

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

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| AGENDA TITLE: | Authorize the City Manager to Approve Real Property Acquisition Located at 14050 1 st Avenue NE for the SR 523 (N/NE 145 th Street) & Interstate-5 Interchange Project |
| DEPARTMENT: | Public Works |
| PRESENTED BY: | Elizabeth S. Kelly, City Engineer |
| ACTION: | <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution <input checked="" type="checkbox"/> Motion <input type="checkbox"/> Discussion <input type="checkbox"/> Public Hearing |

PROBLEM/ISSUE STATEMENT:

Staff is requesting City Council authorization to allow the City Manager to approve the real property acquisition in excess of the authority delegated to the City Manager. The City Manager’s authority to approve real property acquisitions is established in Shoreline Municipal Code (SMC) Section 2.60 and has been amended for the SR 523 (N/NE 145th Street) & Interstate-5 Interchange Project, referred to as the 145th Interchange Project. The City Manager’s purchasing authority for the 145th Interchange Project is at \$1,000,000 or less, per Resolution No. 488.

The property located at 14050 1st Avenue NE requires a partial acquisition with a temporary construction easement (TCE) for the 145th Interchange Project. Staff has been in negotiations with the property owner for the past several months. The property owner has submitted a counteroffer which varies from the 145th Interchange Project offer, but does align with the cost of acquisition paid to the same property owner as part of the City’s SR 523 (N/NE 145th Street), Aurora Avenue N to I-5, Phase 1 (I-5 Corliss Avenue) Project, referred to as the 145th Corridor Project.

In order for the City to proceed with the acquisition of this property, including offering possession and use agreements, the City Council must authorize the City Manager to approve the purchase. Tonight, staff is seeking this authority for the City Manager.

RESOURCE/FINANCIAL IMPACT:

As with all the acquisitions of the 145th Interchange Project, the value of this property acquisition needing specific approval has been determined by an independent appraisal firm hired for the project by the City’s contracted and WSDOT-approved right-of-way (ROW) consultant.

The appraised value of the partial acquisition and TCE was set at \$533,000.00. The appraisal was reviewed and concurred with by the review appraiser hired for the project. During negotiations, the property owner obtained an appraisal and countered with the appraised value at \$1,446,710.00. After extensive additional review by City staff and the

ROW consultant, it was found the counteroffer was fair and reasonable. All appraisals and appraisal reviews are available for City Council upon request.

Funding for the acquisition is being supplied by Sound Transit and Washington State Transportation Improvement Board funds. A more detailed discussion of the overall project budget will be included with the project update also scheduled for May 8, 2023.

RECOMMENDATION

Staff recommends that the City Council authorize the City Manager to execute the necessary documents to acquire the property at 14050 1st Avenue NE at the value of \$1,446,710.00 for the SR 523 (N/NE 145th Street) & Interstate-5 Interchange Project.

Approved By: City Manager **BE** City Attorney **MK**

BACKGROUND

In 2016, the City began implementing improvements identified in the [145th Street Multimodal Corridor Study](#) to improve access and safety for all travel modes and to improve access to Sound Transit's (ST) 145th Street Light Rail Station. In 2017, the City began design for improvements to the SR523/145th Street-Interstate 5 Interchange. During the initial design work, the City worked closely with the Washington State Department of Transportation (WSDOT), Sound Transit, King County Metro, the City of Seattle, and other stakeholders to identify and agree to an interchange configuration of two roundabouts instead of traditional traffic signals.

The City is currently in the process of acquiring the necessary right-of-way (ROW) for the SR 523 (N/NE 145th Street) & Interstate-5 Interchange Project, referred to as the 145th Interchange Project. The City Manager's authority to approve real property acquisitions is established in Shoreline Municipal Code Section 2.60 and has been amended for the 145th Interchange Project per [Resolution No. 488](#), which was adopted by Council on April 4, 2022.

