



King County

Metropolitan King County Council Budget and Fiscal Management Committee

Staff Report

Agenda item No:	4	Date:	June 4, 2013
Proposed ord.:	2013-0155	Prepared by:	Wendy Soo Hoo

SUBJECT

Proposed Ordinance 2013-0155 would approve a purchase and sale agreement for the sale of the 2.87 acre North Maintenance Roads Service site to the City of Shoreline.

BACKGROUND

The property proposed to be sold to the City of Shoreline was previously used by the Road Services Division (Roads) for maintenance purposes. This property is commonly referred to as the Brugger's Bog facility and is located in Shoreline at 19547 25th Avenue Northeast. Pursuant to King County Code 4.56.070, the Facilities Management Division (FMD) circulated surplus notices to King County agencies and none expressed interest. FMD declared the property surplus on September 7, 2011.

Brugger's Bog formerly served the Juanita, Finn Hill and Kingsgate areas. Once Kirkland annexed this area, the facility was closed, decommissioned and recommended for surplus. Roads has consolidated the Brugger's Bog and Cadman maintenance facilities at the Cadman facility in Redmond. Brugger's Bog improvements include a debris recycling station, vector decant station, equipment repairs and storage facilities, heavy equipment storage, truck scale, fueling station with above-ground storage tanks, staff offices, and sand and gravel storage.

This is the second hearing on this proposed ordinance. At the first hearing on April 16th, the Budget and Fiscal Management Committee deferred taking action, pending further analysis and consideration.

The purchase and sale agreement was approved by the Shoreline City Council at their November 26, 2012 meeting and has been approved as to form by the King County Prosecuting Attorney's Office. The County Council did not receive the proposal from the County Executive until March 19, 2013.

ANALYSIS

The primary issue staff identified with the proposal was that the City of Shoreline has proposed to purchase the property at the total appraised value of \$2,898,622, while a competing offer of \$3,200,000 was also submitted by the Shoreline Water District. Both entities propose to continue using the property for industrial/maintenance facilities. However, the Executive indicated that, while selling the property to the water district would provide more revenue to the Roads Fund, additional benefits would accrue to the County from selling the property to the City of Shoreline.

The primary benefit cited is a potential partnership with the City of Shoreline that would allow County vehicles to continue using fueling facilities at the site. This would benefit all County funds as any County vehicles could use the fueling facilities. However, no analysis was completed to demonstrate whether potential efficiencies would offset the \$300,000 in foregone revenue to the Roads Fund. Furthermore, no agreement memorializing or formally establishing a partnership with the City of Shoreline, for continued use of the property, had been transmitted at the time of the first hearing on this item.

Another reason the Executive's transmittal letter cites as justification for selling the property to the City of Shoreline at a lower price than the purchase price proposed by the Water District is that the Water District's offer would make the sale contingent on obtaining permits from Shoreline to build its desired facilities. Executive staff did not attempt to engage in negotiations with the Water District to remove this contingency.

Finally, the third reason cited by the Executive for foregoing the higher sale price is that the City of Shoreline has agreed to continue operation of the vector waste decant facility, which allows for the proper disposal of liquids removed from stormwater systems under federal, state, and local regulatory requirements. No formal agreement had been reached nor transmitted to the Council on continued operation of the vector waste decant facility.

Follow-up from April 16th Budget & Fiscal Management Committee meeting

Following the first hearing on Proposed Ordinance 2013-0155, the Budget and Fiscal Management Committee Chair requested the Executive to work with the City of Shoreline to develop an agreement governing the partnerships described in the transmittal letter, i.e., the fueling partnership and the continued operation of the vector waste decant facility.

Executive staff provided a draft "Joint Use Agreement for Fueling Services and Vector Decanting," which has a term of three years, with automatic annual one-year renewals unless either party terminates the agreement after the initial three years. The Shoreline City Council authorized its Mayor to enter into the agreement on May 20th. The City Council approved agreement is provided as Attachment 6 to the staff report. Note that the agreement can be executed by the Executive without Council approval.

Council staff and legal counsel worked with Executive staff to strengthen and clarify the provisions related to the additional benefits cited in the transmittal letter (i.e., the fueling partnership and the continued vector decant operation), as well as to address other technical drafting issues. Executive staff concurred that the revisions better reflected the intent of the parties. A track changes version reflecting the revisions is provided as Attachment 7. (The proposed changes could necessitate another approval of the agreement by the Shoreline City Council.)

Note that two policy issues remain unresolved and staff requests direction on how the committee wishes to proceed on these issues:

1.) First, the Executive and City of Shoreline are not bound to execute the agreement, even if the Council approves of the sale of the property. If the Council approves the sale, the County Executive and Shoreline's Mayor could at their own discretion determine not to enter into the agreement. The committee could direct staff to draft an amendment to Proposed Ordinance 2013-0155 that would make the sale contingent on execution of the joint use agreement.

2.) The current draft of the joint use agreement does not create a binding obligation on the City to provide continued operation of the vector waste decant facilities. Although the Executive's transmittal letter indicates that Shoreline "has agreed to continue operation" of the vector waste decant facility, Executive staff indicated that Shoreline first needs to consider the design and undertake a planning and permitting process to determine whether it can continue these operations. The current draft of the joint use agreement indicates the City's intent to reopen the facility, subject to completion of any necessary planning and permitting requirements. The committee may wish to consider language that requires the City to reopen the facility, subject to completion of any necessary planning and permitting requirements.

Shoreline Water District correspondence

In addition, the Shoreline Water District requested that a letter stating the district's position be added to the legislative record. The letter, dated May 21, 2013, is provided as Attachment 8 to the staff report. In brief, the letter indicates that the water district would also be willing to partner with the County on a shared fueling station and to continue operation of the vector waste decant facility. The letter also indicates that the

water district would be willing to waive the contingency that it consult with the city regarding zoning of the site. Finally, the letter reiterates the water district's willingness to pay approximately \$300,000 more than the city's offered purchase price.

REASONABLENESS

It is a policy decision whether to approve the sale of the property to the City of Shoreline as proposed by the Executive or whether to direct staff to draft an amendment to the ordinance making the sale contingent on execution of the joint use agreement.

The Council's legal counsel reviewed the Purchase and Sale Agreement and identified technical errors that do not require amendments to correct. The errors have been shared with Executive staff.

INVITED

1. Diane Carlson, Director of Regional Initiatives, Office of the Executive
2. Sung Yang, Chief of Staff, Office of the Executive
3. Kathy Brown, Director, Facilities Management Division
4. Steve Salyer, Manager, Real Estate Services Section

ATTACHMENTS

1. Proposed Ordinance 2013-0155
2. Transmittal Letter
3. Fiscal Note
4. 2012 Appraisal of Brugger's Bog
5. Correspondence on Methodology for Adjusting the Appraised Value
6. Draft Joint Use Agreement for Fueling Services and Vector Decanting, as approved by the Shoreline City Council on May 20, 2013
7. Draft Joint Use Agreement for Fueling Services and Vector Decanting, with input from by County Council and Executive Staff (track changes)
8. Water District Correspondence, dated May 21, 2013



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

June 3, 2013

Ordinance

Proposed No. 2013-0155.1

Sponsors Dembowski

1 AN ORDINANCE approving the sale to the city of
2 Shoreline of the surplus North Maintenance Roads Service
3 facility located in district 1.

4 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

5 **SECTION 1. Findings:**

6 A. The road services division is the custodian of the North Maintenance Roads
7 Services facility, commonly known as the Brugger's Bog facility, located at 19547 25th
8 Avenue Northeast, Shoreline.

9 B. The road services division has determined that Brugger's Bog is surplus to its
10 needs and the needs of the public.

11 C. The King County executive has negotiated a purchase and sale agreement for
12 the sale of the surplus Brugger's Bog facility to the city of Shoreline

13 D. Pursuant to K.C.C. 4.56.070, the facilities management division has circulated
14 surplus notices to King County agencies and none expressed interest. The facilities
15 management division declared the property surplus on September 7, 2011.

16 E. Brugger's Bog was purchased with funds from the King County road fund.
17 The road fund is a separate fund established pursuant to chapter 36.82 RCW. Pursuant to
18 RCW 43.09.210, when property is sold or transferred that was purchased with funds from
19 the roads fund, the county must receive "full value" in return so that the road fund may be

20 fully reimbursed. The affordable housing requirement is a King County Code provision,
21 while the necessity of the Road Fund receiving full value from a sale of the Bruggers Bog
22 under RCW 43.09.210 is a state law requirement. Given the higher value of the property
23 the county will receive if sold for an industrial use, which is \$2,896,622, versus a use of
24 the property that would allow affordable housing, which is \$2,300,322, it is important
25 under state law to sell the property for the higher industrial value. As a result, although
26 the road services division's Bruggers Bog property may be suitable for affordable
27 housing, it is not appropriate in this instance to sell it at the lower value that would be
28 associated with affordable housing.

29 F. The proposed sale to the city of Shoreline is consistent with K.C.C. 4.56.100
30 and 4.56.140 providing for a direct negotiated sale to a government agency. K.C.C.
31 4.56.080 provides that council approval is required for the sale of county-owned property
32 valued in excess of ten thousand dollars.

33 SECTION 2. The King County council, having determined that the sale of the
34 subject property is in the best interest of the public, hereby authorizes the executive to
35 execute the sale in substantially similar form as provided in Attachment A to this
36 ordinance and to execute any other documents necessary to convey and deliver the
37 property to the buyer. All actions up to now taken by county officials, agent and
38 employees consistent with the terms and purposes of the sale agreement are hereby
39 ratified, confirmed and approved.

40 SECTION 3. If any one or more of the covenants or agreements provided in this
41 ordinance to be performed on the part of the county is declared by any court of competent
42 jurisdiction to be contrary to law, then such a covenant or covenants, agreement or

43 agreements, are null and void and shall be deemed separable from the remaining
44 covenants and agreements of this ordinance and in no way affect the validity of the other
45 provisions of this ordinance or of the sale.
46

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON

Larry Gossett, Chair

ATTEST:

Anne Noris, Clerk of the Council

APPROVED this ____ day of _____, _____.

Dow Constantine, County Executive

Attachments: A. Real Estate Purchase and Sale Agreement - Brugger's Bog Roads Maintenance Site

ATTACHMENT A to ORDINANCE

Real Estate Purchase and Sale Agreement

Brugger's Bog Roads Maintenance Site

REAL ESTATE PURCHASE AND SALE AGREEMENT

THIS REAL ESTATE PURCHASE AND SALE AGREEMENT (“Agreement”) is made and entered into as of _____, 2012, for reference purposes only, by and between **KING COUNTY**, a political subdivision of the State of Washington (the “Seller”) and the **CITY OF SHORELINE**, a municipal corporation (the “Buyer”).

RECITALS

A. Seller is the owner of that certain real property located in the City of Shoreline, King County, State of Washington, the legal description of which is attached hereto as **EXHIBIT A** (the “Property”).

B. Seller is desirous of selling the Property and Buyer is desirous of purchasing the Property.

AGREEMENT

NOW, THEREFORE, in consideration of the promises and mutual covenants contained herein, and other valuable consideration, receipt and sufficiency of which are hereby acknowledged, the parties hereto covenant and agree as follows:

ARTICLE 1. PURCHASE AND TRANSFER OF ASSETS

1.1. PROPERTY TO BE SOLD. Subject to and upon the terms and conditions set forth in this Agreement, Seller shall sell and convey to Buyer on the Closing Date (as hereinafter defined) and Buyer shall buy and accept from Seller on the Closing Date the following assets and properties:

(a) all the Seller’s right, title and interest in the parcel identified as the Property, as described in **EXHIBIT A**;

(b) all of Seller’s right, title and interest in improvements and structures located on the Property, if any;

(c) all of Seller’s right, title and interest in and to tangible personal property, if any, owned by the Seller and attached, appurtenant to or used in connection with the Property (“Personal Property”);

(d) all of Seller’s tenements, easements and rights appurtenant to the Property including but not limited to, all of the Seller’s right, title, and interest in and to streets, alleys or other public ways adjacent to the Property, easements for public utilities, all sewers and service drainage easements, all rights of connection to the sewers, and all rights of ingress and egress, and all leases, licenses, government approvals and permits affecting the Property;

Hereinafter, the items listed in Section 1.1 are collectively referred to as the “Purchased Assets.”

ARTICLE 2. PURCHASE PRICE

2.1. PURCHASE PRICE AND PAYMENT. In consideration of the conveyance of the Purchased Assets, Buyer shall, in full payment therefore, pay to Seller on the Closing Date a total purchase price of **Two Million Eight Hundred Ninety-Eight Thousand Six Hundred Twenty-Two Dollars and No Cents (\$2,898,622.00)** (the “Purchase Price”).

2.2. ALLOCATION OF PURCHASE PRICE. Seller and Buyer agree that the entire Purchase Price is allocable to real property and that the value of the Personal Property, if any, is *de minimis*.

2.3 DEPOSIT. Within two (2) business days after the execution of this Agreement, Buyer shall deliver to First American Title Insurance Company (the “**Escrow Holder**”), in its capacity as Escrow Holder, immediately available cash funds in the amount of **Fifty Thousand Dollars and No Cents (\$50,000.00)** (the “**Deposit**”). The Deposit shall be invested by the Escrow Holder in a money market account, a federally insured investment or such other investment as may be approved by Seller and Buyer in writing. Upon deposit with Escrow Holder, the Deposit shall be non-refundable except as otherwise provided in this Agreement. The Deposit shall be applied as a credit against the Purchase Price at the Closing.

ARTICLE 3. REPRESENTATIONS AND WARRANTIES OF THE PARTIES

3.1. WARRANTIES AND REPRESENTATIONS OF SELLER. As of the Closing Date, Seller represents and warrants as follows:

3.1.1. ORGANIZATION. The Seller is a political subdivision of the State of Washington duly organized, validly existing and in good standing under the laws of the State of Washington.

3.1.2. EXECUTION, DELIVERY AND PERFORMANCE OF AGREEMENT, AUTHORITY. The execution, delivery and performance of this Agreement by Seller (i) is within the powers of Seller as a political subdivision and charter county of the State of Washington, (ii) has been or will be on or before the Closing Date, duly authorized by all necessary action of the Seller’s legislative authority, and (iii) does not and will not violate any provision of any law, rule, regulation, order, writ, judgment, decree or award to which the Seller is a party or which is presently in effect and applicable to Seller. This Agreement constitutes the legal, valid and binding obligation of Seller enforceable against Seller in accordance with the terms thereof.

3.1.3. LITIGATION. There is no pending, or to the best of Seller’s knowledge, threatened lawsuit or material claim against or relating to Seller with respect to the Property,

which shall impede or materially affect Seller's ability to perform the terms of this Agreement. There is no pending or, to the best of Seller's knowledge, contemplated condemnation or similar proceeding with respect to the Property or any part thereof.

3.1.4. ASSESSMENTS. There is no pending, or to the best of Seller's knowledge, contemplated local improvement district or other special assessment or charge with respect to the Property, except as may be disclosed in the Title Commitment described below.

3.1.5. FULL DISCLOSURE. To the extent of Seller's knowledge as defined herein, no representation or warranty by Seller in this Agreement or in any instrument, certificate or statement furnished to Buyer pursuant hereto, or in connection with the transactions contemplated hereby, contains or will contain any untrue statement of a material fact or fails to state a material fact which is necessary to make the statements set forth therein not false or misleading. As used in this Agreement, the phrase "Seller's knowledge" or any derivation or variation thereof shall mean the actual knowledge of the following persons, based on their reasonable inquiry in the file locations where the relevant information would normally be filed:

- (a) Steve Salyer, Manager, Real Estate Services Section, Facilities Management Division, King County Department of Executive Services; and
- (b) Jon Cassidy, P.E., Maintenance Engineering Manager, Road Services Division, King County Department of Transportation.

3.1.6. NO BROKER. No broker, finder, agent or similar intermediary has acted for or on behalf of Seller in connection with this Agreement or the transactions contemplated hereby, and no broker, finder, agent or similar intermediary is entitled to any broker's, finder's or similar fee or commission in connection with this Agreement based on an agreement, arrangement or understanding with Buyer or any action taken by Buyer.

3.1.7. CONTRACTS. There are no contracts or other obligations outstanding for the sale, exchange, transfer, lease, rental or use of the Property or any portion thereof.

3.1.8. FUTURE AGREEMENTS. From and after the date hereof unless this Agreement is terminated in accordance with its terms, Seller shall not without the prior written consent of Buyer:

- (i) enter into any agreement, contract, commitment, lease or other transaction that affects the Property in any way; or
- (ii) sell, dispose of or encumber any portion of the Property;

3.1.9. MAINTENANCE OF THE PROPERTY. Seller shall continue to maintain the Property in compliance with all applicable laws and pay all costs of the Property with respect to the period prior to Closing.

3.1.10. CONDITION OF THE PROPERTY. (a) Seller has not made, does not make, and specifically negates and disclaims any representations, warranties, promises,

covenants, contracts or guarantees of any kind or character whatsoever, whether express or implied, oral or written, past, present or future, of, as to, concerning, or with respect to the value, nature, quality, or condition of the Property, including, without limitation:

- (i) The water, soil and geology;
- (ii) The income to be derived from the Property;
- (iii) The suitability of the Property for any and all activities and uses that Buyer or anyone else may conduct thereon;
- (iv) The compliance of or by the Property or its operation with any laws, rules, ordinances or regulations of any applicable governmental authority or body;
- (v) The habitability, merchantability, marketability, profitability or fitness for a particular purpose of the Property;
- (vi) The manner or quality of the construction or materials, if any, incorporated into the Property; or
- (vii) Any other matter with respect to the Property.

(b) Seller has not made, does not make, and specifically disclaims any representations regarding compliance with any environmental protection, pollution, zoning or land use laws, rules, regulations, orders, or requirements, including the existence in or on the Property of hazardous materials or substances.

(c) Without limitation, Seller does not make and specifically disclaims any warranties, express or implied, any warranties or representations with respect to the structural condition of the Purchased Assets, the area of land being purchased, the existence or non-existence of any Hazardous Substances or underground storage tanks, or the actual or threatened release, deposit, seepage, migration or escape of Hazardous Substances, from or into the Purchased Assets, and the compliance or noncompliance of the Purchased Assets with applicable federal, state, county and local laws and regulations, including, without limitation, environmental laws and regulations and seismic/building codes, laws and regulations. For purposes of this Agreement, the term “Hazardous Substances” shall mean: “hazardous substance” as defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (“CERCLA”); “hazardous waste” as defined by the Resource Conservation and Recovery Act of 1976 (“RCRA”) as amended; hazardous wastes, hazardous materials, hazardous substances, toxic waste, toxic materials, or toxic substances as defined in state or federal statutes or regulations; asbestos-containing materials, polychlorinated biphenyls; radioactive materials, chemicals known to cause cancer or reproductive toxicity; petroleum products, distillates or fractions; any substance the presence of which is prohibited by statute or regulation; and any substance for which any statute or regulation requires a permit or special handling in its use, collection, storage, treatment or disposal.

(d) All provisions of this Section 3.1.10 shall survive Closing and the expiration or earlier termination of this Agreement.

3.1.11. RISK OF LOSS. Until the Closing Date, the risk of loss relating to the Property shall rest with the Seller. Risk of Loss shall be deemed to include any property damage occurring as a result of an “Act of God,” including, but not limited to, earthquakes, tremors, wind, rain or other natural occurrence.

3.1.12. FOREIGN PERSON. Seller is not a foreign person and is a “United States Person” as such term is defined in Section 7701 (a) (30) of the Internal Revenue Code of 1986, as amended and shall deliver to Purchaser prior to the Closing an affidavit, as set forth in **Exhibit D**, evidencing such fact, and such other documents as may be required under the Code.

3.2. REPRESENTATIONS AND WARRANTIES OF BUYER. As of the Closing Date, Buyer represents and warrants as follows:

3.2.1. ORGANIZATION. Buyer is a municipal corporation duly organized, validly existing and in good standing under the laws of the State of Washington. Buyer has all requisite corporate power and authority to carry on its business as it is now being conducted in the place where such businesses are now conducted.

3.2.2. EXECUTION, DELIVERY AND PERFORMANCE OF AGREEMENT, AUTHORITY. The execution, delivery and performance of this Agreement by Buyer (i) is within the powers of Buyer as a municipal corporation, (ii) has been or will be on or before the Closing Date, duly authorized by all necessary action of the Buyer’s legislative authority, and (iii) does not and will not violate any provision of any law, rule, regulation, order, writ, judgment, decree or award to which the Buyer is a party or which is presently in effect and applicable to Buyer. This agreement constitutes the legal, valid and binding obligation of Buyer enforceable against Buyer in accordance with the terms hereof.

3.2.3. LITIGATION. There is no pending or, to the best of Buyer’s knowledge, threatened lawsuit or material claim against or relating to Buyer that shall impede or materially affect Buyer’s ability to perform the terms of this Agreement.

3.2.4. FULL DISCLOSURE. No representation or warranty by Buyer in this Agreement or in any instrument, document, certificate or statement furnished to Seller pursuant hereto, or in connection with the transactions contemplated hereby, contains or will contain any untrue statement of a material fact.

3.2.5. CONDITION OF PROPERTY.

(a) Buyer acknowledges and accepts Seller’s disclaimer of the Property condition in Section 3.1.10 of this Agreement.

(b) Buyer further acknowledges and agrees that, having been given the opportunity to inspect the Property, Buyer is relying solely on its own investigation of the Property and not on any information provided or to be provided by Seller. Buyer further acknowledges and agrees that any information provided or to be provided with respect to the Property was obtained from a variety of sources and that Seller has not made any independent investigation or verification of such information and makes no representations as to the accuracy

or completeness of such information and no employee or agent of Seller is authorized otherwise. Buyer further acknowledges and agrees that Seller is not liable or bound in any manner by any verbal or written statements, representations, or information pertaining to the Property, or the operation thereof, furnished by any real estate broker, agent, employee, servant or other person, and, to the maximum extent permitted by law, the sale of the Property as provided for herein is made on an "AS-IS" condition and basis with all faults. It is understood and agreed that the sale price reflects that the Property is sold by Seller to Buyer subject to the foregoing.

(c) Buyer acknowledges that, within the Due Diligence Period as defined in Section 4.1.2 of this Agreement, Buyer will have conducted a physical inspection and made all investigations that Buyer deems necessary in connection with its purchase of the Purchased Assets, and that, as of the Effective Date hereof, Seller has provided Buyer with copies of all reports in Seller's possession that have been requested by Buyer. Upon waiver or satisfaction by Buyer of its contingencies pursuant to Article 5, Buyer will be deemed to have approved the physical condition of the Property and agrees to accept and purchase the same "AS IS, WHERE IS", including, without limitation, the existence or non-existence of any pollutants, contaminants, hazardous waste, dangerous waste, toxic waste, underground storage tanks or contaminated soil, or the actual or threatened release, deposit seepage, migration or escape of such substances at, from or into the Property and the compliance or noncompliance of the Property with applicable federal, state, county and local laws and regulations including, without limitation, environmental laws and regulations. Buyer acknowledges and agrees that, except to the extent of Seller's representations and warranties in Section 3.1 of this Agreement, and to the extent of any fraud or deliberate misrepresentation by Seller, Seller shall have no liability for, and that Buyer shall have no recourse against the Seller for, any defect or deficiency of any kind whatsoever in the Property including without limitation those relating to Hazardous Substances, without regard to whether such defect or deficiency was discovered or discoverable by the Buyer or Seller.

3.2.6 NO BROKER. No broker, finder, agent or similar intermediary has acted for or on behalf of Buyer in connection with this Agreement or the transactions contemplated hereby, and no broker, finder, agent, or similar intermediary is entitled to any broker's, finder's or similar fee or commission in connection with this Agreement based on an agreement, arrangement, or understanding with the Buyer or any action taken by the Buyer.

