of the Reimbursement Agreement, the City waived inspection contingencies and the due diligence period ended on November 22,

2019. The City is preparing all necessary steps, including wire transfers of the purchase price in the amount of two million dollars from the Town Center Parking Facilities Fund (funds transferred in 2018 from surplus REET 1 funds to Town Center Parking Facilities Fund) into an escrow account, to complete the acquisition of the Property pursuant to the PSA with the Seller. As per the Second Amendment to the PSA (see Exhibit 3), \$42,866.68 (fifty percent (50%) of the base rent of \$4,000 per month) will be reimbursed from the Seller within 5 days of closing.

NEXT STEP

The City anticipates closing on the Property acquisition prior to the end of this year.

RECOMMENDATION

Authorize the Interim City Manager to execute the closing documents to complete the City's acquisition of the real property at 7810 SE 27th Street, Mercer Island, WA for the City's proposed Commuter Parking & Mixed-Used Project.