The City has been successful at securing funds for right of way (ROW) acquisition for the project through Sound Transit and Transportation Improvement Board (TIB).

DISCUSSION

The City's Offer

When the City Council adopted Resolution No. 488, it was anticipated that there could be a limited number of acquisitions that would exceed the City Manager's increased signing authority. The property located at 14050 1st Avenue NE is one of those properties.

14050 1st Avenue NE (comprised of King County Tax Parcel Nos. 283210-0190 and 283210-0170) is located in King County and is within the City of Seattle City limits. The subject parcels make up a majority of the campus for the Lakeside School, a private school for grades 5-12. The Lakeside School campus is comprised of academic buildings, athletic fields, and staff single-family residences. The subject parcels are zoned NR2 (Neighborhood Residential) by the City of Seattle, with 7,200 square feet (SF) lot minimums. Since the subject parcels are not located within the City of Shoreline, these parcels were not included in Shoreline's upzoning to mixed-used zoning.

The 145th Interchange Project needs to acquire 12,326 SF of land in fee and 9,637 SF of land for a 3-year temporary construction easement (TCE) at 14050 1st Avenue NE. A map of the acquisition area is attached to this staff report as Attachment A.

On August 29, 2022, Lakeside School was presented with an offer in the amount of \$684,800.00 (Offer #1). Offer #1 included a fee value of \$25/SF: \$263,750.00 for 10,550 SF in fee, \$203,000.00 for an 8,120 SF permanent easement area and \$65,500.00 for an 8,728 SF TCE area (10% of fee value x 3-years). Offer #1 also included \$46,050.00 for landscaping and fencing, and \$106,500.00 for the single-family residence (SFR).

As the 145th Interchange Project design progressed, the wall design was revised to have a smaller footprint and reduce the acquisition area. Lakeside School was presented with a revised offer in the amount of \$533,000.00 on February 28, 2023 (Offer #2). Offer #2 includes a fee value of \$25/SF: \$308,150.00 for fee area, \$72,300.00 for TCE area (10% of fee value x 3-years). Offer #2 also includes \$46,050.00 for landscaping and fencing, and \$106,500.00 for the SFR.

| 145th Interchange Project – City Offer Summaries | | | | | | |
|--|-------------------|-------------------------------|----------------------------------|---|---------------------------|--------------|
| | Date | Land Fee Value (\$/SF) | Land Value (Fee, PE, TCE) | Improvements (Landscape + Fence) | Improvements (SFR) | Total |
| Offer #1 | August 29, 2022 | \$25.00/SF | \$532,250.00 | \$46,050.00 | \$106,500.00 | \$684,800.00 |
| Offer #2 | February 28, 2023 | \$25.00/SF | \$380,450.00 | \$46,050.00 | \$106,500.00 | \$533,000.00 |

Lakeside School rejected Offer #2 of \$533,000.00 and countered at \$1,446,710.00. Their counteroffer is based on the price per square foot used for a recent acquisition of property as part of the SR 523 (N/NE 145th Street) Corridor (Phase 1) project, referred to as the 145th Corridor Project.

SR 523 (N/NE 145th Street) Corridor (Phase 1) Project Acquisition

On January 11, 2023, the City of Shoreline’s 145th Corridor Project also acquired property from of Lakeside School property. One of the parcels included on the 145th Corridor Project acquisition is King County Tax Parcel No. 283210-0190, the same parcel included on the 145th Interchange Project. The 145th Corridor Project utilized a different appraiser than the 145th Interchange Project. Lakeside also hired an independent appraisal as allowed under the Uniform Relocation Act (URA).

The 145th Corridor Project appraisal by SOVA Consulting utilizes comparable sales that are single family lots based on the zoning, whereas the 145th Interchange Project appraisal by Lingeman Valuation & Consulting utilized large lot sale comparisons with the highest and best use to continue as a school campus. This difference in approach to sales comparable data resulted in a significant difference in the valuations of land in fee. The 145th Corridor Project appraisal gave a fee value of \$75/SF, which was agreed to by the City, paid, and recorded.