3.2.7. INDEMNIFICATION. From and after the Closing Date, Buyer shall indemnify, defend and hold Seller, its officers, agents and employees harmless from and against any and all claims and agency orders or requirements relating to or arising out of, directly or indirectly, the Purchased Assets.

ARTICLE 4. TITLE MATTERS

4.1. TITLE. Seller shall deliver to Buyer good and marketable title, free and clear of all liens, defects and encumbrances except the Permitted Exceptions. The title, right of possession and interest in the Purchased Assets shall pass to Buyer upon the Closing Date and thereafter the risk of loss thereof shall be the responsibility of Buyer.

4.1.1. TITLE COMMITMENT. Buyer shall obtain a current ALTA form of

commitment for an owner's extended policy of title insurance (the "Title Commitment") issued by First American Title Insurance Company. (the "Title Company"), describing the Property, listing Buyer as the prospective named insured and showing as the policy amount the total Purchase Price for the Property. At such time as the Title Company causes the Title Commitment to be furnished to Buyer, the Title Company shall further cause to be furnished to Buyer legible copies of all instruments referred to in the Title Commitment as restrictions or exceptions to title to the Property.

4.1.2. SURVEY. Prior to the expiration of the Due Diligence Period (as defined in Section 5.2), Buyer shall the option, at its expense, to have prepared and furnished to the Title Company and Buyer a survey (the "Survey") of the Property prepared by a licensed public surveyor. The Survey shall be certified to Buyer and the Title Company, shall be satisfactory to the Title Company so as to permit it to issue an owner's extended coverage title policy, identify the Property by legal description and shall set forth the number of square feet contained within the Property, show all natural monuments, existing fences, drainage ditches and/or courses, flood plain limits, any building or other site improvements and/or objects, any rights-of-way for streets, existing driveways, alleys or highways, easements and other restriction lines existing and/or proposed which shall affect any portion of the Property, and such other items as required by Buyer.

4.1.3. REVIEW OF TITLE COMMITMENT AND SURVEY. Buyer shall have until fourteen (14) days after receipt of the last of the Title Commitment and the Survey (the "Review Period") in which to notify Seller of any objections Buyer has to any matters shown or referred to in the Title Commitment or Survey and of any title insurance endorsements required by Buyer. Any exceptions or other items that are set forth in the Title Commitment or the Survey and to which Buyer does not object within the Review Period shall be deemed to be permitted exceptions ("Permitted Exceptions"). With regard to items to which Buyer does object within the Review Period, Seller shall notify Buyer within ten (10) days after Seller receives Buyer's notice of objections of any exceptions to title or items on the survey which Seller is not able to remove or otherwise resolve and any endorsements that Seller is not able to provide following Buyer's request within the Review Period, and Buyer may, at Buyer's option, either waive the objections not cured or Buyer may terminate this Agreement by notice to Seller. Notwithstanding the foregoing, all monetary liens or encumbrances on the Property at Closing shall be paid by Seller at Closing.

4.2. OWNER'S TITLE INSURANCE POLICY. At the Closing, Buyer shall cause an owner's policy of title insurance to be issued by the Title Company in the full amount of the purchase price, effective as of the Closing Date, insuring Buyer that the fee simple title to the Property is vested in Buyer, subject only to the usual printed exceptions contained in such title insurance policy, to the matters approved by Buyer as provided herein, and to any other matters approved in writing by Buyer. The obligation of Buyer to provide the title policy called for herein shall be satisfied if, at the Closing, the Title Company has given a binding commitment, in a form reasonably satisfactory to Buyer, to issue the policies in the form required by this section. Buyer shall pay any sum owing to the Title Company for the preparation of the preliminary and binding commitments generated by the Title Company.

4.3. CONVEYANCE. Seller shall convey to Buyer the title to the Property by bargain

and sale deed in the form attached hereto as **Exhibit B**, subject only to the Permitted Exceptions, and appropriate covenants reserved in federal patents or state deeds, building or use restrictions general to the district, and building or zoning regulations or provisions shall be deemed Permitted Exceptions.

ARTICLE 5. CONTINGENCIES

5.1. DUE DILIGENCE INSPECTION AND FEASIBILITY. Buyer shall satisfy itself by investigation and inspection, at its cost and expense in its sole and absolute discretion, that the condition of the Property for Buyer's contemplated use meets with its approval. If Buyer approves of the condition of the Property, Buyer agrees to notify Seller, in writing, thereby removing the contingency. Buyer shall make such determination within forty-five (45) days following the date of mutual execution of this Agreement ("Due Diligence Period"). In the event that Buyer notifies Seller in writing no later than 5:00 p.m. (Seattle time) following the expiration of the Due Diligence Period, approving the condition of the Property and thereby waiving the contingency, then Buyer shall be deemed to have waived its right to terminate this Agreement under this paragraph 5.1 and the Deposit shall become nonrefundable to Buyer except as otherwise provided in this Agreement. In the event this contingency is not satisfied or waived within the Due Diligence Period, Buyer may terminate this Agreement upon written notice to Seller and to Escrow Holder on or before the expiration of the Due Diligence Period, and neither Party shall have any further rights or obligations to the other hereunder. In the event such written notice of termination of this Agreement is received by Seller, as provided herein, Seller shall instruct the Escrow Holder to return the Deposit to Buyer.

5.1.1. INSPECTIONS. During the Due Diligence Period, Buyer, its designated representatives or agents shall have the right at its own expense to (i) perform any and all tests, inspections, studies, surveys or appraisals of the Property deemed necessary, on any subject, by the Buyer (subject to the limitations set forth below and Paragraph 5.1.2 Right of Entry); (ii) obtain a Phase I or Phase II Environmental Assessment on the Property and perform any and all tests, inspections and studies deemed necessary therewith; and (iii) examine all Due Diligence materials that Buyer may reasonably request from Seller that are not subject to attorney-client privilege or that the County is not otherwise prohibited from disclosing by law; (IV) determine to its satisfaction whether approvals, permits and variances can be obtained under applicable land use and zoning codes for Buyer's proposed development of the property, (V) determine whether Buyer's proposed development of the property is economically feasible.

5.1.2. RIGHT OF ENTRY. Buyer and Buyer's designated representatives or agents shall have the right and Seller hereby grants to Buyer and Buyer's designated representatives the right to enter the Property and conduct tests, investigations and studies set forth in this Article 5 upon three (3) days advance written notice; provided that such right of entry will be limited to those times and dates that will not disrupt Seller's use of, or Seller's operations and activities on the Property. Invasive tests of the Property, such as drilling or excavation shall be subject to Seller's prior written approval. The Buyer will not be permitted to undertake activities that damage County property. In connection with any such inspections and tests, Buyer agrees to hold harmless, indemnify and defend Seller, its officers, agents and employees, from and against all claims, losses, or liability for injuries, sickness or death of

persons, including employees of Buyer caused by or arising out of any act, error or omission of Buyer, its officers, agents, contractors, subcontractors or employees in entering the Property for the above purposes, to the extent not caused by or arising out of any act, error or omission of Seller, its officers, agents and employees.

ARTICLE 6. COVENANTS OF SELLER PENDING CLOSING

6.1 CONDUCT, NOTICE OF CHANGE. Seller covenants that between the date hereof and the Closing, Seller shall take all such actions as may be necessary to assure that the representations and warranties set forth in Article 3 hereof will be true and complete as of the Closing Date (except such representations, warranties and matters which relate solely to an earlier date), and all covenants of Seller set forth in this Agreement which are required to be performed by it at or prior to the Closing shall have been performed at or prior to the Closing as provided for in this Agreement. Seller shall give Buyer prompt written notice of any material change in any of the information contained in the representations and warranties made in Article 3 or elsewhere in this Agreement which occurs prior to the Closing Date.

ARTICLE 7. COVENANTS OF BUYER PENDING CLOSING

7.1 CONDUCT, NOTICE OF CHANGE. Buyer covenants that between the date hereof and the Closing, Buyer shall take all such actions as may be necessary to assure that the representations and warranties set forth in Article 3 hereof will be true and complete as of the Closing Date (except such representations, warranties and matters which relate solely to an earlier date), and that all covenants of Buyer set forth in this Agreement which are required to be performed by it at or prior to the Closing shall have been performed at or prior to the Closing as provided in this Agreement. Buyer shall give Seller prompt written notice of any material change in any of the information contained in the representations and warranties made in Article 3 or elsewhere in this Agreement which occurs prior to the Closing Date.

ARTICLE 8. CONDITIONS PRECEDENT TO BUYER'S OBLIGATIONS

All obligations of Buyer hereunder are subject to the fulfillment of each of the following conditions at or prior to the Closing, and Seller shall exert its best efforts to cause each such condition to be fulfilled:

8.1. DELIVERY OF DOCUMENTS. Seller shall have delivered to Buyer at or prior to the Closing all documents required by the terms of this agreement to be delivered to Buyer.

8.2. REPRESENTATIONS, WARRANTIES AND COVENANTS. All representations, warranties and covenants of Seller contained herein or in any document delivered pursuant hereto shall be true and correct in all material respects when made and as of the Closing Date.

8.3. OBLIGATIONS. All obligations required by the terms of this Agreement to be performed by Seller at or before the Closing shall have been properly performed in all material

respects.

8.4. TITLE. Any and all matters shown or referred to in the Title Commitment to which Buyer has objected within the time specified in Section 4.1, shall have been cured by Seller, unless such objections have been waived by Buyer.

8.5 APPROVAL OF COUNSEL. Seller's counsel shall have approved this document as to form as evidenced by such counsel's signature on this Agreement.

8.6. APPROVAL OF CITY OF SHORELINE COUNCIL. This Agreement is subject to the approval by ordinance of the City of Shoreline Council, which must take place prior to Closing.

8.7. CONDEMNATION. No portion of the Purchased Assets shall have been taken or damaged by any public or quasi-public body, and Seller shall not have transferred any portion of the Purchased Assets to any such body in lieu of condemnation.

ARTICLE 9. CONDITIONS PRECEDENT TO SELLER'S OBLIGATIONS

All obligations of Seller to close on the Closing Date are subject to the fulfillment of each of the following conditions at or prior to the Closing, and Buyer shall exert its best efforts to cause each such condition to be so fulfilled:

9.1. REPRESENTATIONS, WARRANTIES AND COVENANTS. All representations, warranties and covenants of Buyer contained herein or in any document delivered pursuant hereto shall be true and correct in all material respects when made and as of the Closing Date.

9.2. OBLIGATIONS. All obligations required by the terms of this Agreement to be performed by Buyer at or before the Closing shall have been properly performed in all material respects.

9.4. APPROVAL OF COUNSEL. Buyer's counsel shall have approved this document as to form as evidenced by such counsel's signature on this Agreement.

9.5. APPROVAL OF KING COUNTY COUNCIL. This Agreement is subject to the approval by ordinance of the King County Council, which must take place prior to Closing.

9.6. DELIVERY OF DOCUMENTS. Buyer shall have delivered to Seller at or prior to Closing all documents required by the terms of this Agreement to be delivered to Seller.

9.7. TITLE. Buyer shall have caused the Title Company to be irrevocably committed to issue an owner's policy of title insurance for the full amount of the Purchase Price, effective as of the Closing Date, containing no exceptions other than the Permitted Exceptions.

ARTICLE 10. CLOSING

10.1. CLOSING/CLOSING DATE. The Closing shall take place within seventy-five (75) days following the latest approval of this Agreement by the City of Shoreline and King County Councils or such other date as may be mutually agreed upon by the Parties, unless extended pursuant to a written agreement executed by Buyer and Seller. Upon execution of this Agreement, the Parties shall set up an escrow account with First American Title Insurance Company (the “Escrow Agent”). The Escrow Agent shall serve as closing agent for the transaction contemplated herein and Closing shall occur in the offices of Escrow Agent in Seattle, Washington.

10.2. PRORATIONS. All prorations, unless otherwise specifically provided for herein, shall be made as of the Closing Date.

10.2.1. Closing Costs. Seller shall pay the cost of one-half (½) of the escrow fee charged by the Escrow Agent, any real estate excise or other transfer tax due, and its own attorneys’ fees. Buyer shall pay one-half (½) of the escrow fee charged by the Escrow Agent, the cost of the preliminary and binding title commitments from the Title Company, the recording fees for the deed and its own attorneys’ fees. Except as otherwise provided in this Section 10.2, and Section 9.4 above, all other expenses hereunder shall be paid by the Party incurring such expenses.

10.3. SELLER’S DELIVERY OF DOCUMENTS AT CLOSING. At the Closing, Seller will deliver to Buyer the following properly executed documents:

(a) A Bargain and Sale Deed conveying the Property in the form of **EXHIBIT B** attached hereto;

(b) A Bill of Sale and Assignment duly executed by the Seller in the form of **EXHIBIT C**, attached hereto for the Personal Property, if any;

(c) Seller’s Certificate of Non-Foreign status substantially in the form of **EXHIBIT D**, attached hereto

10.4. BUYER’S DELIVERY OF DOCUMENTS AND PURCHASE PRICE AT CLOSING. At the Closing, Buyer will deliver to Seller the following properly executed documents:

(a) Cash or immediately available funds in the amount of the Purchase Price.

ARTICLE 11. TERMINATION

11.1. TERMINATION BY EITHER PARTY. Either Party may terminate this Agreement if a condition to its obligation to consummate the transactions contemplated by this Agreement as set forth in Articles 8 or 9 has not been satisfied by the Closing Date. In that event, if neither Party is in default of any material term under this Agreement, the Parties shall have no further obligations or liabilities to one another and all documents delivered into escrow shall be returned to the appropriate Party.

ARTICLE 12.
MISCELLANEOUS PROVISIONS

12.1. NATURE AND SURVIVAL OF REPRESENTATIONS AND WARRANTIES. Each statement, representation, warranty, indemnity, covenant, and agreement made by Seller or Buyer in this Agreement or in any document, certificate or other instrument delivered by or on behalf of Seller or Buyer pursuant to this Agreement or in connection herewith shall be deemed the representation, warranty, indemnity, covenant and agreement of Seller and Buyer and shall survive the Closing Date unless a different time period is expressly provided for in this Agreement and all such statements are made only to and for the benefit of the parties hereto, and shall not create any rights in any other persons or entity.

12.2. DEFAULT AND ATTORNEYS' FEES. In the event of default of any material term by either Party to this Agreement, and unless otherwise terminated pursuant to Section 11.1, the non-defaulting Party shall have the right to bring an action for specific performance and/or actual damages. Each Party shall bear its own attorney's fees and costs. In the event of any litigation hereunder, the Superior Court of King County, Washington shall have exclusive jurisdiction and venue.

12.3. TIME IS OF THE ESSENCE. Time is of the essence in the performance of this Agreement.

12.4. NOTICES. Any and all notices or other communications required or permitted to be given under any of the provisions of this Agreement shall be in writing and shall be deemed to have been duly given upon receipt when personally delivered or sent by overnight courier or two days after deposit in the United States mail if by first class, certified or registered mail, return receipt requested. All notices shall be addressed to the Parties at the addresses set forth below or at such other addresses as any parties may specify by notice to all other parties and given as provided herein:

If to Buyer: City of Shoreline
17500 Midvale Avenue N
Shoreline, WA 98133-4905

If to Seller: King County
Real Estate Services
ADM-ES-0830
500 Fourth Avenue, Room 830
Seattle, WA 98104-2337

12.5. ENTIRE AGREEMENT AND AMENDMENT. This writing (including the Exhibits attached hereto) constitutes the entire agreement of the Parties with respect to the subject matter hereof and may not be modified or amended except by a written agreement specifically referring to this Agreement and signed by all parties hereto.

12.6 SEVERABILITY. In the event any portion of this Agreement shall be found to be invalid by any court of competent jurisdiction, then such holding shall not impact or affect the

remaining provisions of this Agreement unless that court of competent jurisdiction rules that the principal purpose and intent of this contract should and/or must be defeated, invalidated or voided.

12.7 WAIVER. No waiver of any breach or default hereunder shall be considered valid unless in writing and signed by the Party giving such waiver and no such waiver shall be deemed a waiver of any prior or subsequent breach or default.

12.8 BINDING EFFECT. Subject to Section 12.12 below, this Agreement shall be binding upon and inure to the benefit of each Party hereto, its successors and assigns.

12.9 LEGAL RELATIONSHIP. The Parties to this Agreement execute and implement this Agreement solely as Seller and Buyer. No partnership, joint venture or joint undertaking shall be construed from this Agreement.

12.10 CAPTIONS. The captions of any articles, paragraphs or sections contained herein are for purposes of convenience only and are not intended to define or limit the contents of said articles, paragraphs or sections.

12.11 COOPERATION. Prior to and after Closing the Parties shall cooperate, shall take such further action and shall execute and deliver further documents as may be reasonably requested by the other Party in order to carry out the provisions and purposes of this Agreement.

12.12 GOVERNING LAW. This Agreement and all amendments thereof shall be governed by and construed in accordance with the laws of the State of Washington applicable to contracts made and to be performed therein, without giving effect to its conflicts of law rules or choice of law provisions.

12.13 NON-MERGER. The terms and provisions of this Agreement shall not merge in, but shall survive, the Closing of the transaction contemplated under this Agreement.

12.14 ASSIGNMENT. Buyer shall not assign this Agreement or any rights hereunder without Seller's prior written consent.

12.15 NEGOTIATION AND CONSTRUCTION. This Agreement and each of its terms and provisions are deemed to have been explicitly negotiated between the Parties, and the language in all parts of this Agreement will, in all cases, be construed according to its fair meaning and not strictly for or against either Party. The Parties acknowledge and represent, as an express term of this Agreement, that they have had the opportunity to obtain and utilize legal review of the terms and conditions outlined in this Agreement, although each Party must determine if they wish to obtain and pay for such legal review. Each Party shall be and is separately responsible for payment of any legal services rendered on their behalf regarding legal review of the terms found in this Agreement.

12.16 EXHIBITS. The following Exhibits described herein and attached hereto are fully incorporated into this Agreement by this reference:

EXHIBIT A
EXHIBIT B
EXHIBIT C
EXHIBIT D

Legal Description
Bargain and Sale Deed
Bill of Sale and Assignment
Certificate of Non-Foreign Status

EXECUTED as of the date and year first above written:

SELLER: KING COUNTY

BUYER: CITY OF SHORELINE

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

APPROVED AS TO FORM:

APPROVED AS TO FORM:

By: _____

By: _____

Senior Deputy Prosecuting Attorney

City Attorney

STATE OF WASHINGTON
COUNTY OF KING



ss.

On this day personally appeared before me _____, to me known to be the _____ of KING COUNTY, the municipal corporation and political subdivision of the State of Washington that executed the foregoing instrument, and acknowledged such instrument to be the free and voluntary act and deed of such municipal corporation and political subdivision, for the uses and purposes therein mentioned, and on oath stated that he was duly authorized to execute such instrument.

GIVEN UNDER MY HAND AND OFFICIAL SEAL this _____ day of _____, 2012.

Printed Name _____
NOTARY PUBLIC in and for the State of Washington,
residing at _____
My Commission Expires _____

STATE OF WASHINGTON
COUNTY OF KING



ss.

On this day personally appeared before me _____, the _____ of _____, known to me to be the Buyer that executed the foregoing instrument, and acknowledged such instrument to be [his/her] free and voluntary act and deed for the uses and purposes therein mentioned, and on oath stated that [he/she] was duly authorized to execute such instrument.

GIVEN UNDER MY HAND AND OFFICIAL SEAL this _____ day of _____, 2012.

Printed Name _____
NOTARY PUBLIC in and for the State of Washington,
residing at _____
My Commission Expires _____

EXHIBIT A.

LEGAL DESCRIPTION

Real property in the County of King, State of Washington, described as follows:

That portion of the southeast quarter of the northwest quarter of Section 4, Township 26 North, Range 4 East, W.M., in King County, Washington, described as follows:

Beginning at a point on the north-south center line of said Section, which is north 1°05'00" west 362.40 feet from the iron monument at the center of said Section, and the true point of beginning of the tract herein described; thence north 83°16'00" west 169.25 feet; thence north 45°10'13" west 183.12 feet; thence north 83°13'50" west 178.43 feet, more or less, to a point on the northeasterly right-of-way line of secondary State Road No. 2 - B (Lake Ballinger No. 3 Revision Road); thence northwesterly, along said northeasterly right-of-way line, 265 feet, more or less to the north-south center line of the southeast quarter of the northwest quarter of said Section 4;

thence northerly, along said center line 30.5 feet, more or less, to a point which bears north 1°05'00" west 671.96 feet and north 83°16'00" west 654.91 feet, more or less, from the center of said Section 4; thence south 83°16'00" east 654.91 feet, more or less, to the north-south center line of said Section 4; thence south 1°05'00" east, along said center line, 309.14 feet to the true point of beginning; Except the east 30 feet (measured at right angles to said north-south center line) thereof.

Tax Parcel Number: 042604-9043-02

Situs Address: 19547 25th Avenue Northeast, Shoreline, WA 98155

EXHIBIT B.

BARGAIN AND SALE DEED

AFTER RECORDING RETURN TO:
CITY OF SHORELINE
17500 MIDVALE AVENUE NORTH
SHORELINE, WA 98133-4905
ATTN:

BARGAIN AND SALE DEED

Grantor - - King County, Washington
Grantee - - City of Shoreline
Legal - - - -
Tax Acct. - -

The Grantor, KING COUNTY, a political subdivision of the State of Washington, for and in consideration of mutual benefits, pursuant to King County Ordinance No. _____, does hereby bargain, sell and convey unto the Grantee, the CITY OF SHORELINE, a municipal corporation of the State of Washington, the following described lands, situate in King County, Washington and referred to herein as the "Property":

Legal description of which is attached hereto as "Exhibit 1" and incorporated herein by this reference.

GRANTOR
KING COUNTY

GRANTEE
CITY OF SHORELINE

BY _____

BY _____

TITLE _____

TITLE _____

DATE _____

DATE _____

Approved as to Form:

By _____

NOTARY BLOCKS APPEAR ON PAGE 3

NOTARY BLOCK FOR KING COUNTY

STATE OF WASHINGTON)

) SS

COUNTY OF KING)

On this _____ day of _____, 2012, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared STEVE SALYER, to me known to be the Manager of the Real Estate Services Section in the Facilities Management Division of the King County Department of Executive Services, and who executed the foregoing instrument and acknowledged to me that HE was authorized to execute said instrument on behalf of KING COUNTY for the uses and purposes therein mentioned.

WITNESS my hand and official seal hereto affixed the day and year in this certificate above written.

Notary Public in and for the
State of Washington, residing

at _____

City and State

My appointment expires _____

NOTARY BLOCK FOR CITY OF SHORELINE

STATE OF WASHINGTON)

) SS

COUNTY OF KING)

On this _____ day of _____, 2012, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared _____, to me known to be the _____, who executed the foregoing instrument and acknowledged to me that SHE or HE was authorized to execute said instrument on behalf of the CITY OF SHORELINE for the uses and purposes therein mentioned.

WITNESS my hand and official seal hereto affixed the day and year in this certificate above written.

Notary Public in and for the
State of Washington, residing

at _____

City and State

My appointment expires _____

EXHIBIT C.

BILL OF SALE AND ASSIGNMENT

THIS BILL OF SALE is made as of this ____ day of _____, 200__, by KING COUNTY (“**Seller**”), in favor of _____, a political subdivision of the State of Washington (“**Buyer**”), with reference to the following facts.

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, Seller does hereby absolutely and unconditionally give, grant, bargain, sell, transfer, set over, assign, convey, release, confirm and deliver to Buyer all of Seller’s right, title and interest in and to any and all equipment, furniture, furnishings, fixtures and other tangible personal property owned by Seller that is attached, appurtenant to or used in connection with the real property legally described on the attached Exhibit A.

