

FACT SHEET

About the Formerly Proposed Acquisition of the Property at 7023 NE 175th Street in Kenmore



Background

The City of Kenmore is seeking a long-term site for the Public Works Department. Since the early 2000s, the City of Kenmore utilized the services of the Lake Forest Park Public Works Department to maintain Kenmore's streets, flood control facilities, water quality systems, and parks. However, due to cost and service level reasons, Kenmore's contract with Lake Forest Park for public works services ended on December 31, 2018, and the City began its own in-house maintenance crew on January 1, 2019.

The City's new in-house public works crew currently operates out of a small temporary space that is inadequate to serve the public effectively and efficiently. As part of the plan to transition from contracting with Lake Forest Park to providing services in-house, the City knew that acquiring an appropriate site for the long term was essential for success. Kenmore's public works department operates and maintains all of the City's essential infrastructure including streets, traffic, surface water, parks and facilities.

In attempt to find a willing seller, City representatives contacted a number of property owners but were not successful. After a property selection process using criteria and scoring, the City proposed acquiring property located at 7023 NE 175th Street for its public works maintenance building and yard space. The acquisition of this property was cancelled in August 2020.

What were the City's plans for the property?

The property would have served as the City's public works maintenance facility. Vehicles, equipment, and construction and maintenance materials would be stored on the property and in the building. Maintenance workers and their supervisors would use the building to report to work, hold meetings, and perform office and administrative tasks. Repair and maintenance of equipment would have also taken place on the property.

The City anticipated that it would have demolished the old house on the north end of the property to make additional room for storage of vehicles and equipment. The interior of the warehouse building would have been modified to accommodate the public works offices. The south parking area would have continued to be used for parking and equipment, and the vegetated buffer area between the parking and the river would be maintained and enhanced. Additional screening for privacy would have been installed along the east property line.

Will the City be a good neighbor on whatever site it ultimately chooses?

Yes. Because the City crew typically works from 7 am to 4 pm Monday through Friday, the public works department is a relatively quiet neighbor, especially during evenings and weekends. During the weekdays, the crew is, for the most part, out working in the field on the City's streets, parks, and surface water systems.

One to two public works maintenance workers come in briefly on the weekends to check out a City truck and supplies for opening parks and cleaning restrooms. Emergency callouts do occasionally happen after hours, and similarly, the on-call worker may either go directly to the field site or briefly stop by for a vehicle and

supplies. Snow events or disasters may require workers to access the current or future site on a 24-hour schedule. After-hours access will cause very limited noise or disruption.

Will City be conducting fueling operations or automotive repairs on whatever site it ultimately chooses?

No. The city fuels and maintains its vehicles at the Northshore Utility District Headquarters under the terms of a cooperative agreement with the District.

Is the 7023 NE 175th Street property zoned for this type of use?

Yes. The property and other properties nearby are properly zoned for the City to use it as a public works maintenance facility. It is zoned RB (Regional Business), which includes public works maintenance among the allowed uses in this zone. Proper zoning was one of the key criteria in selecting this site.

Had the City moved forward, would the City have offered a fair price for the property?

Yes. By state and federal law, the City is required to pay fair market value and did so in our offer to purchase the property. By selling to the City, the property owner would have also seen certain tax benefits and savings, including waiver of Real Estate Excise Tax and longer time to reinvest under Capital Gain tax guidelines.

Did the City have the property appraised by a licensed appraiser?

Yes. The property was appraised by a licensed professional appraiser. Under Washington State law the City was required to obtain an appraisal prior to making an offer. Further, the property owner had the right to accompany the appraiser in the site inspection and provide information to the appraiser to help support its determination of value.

What was the appraisal amount?

\$5.1 million, which was based on comparable property sales, income generated by the property, and the cost to replace the property.

What price did the City offer the property owners?

The City offered 100% of the full appraised value of \$5.1 million.

What would have happened if the property owner disagreed with the appraisal and offer price?

The property owner could have made the case that the property is worth more by providing the City with its own appraisal and/or providing additional information for consideration. The City was open to reviewing any additional information and would have considered a higher price as part of good faith negotiations.

It was reported during public comment that a representative of the City told the property owners' tenants that "this was a done deal." Is that true?

The condemnation ordinance that the City Council considered on July 13, 2020 would not have finalized or concluded the process. Once a condemnation ordinance is passed, negotiations would have continued. Further investigation of the property would have been necessary, including a Phase I (and possibly Phase II) environmental analysis. The City does not decide whether to purchase a property until its site investigations are complete. The City is not aware of any City representative telling the tenants that the purchase of the property was a “done deal.”

Would the tenants have been treated fairly?

Yes. Under state and federal law, tenants are entitled to Relocation Benefits, which includes unlimited actual move costs, advisory services and business re-establishment expenses, including a rent differential if the cost of rent at their new location was higher. A representative of the City reached out to each tenant and informed them about the City’s obligation to provide financial relocation benefits, relocation support, and advisory services. The City assumed that it could have moved incrementally into the site and would have been flexible with the tenants in giving them additional time to relocate, if needed. Further, the City was likely to allow a number of the tenants to remain and continue leasing space in the building for the foreseeable future.

Why did the City contact the tenants?

Under the Local Agency Guidelines provided by Washington Dept of Transportation and the Uniform Relocation Assistance and Real Property Acquisition Regulations for Federal and Federally Assisted Programs (Uniform Act), a tenant being potentially displaced by a project is entitled to receive information about potential relocation benefits and receive advisory services. During the City’s initial offer to acquire the property and in subsequent communications with the owner’s representatives, the City’s representative advised the owners of the property that their tenants were entitled to information about relocation benefits. During in-person meeting with the owner’s representatives, they requested the City not communicate with the tenants and the City respected their initial request. However, with the publication of the notice of public hearing, we felt it necessary to communicate directly with the tenants at that point. Our representative and city staff met with several tenants, shared information about the project and about their right to receive information about relocation benefits, should they be displaced by the project.