Lakeside School’s Counteroffer

Based on the recently closed transaction for the 145th Corridor Project acquisition, Lakeside School countered at \$75/SF to match the land value in that acquisition and their own independent appraisal. Lakeside School also countered the valuation of the SFR and fence improvements. Lakeside School provided comparable sales for the SFR, all of which are recently sold and close in proximity, quality, and size. Lakeside School’s counter for the SFR was \$257,678.00 or \$230/SF, which is based on the comparable average \$/SF of the structures. Lakeside School also countered the fencing at \$6,200.00 based on a quote received by a local fencing company. Lakeside School did not dispute the landscape valuation. This counteroffer is received to as Lakeside’s offer.

| Offer Comparison – City v. Lakeside School | | | | | | |
|---|-------------------|-------------------------------|----------------------------------|---|---------------------------|-----------------------|
| | Date | Land Fee Value (\$/SF) | Land Value (Fee, PE, TCE) | Improvements (Landscape + Fence) | Improvements (SFR) | Total |
| City's Offer | February 28, 2023 | \$25.00/SF | \$380,450.00 | \$46,050.00 | \$106,500.00 | \$533,000.00 |
| Lakeside's Offer | April 7, 2023 | \$75.00/SF | \$924,450.00 | \$47,750.00 | \$257,678.00 | \$1,446,710.00 |
| | | + \$50/SF | + \$544,000.00 | + \$1,700.00 | + \$151,178.00 | + \$913,710.00 |

The Lakeside Offer is heavily based around the recent acquisition made by the 145th Corridor Project. Considering that both project acquisition areas are on one of the same subject parcels, accepting the counter of \$75/SF is fair and reasonable in this context. The 145th Interchange Project's appraiser utilized the Marshall Valuation Service to value the SFR, whereas Lakeside School's counteroffer utilized recent comparable sales. Accepting the counter SFR value of \$257,678.00 is reasonable. Lakeside School also obtained a quote for the fence replacement of \$6,200.00. Accepting this valuation of the fence is reasonable.

After extensive review from City staff and the City's ROW consultant, it was concluded that all elements of the Lakeside Offer are fair and reasonable. All appraisals and appraisal reviews are available to the City Council upon request.

ALTERNATIVES ANALYSIS

There are two primary alternatives to proceeding with the offer as presented above:

1. Conduct another appraisal by either the City or Lakeside. Lakeside had an independent appraisal conducted as part of the 145th Corridor Project, therefore staff would not anticipate a new appraisal would result in a lower cost. The City could conduct an alternative appraisal with a different appraiser and utilize this appraisal for negotiation. Staff estimates it would take 2-3 months to obtain a new appraisal.
2. Proceed to condemnation. As this parcel is within Seattle City Limits, Seattle would be required to approve a condemnation ordinance and lead the condemnation process. Early in design, staff discussed the potential need for condemnation and Seattle staff was supportive if needed. At this point, Seattle has not approved the authority for condemnation and it would take considerable time to go through that process.

Neither of these alternatives are recommended because of the time it would take to go through the process and the limited likelihood it would result in a lower or different outcome. In order to meet funding commitments, the City must submit our request to obligate construction funding by July 15, 2023. Submittal of our ROW Certification Package is a critical component to our request to obligate funds and the ROW Certification Package must be submitted by May 18, 2023.

In order for the City to proceed with acquisition, including offering possession and use agreements, Council must authorize the City Manager to approve the purchase. Staff is requesting that Council authorize the City Manager to approve purchase of the property.

Not authorizing the purchase of the property would result in the project not acquiring the necessary ROW to construct the project.