Seller represents and warrants that it is the sole owner of, and has good title to, such personal property, and has full right and authority to transfer and deliver the same, and will defend the sale hereby against each and every person claiming otherwise.

IN WITNESS WHEREOF, Seller has executed this Bill of Sale as of the date first above written.

SELLER:

By: _____

Its: _____

EXHIBIT D.

CERTIFICATE OF NON-FOREIGN STATUS

Section 1445 of the Internal Revenue Code provides that a transferee of a United States real property interest must withhold tax if the transferor is a foreign person. To inform the transferee that withholding of tax is not required upon the disposition of a United States real property interest by **KING COUNTY** ("Transferor"), the undersigned hereby certifies the following on behalf of Transferor:

1. Transferor is not a foreign corporation, foreign partnership, foreign trust, or foreign estate (as those terms are defined in the Internal Revenue Code and Income Tax Regulations); and
2. Transferor's United States employer identification number is 91-6001327; and
3. Transferor's office address is King County Facilities Management Division, Asset Development and Management Section, Room 500 King County Administration Building, 500 Fourth Avenue, Seattle, WA 98104

Transferor understands that this certification may be disclosed to the Internal Revenue Service by the transferee and that any false statement contained herein could be punished by fine, imprisonment, or both.

Under penalties of perjury I declare that I have examined this certification and to the best of my knowledge and belief it is true, correct and complete, and I further declare that I have authority to sign this document on behalf of Transferor.

DATED this _____ day of _____, 2004.

TRANSFEROR:

KING COUNTY

By _____

Title _____

March 19, 2013

The Honorable Larry Gossett
Chair, King County Council
Room 1200
C O U R T H O U S E

Dear Councilmember Gossett:

This letter transmits an ordinance recommending approval of the sale of the surplus 2.87 acre North Maintenance Roads Service site formerly utilized by the Road Services Division (Roads) to the City of Shoreline (Shoreline). This property is commonly referred to as the Brugger's Bog facility (Brugger's Bog) and is located in the city of Shoreline at 19547 25th Avenue Northeast in District 1. Shoreline plans to continue to use the property for maintenance purposes.

Brugger's Bog formerly served the Juanita, Finn Hill and Kingsgate areas. Once Kirkland annexed this area, the facility was closed, decommissioned and recommended for surplus. Roads has consolidated the Brugger's Bog and Cadman maintenance facilities at the Cadman facility in Redmond. Brugger's Bog improvements include a debris recycling station, vector decant station, equipment repairs and storage facilities, heavy equipment storage, truck scale, fueling station with above-ground storage tanks, staff offices, and sand and gravel storage.

Brugger's Bog was purchased with funds from the King County Road Fund. The Road fund is a separate fund established pursuant to RCW 36.82. Pursuant to RCW 43.09.210, when property, that was purchased with funds from the Roads Fund, is sold or transferred the County must receive "full value" in return so that the Roads fund may be fully reimbursed.

The County's appraisal determined that the highest and best use for the property is for development of multi-family residential consistent with existing zoning. Although the property is zoned residential, the site has been used for industrial purposes for many years. Shoreline plans to continue some of the existing industrial uses and the existing improvements add value for continuation of the industrial use. The land value for development of multi-family residential housing is estimated at \$2,300,322 while the existing improvements, supportive of the continued industrial use of the property, are valued at \$598,300.

The Facilities Management Division (FMD) reviewed whether Brugger's Bog was suitable for affordable housing in accordance with K.C.C. 4.56.070(C). The affordable housing requirement is a County code provision, while the necessity of the Road Fund receiving full value from a sale of the Bruggers Bog under RCW 43.09.210 is a state law requirement. Given the higher value of the property the County will receive if sold for an industrial use (\$2,896,622) versus a use of the property that would allow affordable housing (\$2,300,322), it is important under state law to sell the property for the higher industrial value. As a result, although the Roads Division's Bruggers Bog property may be suitable for affordable housing, it is not appropriate in this instance to sell it at the lower value that would be associated with affordable housing.

The \$2,898,622 purchase price for the proposed sale to Shoreline is based on the appraised fair market value of the land and improvements. The Shoreline Water District also submitted a written offer for the property of \$3,200,000 on August 10, 2012. However, the proposed sale to Shoreline is recommended due to the following additional benefits which are considered reasonable justification for the difference in sale price between the purchase offers:

- Shoreline has offered to work with King County to allow continued County use of fueling facilities at the site. This proposed partnership is an extension of a current fuel pilot project that the County is currently testing with the City of Seattle that would result in cost savings and efficiencies for both the County and Shoreline.
- Shoreline's proposed sale contingencies are considered reasonable enabling a relatively quick sale process with completion in early 2013. The Water District's proposed contingencies would require that the sale closing be subject to obtaining permits from Shoreline to build their desired facilities.
- Shoreline has agreed to continue operation of the vector waste decant facility, which allows for the proper disposal of liquids removed from stormwater systems under federal, state, and local regulatory requirements.

A purchase and sale agreement was approved by the Shoreline City Council at their November 26, 2012 meeting and has been approved as to form by the King County Prosecuting Attorney's Office.

The proposed sale furthers the goals of the King County Strategic Plan by building lasting regional partnerships, exercising sound financial stewardship for this real estate asset, and promoting environmental sustainability by providing for continued use of some of the existing improvements.

The Honorable Councilmember Gossett

March 19, 2013

Page 3

Thank you for your consideration of this ordinance. If you have any questions, please feel free to contact Kathy Brown, Director, Facilities Management Division, at 206-296-0630.

Sincerely,

Dow Constantine
King County Executive

Enclosures

cc King County Councilmembers
 ATTN: Michael Woywod, Chief of Staff
 Anne Noris, Clerk of the Council
Carrie Cihak, Chief Advisor, Policy and Strategic Initiatives, King County Executive
 Office (KCEO)
Diane Carlson, Director of Regional Initiatives, KCEO
Dwight Dively, Director, Office of Performance, Strategy and Budget
Caroline Whalen, County Administrative Officer, Department of Executive Services (DES)
Kathy Brown, Director, Facilities Management Division (FMD), DES
Steve Salyer, Manager, Real Estate Services, FMD, DES
Harold Taniguchi, Director, Department of Transportation (DOT)
Brenda Bauer, Director, Road Services Division (RSD), DOT
Paulette Norman, County Road Engineer, RSD, DOT

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SUMMARY APPRAISAL REPORT

Brugger's Bog Property (APN #042604-9043) Market Value Appraisal

Property Location

19547 25th Avenue NE
Shoreline, WA 98155

Appraised by

Michael E. Murray, MAI, CCIM
Murray & Associates
13 Tulalip Key
Bellevue, WA 98006
206-498-6274
michael.e.murray@comcast.net

Prepared for

Steve Salyer
Manager, Real Estate Services
King County—Facilities Management Division
Department of Executive Services
500 Fourth Avenue, Suite 800
Seattle, WA 98104

Date of Valuation

July 15, 2012

Date of Report

July 23, 2012

Summary of Conclusions—Brugger’s Bog

Property Identification

The subject property (King County Assessor Parcel No. 042604-9043) contains 125,017 ft² of land and is zoned multifamily (R-24 Shoreline). The property is located just north of the intersection of Ballinger Way NE and 25th Avenue NE in Shoreline, Washington. The property is owned by King County and improved as a King County Roads Department maintenance facility. The site and building improvements include: debris recycling station, equipment repair facility, truck scale, fueling station with above ground storage tanks, vector decant station, staff offices with locker rooms and restrooms, equipment storage and repair facilities, sand and gravel storage areas, heavy equipment storage area, perimeter metal fencing, a paved yard, and block retaining walls located along the western boundary of the property.

The client for this report is King County, Washington, and the intended users are official representatives of King County, Washington. This appraisal report is intended to be used by the client for discussions with potential purchasers of the property.



Figure 1. Subject property photo



Figure 2. Subject property parcel map

Value Conclusion

Based on the investigations, assumptions, and analysis as detailed in this report as well as the appraiser's judgment, the market value of the subject property, as of the effective date of this appraisal (July 15, 2012), is \$3,098,300 and can be broken down as follows:

LAND	\$ 2,500,000
IMPROVEMENTS	<u>\$ 598,300</u>
TOTAL	\$3,098,300

Summary of Conclusions Worksheet

Table 1 provides a detailed breakdown of the value conclusion presented above.

Table 1. Summary Worksheet

Description	Area (ft ²)	Replacement Cost (\$)	Updated Value (\$)
Land	125,017	\$2,500,000	\$2,500,000
Improvements:			
Garage		\$165,172	\$0
Office		\$163,224	\$0
Shed		\$20,887	\$0
Truck Scales		\$75,790	\$0
Fuel Storage Tanks		\$154,234	\$77,100
Fuel Pumps and Reader		\$41,643	\$0
Fuel Station Plumbing		\$9,254	\$4,600
Fuel Station Power		\$5,537	\$2,800
Fuel Station Fire Protection		\$11,074	\$0
Fuel Station Structures		\$140,792	\$28,200
Decant Facility		\$310,759	\$62,200
Landscaping		\$18,392	\$0
Exterior Lighting and Power		\$50,290	\$25,100
Storage Bunker		\$69,405	\$34,700
Paving		\$485,837	\$121,500
Security Fencing		\$83,903	\$42,000
Retaining Walls		\$79,955	\$40,000
Site Work		\$597,731	\$59,800
Water/Sewer Connections		\$616,937	\$61,700
Storm Water Systems		\$385,586	\$38,600
Improvement Total		\$3,486,402	\$598,300
Property Total		\$5,986,402	<u>\$3,098,300</u>

Certification

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present, or prospective, interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- This appraisal was made and the report was prepared in conformity with the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice (USPAP), except to the extent that the Uniform Standards for Federal Land Acquisition requires invocation of USPAP's Jurisdictional Exception Rule, as described in Section D-1 (pg. 338) of the Uniform Standards of Federal Land Acquisition. This appraisal has been made in conformity with the appropriate State and Federal laws and requirements, and complies with the contract between the agency and appraiser;
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- I have made a personal inspection of the property that is the subject of this report, and the property owner, or his/her designated representative, was given the opportunity to accompany me on the property inspection. I have made a personal inspection of the comparable sales contained in this report.
- No one provided significant real property appraisal assistance to the person signing this certification.
- As of the date of this report, I have or have not completed the continuing education program of the Appraisal Institute (for designated members only).
- I have previously appraised the subject property (see references herein), but I have not acted in any other capacity with regard to this property.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- The property has been appraised for its fair market value as though owned in fee simple, or as encumbered only by the exiting easements as described in the title report provided for this assignment or discussed herein.



Dated: Monday, July 23, 2012
Michael E. Murray, MAI, CCIM
State Cert. #1101118
Expiration: 12/04/2012

Assumptions and Limiting Conditions

This appraisal report was made after personal inspection of the property identified in this report. The conclusions in the report have been arrived at and are predicated upon the following conditions:

- (a) No responsibility is assumed for matters, which are legal in nature, nor is any opinion rendered on title of land appraised. Title to the property is assumed to be good and marketable unless otherwise stated in this report.
- (b) Unless otherwise noted, the property has been appraised as though free and clear of all liens, encumbrances, encroachments, and trespasses.
- (c) All maps, areas, and other data furnished to your appraiser, have been assumed to be correct; however, no warranty is given for their accuracy. If any error or omissions are found to exist, the appraiser reserves the right to modify the conclusions. Any plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.
- (d) It is assumed there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in this report.
- (e) It is assumed all applicable zoning and use regulations and restrictions have been complied with, unless nonconformity has been stated, defined, and considered in this appraisal report.
- (f) The appraiser has no interest, present or contemplated, in the subject properties or parties involved.
- (g) Neither the employment to make the appraisal nor the compensation is contingent upon the amount of the valuation report.
- (h) To the best of the appraiser's knowledge and belief, all statements and information in this report are true and correct, and no important facts have been withheld or overlooked.
- (i) Possession of this report, a copy, or any part thereof, does not carry with it the right of publication, nor shall the report or any part thereof be conveyed to the public through advertising, public relations, news, sales, or other media valuation conclusions, identity of the appraiser, or firm, and any reference made to the Appraisal Institute or any professional designation.
- (j) There shall be no obligation required to give testimony or attendance in court by reason of this appraisal, with reference to the property in question, unless satisfactory arrangements are made in advance.
- (k) This appraisal has been made in accordance with rules of professional ethics of the Appraisal Institute.
- (l) No one other than the appraiser prepared the analysis, conclusions, and opinions concerning real estate that are set forth in the appraisal report.
- (m) Statements or conclusions offered by the appraiser are based solely upon visual examination of exposed areas of the property.
- (n) Unless otherwise stated in this report, the existence of pollution and/or hazardous waste material, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The value estimate is predicated on the assumption that there is no

such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.

- (o) Statements, representations, or conclusions offered by the appraiser do not constitute an express or implied warranty of any kind.
- (p) Appraiser shall not be liable for any direct, special, incidental, or consequential damages whatsoever, whether arising in tort, negligence, or contract, nor for any loss, claim, expense, or damage caused by or arising out of its inspection of a property and/or structure.
- (q) With regard to prospective value opinions, future changes in market conditions necessitate an assumption that the appraiser cannot be held responsible for unforeseeable events that alter market conditions prior to the effective date of the appraisal or date of value.

Table of Contents

Summary of Conclusions—Brugger’s Bog	ii
Property Identification	ii
Value Conclusion.....	iii
Summary of Conclusions Worksheet.....	iii
Certification	v
Assumptions and Limiting Conditions	vi
Introduction, General Data, and Factual Data	4
Scope of Work	4
Appraisal Problem.....	4
Appraisal Report.....	4
Scope of Work.....	4
Owner and History of Ownership.....	5
Location of Subject.....	5
Legal Description.....	6
Purpose of the Appraisal.....	6
Property Rights Appraised.....	7
Extraordinary Assumptions	7
Hazardous Waste.....	7
Land Use Entitlements	7
Personal Property.....	8
Date of Inspection/Valuation	8
Regional Data—Puget Sound Region.....	8
Neighborhood Description.....	8
Current Use	9
Site Size, Shape, Access	9
Improvements	9
Zoning.....	10
Utilities.....	10

Real Estate Taxes	10
Easements	11
Sensitive Areas.....	11
FEMA Flood Information	11
Soils.....	11
Highest and Best Use	12
As If Vacant	12
Physically Possible	12
Legally Permissible	12
Financially Feasible.....	12
Maximally Productive	13
As Improved.....	13
Analyses and Conclusions to Value.....	14
Approaches Used in the Valuation Process	14
Cost Approach to Value	14
Sales Comparison Approach to Value.....	14
Income Approach to Value.....	14
Final Reconciliation and Conclusion of Value.....	14
Valuation.....	15
Market Brief.....	15
Comparable Sales Data	16
Sales Comparison Summary	17
Correlation and Final Value Estimate.....	18
Land Value	18
Improvement Value	19
Appendix A: Improvement Value, Cost Reports, and Analysis and Land Use Data	20
Appendix B: Comparable Land Sales Data	26
Comparable Land Sales	27
Sale 1	27
Sales 2 and 3.....	28

Sale 4	28
Sale 5	28

Introduction, General Data, and Factual Data

Scope of Work

Appraisal Problem

Determining the market value of the subject property includes consideration of the following important facts, opinions, and assumptions:

- The property is zoned multifamily allowing a base density of 24 dwelling units per acre (R-24); this use represents the highest and best use of the land as if vacant.
- The property has historically been used as a King County Roads Department maintenance facility (industrial use), and
 - this use remains a legal nonconforming use and can be continued;
 - this industrial use is an interim use, which is the temporary use to which a site or improved property is put until it is ready to be put to its future highest and best use;¹
 - the site improvements and infrastructure continue to support an industrial use and may be of some value in a redevelopment;
 - some of the structures continue to be useable for industrial purposes but are of no value in a redevelopment.
- A wetland and stream have been indentified on the adjacent parcel to the north of the subject property and required buffers may impact a redevelopment of the subject property.

Appraisal Report

This appraisal report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP). This appraisal has also been prepared in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, and is subject to the Assumptions, Certification, and Limiting Conditions contained in this report as well as to specific assumptions contained herein.

Scope of Work

In order to complete this appraisal, the following investigations and analyses were performed:

¹ Appraisal Institute, *Dictionary of Real Estate Appraisal*, 5th Ed. (Chicago: Appraisal Institute, 2010), 103.

- Researched and analyzed in-house data sources, CoStar, and public sources including King County and the City of Shoreline records; confirmed and inspected comparable sales and other data used for the appraisal.
- Interviewed market participants (brokers, developers, consultants) regarding the subject and transactions used for comparison with the subject property.
- Met with representatives of King County and the City of Shoreline regarding the valuation of the subject property.
- Reviewed City of Shoreline site studies performed to evaluate the impact of critical areas assuming a continuation of the existing industrial use.
- Reviewed City of Shoreline improvement studies performed in order to determine the utility of existing structures assuming a continuation of the existing industrial use.
- Reviewed replacement cost reports prepared by Martyn Daniel LLC to estimate the replacement cost of site improvements, site infrastructure, and existing buildings.
- Inspected the subject property on July 14, 2012.

Owner and History of Ownership

The subject property is owned by King County and was acquired by the King County Road Services Division in the 1950s. To the appraiser's knowledge, the subject property is not currently listed for sale and has not been sold in the last five years. The subject parcel constitutes the *larger parcel* for this appraisal.

Location of Subject

As shown in figure 3, the subject property address is 19547 25th Ave. NE, Shoreline, WA, 98155. The property is located just north of the intersection of Ballinger Way NE and 25th Avenue NE in Shoreline, Washington.

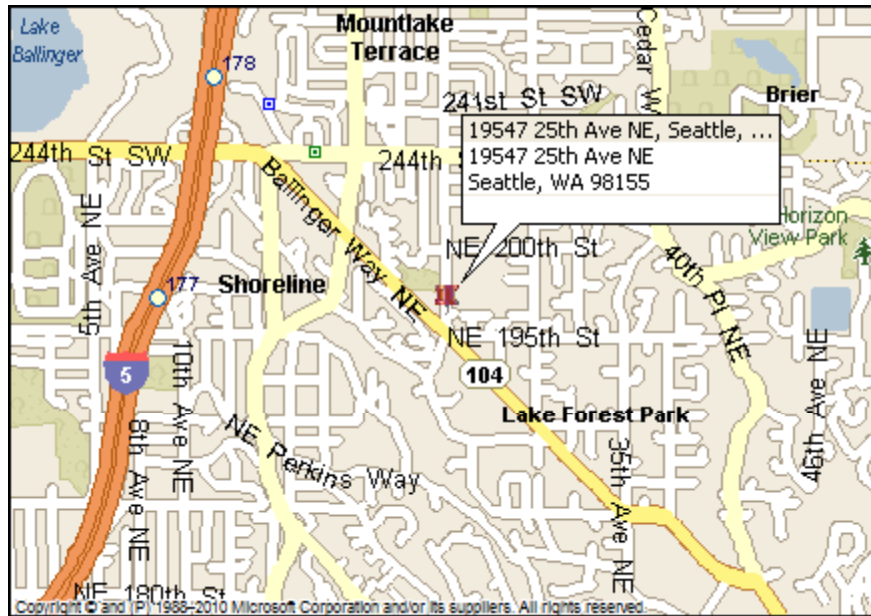


Figure 3. Subject property location map

Legal Description

The subject property can be identified as King County Assessor's Parcel Number 042604-9043. A complete legal description can be made available upon request.

Purpose of the Appraisal

The purpose of this appraisal is to determine the market value of the fee simple interest in the subject property. *Market value* is defined as follows:

Market value is the amount in cash, or on terms reasonably equivalent to cash, for which in all probability the property would have sold on the effective date of the appraisal, after a reasonable exposure time on the open competitive market, from a willing and reasonably knowledgeable seller to a willing and reasonably knowledgeable buyer, with neither acting under any compulsion to buy or sell, giving due consideration to all available economic uses of the property at the time of the appraisal.²

² Appraisal Institute, *Uniform Appraisal Standards for Federal Land Acquisitions* (Chicago: Appraisal Institute, 2000), 13.

As stated in the former definition, the market value estimate must be based on a reasonable exposure time on the open market. A reasonable exposure time in this market is six to twelve months.

Property Rights Appraised

This appraisal sets forth an opinion of value of the fee simple interest. *Fee simple interest* is defined as “absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.”³

Extraordinary Assumptions

An extraordinary assumption is an assumption that, if found to be false, could alter the appraiser’s opinion of value. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic conditions or conditions external to the property, such as market conditions or trends. This appraisal has been developed using the following extraordinary assumptions:

Hazardous Waste

This appraisal assumes the absence of any and all hazardous waste on the subject property. If hazardous waste is found to be present on the subject property, the appraiser reserves the right to change the valuation contained in this report.

Land Use Entitlements

This appraisal considers critical areas, buffers, and setbacks based on site inspections and a review of public records rather than an approved land use plan. If a subsequent land use plan results in lesser or greater development potential, the appraiser reserves the right to change the valuation contained in this report.

³ Appraisal Institute, *The Appraisal of Real Estate*, 13th Ed. (Chicago: Appraisal Institute, 2008), 69.

Personal Property

There is no personal property included within the value conclusions contained herein.

Date of Inspection/Valuation

The property was inspected by the appraiser on July 14, 2012. The effective date of this appraisal is July 15, 2012.

Regional Data—Puget Sound Region

As the intended users are familiar with the region, this section has been omitted. This data can be made available upon request.

Neighborhood Description

The subject property is located in the city of Shoreline. Incorporated 15 years ago on August 31, 1995, Shoreline is a diverse community with over 54,000 residents, making it the seventh largest city in King County and the fifteenth largest city in the state. According to the most recent census, the population of Shoreline in 2010 was 54,580 with 21,338 housing units, 68% of which were owner occupied.

Shoreline is bordered by Puget Sound to the west, N 205th Street to the north, N 145th Street to the south, and Lake Forest Park to the east. Covering an area of 12.3 square miles, Shoreline has 330 acres of park land and open space, 191 miles of city streets, and 3.4 miles of Puget Sound shoreline. It is located 15 miles north of downtown Seattle just off of I-5 and just south of the Snohomish County line.

In 2008 Shoreline won the “Award of Excellence” for Best City Project. Their project redesigned and redeveloped a one mile stretch of Aurora Avenue North to improve transportation and safety for all modes of travel.

The subject property is located within the Ballinger Neighborhood—one of fourteen neighborhoods within Shoreline—in the far northeast corner of the city. Just off of Ballinger Way and one-third of a mile northwest of the subject is the primary commercial district of East Shoreline. This commercial district includes low-rise office buildings and neighborhood retail

centers including various restaurants, the Village Market, a Rite Aid, a 24 Hour Fitness, Starbucks, Office Depot, a cinema, and various storage facilities.

In summary, the immediate neighborhood is developed with a mix of office, retail, apartments, condominiums, and single-family residences. The 20-acre Alder Crest school property of the Shoreline School District is also located directly east of the subject across 25th Avenue NE.

Current Use

The subject property is improved for a King County roads maintenance operation. As such, the primary uses are industrial surface uses. The improvements to the property include: a debris recycling station, equipment repair facility, truck scale, fueling station with above ground storage tanks, vector decant station, staff offices with locker rooms and restrooms, equipment storage and repairs facilities, sand and gravel storage areas, heavy equipment storage area, perimeter metal fencing, a paved yard, and block retaining walls located along the western boundary of the property.

Site Size, Shape, Access

The site is 125,017 ft² (2.87 acres) and is roughly a triangular shape. The eastern half of the site is generally level and at grade with 25th Avenue NE, which provides 300 ft of frontage and direct access to the property. Although an inside lot, the site is only 250 ft north of the signalized intersection of 25th Avenue NE and Ballinger Way NE. Ballinger Way NE is a major arterial through the area providing convenient access to I-5 and the other major arterials, i.e., North 205th Street and 15th Avenue NE. To the west, the site slopes up to Ballinger Way NE, which is not accessible from the site.

