

TO: City Council
FROM: Brandon Hicks, Transportation and Engineering Director
DATE: February 21, 2023
SUBJECT: Real Estate Purchase and Sale Agreements with DJ Properties II, LLC, for 116 Lee Street SE and 109 Ruby Street SE and Lease Agreements for 116 Lee Street SE

1) Recommended Action:

Staff recommends the City Council approve and authorize the Mayor to sign all documents necessary to carry out the purchase of 116 Lee Street SE and 109 Ruby Street SE from DJ Properties II, LLC, as well as to enter into lease agreements with existing commercial tenants at 116 Lee Street SE, all in forms approved by the City Attorney.

2) Background:

Improvements to Capitol Boulevard from M Street to Israel Road are listed in the City's Transportation Capitol Facilities Plan (CFP), 2036 Transportation Master Plan, and Transportation Improvement Program in addition to the Thurston Regional Planning Council Regional Transportation Plan. Due to significant project costs, right-of-way limitations, environmental constraints, and other factors, the Capitol Boulevard Corridor Plan (CBCP) and Capitol Boulevard Feasibility Study were previously completed to inform future project design.

A new north-south street connection between Trosper Road and Lee Street was prescribed in the CBCP to provide alternate access to the business in the vicinity of Capitol Boulevard and Trosper Road for the residential neighborhoods east of Capitol Boulevard, in addition to providing access to businesses between Trosper Road and Lee Street after a median is constructed on Capitol Boulevard.

Schedule for construction of the new north-south connection is less critical than some of the other projects derived from the CBCP; however, we have programmed funds in the Transportation CFP to purchase properties needed to construct the new connection when property owners decide it is time to sell for their own reasons ("arm's length transactions"). This approach precludes the need for eminent domain acquisition in the future.

There are four properties to acquire for construction of the new connection. The City acquired one of the properties in 2018 and currently leases a single family home on the property to Homes First for affordable housing. With acquisition of these two properties, only one more acquisition would be needed for the new connection.

Staff had the two properties appraised as part of the negotiations; 116 Lee Streets was appraised at \$500,000 and 109 Ruby Street at \$90,000. The property owners are satisfied with the appraisals and are ready to complete the sale if approved by City Council. The owners also requested the City take over leases for three commercial tenants at 116 Lee Street. Staff support continuing the leases at the current rates for an initial term of two years for beneficial use of the existing commercial property and allowing the local businesses on the property to continue operation at the location until we are closer to construction of the new connection.

3) Policy Support:

Strategic Priorities and Goals 2023-2024:

C. Create and Maintain a Transportation System Safe for All Modes of Travel

4) Alternatives:

- ☐ Approve the Mayor to sign just the Purchase and Sale Agreements, but do not enter into lease agreements with existing tenants
 - ☐ Do not approve purchase of the properties
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5) Fiscal Notes:

Funding for the acquisition and future disposition of the property is included in the Transportation CFP: Capitol Blvd Plan - Corridor Improvements

6) Attachments:

- A. Vicinity Map
- B. North-South Connector Alignment