RESOURCE/FINANCIAL IMPACT

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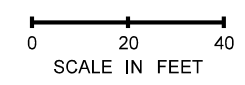
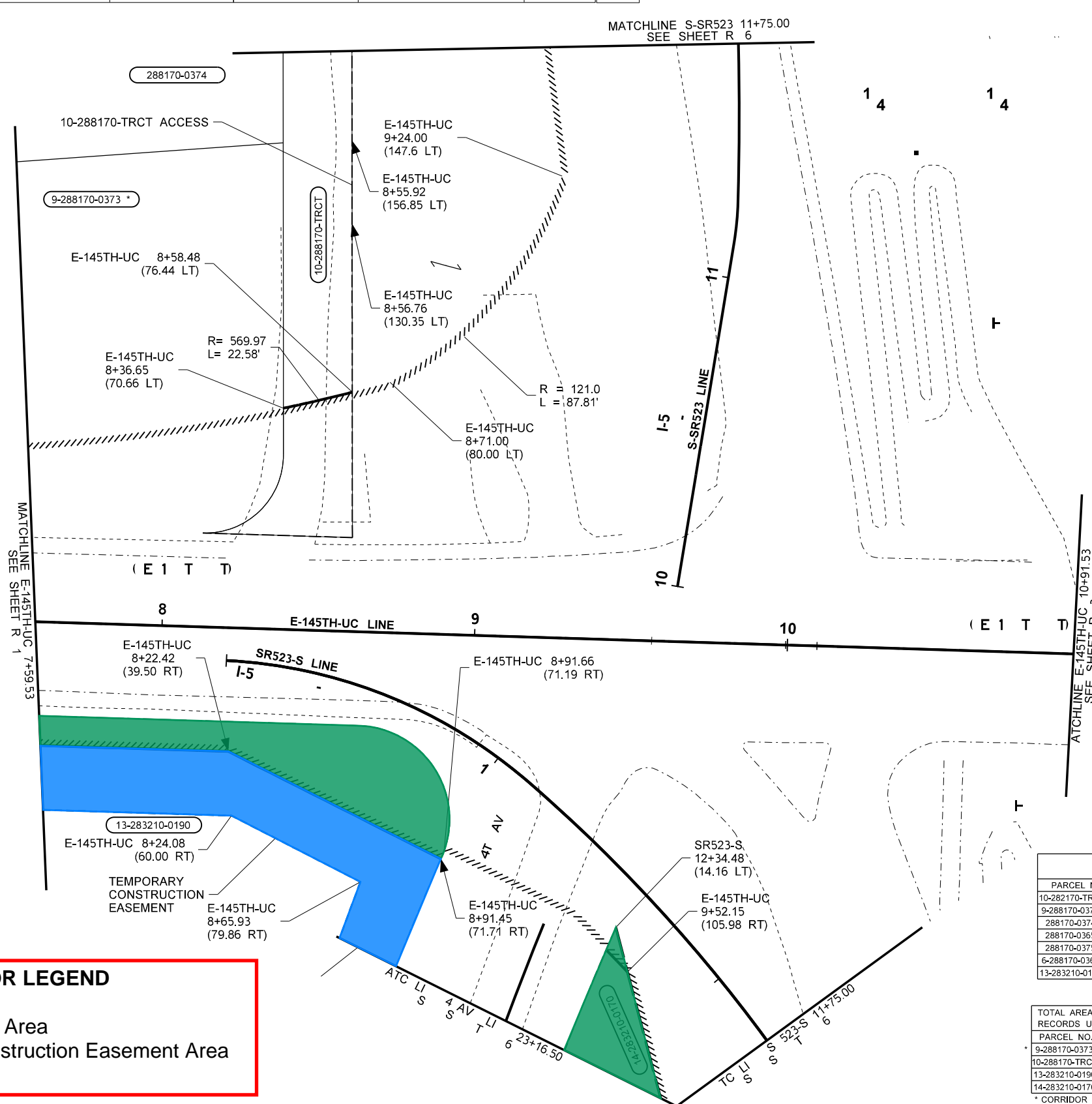
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ATTACHMENTS