Improvements

Improvements to the property, with some dating back to the 1950s, are identified in table 2. Additional details can be made available upon request.

Table 2. Improvements

Garage	Decant Facility
Office	Landscaping
Shed	Exterior Lighting and Power
Truck Scales	Storage Bunker
Fuel Storage Tanks	Paving
Fuel Pumps and Reader	Security Fencing
Fuel Station Plumbing	Retaining Walls
Fuel Station Power	Site Work
Fuel Station Fire Protection	Water/Sewer Connections
Fuel Station Structures	Storm Water Systems

Zoning

The property is located in the city of Shoreline and is zoned R-24 by Shoreline, which is a mid-density multifamily residential designation permitting up to 24 dwelling units per acre. Additional dimensional requirements include the following: 35-ft height limit; 10-unit minimum density; 30-ft minimum lot width and 2,500-ft² minimum lot size; front yard setback of 10 ft, side yard setback of 5 ft, and rear yard setback of 5 ft; maximum building coverage 70%; and maximum hardscape 85%.

Utilities

Public water, power, sewer, gas, and telephone are available to the site.

Real Estate Taxes

The King County Assessor Records for the 2012 Tax Year (2011 valuation) show the land valued at \$4,375,500 and the improvements valued at \$37,400 with a total assessed value of \$4,412,900. The property is owned by King County and, therefore, is exempt from real estate taxes.

Easements

A title report was not provided for this assignment; however, the appraiser is not aware of any private, deeded, or extraordinary easements; covenants; or restrictions that would impact the development potential of the site other than zoning and other land use requirements as discussed herein.

Sensitive Areas

A wetland and stream have been indentified on the adjacent parcel to the north and appropriate buffers, drainage issues, and existing paved surface benefits have not been quantified. Based on the appraiser's review of information available from King County and other sources, these streams and wetlands do not extend onto the subject property. However, it has been reported by the King County Roads Department that the city of Shoreline culvert to the east of Brugger's Bog Park will occasionally clog and cause a run off of water from the park into the northeastern portion of the subject site.

FEMA Flood Information

A review of FEMA Map Number 53033C0043F indicates that the subject property is located within an area identified as low flood risk. As such, the subject is located outside of any identified floodplain and floodway areas.

Soils

A detailed soils report was not provided for this appraisal; however, considering the surrounding land uses, the subject soils appear to be suitable for a wide range of development options consistent with those found on nearby properties including both commercial and residential. As one of the Roads Department functions at the site, contaminated soils are stored for periods of time, and occasionally fuel is spilled at the fuel dispenser island. It is assumed that all contaminated soils have been removed from the site.

Highest and Best Use

Highest and best use is defined as “the reasonably probable and legal use of vacant land or an improved property that is legally permissible, physically possible, appropriately supported, financially feasible, and that results in the highest value.”⁴

As If Vacant

The definition of highest and best use “as if vacant” assumes the property is vacant and available for development.

Physically Possible

The subject property consists of a 2.87-acre, multifamily, residential-zoned site, well located with good access to Ballinger Way NE, I-5, and other major arterials in the area. The subject is a somewhat triangular-shaped site with gradual sloping topography allowing for a variety of uses. It has adequate depth and width for development as well as adequate street frontage and exposure.

Legally Permissible

The legal constraint for the property is that of zoning as there are no known exceptional private liens or encumbrances to restrict or limit development. As discussed in the Zoning section of this report, the site is zoned R-24 by the City of Shoreline allowing up to 24 dwelling units per acres.

Financially Feasible

To decide specific uses is beyond the scope of this appraisal and would require a feasibility study. There is a limited amount of developable R-24 land in the subject market. And while one would expect a market for this and other similar sites, constrained financial markets have caused most property owners to hold. As of the date of this report these conditions are improving and the multifamily land market is starting to return to pre-recession conditions.

⁴ Appraisal Institute, *The Appraisal of Real Estate*, 13th Ed. (Chicago: Appraisal Institute, 2008), 278.

Maximally Productive

The maximally productive use is that use producing the highest residual land value. Market conditions for apartments have started to improve in the immediate area and the maximally productive use is a multifamily development consistent with the underlying zoning.

In summary, the subject is well located for an apartment development under the Shoreline R-24 zoning. In addition to having good access and exposure, the site is also close to shopping, freeways, and parks, and has good access to Seattle, North End, and Eastside employment centers.

As Improved

The site is currently improved as a King County Roads Department maintenance facility. Site improvements are as follows: a debris recycling station, equipment repairs facility, truck scale, fueling station with above ground storage tanks, vector decant station, staff offices with locker rooms and restrooms, equipment storage and repairs facilities, sand and gravel storage areas, and a heavy equipment storage areas. This use is a legal nonconforming use and can be continued. As such, the improvements are an interim use contributing to the value of the property as presented in the valuation section of this report.

Analyses and Conclusions to Value

Approaches Used in the Valuation Process

Real estate valuation is generally based on one or a combination of the three standard approaches to value: the cost approach, the sales comparison approach, and the income approach. These three approaches are different in character but somewhat related in the known facts required to arrive at a conclusion of value. The final opinion of value is derived through a reconciliation process in which the appraiser weighs one approach against the other to determine the relative merits of each before coming to a conclusion.

Cost Approach to Value

The cost approach to value is the process of first determining the value of the subject land, to which is added the reproduction cost or replacement cost new of the structure, less depreciation. The sum of land and improvement costs is an indication of value by the cost approach.

Sales Comparison Approach to Value

The sales comparison approach to value is utilized in several different methods. It is primarily utilized by analyzing sales of comparable properties to determine a sale price per unit, which is then adjusted for differences between the comparable sales and the subject property to arrive at a value indication. It is also utilized in arriving at a value estimate for the land of the subject property for use in the cost approach.

Income Approach to Value

The income approach to value first involves an estimate of gross economic rental, which is then adjusted by subtracting estimated vacancy and credit loss and owner operating expenses to obtain an estimate of net operating income. The net operating income is then capitalized into a value estimate using an appropriate capitalization rate derived from an analysis of market data, including sales, current financing costs, and real estate equity yield requirements.

Final Reconciliation and Conclusion of Value

The various indications of value produced through the above approaches are analyzed as to how they relate to one another as well as to the market. The most appropriate approach(es) is/are given greater consideration in arriving at a final opinion of value.

Valuation

Market Brief

According to a Washington Employment Security Department news release (July 18, 2012), job growth in the state was steady in June with 10,000 new jobs. However, the unemployment rate remained at 8.3%. From the employment peak in February 2008 to the low point in February 2010, the state lost about 205,000 jobs. Including the job gains in June, Washington has gained an estimated 111,400 jobs since February 2010 indicating a gain of 123,600 private-sector jobs and the loss of public-sector jobs. Industry sectors that added the most jobs in June were professional and business services, manufacturing, and leisure and hospitality. Industries that lost jobs are as follows: education and health services, government, and construction. In June, an estimated 293,200 people were unemployed.

The highest and best use of the subject land is for a multifamily development with up to 68 units allowed by the current R-24 zoning. Local market participants generally agree that the apartment market is the best commercial investment property market at this time. They also agree that residential rental market fundamentals are improving with a shift from home ownership to renter occupancy, decreasing vacancy rates, and increasing effective rental rates. Financial markets are still constrained but financing sources are currently becoming available at the price level of the subject, and capitalization rates are back to pre-recession levels as indicated in the February 12, 2012 national apartment capitalization survey performed by Real Estate Information Services (Reis).

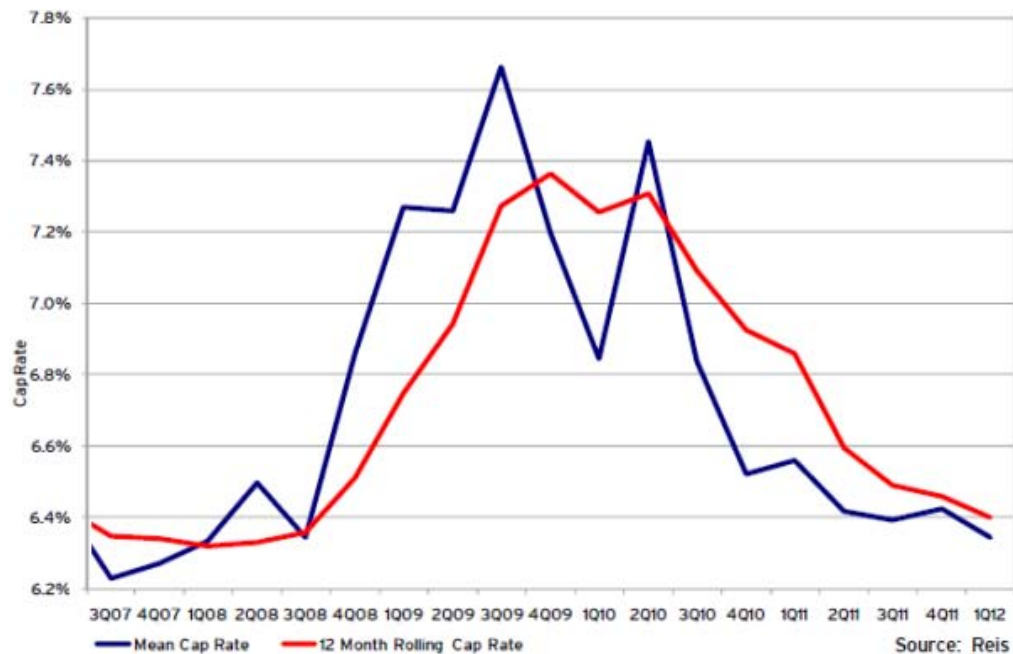


Figure 4. National apartment capitalization rate trends

According to the Reis survey, these lower cap rates have been fueled by a variety of key factors including declining interest rates, risk-aversion in the wake of the recession with investors training their sights on what they perceive to be a less-risky property type, and the improvement in apartment fundamentals. These improvements include declining vacancy rates (currently 4.7% region wide) resulting from a shift to renting versus owning, increasing absorption as units are being absorbed at a repaid rate, and fewer new units being delivered to the market.

The primary sources of apartment market data in the Puget Sound market are the Dupre + Scott apartment market studies. Dupre + Scott periodically publish apartment market data reports based on input from property owners and other market participants. Based on a review of these reports and other sources, the subject property appraiser created a summary of regional rental rates, vacancy rates, capitalization rates, and apartment values from 2005 through 2011 represented in table 3.

Table 3. Apartment Market Data

Description	2005	2006	2007	2008	2009	2010	2011
Apartment Rent	\$811	\$856	\$930	\$952	\$959	\$945	\$968
Vacancy Rate	5.30%	4.70%	3.80%	4.80%	7.20%	6.30%	4.70%
Capitalization Rate	5.80%	5.30%	4.90%	5.30%	6.00%	6.90%	6.00%
Value/Unit	\$96,000	\$111,000	\$132,000	\$124,000	\$107,000	\$93,000	\$111,000

Comparable Sales Data

Using the sales comparison approach, data from sales of similarly zoned sites located in comparable neighborhoods within Seattle and Shoreline were used in this appraisal to arrive at an opinion of value. The subject property was first analyzed as if vacant land; then improvements contributing value on an interim basis or in a redevelopment were added to the land value.

As the subject market area is essentially fully developed, there are a limited number of land sales that occurred in the past several years. The five sites most similar to the subject property have been analyzed for this appraisal and are presented in table 4. Figure 5 shows the location of the subject and these comparable sales. Detailed information for each sale is included in appendix B.

Table 4. Comparable Sales Data

Sale	Name/Location	Sale Date	Sale Price	Area (ft ²)	Price \$/ft ²	Analyzed Price \$/ft ²	Zoning	Base Units	Land ft ² /unit	Mkt. Rent \$/ft ² /mth
1	2600 NE 195th Street, Shoreline	n/a	\$3,000,000	121,527	\$24.69	\$24.64	R-24	68	1,787	\$1.20
2	1210 N 152nd St., Shoreline	05/23/12	\$1,724,000	51,836	\$33.26	\$25.60	MUZ	57	909	\$1.15
3	1210 N 152nd St., Shoreline	03/30/12	\$1,500,000	51,836	\$28.94	\$23.42	MUZ	57	909	\$1.15
4	20028 15th Ave NE, Shoreline	01/25/05	\$795,000	32,619	\$24.37	\$23.21	CZ	22	1,483	\$1.20
5	8606 35th Ave NE, Seattle	02/23/11	\$3,350,000	33,541	\$99.88	\$34.59	NC2-40	91	369	\$1.50

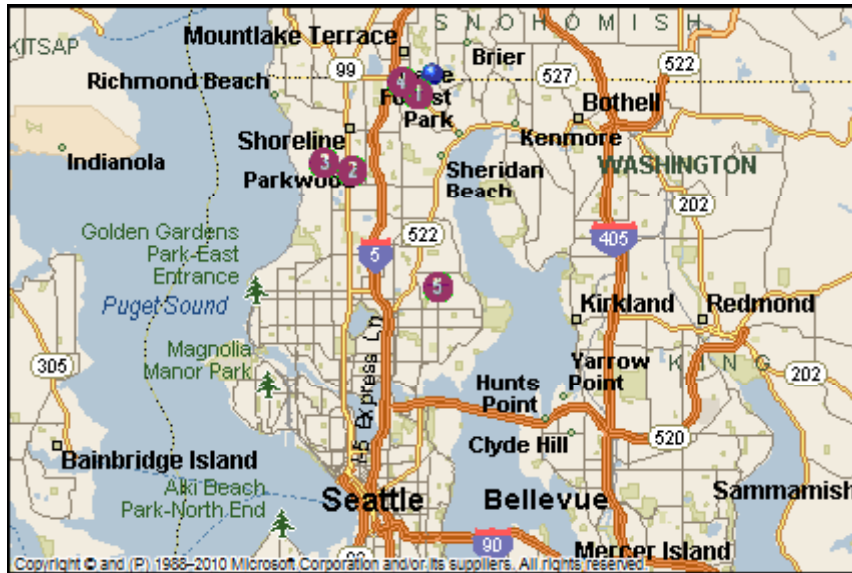


Figure 5. Comparable sales map

Sales Comparison Summary

These comparable sales were confirmed, and then adjustments were made for atypical, transactional-related differences (property rights, financing terms, conditions of sale) as well as non-realty items, market conditions, location, and physical differences. When one of these elements of comparison for a particular comparable sale was considered inferior to the subject property, an upward adjustment was made to that comparable. Alternatively, when an element of comparison was considered superior to the subject, a downward adjustment was made to the comparable. These adjusted unit values were correlated to a single unit value for the subject property.

Historically, land values have escalated rapidly when economic forecasts are positive and developers perceive opportunities for development. Development stalls when going from these periods to periods of decline and slow growth, and there are fewer land sales, normally forced

sales, and similar transactions. Land owners will often hold property until market conditions improve, resulting in the appearance of a “flat” market.

The qualitative adjustments made through the sales comparison approach, presented in table 5, are not intended to be an exact accounting of the differences between the comparable sales and the subject property but rather an indication of the thought process used in arriving at an opinion of value.

Table 5. Comparison of Land Sales

Sale	Analyzed Price/ft ²	Cond. of Sale			Adj. Base Price/ft ²	Location	Size	Topog./ Shape	Zoning	Access/ Exposure	Value Range
		Adj.	Fin. Adj.	Time Adj.							
1	\$24.64	0	0	0	\$24.64	similar	similar	superior	similar	similar	\$23.40
2	\$25.60	0	0	0	\$25.60	similar	similar	superior	similar	similar	\$24.32
3	\$23.42	0	0	0	\$23.42	similar	similar	superior	similar	similar	\$22.25
4	\$23.21	0	0	0	\$23.21	similar	similar	similar	similar	similar	\$23.21
5	\$34.59	0	0	0	\$34.59	superior	similar	superior	similar	similar	\$24.21

Correlation and Final Value Estimate

Land Value

Before adjustments, the range of prices indicated by the comparables was \$24.37/ft² to \$99.88/ft². After quantitative adjustments the analyzed price range was \$23.21/ft² to \$34.59/ft², and after qualitative adjustments, the value range indicated by the comparables for the subject land as if vacant was \$22.25/ft² to \$24.32/ft².

Analyzed Price:

The analyzed price reflects the equivalent R-24 land price for each comparable after considering the added cost of providing structured parking for those comparables acquired for higher density projects. This analysis assumes the average apartment building area per unit in an R-24 development is 800 ft² and the average land area requirement is 1,800 ft² or a land-to-building ratio of 2:25 to 1.0. For those sites that were acquired for higher density projects, and required structured parking, an estimated cost of \$32,000 per structured parking space was considered an additional land cost. There were not quantitative adjustments required for conditions of sale, financing, or market conditions (time).

Location:

Sale 5 is located in the Wedgwood neighborhood, and equivalent rental rates are 25% higher than the other comparables. This difference is accounted for in the appraiser’s analysis as a qualitative location adjustment.

Topography/Shape:

Sales 1, 2, 3, and 5 are generally rectangular shaped and are considered superior to the subject which is an irregular shape and similar to Sale 4.

Utility/Size: The sites all have adequate size/ utility for development.

Zoning: Zoning is considered similar with all properties allowing multifamily or a mix of uses.

Access/Exposure: All comparables have adequate access and exposure.

Comparative Analysis: After adjustments, the range of value based on this comparative analysis is \$22.25/ft² to \$24.32/ft², and the appraiser has concluded a value of \$23.00/ft² for the subject land as if vacant.

Development Contingency: Highest and best use is multifamily with 68 units (R-24 zoning). Comparative analysis value is \$23.00/ft². However, a wetland and stream have been indentified on the adjacent parcel to the north, and appropriate buffers, drainage issues, and existing paved surface benefits have not been quantified. Therefore, a development contingency adjustment, reducing the land value from \$23.00/ft² to \$20.00/ft², has been recognized in this appraisal.

Final Land Value: The land value concluded by this appraisal is \$20.00/ft².

Improvement Value

The existing industrial use is a legal nonconforming use and can be continued. There is demand for the site from both industrial and multifamily users. Some of the existing improvements continue to function and would contribute value to an industrial-use upgrade or a full multifamily redevelopment. An assessment of these potential improvement value contributions was made by the appraiser and a value of \$598,300 has been added to the land value as if vacant in concluding a value for the site. A worksheet detailing this improvement value contribution is included in appendix A.

Appendix A:
Improvement Value, Cost Reports, and Analysis and Land Use Data

Table A1. Improvement Value Worksheet

Description	Area (ft ²)	Replacement Cost (\$)	Depreciation (\$)	Updated Value (\$)	Comments
Land	125,017	\$2,500,000	\$0	\$2,500,000	Highest and best use (HB&U) is multifamily with 68 units (R-24 zoning). Comparative analysis value is \$23.00/ft ² . However, a wetland and stream have been indentified on the adjacent parcel to the north, and appropriate buffers, drainage issues, and existing paved surface benefits have not been quantified. Therefore, a development contingency adjustment, reducing the land value from \$23.00/ft ² to \$20.00/ft ² , has been recognized in this updated appraisal.
Improvements:					
Garage		\$165,172	(\$165,172)	\$0	Tear down per Shoreline.
Office		\$163,224	(\$163,224)	\$0	Tear down per Shoreline.
Shed		\$20,887	(\$20,887)	\$0	Tear down per Shoreline.
Truck Scales		\$75,790	(\$75,790)	\$0	Tear down per Shoreline.
Fuel Storage Tanks		\$154,234	(\$77,117)	\$77,100	Interim use/salvage value.
Fuel Pumps and Reader		\$41,643	(\$41,643)	\$0	Shoreline says the system is gone.
Fuel Station Plumbing		\$9,254	(\$4,627)	\$4,600	Value to interim user.
Fuel Station Power		\$5,537	(\$2,769)	\$2,800	Value to interim user.
Fuel Station Fire Protection		\$11,074	(\$11,074)	\$0	Shoreline says the system is gone.
Fuel Station Structures		\$140,792	(\$112,634)	\$28,200	Value to interim user.
Decant Facility		\$310,759	(\$248,607)	\$62,200	Shoreline says commercial decant not an option.
Landscaping		\$18,392	(\$18,392)	\$0	No value for interim use.
Exterior Lighting and Power		\$50,290	(\$25,145)	\$25,100	Value to interim user.
Storage Bunker		\$69,405	(\$34,703)	\$34,700	Value to interim user.
Paving		\$485,837	(\$364,378)	\$121,500	Value to interim and H&BU.
Security Fencing		\$83,903	(\$41,952)	\$42,000	Value to interim and H&BU.
Retaining Walls		\$79,955	(\$39,978)	\$40,000	Value to interim and H&BU.
Site Work		\$597,731	(\$537,958)	\$59,800	Potential benefit to H&BU redevelopment.
Water/Sewer Connections		\$616,937	(\$555,243)	\$61,700	Potential benefit to H&BU redevelopment.
Storm Water Systems		\$385,586	(\$347,027)	\$38,600	Potential benefit to H&BU redevelopment.
Improvement Total		<u>\$3,486,402</u>	<u>(\$2,888,318)</u>	<u>\$598,300</u>	
Property Total		\$5,986,402	(\$2,888,318)	<u>\$3,098,300</u>	



business relocations

cost-to-cure estimates

feasibility studies

replacement costs

November 3, 2011

Mike Murray
Murray and Associates
13 Tulalip Key
Bellevue, WA 98056

Dear Mike,

Below is a summary of estimated replacement costs for the Brugger's Bog property located at 19547 25th Ave, NE, Shoreline, WA.

Attached is a Construction Cost Estimate which provides detailed estimated costs for your use.

This estimate is based on replacement costs which include the costs to build a similar project using current materials and construction techniques while meeting current codes.

Replacement costs by item are as follows:

Garage	\$ 165,172
Office	\$ 163,224
Shed	\$ 20,887
Truck Scales	\$ 75,790
Fuel Station	\$ 362,534
Decant Facility	\$ 310,759
Other Costs*	<u>\$2,388,036</u>
Replacement Cost Total	\$3,486,402

*Other Costs Include: (Itemized costs can be seen in the Construction Cost Estimate)

- Utility connections and distribution on site
- Site preparation, i.e. clearing, grading, erosion control
- On site storm water drains and retention
- Paving
- Fencing
- Fire hydrants
- Retaining walls
- Bunkers, for operations material storage needs
- Security
- Yard lighting

Figure A1. Martyn Daniel cost report

The Estimate Includes:

- All known items of work to recreate a similar functioning project
- All contractor costs, fees, and markups
- Design
- Testing and inspection
- Permitting
- Sales Tax

The Estimate Excludes:

Owner's costs, other than those listed above
Real property costs
Financing costs
Inventory
Personal property other than those items listed in the Construction Cost Estimate

This estimate was prepared by viewing the site; from the street, appraiser supplied photos, and King County's iMaps web site.

The estimated quantities of materials were prepared by using the above materials, as well as, appraiser provided documents.

The estimated costs of quantities were prepared by use of; in-house records, knowledge of construction costs, and appraiser provided documents.

Sincerely,
Martyn Daniel LLC



Martyn L. Daniel, Member



Figure A1 (Continued)

King County Brugger's Bog Field Maintenance Facility

19553 25th Avenue NE, Shoreline, WA

Parcel No.: 0426049043

Zoning: R-24 (Residential 24 dwelling units per acre)

Comprehensive Plan: Public Facilities

Existing Uses: Decant facility for debris recycling, heavy equipment storage and repair, truck scale, fueling station, sand and gravel storage and staff offices

Potential Uses:

1. Continuation of existing uses with limited expansion under SMC 20.30.280 (See discussion of Nonconforming Uses below); and
2. Permitted uses in the R-24 zone (mainly residential)(See SMC 20.40.120-20.40.140)

Nonconforming Uses:

1. The existing uses at this site are nonconforming.
2. A nonconforming use may be continued or maintained.
3. A nonconforming use may be expanded through a Conditional Use permit process (SMC 20.30.300). The total expansion shall not exceed 10% of the use area.
4. A nonconformance with the development standards cannot be created or increased by the expansion of the nonconforming use.

