

COUNCIL ACTION FORM

Meeting Date: June 8, 2023

Staff Contact: Ryan Denk, City Attorney

Agenda Item: Real Estate Purchase Agreement with Shawnee Mission School District

Background/Description of Item: The action for Council's consideration is approval of and authorization granted to the Mayor to enter into a Real Estate Purchase Agreement with the Shawnee Mission School District ("SMSD Agreement") for the purchase of two parcels of land totaling 4.97 acres at the former Westwood View (temporarily Rushton School) site (the "SMSD Property"). The SMSD Property was previously the subject of an Option Agreement between the City and the SMSD Property which contemplated that the City would have an option to purchase the SMSD Property after the new Westwood View School was constructed. The role of the SMSD Property is further discussed in the Message from Mayor Waters relating to the City's proposed construction of a City park on the Western portion of the property and a portion of the property being used to serve the Karbank development.

The terms of the SMSD Agreement generally provide for the City to acquire the SMSD Property for the purchase price of \$2.65M. Upon entering into the SMSD Agreement, the City has a 6-month due diligence period. This due diligence period will overlap with Karbank's due diligence period relating to the acquisition of the four city owned parcels which front on Rainbow Boulevard. During the due diligence periods, several approvals and satisfaction of conditions precedent must be met to the satisfaction of the City and Karbank to put the City in a position to close on the SMSD property. Most importantly for the City's acquisition of the SMSD Property is the donation of sufficient funds to allow the City to pay the purchase price and close. If the City did not receive such funding, it would be permitted to cancel the SMSD Agreement. Other necessary approvals during the due diligence period include planning and zoning approvals for the Karbank project and site studies to demonstrate to the parties that the properties in question are conducive to the proposed uses – i.e. environmental, geotechnical, surveys, etc. At a subsequent date, a Donation Agreement will come before the Council for consideration laying out the terms and conditions of the donation of funds to allow the City to acquire the SMSD Property and to demolish the on-site improvements. Generally speaking, the donating foundations will require that the donated funds are used to acquire the SMSD Property, demolish the existing improvements and that the City commit to the use of the Western portion to be retained by the City for park purposes. Such use restriction would be in the form of covenants and restrictions filed upon the property restricting the use to park purposes under the terms stated in the covenant. The Declaration of Covenants and restrictions will come before you at the time that the Donation Agreement is to be considered.

Closing on the SMSD Property under the terms of the SMSD Agreement would occur in January, 2024. Because the School District anticipates the need to continue to occupy the school for the continued operation of Rushton Elementary, the SMSD Agreement provides for a lease back of the SMSD Property through the end of July, 2024. Accordingly, from the time that the SMSD Property closed until the end of the lease term, the City would own all 4.97 acres and would lease the same back to the District. As outlined in the Karbank Real Estate Purchase Agreement, the deed for the agreed upon Eastern portion of the SMSD Property to become part of the Karbank development would be executed at Closing in January of 2024 and held in escrow until the School District vacates the property at the end of July 2024, at which time it would be filed and become effective.

Remaining details relating to the funding of park improvements and other aspects of the overall project will be more specifically detailed in later documents for Council and public consideration.

Staff Comments/Recommendation: Staff recommends approval.

Budget Impact: Relative to the SMSD Property acquisition by itself, if the referenced donations are made covering such costs, there should be no budget impact to the City. Potential costs of park improvements and revenue sources to fund such costs are in the process of being determined during this due diligence period.

Suggested Motion: Move that the Council approve the Real Estate Purchase Agreement with the Shawnee Mission School District and authorize the Mayor to execute the same.