Attachment A: Acquisition Map for 14050 1st Avenue NE

MATCHLINE S-SR523 11+75.00
SEE SHEET R 6



Attachment A

| | |
|-------|--|
| ----- | EXISTING CITY RIGHT OF WAY |
| ----- | EXISTING WSDOT RIGHT OF WAY |
| ----- | QUARTER SECTION LINE |
| ----- | SECTION LINE |
| ----- | PROPERTY LINE |
| ----- | PERMANENT EASEMENT LINE |
| ----- | TEMPORARY CONSTRUCTION EASEMENT LINE |
| ----- | TEMPORARY SLOPE EASEMENT LINE |
| ----- | ALIGNMENT AND STATION |
| ----- | LIMITED ACCESS LINE COINCIDENT WITH RIGHT OF WAY |
| ----- | NEW RIGHT OF WAY |
| ----- | ACCESS TO BE PROHIBITED SHOWN THUS |

- GENERAL NOTES**
- HORIZONTAL DATUM FOR THIS SURVEY IS NAD 83/11, WASHINGTON STATE PLANE COORDINATE SYSTEM, NORTH ZONE.
 - VERTICAL DATUM FOR THIS SURVEY IS NAVD 88.

DESIGN NOTES
TYPE C APPROACH IN AN OFF AND ON APPROACH IN LEGAL MANNER, FOR SPECIAL PURPOSE AND WIDTH TO BE AGREED UPON. IT MAY BE SPECIFIED AT A POINT SATISFACTORY TO THE STATE AT OR BETWEEN DESIGNATED HIGHWAY STATIONS.

*THIS APPROACH SHALL PROVIDE ACCESS SOLELY FOR USE AS SINGLE FAMILY RESIDENCES UNTIL ACCESS FROM NE 147TH ST. CAN BE ESTABLISHED. THE APPROACH AT STATION E 145TH U.C. 8+49 LT. SHALL NOT EXCEED 45.82' IN WIDTH. IF THE PROPERTY USE CHANGES THE ACCESS APPROACH WILL NOT BE PERPETUATED WITHOUT SDOT'S PRIOR WRITTEN APPROVAL, WHICH APPROVAL MAY BE GRANTED AFTER DETERMINATION AS THE IMPACTS TO THE SAFETY, OPERATIONS OR MAINTENANCE OF SAID HIGHWAY.

NO.2. THIS APPROACH IS TO BE USED TO SERVE MORE THAN ONE OWNER AND/OR UTILITY, FOR ONLY THOSE OWNERSHIPS LISTED ON THE ACCESS APPROACH SCHEDULE.

| COLOR LEGEND | |
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| | Fee Acquisition Area |
| | Temporary Construction Easement Area |

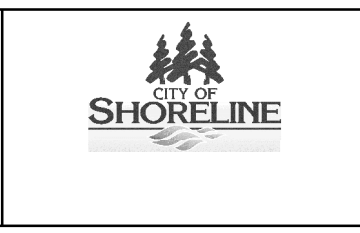
| PARCEL NO | NAME | TOTAL AREA | R/W | CENTERLINE APPROACH STATION | TYPE |
|----------------|--------------------------------------|------------|-------------|-----------------------------|------|
| 10-282170-TRCT | MCMANUS, DIANE JOYCE ET AL. | 5,769 | ACCESS ONLY | E. 145TH U.C. 8+49 LT. | C*-2 |
| 9-288170-0373 | CITY OF SHORELINE | 15,085 | ACCESS ONLY | E. 145TH U.C. 8+49 LT. | C*-2 |
| 288170-0374 | NG, BENNY T & SO, SANDRA YIN FUN | 7,211 | ACCESS ONLY | E. 145TH U.C. 8+49 LT. | C*-2 |
| 288170-0365 | WYATT, ERIN J & SYROTENKO, OLEXANDER | 7,927 | ACCESS ONLY | E. 145TH U.C. 8+49 LT. | C*-2 |
| 288170-0375 | MCMANUS, DIANE JOYCE | 9,298 | ACCESS ONLY | E. 145TH U.C. 8+49 LT. | C*-2 |
| 6-288170-0366 | EVERGREEN POINT SHORELINE 145, LLC | 51,429 | ACCESS ONLY | E. 145TH U.C. 8+49 LT. | C*-2 |
| 13-283210-0190 | LAKESIDE SCHOOL | 898,706 | ACCESS ONLY | | |