Critical Areas:

1. A wetland and stream have been identified on the adjacent parcel to the North of this site. A wetland and stream report prepared in accordance with SMC 20.80.110, SMC 20.80.330, SMC 20.80.310-20.80.350, and SMC 20.80.460-20.80.500 to determine: 1) if the wetland extends onto the site; 2) the appropriate buffer for the wetland; and 3) the appropriate buffer for the stream.
2. Modification of, addition to or replacement of structures will be limited by the location of the wetland (if the wetland extends onto the site), the wetland buffer, and the stream buffer. In accordance with SMC 20.80.040 Partial Exemptions 1. Structural modification of, addition to, or replacement of structures, except single detached residences, in existence before November 27, 1990, which do not meet the building setback or buffer requirements for wetlands or streams are exempt from compliance with the provisions of SMC 20.80 (Critical Areas regulations) if the modification, addition, replacement or related activity does not increase the existing building footprint of the structure lying within the above-described building setback area, sensitive area or buffer. Note: This provision would apply if the structure was a

Figure A2. Land use data

**Appendix B:
Comparable Land Sales Data**

Comparable Land Sales

Following are comments on each of the five comparable sales. A data sheet for each comparable is also included herein.

Sale 1

This was not a sale but an income residual analysis of the Canterbury Court Apartments just across 25th Avenue NE from the subject property on NE 195th Street. It is almost identical in size to the subject with 2.79 acres (121,527 ft²) and is improved with 68 apartment units under the Shoreline R-24 zoning. It is owned by an individual, and there are no recorded sales in the last 10 years. Current vacancy levels, unit mix, unit sizes, rental rates, operating expenses, and other relevant operating data were confirmed by the appraiser. This land value estimate was derived by taking into consideration physical characteristics, rents, and operating expenses along with market based development costs, operating expenses, capitalization rates, and entrepreneurial incentive factors. Current development costs, including entrepreneurial incentive, were estimated by the appraiser at \$150.00/ft², and depreciation of the buildings and improvements were estimated at 40% of replacement cost using an effective age of 20 years and a useful life of 50 years.

As indicated in table A1, this analysis produced a residual land value estimate of \$24.69/ft² or \$3,000,000 or \$44,118 per apartment unit for the 121,527-ft² site.

Table A1. Residual Land Value Worksheet

Building Area (ft ²)		55,200
Number of Apartment Units		68
Building Area/Unit (ft ²)		812
Gross Potential Rental Income		\$789,600
Average Rent (\$/mo.)	\$968	
Vacancy Allowance	6.00%	(\$47,376)
Effective Gross Income		\$742,224
Market Expense Factor	35.00%	(\$259,778)
Net Operating Income (NOI)		\$482,446
Capitalized @	6.00%	\$8,040,760
Less Bldg./Imp.	\$91.00 /ft ²	(\$5,023,200)
Residual Land Value		\$3,017,560
	Rounded	\$3,000,000
Residual Land Value (\$/ft ²)	121,527	\$24.69

Sales 2 and 3

Sales 2 and 3 are two sales of the same property to different parties in 2012. The first sale was on March 30, 2012 for \$1,500,000 and the second sale was on May 23, 2012 for \$1,724,000. These sales have been reported by CoStar as separate arms-length sales to different parties. The site is zoned mixed-use (MUZ) by the city of Shoreline with an allowable base density for residential-only developments of 48 dwelling units per acre. Details of the planned development are not known, and the appraiser's analysis of this sale assumes a residential-only development at the allowed base density of 48 units per acre. The site is 1.19 acres (51,836 ft²), so an allowable base density is 57 dwelling units and a value of \$28.93/ft² to \$33.25/ft² or \$26,000 to \$30,000 per unit. However, unlike an R-24 development with 24 units per acre, all of the economic parking needs for this higher-density development cannot be provided by surface parking; therefore, structured parking has to be built in this development scenario. As can be seen in table A2, the cost of structured parking brings the average effective land cost based on Sale 2 and Sale 3 up to \$46,000 and \$42,000.

Table A2. Analyzed R-24 Equivalent Prices

Sale	Price /Unit	Req. Pkg.	Surf. Pkg.	Struct. Pkg.	Struct. Pkg. (\$)	Adjusted Value	Adjusted Value/ft²	Analyzed \$/Unit	\$/ft² @ Analyzed
1	\$44,118	68	67.5	0.5	\$15,520	\$3,015,520	\$24.81	\$44,346	\$24.64
2	\$30,246	57	28.8	28.2	\$902,471	\$2,626,471	\$50.67	\$46,078	\$25.60
3	\$26,316	57	28.8	28.2	\$902,471	\$2,402,471	\$46.35	\$42,149	\$23.42
4	\$36,136	22	18.1	3.9	\$124,107	\$919,107	\$28.18	\$41,778	\$23.21
5	\$36,813	91	18.6	72.4	\$2,315,716	\$5,665,716	\$168.92	\$62,261	\$34.59

Sale 4

This parcel was acquired in 2005 and improved with a 22-unit, multifamily condominium (flats) in 2006. The average unit size is 1,090 ft², and the land area per unit is 1,483 ft². Residential land market conditions are considered similar to 2005 conditions and the analyzed price for the subject based on this sale is \$41,778 per unit or \$23.21/ft².

Sale 5

Sale 5 was acquired in early 2011, and a 91-unit apartment complex has recently been completed on the 33,541-ft² site. This property is closer to Seattle in the Wedgwood neighborhood and is a five-story development requiring structured parking. Before qualitative adjustments, this sale indicates a value for the subject property of \$34.59/ft².

MARKET DATA

(1) ADDRESS OR LOCATION: 2600 NE 195th St., Shoreline

(2) PARCEL MAP IS ON FOLLOWING PAGE

- (3) a Access: NE 195th Street and 25th Avenue NE
- b Use at Sale: Apartments
- c H & B Use: Apartments
- d Zoning: R-24
- e Dimensions: Irregular
- f Land Area (ft²): 121,527
- g Sale Date: n/a
- h Price: \$3,000,000
- i Instrument Type:
- j Terms:
- k Ex. Tax# or AF #:
- l Seller:
- m Buyer:
- n Confirmed with: Charles Cosse—property owner
- o Confirmed by: Michael E. Murray, MAI
- p Date Inspected: July 14, 2012

(4) LEGAL DESCRIPTION OR TAX PARCEL NUMBER: 402290-1110 and 402290-1130

(5) PHYSICAL CHARACTERISTICS (description at sale, confirmation information, changes since sale, etc.):
 A.) Property Description:

B.) Confirmation Data and Comments:

(6) ANALYSIS:

ITEM	AREA (ft ²)	CONTRIB. VALUE	MARKET UNIT (\$/ft ²)
Buildable Land Area	121,527	\$3,000,000	\$24.69
Critical Areas	-	\$0	\$0.00
Buildings	55,200	\$0	\$0.00
Other (site, yard, etc.)	66,327	\$0	\$0.00
TOTAL SALE PRICE	121,527	\$3,000,000	\$24.69

**Murray & Associates
 Sales Database
 SALENO: 1**



Figure B1. Sale 1 parcel map (tax parcel no. 402290-1110)



Figure B2. Sale 1 parcel map (tax parcel no. 402290-1130)

MARKET DATA

(1) ADDRESS OR LOCATION: 1210 N 152nd St., Shoreline

(2) PARCEL MAP IS ON FOLLOWING PAGE

- (3) a Access: N 152nd Street
- b Use at Sale: Vacant land
- c H & B Use: Apartments
- d Zoning: MUZ
- e Dimensions: 154 ft on N 152nd Street
- f Land Area (ft²): 51,836
- g Sale Date: May 23, 2012
- h Price: \$1,724,000
- i Instrument Type: Warranty deed
- j Terms: Cash to seller
- k Ex. Tax# or AF #: 201205310810
- l Seller: Brighton Court Properties LLC
- m Buyer: Shoreline Star Residential LLC
- n Confirmed with: Public records
- o Confirmed by: Michael E. Murray, MAI
- p Date Inspected: July 14, 2012

(4) LEGAL DESCRIPTION OR TAX PARCEL NUMBER: 182604-9098

(5) PHYSICAL CHARACTERISTICS (description at sale, confirmation information, changes since sale, etc.):
 A.) Property Description:

B.) Confirmation Data and Comments:

(6) ANALYSIS:

	AREA (ft ²)	CONTRIB. VALUE	MARKET UNIT (\$/ft ²)
Buildable Land Area	51,836	\$1,724,000	\$33.26
Critical Areas	-	\$0	\$0.00
Buildings	-	\$0	\$0.00
Other (site, yard, etc.)	51,836	\$0	\$0.00
TOTAL SALE PRICE	51,836	\$1,724,000	\$33.26

**Murray & Associates
 Sales Database
 SALENO: 2**



Figure B3. Sale 2 parcel map

MARKET DATA

(1) ADDRESS OR LOCATION: 1210 N 152nd St., Shoreline

(2) PARCEL MAP IS ON FOLLOWING PAGE

- (3) a Access: N 152nd Street
- b Use at Sale: Vacant land
- c H & B Use: Apartments
- d Zoning: MUZ
- e Dimensions: 154 ft on N 152nd Street
- f Land Area (ft²): 51,836
- g Sale Date: March 30, 2012
- h Price: \$1,500,000
- i Instrument Type: Warranty deed
- j Terms: Cash to seller
- k Ex. Tax# or AF #: 201203300581
- l Seller: Otp LLC
- m Buyer: Brighton Court Properties LLC
- n Confirmed with: Public records
- o Confirmed by: Michael E. Murray, MAI
- p Date Inspected: July 14, 2012

(4) LEGAL DESCRIPTION OR TAX PARCEL NUMBER: 182604-9098

(5) PHYSICAL CHARACTERISTICS (description at sale, confirmation information, changes since sale, etc.):
A.) Property Description:

B.) Confirmation Data and Comments:

(6) ANALYSIS:

ITEM	AREA (ft ²)	CONTRIB. VALUE	MARKET UNIT (\$/ft ²)
Buildable Land Area	51,836	\$1,500,000	\$28.94
Critical Areas	-	\$0	\$0.00
Buildings	-	\$0	\$0.00
Other (site, yard, etc.)	51,836	\$0	\$0.00
TOTAL SALE PRICE	51,836	\$1,500,000	\$28.94

**Murray & Associates
Sales Database
SALENO: 3**



Figure B4. Sale 3 parcel map

MARKET DATA

(1) ADDRESS OR LOCATION: 20028 15th Ave. NE, Shoreline

(2) PARCEL MAP AND PHOTO ARE ON FOLLOWING PAGE

- (3) a Access: 15th Avenue NE
- b Use at Sale: Vacant
- c H & B Use: Multifamily (Mckenna Place Condominiums)
- d Zoning: CZ
- e Dimensions: 100 ft of frontage on 15th Avenue NE
- f Land Area (ft²): 32,619
- g Sale Date: January 25, 2005
- h Price: \$795,000
- i Instrument Type:
- j Terms:
- k Ex. Tax# or AF #:
- l Seller:
- m Buyer: Robert A. and Denise L. Parker
- n Confirmed with: Public records
- o Confirmed by: Michael E. Murray, MAI
- p Date Inspected: July 14, 2012

(4) LEGAL DESCRIPTION OR TAX PARCEL NUMBER: 505350-0000

(5) PHYSICAL CHARACTERISTICS (description at sale, confirmation information, changes since sale, etc.):
 A.) Property Description:

This parcel was acquired in 2005 and improved with a 22-unit, multifamily condominium (flats) in 2006. The average unit size is 1,090 ft², and the land area per unit is 1,483 ft².

B.) Confirmation Data and Comments:

Residential land market conditions are similar to 2005 conditions.

(6) ANALYSIS:

ITEM	AREA (ft ²)	CONTRIB. VALUE	MARKET UNIT (\$/ft ²)
Usable Land Area	32,619	\$795,000	\$24.37
Critical Areas	-	\$0	\$0.00
Buildings	-	\$0	\$0.00
Other (site, yard, etc.)	-	\$0	\$0.00
TOTAL SALE PRICE	32,619	\$795,000	\$24.37

Murray & Associates
Sales Database
SALENO: 4



Figure B5. Sale 4 parcel map



Figure B6. Sale 4 photo

MARKET DATA

(1) ADDRESS OR LOCATION: 8606 35th Ave. NE, Seattle

(2) PARCEL MAP IS ON FOLLOWING PAGE

- (3) a Access: 35th Avenue NE, NE 87th Street, NE 86th Street
- b Use at Sale: Community center
- c H & B Use: Multifamily
- d Zoning: NC2-40
- e Dimensions: 200 ft on 35th Avenue NE
- f Land Area (ft²): 33,541
- g Sale Date: February 23, 2011
- h Price: \$3,350,000
- i Instrument Type: Warranty deed
- j Terms: Cash to seller
- k Ex. Tax # or AF #: 201102231500
- l Seller: Murray Franklyn (Wedgwood Partners LLC)
- m Buyer: Wood Partners (SP5 Wood Alta Wedgwood LLC)
- n Confirmed with: Public records
- o Confirmed by: Michael E. Murray, MAI
- p Date Inspected: July 14, 2012

(4) LEGAL DESCRIPTION OR TAX PARCEL NUMBER: 684470-1590

(5) PHYSICAL CHARACTERISTICS (description at sale, confirmation information, changes since sale, etc.):

A.) Property Description:

Purchase of former Stroum Jewish Center for redevelopment. The vacant 11,800-ft² building was constructed in 1946 and did not contribute value in the transaction.

B.) Confirmation Data and Comments:

This property was previously sold on November 1, 2007 for \$3,950,000 to Wedgwood Partners LLC.

(6) ANALYSIS:

ITEM	AREA (ft ²)	CONTRIB. VALUE	MARKET UNIT (\$/ft ²)
Usable Land Area	33,541	\$3,350,000	\$99.88
Critical Areas	-	\$0.00	\$0.00
Ingress-Egress / Access	-	\$0	\$0.00
Buildings		\$0	
Other (site, yard, etc.)			
TOTAL SALE PRICE	33,541	\$3,350,000	\$99.88

Murray & Associates

Sales Database

SALENO: 5

The complex is named Jasper and was just completed in July 2012. The complex contains 91 units, 7 of which are live-work units along the ground floor. It was constructed according to Built Green standards and features Energy Star appliances, a roof deck, and fitness center.



Figure B7. Sale 5 parcel map

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From: Michael E. Murray <michael.e.murray@comcast.net>
Sent: Tuesday, January 22, 2013 3:49 PM
To: Salyer, Steve
Cc: Ayers, Debbie
Subject: RE: Valuation Consulting - Brugger's Bog

Steve - see my comments in red below, thanks, Mike.

Michael E. Murray, MAI, CCIM
Murray & Associates
(206) 498-6274

The information contained in this e-mail message may be privileged and is confidential. If you have received this communication in error, please notify us immediately by telephone and destroy the original message from your electronic files.

From: Salyer, Steve [mailto:Steve.Salyer@kingcounty.gov]
Sent: Friday, January 18, 2013 4:27 PM
To: Mike Murray
Cc: Ayers, Debbie
Subject: Valuation Consulting - Brugger's Bog

Mike, your review and confirmation is requested for two value conclusions regarding the subject property. By copy of this email I'll ask Debbie to coordinate any contract and payment arrangements. Thanks.

- 1) **Land Value:** For estimating land value, the City of Sammamish proposed estimating net developable land by reducing the gross site area by an estimated (but somewhat arbitrary) 20% to account for a potentially required stream/wetland buffer. Then they used \$23 PSF as the land market value based on multi-family comparable sales. The resulting land value estimate is as follows:

125,017 sf. less 20% = 100,014 sf.
 100,014 sf. @ \$23 PSF = \$2,300,322

Alternatively, your Summary Appraisal Update dated 7/15/12 adjusted for a stream/wetland buffer by decreasing the \$23 PSF land value to \$20, and concluded land value as follows:

\$23 PSF adjusted to \$20 PSF to account for stream/wetland buffer
 125,017 sf. @ \$20 PSF = \$2,500,340

Conclusion: We concluded that the City's methodology was reasonable and utilized \$2,300,322 as estimated fair market value. *Please confirm the reasonableness of the methodology. Yes, the City's methodology is reasonable. Both methods are used in the market: the net buildable/usable area as the unit of measure, and the gross area as the unit of measure with appropriate adjustments to the unit value. The two methods resulted in a reasonable land value and the difference between the two approaches was less than 10%.*

- 2) **Land Value Differential – Development for Market-Rate Multi-Family vs. Subsidized Affordable Housing:** King County code requires that all surplus property be considered for development of affordable housing prior to sale on the open market. However, we're recommending the proposed sale to the City for FMV because it will yield a much higher price to the County than would sale for development of affordable housing. To justify this recommendation, I'm estimating the land value differential between development for market-rate multi-family

and subsidized affordable housing as at least 20%. *Please comment. I guess the first thing that comes to mind is that the existing improvements are worth considerably less in an apartment redevelopment versus continued industrial use. And secondly, an apartment development with an average unit size of say 700 ft² and average market rent of \$15/ft²/year might sell for \$136,000 per unit and cost \$100,000 to build, leaving a residual land value of \$36,000 per unit. If income projections are even 5% less, then the land value goes down to \$30,000 a unit or a decrease of 16.67% based on the decrease in income alone; so apartment land values are very sensitive to allowable density, income, operating expenses and development costs.*

Steve

Steve Salyer | Manager, Real Estate Services | King County - Facilities Management Division - Department of Executive Services | 500 Fourth Avenue, Suite 830, Seattle, WA 98104 | Phone: (206) 205-5772

ATTACHMENT 6

JOINT USE AGREEMENT
for
FUELING SERVICES AND VACTOR DECANTING
between
THE CITY OF SHORELINE
and
KING COUNTY
(as approved by Shoreline City Council on May 20, 2013)

THIS INTERAGENCY AGREEMENT FOR SHARED FUELING SERVICES AND VACTOR DECANTING (the "Agreement") is made and entered into this _____ day of May, 2013, by and between the City of Shoreline, an optional municipal code city and municipal corporation of the State of Washington ("Shoreline" or the "City") and King County, a home rule charter county of the State of Washington, through its Department of Transportation, Fleet Administration Division (the "County"), either of which entity may be referred to hereinafter individually as "Party" or collectively as the "Parties."

RECITALS

WHEREAS, the County owns certain real property located at 19547 25th Ave. NE in Shoreline that previously served as the County's North Maintenance Roads Services facility, commonly referred to as Brugger's Bog ("Brugger's Bog"); and

WHEREAS, following the City of Kirkland's June, 2011 annexation of the Juanita, Finn Hill and Kingsgate areas formerly served by Brugger's Bog, the facility was closed, decommissioned and recommended for surplus; and

WHEREAS, having determined that the Brugger's Bog property is not suitable for affordable housing, the County declared the property surplus to its needs and listed the property for sale; and

WHEREAS, the County and Shoreline have negotiated a purchase and sale agreement for the Brugger's Bog property that has been approved by the Shoreline City Council and is currently pending review and approval by the King County Council ("County Council"); and

WHEREAS, if the proposed sale of the Brugger's Bog property to Shoreline is approved by the County Council, Shoreline plans to continue to use the property for street maintenance and other industrial purposes; and

ATTACHMENT 6

WHEREAS, the Brugger's Bog facility has a fueling station that has been used to support King County Sheriff's Office operations as well as other County functions; and

WHEREAS, the County has continuing need for access to vector truck decanting facilities; and

WHEREAS, if the proposed sale of the Brugger's Bog property to Shoreline is approved by the County Council, Shoreline is willing to allow the County to continue to make use of the facility for fueling and decanting capacity that is available after transfer; and

WHEREAS, with shrinking road fund resources the County is seeking to establish mutually beneficial arrangements with local jurisdictions to efficiently and effectively provide road and street maintenance services; and

WHEREAS, the King County Strategic Plan calls for the building of strategic partnerships; and

WHEREAS, the Parties desire to collaborate on a mutually beneficial shared fueling services arrangement at the Brugger's Bog property that would allow County vehicles deployed in the Shoreline area to obtain fuel at the re-opened facility and would also allow Shoreline to transition into the ownership of the fueling facility without added administrative costs and staffing; and

WHEREAS, since incorporation Shoreline has contracted with the County for police services through the King County Sheriff's Department and the reopening of the fueling station to County vehicles would help the City and County to keep fueling costs down by having vehicles refuel at the Brugger's Bog facility rather than traveling to outlying, contract fueling stations or paying local, retail gas pump rates; and

WHEREAS, County use of the Brugger's Bog fuel station for fueling its police vehicles would also benefit the City by reallocating the 30-45 minutes spent on travel for refueling at distant locations to additional law enforcement in Shoreline; and

WHEREAS, paying the County to continue tracking and billing fueling for County and City vehicles will allow the City to delay acquisition of its own software for necessary segregation of fueling charges between its utility and general fund vehicles until operations make it cost effective; and

WHEREAS, to realize the mutual benefits of shared use of the Brugger's Bog facility, the Parties desire to enter into an agreement governing their respective use of the facility; and

NOW, THEREFORE, in consideration of the terms, conditions, and mutual promises, covenants and agreements set forth herein, the Parties agree as follows:

ATTACHMENT 6

AGREEMENT

1. PURPOSE OF AGREEMENT

The purpose of this Agreement is to memorialize the respective roles and responsibilities of the Parties as related to shared fueling services and vactor truck decanting at the Brugger's Bog facility.

2. EFFECTIVE DATE AND DURATION OF AGREEMENT

This Agreement is contingent upon the County Council's adoption of an ordinance authorizing the County's sale, via a separate purchase and sale agreement, of the Brugger's Bog property to the City. If the County Council authorizes the sale of Brugger's Bog to the City, this Agreement will take effect when fully executed by duly authorized representatives of both Parties but not sooner than the date the transfer of the Brugger's Bog property to Shoreline is closed (the "Effective Date"), and will remain in effect for three (3) years from the effective date. The Agreement will automatically renew for additional one (1) year terms unless terminated pursuant to the provisions hereof.

3. FUELING SERVICES AND VACTOR DECANTING

3.1 County Responsibilities

- 3.1.1 Fueling Services. Pursuant to the terms and conditions of a separate agreement by which the security code reader will be sold by the County to the City and contingent upon the City's assumption of financial and operational responsibility therefor, the County will restore the security code reader for fuel dispensing equipment at Brugger's Bog within thirty (30) days of the Effective Date at the City's expense and assure the operability of the reader and data delivery to the County's Fuel Force system; procure fuel and have it delivered to the Brugger's Bog facility under existing County fueling contracts; track and manage the fueling data for both Shoreline and County vehicles by tracking vehicles, employees and all on-site fuel transactions; and bill the City for its share of fuel dispensed at the facility.
- 3.1.2 Vactor Decanting. If vactor decanting is utilized by the County at the Brugger's Bog facility, the County will follow the same policies for disposal and schedule of rates or charges as apply to City operations.
- 3.1.3 The County will be responsible for training its personnel on proper use of the fueling station or decant facility, site access and safety protocols. The County will inform the City if it is aware of faulty or damaged equipment.

ATTACHMENT 6

- 3.1.4 The County shall be responsible for repairing or replacing any Brugger's Bog fuel station property that is damaged by a County vehicle, including but not limited to vehicles owned by the City, equipment owned by the City or for which the City is responsible, the fueling station itself, fencing, gate, landscaping, or any other property owned by the City, but only to the extent such damage is proven to have been caused by the County as a direct result of its use of the fueling station and, further, only to the extent the damage is not normal wear and tear or otherwise *de minimus*.
- 3.1.5 In the event the County's negligent use of the City's fueling station is proved to have caused a significant hazardous fuel spill, the County shall reimburse the City's reasonable costs associated with mitigation of the spill.