How was this property selected?

Several criteria for selecting an appropriate piece of property were required in order to support the services provided by Public Works. During public comment at recent city council meetings, there was concern expressed about the criteria used for selecting the site. The following addresses concerns expressed during public comment and is an explanation for how the property located at 7023 NE 175th Street scored:

Zoning (25/25 Points)

Improper zoning for a Public Works shop was expressed as a concern during public comments. The use designation required for a Public Works operations and maintenance shop is “Construction and Trade”. This use is permitted in regional business subarea east zoning, conditionally permitted in public and semi-public zoning, and permitted in regional business subarea north zoning but limited by Ordinance 17-0436 (which has since expired). The property is located within regional business subarea east zoning and was assigned 25 points.

Size and configuration of the site (25/25 Points)

There was a mixture of comments regarding the size of the property. A site was scored based on whether it was more than or less than 1.5 useable acres. The property has 1.49 useable acres based on estimates derived from aerial photography and is subject to a small degree of error, therefore 1.49 acres is well within the

allowable statistical variation. The property meets the size requirement of 1.5 acres and was assigned 25 points.

Acquisition and development cost (2/12 Points)

Many comments were received stating that the property was unfairly scored as a “willing seller”. Under this category, a willing seller scored 0 or 4 points, price based on the King County Assessor scored a range of 0 – 4 points, and a useable structure scored 4 points (how much work does the building require).

The property was assigned 0 points because there was not a willing seller, 2 points based on the King County Assessor value and 0 points for useable structure because the City could not confirm that the structure was useable (now that staff have seen the structure this would be modified to a higher score).

Expansion for growth (4/6)

The property area and building size provide adequate area for growth. The property size is just at the minimum size needed so 2 points were deducted. The property was assigned 4 points.

Environmental impact (5/6)

Several comments were received indicating that the PW shop would negatively impact the environment. The property already has an existing wetland buffer along Sammamish River and the existing site layout does not require any habitat removal or degradation to accommodate the proposed public works facility. The site requires minimal impacts to existing critical areas which scores well – the property was assigned 5 points.

Not related to the criteria scoring, but also related to environmental impacts mentioned in several comments:

- The City has no plans to fill or degrade wetlands
- The City would enhance onsite stormwater runoff controls, thereby reducing pollutants entering Sammamish River and as a City owned property all drainage on the site would become part of the municipal stormwater system and subject to additional NPDES regulations.
- Hazardous materials are handled and stored under highly regulated standards under municipal operations. Secondary and spill control protocols are always implemented for all materials.
- Fueling operations will not occur on this site. These activities are established at a separate facility (Northshore Utility District).
- Automotive and equipment repairs will not be conducted on this site. These activities are established at a separate facility (Northshore Utility District).

Existing building reuse (6/6)

The existing building meets the minimum estimated space needed for operations (13,700 SF) with room to grow for many years. The building is also constructed in a manner suitable for public works uses and contains established areas for offices and garage space. The property was assigned 6 points.

Ownership of site/multiple owners/multiple parcels (2/4)

The number of property owners and/or businesses was considered. The property contains multiple businesses contained on one parcel with one owner so a score of two was assigned to the property.

Time Frame (2/4)

The timeframe needed to acquire the property was considered, which included whether there was a willing seller (every property contacted by the City did not have a willing seller), how many owners would be involved and would there be existing businesses to manage. The property was assigned two points, primarily based on knowledge that there were existing businesses on the site.

Hazard mitigation (4/4)

Potential known hazard mitigation issues were considered. The property has known drainage water quality

violations and a residential heating oil spill in 2013, but otherwise no known hazardous conditions that would require substantial cost to the City. The property was assigned 4 points.

Neighboring properties (3/4)

The City considered whether the property was adjacent to residential properties and whether it was part of a larger multi-parcel business. One property border is adjacent to a residential parcel and the property was assigned 3 points.

Site access (2/4)

The City considered site access and potential frontage improvements needs. The property has good access but currently has no frontage improvements so it was assigned 2 points.

How is the City going to pay for the acquisition of a future public works facility?

The City will issue bonds or access a loan from the state to purchase and develop a new facility. Savings from not contracting with Lake Forest Park will cover a substantial portion of the debt service, and the remaining amount will come from the City's general operating and surface water utility funds.

Is it true that the City attempted to acquire a residential property for this purpose?

In 2018, a 5-acre single-family residential property, zoned R-1, came on the market. The City and the property owner entered into a purchase and sale agreement so that the City could conduct due diligence on the property and determine whether it was a feasible site. During this due diligence period, the City found potential soil contamination concerns and concluded that the usable acreage of the site (given wetland and stream buffer requirements, site access, and other concerns) was not large enough for the City's needs. The property was also not properly zoned for the proposed public works use and would have required amendments to the City's Comprehensive Plan and zoning regulations. During this due diligence period, the City reached out to the neighbors, and the neighbors voiced opposition. The City terminated the purchase and sale agreement and did not close on the property.

What is the City's plan moving forward?

Despite prior efforts to seek a willing seller, the City is going to re-attempt to find a willing seller of a property that meets the City's needs. The City may have communications with various property owners over the next several months. As time allows, the City may also reexamine the site selection criteria and may conduct a request for proposals in a more formal attempt to find a willing seller. Given the City Council's other competing priorities and workload limitations, such a process may not be able to begin for several months.

We welcome your comments. You can reach out to us at cityhall@kenmorewa.gov or 425-398-8900.