| PARCEL NO. | NAME | TOTAL AREA | R/W | LT. REMAINDER RT. | TEMP. EASMT | PERM. EASMT |
|----------------|-------------------|------------|-------|-------------------|-------------|-------------|
| 9-288170-0373 | CITY OF SHORELINE | 15,085 | - | 11,366 | - | - |
| 10-288170-TRCT | - | 5,770 | 1,101 | 4,669 | 2,466 | - |
| 13-283210-0190 | LAKESIDE SCHOOL | 898,706 | 5,902 | 892,804 | 9,637 | - |
| 14-283210-0170 | LAKESIDE SCHOOL | 95,400 | 6,424 | - | 88,979 | 0 |

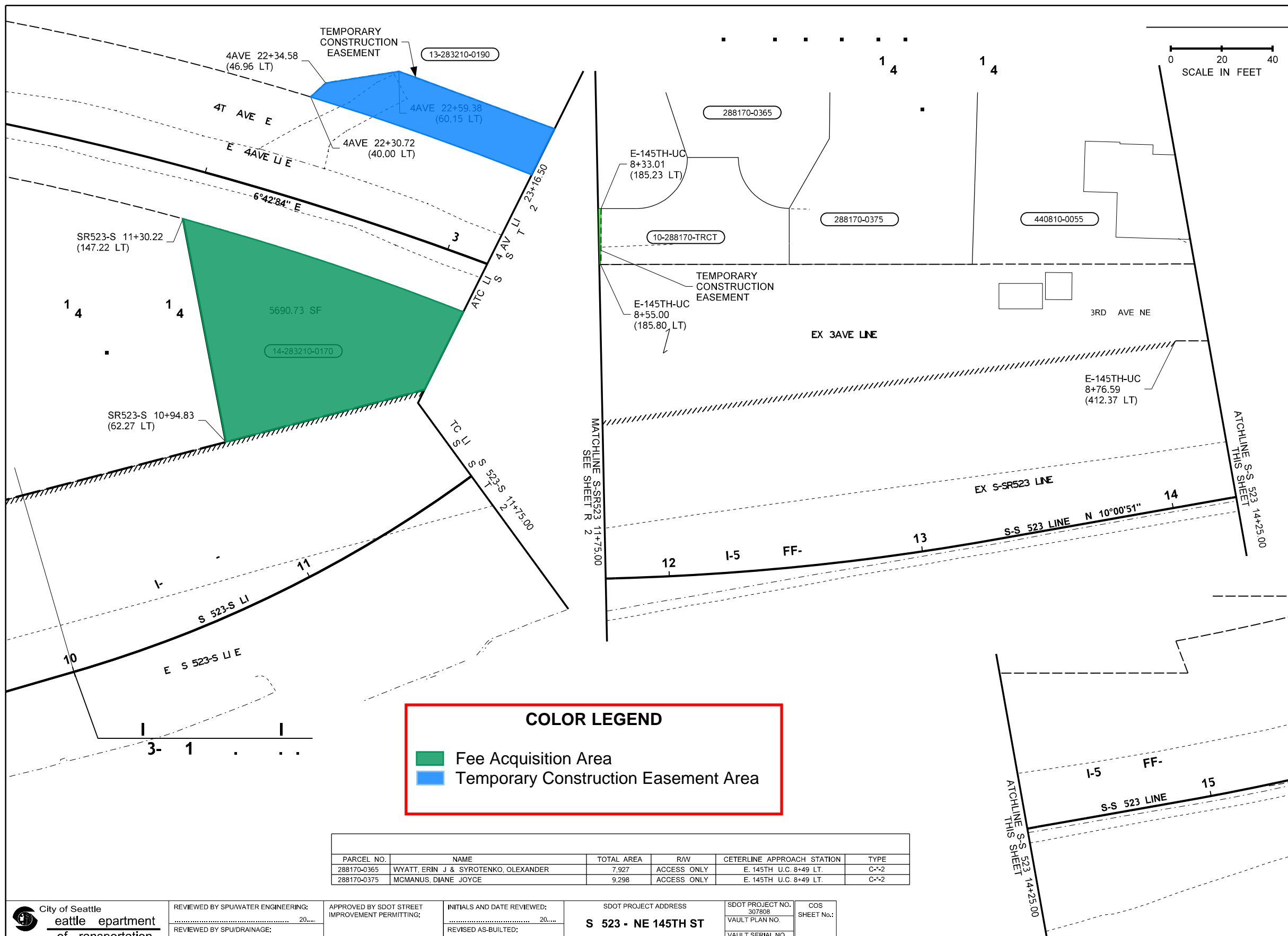
* CORRIDOR PROJECT PARCEL ACQUISITION ACTIVITIES NOT PART OF THIS PROJECT

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| KING COUNTY | JANUARY 2023 | SHEET |
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| | | SHEETS |



- EXISTING CITY RIGHT OF WAY
- EXISTING WSDOT RIGHT OF WAY
- QUARTER SECTION LINE
- SECTION LINE
- PROPERTY LINE
- PERMANENT EASEMENT LINE
- TEMPORARY CONSTRUCTION EASEMENT LINE
- TEMPORARY SLOPE EASEMENT LINE
- 25
----- ALIGNMENT AND STATION
- ////// LIMITED ACCESS LINE COINCIDENT WITH RIGHT OF WAY
- NEW RIGHT OF WAY
- ////// ACCESS TO BE PROHIBITED SHOWN THUS

- ENCLINTES**
1. HORIZONTAL DATUM FOR THIS SURVEY IS NAD 83/11, WASHINGTON STATE PLANE COORDINATE SYSTEM, NORTH ZONE.