3.2 City Responsibilities

- 3.2.1 Fueling Services. The City will reimburse the County for its costs of installing and testing the security code reader; own, inspect and test the fuel tanks; provide access to the site for designated County employees and vehicles; and reimburse the County for the City's share of fuel dispensed at the facility.
- 3.2.2 Vactor Decanting. Should the City operate a decanting facility at the Brugger's Bog yard during the term of this Agreement, the County will have priority use of capacity that is available after City use of the facility for purposes of decanting vactor trucks and disposing of stormwater liquids and associated solids collected by such trucks.
- 3.2.3 The City will be responsible for improper use or fraud from fueling non-City owned vehicles

3.3 Fuel Availability

The County shall have access to the City fueling station at all times, unless unforeseen circumstances affect the availability of the fueling station such as a supplier's inability to furnish fuel, and fueling station repairs or maintenance. The City will provide at least fourteen (14) days' notice to the County for anticipated disruptions in access in the event of unforeseen disruptions.

4. PAYMENT

For the duration of this Agreement, the City will pay the County for all fuel purchased by City employees at the Brugger's Bog fueling station for use in City vehicles. The cost of the fuel to the City will include the County's actual fuel cost plus a mark-up fee in the same amount as that applicable to County users. Payment for the fuel purchased by the City shall be made according to the Payment Procedures set forth in Section 5 of this Agreement.

ATTACHMENT 6

5. PAYMENT PROCEDURES

- 5.1 Invoices and Billing. All invoices submitted by the County to the City will be supported by appropriate documentation showing fueling transactions by date, equipment number, quantity of fuel, and fuel type. The County will submit invoices to the City using the current fuel-billing cycle. The City shall remit payment to the County within thirty (30) days of receiving an invoice.
- 5.2 Invoicing Contact Information. Invoices and associated documentation from the County to the City shall be submitted to the address and contact person identified in Section 6 of this Agreement.

6. ADDRESSES FOR NOTICES AND DELIVERABLE MATERIALS

All notices under this Agreement shall be delivered to the following addresses (or such other addresses as either Party may designate in writing):

If to the County:

King County, Department of Transportation, Fleet Administration Division
Attention: Jennifer Lindwall, Director
KSC-TR-0822
201 S. Jackson St
Seattle, WA 98104

If to the City:

Billing Invoices:

City of Shoreline
Attention: Nan Peterson
17500 Midvale Avenue North
Shoreline, WA 98133-4905

Contract Notices:

City of Shoreline
Attention: Mark Relph, Public Works Director
17500 Midvale Avenue North
Shoreline, WA 98133-4905

ATTACHMENT 6

7. COMPLIANCE WITH LAWS

- 7.1 General Requirement. The Parties, at no expense to the other, shall comply with all applicable federal, state and local laws, rules, regulations, orders, and directives of their administrative agencies and the officers thereof.
- 7.2 Equal Employment Opportunity and Outreach. In the performance of this Agreement, the County and City shall comply with the applicable provisions of Title VI of the Civil Rights Act of 1964 (42 UC 200d), Section 504 of the Rehabilitation Act of 1973 (29 USC 794), and Chapter 49.60 RCW as now or hereafter amended.
- 7.3 Americans with Disabilities Act. The City and County shall comply with all applicable provisions of the Americans with Disabilities Act of 1990 as amended (ADA) in performing its obligations under this Agreement. Failure to comply with the provisions of the ADA shall be a material breach of, and grounds for the immediate termination of, this Agreement.
- 7.4 Affirmative Efforts to Use Women and Minority Business Enterprises (WMBE). In the event the City subcontracts the City's fuel services to an outside firm, inclusion efforts shall be made including the use of solicitation lists, advertisements in publications directed to minority communities, breaking down total requirements into smaller tasks or quantities where economically feasible, making useful schedule or requirement modifications that may assist WMBE businesses to compete, targeted recruitment, using consultant services or minority community organizations to strategize outreach, and selection strategies and criteria that result in greater subconsultant diversity. Outreach efforts may also include using the Vendor/Contractor Registration (VCR).
- 7.4.1 WMBE Record Keeping. The City and the County shall maintain, for at least 24 months after the expiration or earlier termination of this Agreement, relevant records and information necessary to document affirmative efforts to solicit women and minority business participation, including solicitations to subconsultants and suppliers, all subconsultant and supplier proposals received, and all subconsultants and suppliers actually utilized under this Agreement. The Parties shall have the right to monitor the affirmative efforts of the other Party and to inspect and copy such records as are necessary to ensure compliance with the requirements of this Section.
- 7.4.2 Non-discrimination. The Parties shall not create barriers to open and fair opportunities for WMBEs to participate in any subcontract and to obtain or compete for subcontracts as sources of supplies, equipment, construction and services. The Parties shall ensure that their employees are aware of, and adhere to the obligation to maintain a working environment free from discriminatory

ATTACHMENT 6

conduct, including but not limited to harassment and intimidation of minorities, women, or WMBE businesses.

8. OTHER LEGAL REQUIREMENTS

8.1 Licenses and Similar Authorizations. The City and County, at no expense to the other, shall secure and maintain in full force and effect during the term of this Agreement all required licenses, permits, and similar legal authorizations, and comply with all requirements thereof.

8.2 Use of Recycled Content Paper. Whenever practicable, the Parties shall both use reusable products including recycled-content paper on all documents submitted to the other under this Agreement. The Parties are to duplex all documents that are prepared for each other under this Agreement, whether such materials are printed or copied, except when impracticable to do so due to the nature of the product being produced. The Parties are to use 100% post-consumer recycled content, chlorine-free paper in any documents that are produced for each other, whenever practicable, and to use other paper-saving and recycling measures in the performance of this Agreement.

9. LIABILITY

The Parties to this Agreement shall be responsible for their own acts and/or omissions and those of their officers, employees and agents. Neither Party to this Agreement shall be responsible for the acts and/or omissions of entities or individuals not a party to this Agreement.

10. INDEMNIFICATION

Each Party shall protect, defend, indemnify and save harmless the other Party, its officers, officials, employees and agents while acting within the scope of their employment as such, from any and all suits, costs, claims, actions, losses, penalties, judgments, and/or awards of damages, of whatsoever kind arising out of, or in connection with, or incident to the services associated with this Agreement to the extent caused by or resulting from each party's own negligent acts or omissions. Each Party agrees that it is fully responsible for the acts and omissions of its own subcontractors, their employees and agents, acting within the scope of their employment as such, as it is for the acts and omissions of its own employees and agents. Each Party agrees that its obligations under this provision extend to any claim, demand, and/or cause of action brought by or on behalf of any of its employees, or agents. The foregoing indemnity is specifically and expressly intended to constitute a waiver of each Party's immunity under Washington's Industrial Insurance act, RCW Title 51, as respects the other Party only, and only to the extent necessary to provide the indemnified Party with a full and complete indemnity of claims made by the indemnitor's employees. The Parties acknowledge that these provisions were specifically negotiated and agreed upon by them. The provisions of this Section 10 (Indemnification) shall survive the expiration or earlier termination of this Agreement.

ATTACHMENT 6

11. AUDIT

Upon request, the City and County shall permit each other and any other governmental agency involved in the funding of the Project (“Agency”), to inspect and audit all pertinent books and records of the City and County, any subconsultant, or any other person or entity that performed work in connection with or related to the Project, at any and all times deemed necessary by the City or County, including up to six (6) years after the final payment has been made under this Agreement. Such inspection and audit shall occur in King County, Washington or other such reasonable location as the City or County selects. The City or County shall supply the other with, or shall permit each other to make, a copy of any books and records and any portion thereof. The City or County shall ensure that such inspection, audit and copying right of the City or County is a condition of any subcontract, agreement or other arrangement under which any other person or entity is permitted to perform work under this Agreement.

12. CONTRACTUAL RELATIONSHIP

The relationship of the City and the County to each other by reason of this Agreement shall be that of independent contractors and both agree that neither entity nor any employee of the City or County shall be deemed to be an employee of the other for any purpose. This Agreement does not authorize the City or the County to act as the agent or legal representative of the other for any purpose whatsoever unless expressly provided for by the terms of this Agreement. The City and the County are not granted any express or implied right or authority to assume or create any obligation or responsibility on behalf of or in the name of the other or to bind the other in any manner whatsoever unless expressly provided for by the terms of this Agreement.

13. ASSIGNMENT AND SUBCONTRACTING

- 13.1 Consent Required. Neither Party shall assign or subcontract any of its obligations under this Agreement without the other’s prior written consent, which may be granted or withheld in the City or County’s discretion. Any subcontract made by the City or County shall incorporate by reference all the terms of this Agreement, except as otherwise provided. The Parties shall ensure that all subconsultants comply with the obligations and requirements of the subcontract. The City or County’s consent to any assignment or subcontract shall not release the City or County from liability under this Agreement, or from any obligation to be performed under this Agreement, whether occurring before or after such consent, assignment, or subcontract.
- 13.2 WMBE Roster. If the County intends to subcontract any part of the Project, the County shall utilize the City’s Roster lists to solicit qualified sub/consultants, including WMBE and Small Business firms when applicable. The City shall make the Roster lists available to the County throughout the term of this Agreement. Roster lists include the Consultant Roster, Small Construction Projects Roster (SCPR) and the Vendor/Contractor Registration (VCR). Please also refer to Section 7.4 of this Agreement.

ATTACHMENT 6

14. DISPUTES

Any dispute or misunderstanding that may arise under this Agreement concerning the City or County's performance shall first be resolved through negotiations, if possible, between the County's Fleet Division Director, or designee, and Shoreline's Public Works Director, or designee, or if necessary shall be referred to the senior executive(s) for both the City and County. If such officials do not agree upon a decision within a reasonable period of time, the Parties may pursue other legal means to resolve such disputes, including but not limited to alternate dispute resolution processes.

15. TERMINATION

- 15.1 For Cause. The City or County may terminate this Agreement if either is in material breach of any of the terms of this Agreement, and such breach has not been corrected to the other's reasonable satisfaction in a timely manner.
- 15.2 For Reasons Beyond Control of Parties. Either Party may terminate this Agreement without recourse by the other where performance is rendered impossible or impracticable for reasons beyond such Party's reasonable control such as but not limited to an act of nature; war or warlike operation; civil commotion; riot; labor dispute including strike, walkout, or lockout, except labor disputes involving the Party's own employees; sabotage; or superior governmental regulation or control.
- 15.3 For Convenience. The City or County may terminate this Agreement at any time after the initial three year term without cause and for any reason including convenience, upon at least thirty (30) days written notice to the other prior to the effective date of termination.
- 15.4 Termination for Non-Appropriation or Lack of Funds. The County may terminate this Agreement at any time during the term of the Agreement in the event that sufficient funds are not appropriated to cover performance of the County's obligations under this Agreement by giving not less than thirty (30) days' written notice to the City.
- 15.5 Actions Upon Termination. In the event of termination with or without fault the County shall be paid for the fuel remaining at the Brugger's Bog fueling station at its cost of acquisition. In the event of termination not the fault of the City or County, the other shall be paid for the services properly performed prior to termination, together with any reimbursable expenses then due, but in no event shall such compensation exceed the maximum compensation to be paid under the Agreement. The City and County agree that this payment shall fully and adequately compensate the other and all subconsultants for all profits, costs, expenses, losses, liabilities, damages, taxes, and charges of any kind

ATTACHMENT 6

whatsoever (whether foreseen or unforeseen) attributable to the termination of this Agreement.

16. LEGAL RELATIONS

- 16.1 Amendments. No modification of this Agreement shall be effective unless in writing and signed by an authorized representative of the Parties hereto.
- 16.2 Binding Agreement. This Agreement shall not be binding until signed by both Parties. The provisions, covenants and conditions in this Agreement shall bind the Parties, their legal heirs, representatives, successors, and assigns.
- 16.3 Applicable Law/Venue. This Agreement shall be construed and interpreted in accordance with the laws of the State of Washington. The venue of any action brought hereunder shall be in the Superior Court for King County situated in Seattle, Washington.
- 16.4 Remedies Cumulative. Rights under this Agreement are cumulative and nonexclusive of any other remedy at law or in equity.
- 16.5 Captions. The titles of sections or subsections are for convenience only and do not define or limit the contents.
- 16.6 Severability. If any term or provision of this Agreement is determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement shall not be affected thereby, and each term and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.
- 16.7 Waiver. No covenant, term or condition or the breach thereof shall be deemed waived, except by written consent of the Party against whom the waiver is claimed, and any waiver of the breach of any covenant, term or condition shall not be deemed to be a waiver of any preceding or succeeding breach of the same or any other covenant, term or condition. Neither the acceptance by the City or County of any performance by the City or County after the time the same shall have become due nor payment to the City or County under this Agreement shall constitute a waiver by the City or County of the breach or default of any covenant, term or condition of this Agreement unless otherwise expressly agreed to by the City or County, in writing.
- 16.8 Entire Agreement. This Agreement, along with any exhibits and attachments, constitutes the entire agreement between the Parties with respect to the Project. No verbal agreement or conversation between any officer, agent, associate or employee of the City and any officer, agent, associate or employee of the County prior to the execution of this Agreement shall affect or modify any of the terms or obligations contained in this Agreement.

ATTACHMENT 6

16.9 Negotiated Agreement. The Parties acknowledge that this is a negotiated agreement, that they have had the opportunity to have this Agreement reviewed by their respective legal counsel, and that the terms and conditions of this Agreement are not to be construed against either Party on the basis of such Party's draftsmanship thereof.

IN WITNESS WHEREOF, in consideration of the terms, conditions, and covenants contained herein, or attached and incorporated and made a part hereof, the Parties have executed this Agreement by having their duly authorized representatives affix their signatures below.

KING COUNTY

THE CITY OF SHORELINE

By: _____
Jennifer Lindwall, Director
Department of Transportation,
Fleet Administration Division

By: _____
Julie T. Underwood, City Manager

Dated: _____

Dated: _____

Approved as to form:

Ian R. Sievers, Shoreline City Attorney

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JOINT USE AGREEMENT
for
FUELING SERVICES AND VACTOR DECANTING
between
THE CITY OF SHORELINE
and
KING COUNTY
(with input from King County Council and Executive staff)

THIS INTERAGENCY AGREEMENT FOR SHARED FUELING SERVICES AND VACTOR DECANTING (the "Agreement") is made and entered into this _____ day of May, 2013, by and between the City of Shoreline, an optional municipal code city and municipal corporation of the State of Washington ("Shoreline" or the "City") and King County, a home rule charter county of the State of Washington, through its Department of Transportation, Fleet Administration Division (the "County"), either of which entity may be referred to hereinafter individually as "Party" or collectively as the "Parties."

RECITALS

WHEREAS, the County owns certain real property located at 19547 25th Ave. NE in Shoreline that previously served as the County's North Maintenance Roads Services facility, commonly referred to as Brugger's Bog ("Brugger's Bog"); and

WHEREAS, following the City of Kirkland's June, 2011 annexation of the Juanita, Finn Hill and Kingsgate areas formerly served by Brugger's Bog, the facility was closed, decommissioned and recommended for surplus; and

WHEREAS, having determined that the Brugger's Bog property is not suitable for affordable housing, the County declared the property surplus to its needs and listed the property for sale; and

WHEREAS, the County and Shoreline have negotiated a purchase and sale agreement for the Brugger's Bog property that has been approved by the Shoreline City Council and is currently pending review and approval by the King County Council ("County Council"); and

WHEREAS, if the proposed sale of the Brugger's Bog property to Shoreline is approved by the County Council, Shoreline plans to continue to use the property for street maintenance and other industrial purposes; and

WHEREAS, the Brugger's Bog facility has a fueling station that has been used to support King County Sheriff's Office operations as well as other County functions; and

WHEREAS, the County has continuing need for access to vactor truck decanting facilities; and

WHEREAS, if the proposed sale of the Brugger's Bog property to Shoreline is approved by the County Council, Shoreline is willing to allow the County to continue to make use of the facility for fueling and decanting capacity that is available after transfer; and

WHEREAS, with shrinking road fund resources the County is seeking to establish mutually beneficial arrangements with local jurisdictions to efficiently and effectively provide road and street maintenance services; and

WHEREAS, the King County Strategic Plan calls for the building of strategic partnerships; and

WHEREAS, the Parties desire to collaborate on a mutually beneficial shared fueling services arrangement at the Brugger's Bog property that would allow County vehicles deployed in the Shoreline area to obtain fuel at the re-opened facility and would also allow Shoreline to transition into the ownership of the fueling facility without added administrative costs and staffing; and

WHEREAS, since incorporation Shoreline has contracted with the County for police services through the King County Sheriff's Department and the reopening of the fueling station to County vehicles would help the City and County to keep fueling costs down by having vehicles refuel at the Brugger's Bog facility rather than traveling to outlying, contract fueling stations or paying local, retail gas pump rates; and

WHEREAS, County use of the Brugger's Bog fuel station for fueling its police vehicles would also benefit the City by reallocating the 30-45 minutes spent on travel for refueling at distant locations to additional law enforcement in Shoreline; and

WHEREAS, paying the County to continue tracking and billing fueling for County and City vehicles will allow the City to delay acquisition of its own software for necessary segregation of fueling charges between its utility and general fund vehicles until operations make it cost effective; and

WHEREAS, to realize the mutual benefits of shared use of the Brugger's Bog facility, the Parties desire to enter into an agreement governing their respective use of the facility; and

NOW, THEREFORE, in consideration of the terms, conditions, and mutual promises, covenants and agreements set forth herein, the Parties agree as follows:

AGREEMENT

1. PURPOSE OF AGREEMENT

The purpose of this Agreement is to memorialize the respective roles and responsibilities of the Parties as related to shared fueling services and vector truck decanting at the Brugger's Bog facility.

2. EFFECTIVE DATE AND DURATION OF AGREEMENT

This Agreement is contingent upon the County Council's adoption of an ordinance authorizing the County's sale, via a separate purchase and sale agreement, of the Brugger's Bog property to the City. If the County Council authorizes the sale of Brugger's Bog to the City, this Agreement will take effect when fully executed by duly authorized representatives of both Parties but not sooner than the date the transfer of the Brugger's Bog property to Shoreline is closed (the "Effective Date"), and will remain in effect for three (3) years from the effective date. The Agreement will automatically renew for additional one (1) year terms unless terminated pursuant to the provisions hereof.

3. FUELING SERVICES AND VECTOR DECANTING

3.1 County Responsibilities

3.1.1 Fueling Services. ~~Pursuant to the terms and conditions of a separate agreement by which The City shall obtain a~~ security code reader ~~will be sold by the County to the City and contingent upon the City's assumption of and assume~~ financial and operational responsibility therefor. Subsequently, the County will restore the security code reader for fuel dispensing equipment at Brugger's Bog within thirty (30) days of the Effective Date at the City's expense and assure the operability of the reader and data delivery to the County's Fuel Force system; procure fuel and have it delivered to the Brugger's Bog facility under existing County fueling contracts; track and manage the fueling data for both Shoreline and County vehicles by tracking vehicles, employees and all on-site fuel transactions; and bill the City for its share of fuel dispensed at the facility.

3.1.2 Vector Decanting. It is the City's intent to restore the vector decanting facility. If vector decanting is utilized by the County at the Brugger's Bog facility, the County will follow the same policies for disposal and schedule of rates or charges as apply to City operations.

- 3.1.3 The County will be responsible for training its personnel on proper use of the fueling station or decant facility, site access and safety protocols. The County will inform the City if it is aware of faulty or damaged equipment.
- 3.1.4 The County shall be responsible for repairing or replacing any Brugger's Bog fuel station property that is damaged by a County vehicle, including but not limited to vehicles owned by the City, equipment owned by the City or for which the City is responsible, the fueling station itself, fencing, gate, landscaping, or any other property owned by the City, but only to the extent such damage is proven to have been caused by the County as a direct result of its use of the fueling station and, further, only to the extent the damage is not normal wear and tear or otherwise *de minimus*.
- 3.1.5 In the event the County's negligent use of the City's fueling station is proved to have caused a significant hazardous fuel spill, the County shall reimburse the City's reasonable costs associated with mitigation of the spill.

3.2 City Responsibilities

- 3.2.1 Fueling Services. The City will reimburse the County for its costs of installing and testing the security code reader; own, inspect and test the fuel tanks; provide access to the site for designated County employees and vehicles; and reimburse the County for the City's share of fuel dispensed at the facility.
- 3.2.2 Vactor Decanting. Subject to completion of any necessary planning and permitting requirements, it is the City's intent to reopen a vactor decanting facility at the Brugger's Bog facility that will be of sufficient size to accommodate the County's shared use of the facility. Upon ~~Should~~ the City's restoration-operate of a decanting facility at the Brugger's Bog yard during the term of this Agreement, the County will have priority use of capacity that is available after City use of the facility for purposes of decanting vactor trucks and disposing of stormwater liquids and associated solids collected by such trucks.
- 3.2.3 The City will be responsible for improper use or fraud from fueling non-City owned vehicles.

3.3 Fuel Availability

The County shall have access to the City fueling station at all times, unless unforeseen circumstances affect the availability of the fueling station such as a supplier's inability to furnish fuel, and fueling station repairs or maintenance. The City will provide at least fourteen (14) days' notice to the County for anticipated disruptions in access, or as soon as possible in the event of unforeseen disruptions. In the event of a disruption in fuel availability, the City will take all necessary and reasonable actions to restore access to the County as soon as possible.

4. PAYMENT

For the duration of this Agreement, the City will pay the County for all fuel purchased by City employees at the Brugger's Bog fueling station for use in City vehicles and any fuel dispensed other than to County vehicles as provided for in Subsection 3.2.3 of this Agreement. The cost of the fuel to the City will include the County's actual fuel cost plus a mark-up fee in the same amount as that applicable to County users. Payment for the fuel purchased by the City shall be made according to the Payment Procedures set forth in Section 5 of this Agreement.

5. PAYMENT PROCEDURES

- 5.1 Invoices and Billing. All invoices submitted by the County to the City will be supported by appropriate documentation showing fueling transactions by date, equipment number, quantity of fuel, and fuel type. The County will submit invoices to the City using the current fuel-billing cycle. The City shall remit payment to the County within thirty (30) days of receiving an invoice.
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Billing Invoices:
City of Shoreline

Attention: Nan Peterson
17500 Midvale Avenue North
Shoreline, WA 98133-4905

Contract Notices:

City of Shoreline
Attention: Mark Relph, Public Works Director
17500 Midvale Avenue North
Shoreline, WA 98133-4905

7. COMPLIANCE WITH LAWS

7.1 General Requirement. The Parties, at no expense to the other, shall comply with all applicable federal, state and local laws, rules, regulations, orders, and directives of their administrative agencies and the officers thereof.

7.2 Equal Employment Opportunity and Outreach. In the performance of this Agreement, the County and City shall comply with the applicable provisions of Title VI of the Civil Rights Act of 1964 (42 UC 200d), Section 504 of the Rehabilitation Act of 1973 (29 USC 794), and Chapter 49.60 RCW as now or hereafter amended.

7.3 During the performance of this Contract, neither the City nor any party subcontracting under the authority of this Agreement shall discriminate or tolerate harassment on the basis of sex, race, color, marital status, national origin, religious affiliation, disability, sexual orientation, gender identity or expression or age except by minimum age and retirement provisions, unless based upon a bona fide occupational qualification, in the administration or delivery of services or any other benefits under this Agreement. King County Code Chapter 12.16 and 12.17 are incorporated herein by reference, and such requirements shall apply to this Agreement.

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7.43 Americans with Disabilities Act. The City and County shall comply with all applicable provisions of the Americans with Disabilities Act of 1990 as amended (ADA) in performing its obligations under this Agreement. Failure to comply with the provisions of the ADA shall be a material breach of, and grounds for the immediate termination of, this Agreement.

7.54 Affirmative Efforts to Use Women and Minority Business Enterprises (WMBE). In the event the City subcontracts the City's fuel services to an outside firm, inclusion efforts shall be made including the use of solicitation lists, advertisements in publications directed to minority communities, breaking down total requirements into smaller tasks or quantities where economically feasible, making useful schedule or requirement

modifications that may assist WMBE businesses to compete, targeted recruitment, using consultant services or minority community organizations to strategize outreach, and selection strategies and criteria that result in greater subconsultant diversity. Outreach efforts may also include using the Vendor/Contractor Registration (VCR).

7.54.1 WMBE Record Keeping. The City and the County shall maintain, for at least 24 months after the expiration or earlier termination of this Agreement, relevant records and information necessary to document affirmative efforts to solicit women and minority business participation, including solicitations to subconsultants and suppliers, all subconsultant and supplier proposals received, and all subconsultants and suppliers actually utilized under this Agreement. The Parties shall have the right to monitor the affirmative efforts of the other Party and to inspect and copy such records as are necessary to ensure compliance with the requirements of this Section.

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8. OTHER LEGAL REQUIREMENTS

8.1 Licenses and Similar Authorizations. The City and County, at no expense to the other, shall secure and maintain in full force and effect during the term of this Agreement all required licenses, permits, and similar legal authorizations, and comply with all requirements thereof.

8.2 Use of Recycled Content Paper. Whenever practicable, the Parties shall both use reusable products including recycled-content paper on all documents submitted to the other under this Agreement. The Parties are to duplex all documents that are prepared for each other under this Agreement, whether such materials are printed or copied, except when impracticable to do so due to the nature of the product being produced. The Parties are to use 100% post-consumer recycled content, chlorine-free paper in any documents that are produced for each other, whenever practicable, and to use other paper-saving and recycling measures in the performance of this Agreement.

9. LIABILITY

The Parties to this Agreement shall be responsible for their own acts and/or omissions and those of their officers, employees and agents. Except as specifically provided for herein, nNeither

Party to this Agreement shall be responsible for the acts and/or omissions of entities or individuals not a party to this Agreement.

10. INDEMNIFICATION

Each Party shall protect, defend, indemnify and save harmless the other Party, its officers, officials, employees and agents while acting within the scope of their employment as such, from any and all suits, costs, claims, actions, losses, penalties, judgments, and/or awards of damages, of whatsoever kind arising out of, or in connection with, or incident to the services associated with this Agreement to the extent caused by or resulting from each party's own negligent acts or omissions. Each Party agrees that it is fully responsible for the acts and omissions of its own subcontractors, their employees and agents, acting within the scope of their employment as such, as it is for the acts and omissions of its own employees and agents. Each Party agrees that its obligations under this provision extend to any claim, demand, and/or cause of action brought by or on behalf of any of its employees, or agents. The foregoing indemnity is specifically and expressly intended to constitute a waiver of each Party's immunity under Washington's Industrial Insurance act, RCW Title 51, as respects the other Party only, and only to the extent necessary to provide the indemnified Party with a full and complete indemnity of claims made by the indemnitor's employees. The Parties acknowledge that these provisions were specifically negotiated and agreed upon by them. The provisions of this Section 10 (Indemnification) shall survive the expiration or earlier termination of this Agreement.

11. AUDIT

Upon request, the City and County shall permit each other and any other governmental agency involved in the funding of the Project ("Agency"), to inspect and audit all pertinent books and records of the City and County, any subconsultant, or any other person or entity that performed work in connection with or related to the Project, at any and all times deemed necessary by the City or County, including up to six (6) years after the final payment has been made under this Agreement. Such inspection and audit shall occur in King County, Washington or other such reasonable location as the City or County selects. The City or County shall supply the other with, or shall permit each other to make, a copy of any books and records and any portion thereof. The City or County shall ensure that such inspection, audit and copying right of the City or County is a condition of any subcontract, agreement or other arrangement under which any other person or entity is permitted to perform work under this Agreement.

12. CONTRACTUAL RELATIONSHIP

The relationship of the City and the County to each other by reason of this Agreement shall be that of independent contractors and both agree that neither entity nor any employee of the City or County shall be deemed to be an employee of the other for any purpose. This Agreement does

not authorize the City or the County to act as the agent or legal representative of the other for any purpose whatsoever unless expressly provided for by the terms of this Agreement. The City and the County are not granted any express or implied right or authority to assume or create any obligation or responsibility on behalf of or in the name of the other or to bind the other in any manner whatsoever unless expressly provided for by the terms of this Agreement.

13. ASSIGNMENT AND SUBCONTRACTING

13.1 Consent Required. Neither Party shall assign or subcontract any of its obligations under this Agreement without the other's prior written consent, which may be granted or withheld in the City or County's discretion. Any subcontract made by the City or County shall incorporate by reference all the terms of this Agreement, except as otherwise provided. The Parties shall ensure that all subconsultants comply with the obligations and requirements of the subcontract. The City or County's consent to any assignment or subcontract shall not release the City or County from liability under this Agreement, or from any obligation to be performed under this Agreement, whether occurring before or after such consent, assignment, or subcontract.

13.2 WMBE Roster. If the County intends to subcontract any part of the Project, the County shall utilize the City's Roster lists to solicit qualified sub/consultants, including WMBE and Small Business firms when applicable. The City shall make the Roster lists available to the County throughout the term of this Agreement. Roster lists include the Consultant Roster, Small Construction Projects Roster (SCPR) and the Vendor/Contractor Registration (VCR). Please also refer to Section 7.4 of this Agreement.

14. DISPUTES

Any dispute or misunderstanding that may arise under this Agreement concerning the City or County's performance shall first be resolved through negotiations, if possible, between the County's Fleet Division Director, or designee, and Shoreline's Public Works Director, or designee, or if necessary shall be referred to the senior executive(s) for both the City and County. If such officials do not agree upon a decision within a reasonable period of time, the Parties may pursue other legal means to resolve such disputes, including but not limited to alternate dispute resolution processes.

15. TERMINATION

15.1 For Cause. The City or County may terminate this Agreement if either is in material breach of any of the terms of this Agreement, and such breach has not been corrected to the other's reasonable satisfaction in a timely manner.

15.2 For Reasons Beyond Control of Parties. Either Party may terminate this Agreement without recourse by the other where performance is rendered impossible or impracticable

for reasons beyond such Party's reasonable control such as but not limited to an act of nature; war or warlike operation; civil commotion; riot; labor dispute including strike, walkout, or lockout, except labor disputes involving the Party's own employees; sabotage; or superior governmental regulation or control.

- 15.3 For Convenience. The City or County may terminate this Agreement at any time after the initial three year term without cause and for any reason including convenience, upon at least thirty (30) days written notice to the other prior to the effective date of termination.
- 15.4 Termination for Non-Appropriation or Lack of Funds. The County may terminate this Agreement at any time during the term of the Agreement in the event that sufficient funds are not appropriated to cover performance of the County's obligations under this Agreement by giving not less than thirty (30) days' written notice to the City.
- 15.5 Actions Upon Termination. In the event of termination with or without fault the County shall be paid for the fuel remaining at the Brugger's Bog fueling station at its cost of acquisition. In the event of termination not the fault of the City or County, the other shall be paid for the services properly performed prior to termination, together with any reimbursable expenses then due, ~~but in no event shall such compensation exceed the maximum compensation to be paid under the Agreement.~~ The City and County agree that this payment shall fully and adequately compensate the other and all subconsultants for all profits, costs, expenses, losses, liabilities, damages, taxes, and charges of any kind whatsoever (whether foreseen or unforeseen) attributable to the termination of this Agreement.

16. LEGAL RELATIONS

- 16.1 Amendments. No modification of this Agreement shall be effective unless in writing and signed by an authorized representative of the Parties hereto.
- 16.2 Binding Agreement. This Agreement shall not be binding until signed by both Parties. The provisions, covenants and conditions in this Agreement shall bind the Parties, their legal heirs, representatives, successors, and assigns.
- 16.3 Applicable Law/Venue. This Agreement shall be construed and interpreted in accordance with the laws of the State of Washington. The venue of any action brought hereunder shall be in the Superior Court for King County situated in Seattle, Washington.
- 16.4 Remedies Cumulative. Rights under this Agreement are cumulative and nonexclusive of any other remedy at law or in equity.

- 16.5 Captions. The titles of sections or subsections are for convenience only and do not define or limit the contents.

- 16.6 Severability. If any term or provision of this Agreement is determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement shall not be affected thereby, and each term and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

- 16.7 Waiver. No covenant, term or condition or the breach thereof shall be deemed waived, except by written consent of the Party against whom the waiver is claimed, and any waiver of the breach of any covenant, term or condition shall not be deemed to be a waiver of any preceding or succeeding breach of the same or any other covenant, term or condition. Neither the acceptance by the City or County of any performance by the City or County after the time the same shall have become due nor payment to the City or County under this Agreement shall constitute a waiver by the City or County of the breach or default of any covenant, term or condition of this Agreement unless otherwise expressly agreed to by the City or County, in writing.

- 16.8 Entire Agreement. This Agreement, along with any exhibits and attachments, constitutes the entire agreement between the Parties with respect to the Project. No verbal agreement or conversation between any officer, agent, associate or employee of the City and any officer, agent, associate or employee of the County prior to the execution of this Agreement shall affect or modify any of the terms or obligations contained in this Agreement.

- 16.9 Negotiated Agreement. The Parties acknowledge that this is a negotiated agreement, that they have had the opportunity to have this Agreement reviewed by their respective legal counsel, and that the terms and conditions of this Agreement are not to be construed against either Party on the basis of such Party's draftsmanship thereof.

IN WITNESS WHEREOF, in consideration of the terms, conditions, and covenants contained herein, or attached and incorporated and made a part hereof, the Parties have executed this Agreement by having their duly authorized representatives affix their signatures below.

KING COUNTY

THE CITY OF SHORELINE

By: _____
 Jennifer Lindwall, Director
 Department of Transportation,
 Fleet Administration Division

By: _____
 Julie T. Underwood, City Manager

Dated: _____

Dated: _____

| Approved as to form: _____ Approved as to form:

| _____

| King County Prosecuting Attorney _____ Ian R. Sievers,
Shoreline City Attorney



SHORELINE
Water District

1519 NE 177th St. • P.O. Box 55367 • Shoreline, WA 98155 • Phone: 206.362.8100 • Fax: 206.361.0629

Commissioners:

Ron Ricker

Charlotte Haines

Larry Schoonmaker

District Manager:

Diane Pottinger, P.E.

May 21, 2013

Mr. Joe McDermott Chair,
Budget and Fiscal Management Committee
1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

RE: King County Ordinance 2013-0155, Possible sale of surplus property

Dear Councilmember McDermott:

On April 16, 2013, the King County Budget and Fiscal Management Committee considered Proposed Ordinance 2013-0155 relating to the possible sale of "Brugger's Bog" to the City of Shoreline ("the City"). The 2.87-acre property was the former North Maintenance Roads Service site ("the Property"). As Shoreline Water District ("the District") is very interested in acquiring this Property, the District now offers comments on issues raised at the April 16 Committee meeting.

Both the City and the District wish to purchase the Property. The District has offered to buy the property for \$301,378 more than the City's offer, yet King County staff is recommending that the County Council approve a sale to the City. The County staff report and presentation at the April 16 Committee meeting gave three reasons justifying a sale to the City at less than the District's offer.

As was pointed out at the April 16 meeting, no one from the County staff discussed these three reasons with the District. If they had, the District would have satisfied all three reasons – and thus there are no current reasons that support a sale at the City's lower price.

More specifically, here are the staff's three reasons and the District's responses:

- (1) Fueling facilities: The staff said that the City would allow the County to use the fueling facilities on site. *The District agrees to do the same.*
- (2) District "contingency": The staff said that the District included a contingency in its purchase offer that it be able to obtain permits from the City. *That is not correct. As discussed in the adjoining detailed response, a contingency in the District's offer (that had to be submitted on short notice in August 2012) was that the District needed to consult with*

the City to verify that zoning allowed a maintenance facility on the property. That is all; there is nothing said about permits. Further, King County's form Purchase and Sale Agreement contains a 45-day "due diligence" period for the buyer. (This was not known to the District at that time, as we had not then seen the form document.) That 45-day due diligence period has the same effect as the District's contingency, so the District's contingency is not necessary and can be waived. Finally, we note that, as the City now proposes to buy the property for a maintenance facility, the City's zoning obviously allows such a facility. Thus, the District's "contingency" will be satisfied and can be waived.

- (3) Decant facility: The staff said that the City has agreed to continue operation of the waste decant facility, and suggests that the County might want to utilize that facility in the future. *The District understands that the need for the County to use such a facility in the future is uncertain, as a new joint-use facility is being built in Kirkland. Regardless, the District agrees that, if the County desires to use the decant facility, the District will make it available to the County.*

The District has reviewed the draft Joint Use Agreement for Fueling Services and Vactor Decanting between the City of Shoreline and King County. We understand it has been approved by the City. The District advises that it too, will accept that document. The bottom line is that there is no reason for the County Council to favor the City over the District. If the County staff had consulted with the District about the above three reasons, they would have been told that the three reasons are satisfied before the April 16 Committee meeting.

What the staff apparently has not told you is the real, underlying reason it is recommending that the property be sold to the City. That reason was told to us by King County staff (Sung Yang and Diane Carlson) in a meeting on December 10, 2012. At that time, there was no mention of the three reasons. Rather, we were told that King County intended to accept the City's offer because it had long-standing contractual relations with the City (presumably for police and other services), and the County did not want to jeopardize those good relations.

We agree that the County and City ought to have good relations, just as we believe that the County, City, and District should also have good relations. After all, we are all local governments trying to do our best to provide cost-effective services to our constituents.

The Property is ideal for Shoreline Water District. It is one of the few sites large enough and with appropriate zoning to handle the District's needs for a new maintenance facility. The District has long planned for a new facility, and has assembled the funds necessary to do so. And, it is likely we will be able to offer to share the facility with other governmental agencies in the area. Shoreline Water District has submitted the highest offer for this property, and there is no reason it should be rejected.

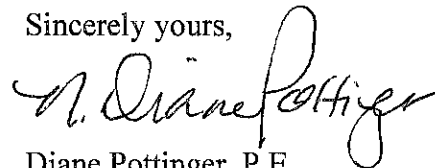
Finally, the Council should ask this question: what was the staff trying to do with this sale process? Was the staff trying to create a fair and balanced process? If it was, then it failed to do so by: (1) allowing the City to participate even though it failed to meet the August 10 deadline; (2) negotiating only with the City and not with the other bidder (the District); and (3) presenting three reasons for accepting a lower price that, upon examination, do not exist.

If, on the other hand, the staff had decided early on that the "long-standing relationship" with the City meant that the County *should* sell the property to the City, then why did the staff contact the District and ask it to bid on the Property? Was it to secure a "backup" in case the City did not increase its offering price? Was it to provide not-too-subtle pressure on the City to increase the price? The District can't know the staff's motivation. We only know the result; after the District's August 10 written offer, the City increased its offer by \$918,622.

Both the District and the City are governmental entities trying to provide services to their constituents in the most cost-effective way possible. However, at this point, the two entities are offering different prices for the purchase of King County property. It is incumbent on the King County Council to accept the higher price, as there are no reasons that justify accepting the lower one.

Attached is a more detailed response to many of the questions asked at the April 16 Committee meeting.

Sincerely yours,



Diane Pottinger, P.E.
District Manager

Cc: Board of Commissioners
Andrew Maron, District Attorney

**Shoreline Water District Response to Questions and Comments
at King County Committee Meeting on April 16, 2013
Regarding King County Ordinance 2013-0155,
Possible sale of surplus property
May 21, 2013**

On April 16, 2013, the County's Budget and Fiscal Management Committee considered Proposed Ordinance 2013-0155 relating to the possible sale of surplus property to the City of Shoreline. The 2.87-acre property, commonly known as Brugger's Bog, is located at 19547 25th Avenue NE, Shoreline, and was the former North Maintenance Roads Service site (the Property). Having had great interest in acquiring the Property for years, the Shoreline Water District (the Water District) now offers comment on issues raised at the April 16 Committee meeting. The Water District requests that the Committee recommend that the Property not be sold to the City of Shoreline, but rather be sold to Shoreline Water District for use as a future maintenance facility.

Background

Shoreline Water District was formed in 1931 and is a Group A public water system that operates under the authority of RCW Title 57 – Sewer and Water Districts. The District serves an urban area in north King County and operates within the cities of Shoreline and Lake Forest Park. It is generally bounded by the Seattle city limits on the south, the King-Snohomish County line on the north, Interstate Highway 5 on the west and Lake Washington on the east. It serves an estimated population of 22,400 through approximately 8,100 connections, and purchases its entire water supply from the Seattle Public Utilities regional water supply system. The area is primarily urban residential with neighborhood businesses and schools located along several major thoroughfares.

The District began talking to King County in the early 2000's about the Property, as the District had learned that the County was considering "surplusing" it. By letter dated October 14, 2005, to the County's Real Estate Services, the Water District expressed in writing its interest in purchasing the Property (**Attachment 1**). This expression of interest was prior to the County's designation of the Property as surplus and, to our knowledge, significantly pre-dated the City of Shoreline's expression of interest in the Property. On June 14, 2012, King County contacted the District and invited it to submit a proposal to purchase the property. The District reviewed all three appraisals of the property with Anthony Gibbons, Appraiser and then, on August 10, 2012, offered the County \$3,200,000 to purchase the Property (**Attachment 2**). The District was the only agency to provide a written cash offer.

As we found later in an email from Mayor Keith McGlashan to County Executive Dow Constantine, the City of Shoreline had made a verbal offer for the property as of August 7, 2012, for \$1,980,000 (**Attachment 3**), *\$1,220,000 less than our written offer* three days later. We also subsequently learned that the City, well after the County's August 10 deadline, raised its offer in negotiations with the County by \$918,622 to \$2,898,622. This offer is **\$301,378 less** than the Water District's offer (**Attachment 4**).

The County staff is now recommending acceptance of the City's inferior offer that was negotiated after the August 10th deadline. This negotiation occurred without even contacting the District when questions arose regarding the comparability of the District's offer.

Comments

The District now comments on several items that were brought up at the April 16 Committee meeting.

Councilmember Patterson asked what Shoreline Water District intended to do with the Property? The District's intent is to construct a new maintenance facility, similar to the City of Shoreline's stated plans. This has been the District's intent for years, as the District's current facility is woefully out of done. District representatives talked with King County personnel many times since early 2000's about acquiring the Property, including the October 2005 letter of interest referenced above. In recent years, the District's Operations Manager, Denny Clouse, was in periodic contact with Louise Pitell, Coordinator for the Regional Stormwater Decant Facility Program, King County Roads Services Division, about the District's interest in the property. As a result, Ms. Pitell contacted Mr. Clouse on June 14, 2012 and asked if the District was willing to make an offer on the property. **Attachment 5** shows how King County updated their appraisal in July 2012 so that they could provide the information to potential purchases and request offers based on the new information. **Attachment 6** confirms that a responsive bid was due on Friday, August 10.

Councilmember Patterson asked if Shoreline Water District was given an opportunity to continue discussions with the County regarding possible purchase of the Property? County staff member Steve Salyer indicated that he was directed to negotiate with only the City of Shoreline.¹ This approach cut off the County's opportunity to negotiate further with the Water District.

The staff suggested that the District had included significant stipulations in its offer to the County that caused, in part, the County to negotiate exclusively with the City of Shoreline. We disagree. As is standard real estate practice, the District made the following conditions of the purchase: (1) review of environmental condition of the Property; (2) consultation with the City of Shoreline that zoning allowed a maintenance facility; and (3) review of the County's form purchase and sale agreement. (Refer to **Attachment 2**). We communicated the reasoning for these conditions to the County in October 2012, and no one ever contacted us about any of our conditions, either to clarify them or to suggest that we remove them.

Councilmember Patterson asked if the Water District was contacted after the County adjusted the appraised value? No. Shoreline Water District was aware there were 3 appraisals for the facility: 9/20/10 which had two values – \$2,875,000 Apartment Site, \$4,000,000 Current Industrial Use; 1/4/2012 for \$1,980,000; and one on 7/15/2012 for \$3,098,300. The Water District hired appraiser Anthony Gibbons of Gibbons & Riely PLLC to assist us with evaluating these appraisals and determining an offer to be made to the County. At the time of the District's offer, we were aware of the Property's site

¹ This was after the Water District was asked by Steve Salyer to provide a written cash offer by Friday, August 10, 2012, at 5:00 pm. When we delivered the offer to Steve, he indicated that the Water District was the only responsive offer that he had received that date. The City apparently had made an oral offer, but had not submitted a written offer.

challenges, including possible wetland presence. The District was also aware that the stream adjacent to the property was identified as a salmon bearing stream in the City of Shoreline's 2003 Stream and Basin Characterization Report, which could potentially limit the use of the property along the northern boundary. However, to our understanding, such designation would not affect the District's intended use of the Property.

We were not notified that Murray & Associates had changed its appraisal amount after July 15, 2012. We saw for the first time in the staff report submitted to the Council Committee that Murray & Associates issued an email on January 22, 2013, that slightly modified the appraisal of the land. However, based on the shortage of similar sites within the District's boundaries and our communications with Anthony Gibbons, *the District stands by its current offer* even if a fourth, revised lower valuation was made after August 2012.

County staff Steve Salyer mischaracterized the District's purchase of this Property as only benefiting the District. The County staff never inquired about the District's intentions for the Property. We have already completed a preliminary design of a maintenance facility, so we knew the District's space needs and knew that the size of the Property somewhat exceeded the District's needs. For that reason, if the District is successful in its purchase from the County, we intend to offer to share the facility with other governments in the area. We also intend to provide space for direct public benefit. Many of our customers have asked for a public meeting space, and we plan to incorporate a training room for our staff to be used by the public after hours.

County staff Steve Salyer also commented that he was not certain whether the District could offer the same amenities as the City of Shoreline. Each of the Property amenities planned by the City of Shoreline can be provided by the Water District in addition to the meeting room we have been building into our designs.

A comment was made by a King County employee that the District would not need to obtain funding sources to purchase the Property. The Water District confirms this comment. See audited 2011 financial statement (**Attachment 7**). The Water District has a Reserve or Sinking Fund which can be used just for purchases such as this Property. The District obtained bonding in December 2011 (at a net borrowing rate of 3.07%) specifically to construct a maintenance facility.

We do not know the City's financial plan. The records show that, as of the August 2012 purchase offer, the City of Shoreline did not have funding for this facility. In January 2013, the Shoreline City Council authorized staff to take out a short term loan for this purchase (**Attachment 8**) but they have apparently not yet secured long term financing of this project. As of May 13, 2013, the City's Agenda Planner shows that Brugger's Bog Maintenance Facility financing is still an item to be discussed by the Shoreline City Council (**Attachment 9**).

Finally, with respect to issues identified in the attached March 19, 2013 letter from County Executive Dow Constantine, we provide the following comments

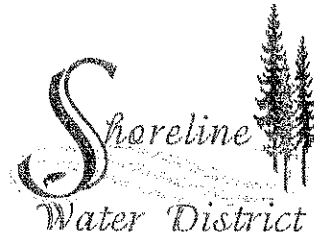
- The sharing of the facility with King County by the City of Shoreline was not included in any verbal offer to King County prior to the August 10, 5:00 pm bid deadline. This was added during

negotiations with the City of Shoreline after bids were due. Shoreline Water District was not allowed to continue discussions with County staff regarding our bid.