 2. VERTICAL DATUM FOR THIS SURVEY IS NAVD 88.

COLOR LEGEND

Fee Acquisition Area

Temporary Construction Easement Area

| PARCEL NO. | NAME | TOTAL AREA | R/W | CETERLINE APPROACH STATION | TYPE |
|-------------|--------------------------------------|------------|-------------|----------------------------|------|
| 288170-0365 | WYATT, ERIN J & SYROTENKO, OLEXANDER | 7.927 | ACCESS ONLY | E. 145TH U.C. 8+49 LT. | C-2 |
| 288170-0375 | MCMANUS, DIANE JOYCE | 9.298 | ACCESS ONLY | E. 145TH U.C. 8+49 LT. | C-2 |

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| <p>City of Seattle eattle epartment of ransportation</p> | REVIEWED BY SPU/WATER ENGINEERING: 20..... | APPROVED BY SDOT STREET IMPROVEMENT PERMITTING: 20..... | INITIALS AND DATE REVIEWED: 20..... | SDOT PROJECT ADDRESS S 523 - NE 145TH ST | SDOT PROJECT NO. 307808 | COS SHEET No.: |
| | REVIEWED BY SPU/DRAINAGE: 20..... | 20..... | REVISIED AS-BUILT: 20..... | 20..... | VAULT PLAN NO. | VAULT SERIAL NO. |

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SR 523 MP 0.00 TO MP 0.78 AND MP 0.78 TO MP 1.11

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KING COUNTY JANUARY 2023

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Plot 1

PLAN REF NO 6

SHEET OF SHEETS