- Our contingencies regarding the sale of the Property were not subject to obtaining permits from the City of Shoreline. See attached offer letter (**Attachment 2**) where we asked to confirm the extent of the environment conditions of the property. We discussed these with Steve Salyer on October 23.
- The decant facility at the Property has been used for more than stormwater utilities. Shoreline Water District and other utilities in the area have long used it for decanting other utility related waste. Shoreline Water District was never given an opportunity to discuss if we would operate the decant facility for others. The answer is that it is our intent to provide that benefit if there remains a regional need.

In addition to exceeding the City's monetary offer, Shoreline Water District would like to offer:

- The use of the refueling and decant facilities for King County
- Use of the training/meeting room for the public when not in use by the District
- Commitment that we will plan, design and construct a public facility the neighborhood will be proud of.



COPY

Commissioners:
Bob Chute
Charlotte Haines
Ron Ricker

October 14, 2005

District Manager:
Stuart Turner, P.E.

Denise Hauck
Real Estate Services
King County Administration Building
500 4th Avenue
Room 500
Seattle, WA 98104

Subject: Interest to Purchase Bruggers Bog Property

Dear Mrs. Hauck,

I am writing to express Shoreline Water District's interest in purchasing the Bruggers Bog property located within the City of Shoreline and owned by King County. It is our understanding that this property is not currently for sale; however it may be determined to be surplus by you in the near future. If so, we would like to have an opportunity to discuss a possible purchase by the Shoreline Water District.

Please let me know at your earliest convenience if you decide to surplus the Bruggers Bog property. I may be reached at 206-361-9284.

Sincerely,

Stuart E. Turner, P.E.
District Manager

Cc Board of Commissioners
Andrew Maron, District Attorney

P.O. Box 55367
1519 NE 177th St.
Shoreline, WA 98155
(206) 362-8100
FAX: (206) 361-0629



August 9, 2012

Commissioners:

Ron Ricker

Charlotte Haines

Larry Schoonmaker

District Manager:

Diane Portinger, P.E.

Steve Salyer, Manager
Real Estate Services
King County – Facilities Management Division, Department of Executive Services
500 Fourth Avenue, Suite 800
Seattle, WA 98104

RE: Tax Parcel 0426049043
Old King County Road Maintenance Facility

Dear Steve:

The Board of Commissioners of Shoreline Water District has discussed on several occasions the possible purchase of the Old King County Road Maintenance Facility. I am pleased to advise King County that the District is very interested in purchasing the property, and is willing to offer \$ 3,200,000 cash upon closing to do so.

This purchase is contingent on the following typical conditions for a property purchase:

- 1) Review of the environmental condition of the property and a determination that there is no environmental limitation on use of the property;
- 2) Consultation with the City of Shoreline to insure that a utility maintenance facility for the District's use can be constructed on the site;
- 3) Review and approval of the other terms and conditions contained in the County's form purchase and sale agreement.

If this offer is acceptable, we suggest that the staffs (and perhaps attorneys) of King County and the District meet and prepare a mutually agreed upon purchase and sale agreement. Of course, final approval by the District's Board of Commissioners of the purchase and sale agreement must occur in an open public meeting, which we will schedule as soon as the document is ready.

Thank you for allowing Shoreline Water District the opportunity to submit an offer on this parcel.

Sincerely,

Ron Ricker, President
Board of Commissioners

Executive Director, King County

Scott Passey

From: Doris McConnell [dmccConnell@shorelinewa.gov]
Sent: Monday, August 13, 2012 4:17 PM
To: Julie Underwood
Subject: Re: Brugger's Bog Maintenance Facility Update

Julie,
Great news and what a "coup" (defined as brilliantly executed strategy) for Shoreline that we are the only ones they will negotiate with. Polite firmness is better than threatening and is my favorite strategy.

I assume that this means that King County is optimistic that the sale price is negotiable and they are looking at seeing where mediation will get us as far as a fair sale price for all. Again, great news for us to hear.

Thanks,
Doris

Sent from my iPad

On Aug 13, 2012, at 2:29 PM, "Julie Underwood" <junderwood@shorelinewa.gov> wrote:

> Council-It appears that the Mayor's email was quite effective.

>
> The Mayor received a call from Sung Yang, Chief of Staff, who said that there is no deadline of August 10 for a bid -- "a misunderstanding." They will negotiate with us alone and feel we should use a mediator (I guess they didn't like our offer). Since this has elevated to a "political level" I've asked Scott to take the lead in working with the County. We'll recommend a few mediators that we've used with our Aurora Project and a 50-50 split.

>
> FYI - When we were visiting the Ballinger Neighborhood NNO event at the Brugger's Bog Park, I mentioned to Joyce, the organizer, that the City is interested in potentially purchasing the site to use as our maintenance facility. I included that we would be interested in improving the site, perhaps doing more to integrate the creek with the park and making more park parking available (eventually). I did not sense major objections to this. They would like us to visit their neighborhood meeting on Nov. 5 to discuss light rail planning and the streamlining commercial zones project (Rachael will be there) and to discuss traffic (they'd like a crosswalk on Ballinger Way in front of Ballinger Homes) and the maintenance facility (Mark will be there for this).

> I really appreciate the Council's support with this.

> Julie

> Julie T. Underwood
> City Manager
> City of Shoreline
> www.shorelinewa.gov
> (206) 801-2213

> -----Original Message-----

> From: Julie Underwood

> Sent: Wednesday, August 08, 2012 8:59 AM

> To: Carolyn Wurdeman; Chris Eggen; Chris Roberts; Debbie Tarry; Doris McConnell; Heidi Costello; Jesse Salomon; Julie Underwood; Keith McGlashan; Shari Winstead; Will Hall

> Cc: Mark Relph; Scott MacColl; Jesus Sanchez; Robert Hartwig; Ian Sievers

> Subject: FW:

>
> Council-
> Here's a copy of the email that the Mayor sent to the Executive regarding Brugger's Bog maintenance facility. We'll be following up with the Executive's Office to see where this will take us.

>
> FYI.

>
> Julie

>
>
> Julie T. Underwood
> City Manager
> City of Shoreline
> www.shorelinewa.gov
> (206) 801-2213

>
>
> -----Original Message-----

> From: Keith McGlashan

> Sent: Tuesday, August 07, 2012 4:40 PM

> To: Dow Constatine

> Cc: Diane.Carlson@kingcounty.gov; Julie Underwood; Carolyn Wurdeman

> Subject:

>
> Dear Dow,

> We are concerned that our negotiations for purchase of the Brugger's Bog maintenance facility have taken an unexpected turn. As you know from the tour back in 2010 and our most recent meeting, acquiring the Brugger's Bog facility is extremely important to our city.

>
> I understand that your staff has recently abandoned our discussions and exchange of appraisals. We now understand the process to include an open bidding process, soliciting interest from Shoreline Water District and the City of Kirkland. I don't feel it's appropriate to include another potential buyer until we have concluded our negotiations given Shoreline's commitment and resources devoted to these negotiations, and King County policy establishing a negotiated agreement with another public agency as an exception to bidding.

>
> The City is a large consumer of regional services from King County, through our contracts for Police, District Court, Animal Control, Jails, Public Defense, and traffic signals and road maintenance. In total, our taxpayers pay 32% of the City's \$36 million General Fund Budget to King County, for a total of nearly \$12 million. If our past relationship of interlocal cooperation is not enough, sound regional planning should favor negotiating fair market value with the City in which a facility is located.

>
> The Council has authorized City staff to make the County an offer of \$1.98 M which is supported by the City's last appraisal as the fair market value of the property; however, we are willing to immediately schedule mediation with any experienced mediator agreed to, in order to resolve valuation if this offer is not acceptable. We appreciate that negotiations

have extended for several months since the County's declaration of surplus property, and are committed to completing the negotiations promptly.

>
> As your staff has set an August 10th deadline to take bids on the property, I think it prudent for us to discuss this issue as soon as possible. Please let me know by email or phone when we can talk.

>
> Respectfully,

>
> Keith

>
>
> Keith A. McGlashan
> Mayor
> City of Shoreline, WA
> 17500 Midvale Avenue N
> Shoreline, WA 98133-4905
> (206) 801-2203

Scott Passey

From: Salyer, Steve [Steve.Salyer@kingcounty.gov]
Sent: Tuesday, November 06, 2012 3:28 PM
To: Scott MacCoil
Cc: Julie Underwood; Carlson, Diane; Norman, Paulette; Cassidy, Jon
Subject: Purchase and Sale Agreement - Brugger's Bog
Attachments: Purch Sale Agree Shoreline- Brugger's Bog (11.5.12).doc; Valuation Summary- Brugger's Bog 10.16.12.docx

Scott, attached for review and approval is a Purchase and Sale Agreement based on the County's standard form. Also attached for your reference is a Valuation Summary detailing the basis of our agreed upon sale price. Please feel free to contact me if you have any questions or would like to discuss the agreement provisions.

We look forward to finalizing this sale to the City. Thanks.

Steve

Steve Salyer | Manager, Real Estate Services | King County - Facilities Management Division - Department of Executive Services | 500 Fourth Avenue, Suite 800, Seattle, WA 98104 | Phone: (206) 205-5772

REAL ESTATE PURCHASE AND SALE AGREEMENT

THIS REAL ESTATE PURCHASE AND SALE AGREEMENT ("Agreement") is made and entered into as of _____, 2012, for reference purposes only, by and between KING COUNTY, a political subdivision of the State of Washington (the "Seller") and the CITY OF SHORELINE, a municipal corporation (the "Buyer").

RECITALS

A. Seller is the owner of that certain real property located in the City of Shoreline, King County, State of Washington, the legal description of which is attached hereto as EXHIBIT A (the "Property").

B. Seller is desirous of selling the Property and Buyer is desirous of purchasing the Property.

AGREEMENT

NOW, THEREFORE, in consideration of the promises and mutual covenants contained herein, and other valuable consideration, receipt and sufficiency of which are hereby acknowledged, the parties hereto covenant and agree as follows:

ARTICLE 1. PURCHASE AND TRANSFER OF ASSETS

1.1. **PROPERTY TO BE SOLD.** Subject to and upon the terms and conditions set forth in this Agreement, Seller shall sell and convey to Buyer on the Closing Date (as hereinafter defined) and Buyer shall buy and accept from Seller on the Closing Date the following assets and properties:

(a) all the Seller's right, title and interest in the parcel identified as the Property, as described in EXHIBIT A;

(b) all of Seller's right, title and interest in improvements and structures located on the Property, if any;

(c) all of Seller's right, title and interest in and to tangible personal property, if any, owned by the Seller and attached, appurtenant to or used in connection with the Property ("Personal Property");

(d) all of Seller's tenements, easements and rights appurtenant to the Property including but not limited to, all of the Seller's right, title, and interest in and to streets, alleys or other public ways adjacent to the Property, easements for public utilities, all sewers and service drainage easements, all rights of connection to the sewers, and all rights of ingress and egress, and all leases, licenses, government approvals and permits affecting the Property;

Hereinafter, the items listed in Section 1.1 are collectively referred to as the "Purchased Assets."

ARTICLE 2. PURCHASE PRICE

2.1. PURCHASE PRICE AND PAYMENT. In consideration of the conveyance of the Purchased Assets, Buyer shall, in full payment therefore, pay to Seller on the Closing Date a total purchase price of **Two Million Eight Hundred Ninety-Eight Thousand Six Hundred Twenty-Two Dollars and No Cents (\$2,898,622.00)** (the "Purchase Price").

2.2. ALLOCATION OF PURCHASE PRICE. Seller and Buyer agree that the entire Purchase Price is allocable to real property and that the value of the Personal Property, if any, is *de minimis*.

2.3 DEPOSIT. Within two (2) business days after the execution of this Agreement, Buyer shall deliver to First American Title Insurance Company (the "**Escrow Holder**"), in its capacity as Escrow Holder, immediately available cash funds in the amount of **Fifty Thousand Dollars and No Cents (\$50,000.00)** (the "**Deposit**"). The Deposit shall be invested by the Escrow Holder in a money market account, a federally insured investment or such other investment as may be approved by Seller and Buyer in writing. Upon deposit with Escrow Holder, the Deposit shall be non-refundable except as otherwise provided in this Agreement. The Deposit shall be applied as a credit against the Purchase Price at the Closing.

ARTICLE 3. REPRESENTATIONS AND WARRANTIES OF THE PARTIES

3.1. WARRANTIES AND REPRESENTATIONS OF SELLER. As of the Closing Date, Seller represents and warrants as follows:

3.1.1. ORGANIZATION. The Seller is a political subdivision of the State of Washington duly organized, validly existing and in good standing under the laws of the State of Washington.

3.1.2. EXECUTION, DELIVERY AND PERFORMANCE OF AGREEMENT, AUTHORITY. The execution, delivery and performance of this Agreement by Seller (i) is within the powers of Seller as a political subdivision and charter county of the State of Washington, (ii) has been or will be on or before the Closing Date, duly authorized by all necessary action of the Seller's legislative authority, and (iii) does not and will not violate any provision of any law, rule, regulation, order, writ, judgment, decree or award to which the Seller is a party or which is presently in effect and applicable to Seller. This Agreement constitutes the legal, valid and binding obligation of Seller enforceable against Seller in accordance with the terms thereof.

From: Salyer, Steve [<mailto:Steve.Salyer@kingcounty.gov>]
Sent: Friday, June 22, 2012 3:05 PM
To: Denny Clouse
Subject: RE: Bruggers Bog Property

Denny, this note follows my voicemail message of this afternoon. As we discussed, the County is having our appraiser update the appraisal. The purpose will be to confirm current fair market value so that potential buyers can fairly and accurately evaluate this property. When the appraisal update is complete, we'll provide this information to potential purchasers and request offers based on the new information.

I'll be out of the office from June 25 – July 4, returning on Thursday, July 5. Looking forward to discussing this matter further with you.

Steve

Steve Salyer | Real Estate Services | Facilities Management Division | Mailstop: ADM-ES-0830 | Phone: (206) 205-5772

From: Denny Clouse [<mailto:dennyc@shorelinewater.org>]
Sent: Friday, June 22, 2012 2:14 PM
To: Salyer, Steve
Cc: Diane Pottinger; Andrew Maron; Leslie Clark
Subject: Bruggers Bog Property

Steve,

You were going to send me the Purchase & Sales agreement for the Bruggers Bog Property @ 19547 25th Ave NE.

As of today I have not received it. You said that you were going on vacation soon and I would like to get it before you leave.

Thank you,

Denny Clouse
Operations Manager



1519 NE 177th Street | Shoreline, WA 98155
p. 206.366.1842 | f. 206.361.0629

Diane Pottinger

From: Salyer, Steve [Steve.Salyer@kingcounty.gov]
Sent: Thursday, August 02, 2012 9:49 AM
To: Diane Pottinger; Denny Clouse
Subject: RE: Brugger's

Categories: financial

Correct. Are you available for a question via telephone?

Steve Salyer | Real Estate Services | Facilities Management Division | Mailstop: ADM-ES-0830 | Phone: (206) 205-5772

From: Diane Pottinger [<mailto:DianeP@shorelinewater.org>]
Sent: Thursday, August 02, 2012 9:48 AM
To: Salyer, Steve; Denny Clouse
Subject: RE: Brugger's

Steve-

So I am assuming if we bring our written offer to you by 5:00 pm on Friday, August 10, we will be considered responsive. Am I correct?

Diane

From: Salyer, Steve [<mailto:Steve.Salyer@kingcounty.gov>]
Sent: Thursday, August 02, 2012 9:44 AM
To: Diane Pottinger; Denny Clouse
Subject: RE: Brugger's

Diane and Denny, the City indicates that they will "do their best" to respond by August 10. Accordingly, please forward any purchase offers by August 10. Please let me know if you have any questions or need more time.

Thank you for your interest.

Steve

Steve Salyer | Real Estate Services | Facilities Management Division | Mailstop: ADM-ES-0830 | Phone: (206) 205-5772

From: Salyer, Steve
Sent: Wednesday, August 01, 2012 5:42 PM
To: Diane Pottinger; Denny Clouse
Subject: Brugger's

Just received an email from the City. They have requested more time and indicated that they'll confirm when they can make an offer by the end of this week. Sorry for the delay. Thank you for your interest and patience.

Steve

Steve Salyer | Manager, Real Estate Services | King County - Facilities Management Division - Department of Executive Services | 500 Fourth Avenue, Suite 800, Seattle, WA 98104 | Phone: (206) 205-5772

Shoreline Water District
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the District conform to generally accepted accounting principles (GAAP) as applicable to proprietary funds of governments. The District has elected to apply Financial Accounting Standards Board (FASB) guidance issued after November 30, 1989 to the extent that it does not conflict or contradict with guidance of the Governmental Accounting Standards Board (GASB). GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles. In June 1999, GASB approved Statement 34, *Basic Financial Statements – and Management Discussion and Analysis – for State and Local Governments*. This and consecutive statements are reflected in the accompanying financial statements (including notes to the financial statements). The following is a summary for the most significant policies (including identification of those policies, which result in material departures from GAAP):

a. Reporting Entity

The District is a municipal corporation governed by an elected three-member board. As required by generally accepted accounting principles, management has considered all potential component units in defining the reporting entity. The District has no component units.

b. Basis of Accounting and Presentation

The accounting records of the District are maintained in accordance with methods prescribed by the State Auditor under the authority of Chapter 43.09 RCW.

The District uses the full-accrual basis of accounting where revenues are recognized when earned and expenses are recognized when incurred. An exception to full accrual is that interest on assessments is recorded when received. Capital asset purchases are capitalized and long-term liabilities are accounted for in the appropriate funds. Unbilled utility service receivables are recorded at year-end. Operating income includes gains and losses from the disposal of utility plant.

c. Cash and Cash Equivalents

For purposes of the statement of cash flows, the District considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents. All District deposits are covered by Federal Depository Insurance Corporation (FDIC) and are selected through the contracting of treasurer services through King County.

d. Capital Assets

See Note 3

e. Restricted Funds

In accordance with bond resolutions (and certain related agreements) separate restricted funds are required to be established. The assets held in these funds are restricted for specific uses, including construction, debt service and other special reserve requirements. Restricted funds as of December 31, 2011 include the following:

PWTF Debt Fund	\$ 42,345
Bond Fund	772,148
Sinking Fund	3,284,089
Construction Fund	8,315,749
Deposits	14,573

Council Meeting Date: January 28, 2013

Agenda Item: 7(f)

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Approval of Resolution No. 338 Authorizing the Reimbursement of Expenditures Incurred for the Brugger's Bog Acquisition and Improvements Prior to the Issuance of Debt Financing
DEPARTMENT:	Administrative Services
PRESENTED BY:	Robert Hartwig, Administrative Services Director
ACTION:	<input type="checkbox"/> Ordinance <input checked="" type="checkbox"/> Resolution <input type="checkbox"/> Motion <input type="checkbox"/> Discussion <input type="checkbox"/> Public Hearing

PROBLEM/ISSUE STATEMENT:

The City will be acquiring King County's surplus maintenance facility at Brugger's Bog. This acquisition was authorized by the City Council on November 19, 2012 (K:\Staff Reports\2012\20121119\20121119 SR - Brugger's Bog Acquisition.docx). The City will be financing this acquisition and may incur expenditures associated with the acquisition before debt is issued. In order to reimburse the City for these expenditures from the debt proceeds a Reimbursement Resolution is legally required

RESOURCE/FINANCIAL IMPACT:

As stated the project will be funded from debt financing. The City is expected to issue up to \$3,366,622 in debt. The Reimbursement Resolution has no financial impact on this transaction other than to permit the City to expend debt related funds in advance of debt issuance. This is a routine resolution customarily adopted by a governmental entity in advance of debt issuance.

Resolution No. 338 serves the purpose of allowing reimbursement from future debt issuance for amounts expended in advance of the closing on the acquisition of Brugger's Bog. In the future staff will be bringing other actions before the City Council in order to finance the acquisition and initial improvements to the property.

RECOMMENDATION

Staff recommends that Council adopt Resolution No. 338 authorizing reimbursement of Brugger's Bog expenditures incurred prior to the issuance of debt financing.

Approved By: City Manager **JU** City Attorney **IS**

ATTACHMENTS

A. Resolution No. 338

RESOLUTION NO. 338

A RESOLUTION OF THE CITY COUNCIL, CITY OF SHORELINE, WASHINGTON, AUTHORIZING REIMBURSEMENT OF EXPENDITURES FOR ACQUISITION COST OF THE BRUGGER'S BOG MAINTENANCE YARD FROM BOND PROCEEDS

WHEREAS, on November 26, 2012 the City Council approved purchase of the Brugger's Bog Maintenance Yard from King County for \$2,898,622, and authorized financing of the purchase price, site planning and site improvements totaling \$3,366,622; and

WHEREAS, financing will likely be obtained from the State of Washington's Local Option Capital Asset Lending (LOCAL) program during August, 2013 or other financing source before this date; and

WHEREAS, United States Department of the Treasury has promulgated regulations limiting the ability of the City to use the proceeds of tax-exempt obligations for reimbursement of prior expenditures without Council authorization; now therefore

THE CITY COUNCIL OF THE CITY OF SHORELINE, WASHINGTON, HEREBY RESOLVES:

Section 1. Declaration of Official Intent.

A. The City reasonably expects to reimburse the expenditures described herein with the proceeds of debt to be incurred by the City (the "Reimbursement Bonds").

B. The maximum principal amount of Reimbursement Bonds expected to be issued is \$3,366,622. The actual amount issued shall be determined based on the type of debt issued.

C. The expenditures with respect to which the City reasonably expects to be reimbursed from the proceeds of Reimbursement Bonds are for acquisition of the Brugger's Bog Maintenance Yard located at 19547 25th Ave. NE. Shoreline, WA, King County, Assessor's Tax Parcel No. 042604-9043, for use of the General Fund for road and parks maintenance and construction, and the Surface Water Utility for maintenance and construction of the utility's surface water system.

D. The expenditures with respect to which the City reasonably expects to be reimbursed from the proceeds of Reimbursement Bonds will be made from the General Capital Fund and/or the Surface Water Fund.

Section 2. Appointment of Administrative Services Director to Issue Certificate of Intent. Pursuant to U.S. Treasury Regulations the City Council hereby designates and appoints the

Administrative Services Director of the City as the responsible official for the purpose of issuing statements of official intent in compliance with Treasury Regulation Section 1.150-2, so that the Brugger's Bog capital project expenditures may be reimbursed from the proceeds of tax-exempt obligation(s) of the City. Each certificate so executed shall become a part of the official records of the City available for public inspection and review.

ADOPTED BY THE CITY COUNCIL ON JANUARY 28, 2013

Keith A. McGlashan, Mayor

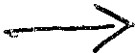
ATTEST:

Scott Passey, City Clerk

CITY COUNCIL AGENDA PLANNER (05/09/2013)
SUBJECT TO FREQUENT CHANGE. PLEASE CHECK THE CURRENT
AGENDA FOR THE MOST UP-TO-DATE INFORMATION.

Future Pending/Unscheduled Agenda Items

- Point Wells Municipal Agreement
- Styrofoam Container Ban
- Joint Dinner Meeting with the Parks Board/Tree Board
- Shoreline-Lake Forest Park Arts Council Update
- Shoreline Community College Master Plan
- Joint Dinner Meeting with SCC Board of Trustees
- Joint Dinner Meeting with Shoreline Chamber Executive Board
- Joint Dinner Meeting with the Planning Commission
- Public Defender Caseload
- Joint Use Agreement with Shoreline Community College
- Surface Water Fee Assessment for Non-Structured Parcel Policy
- SCA (Dinner Meeting)
- Discussion of the 2013 CDBG Funding Review Process
- Everett Councilmember Paul Roberts, Light Rail (Dinner)
- Brugger's Bog Maintenance Facility Financing
- State Rules on Marijuana Legalization
- Sustainability Strategy Update
- SCL Franchise Agreement
- 2013 Legislative Recap



Monday, May 13, 2013

5:45 Workshop Dinner

**Police Facility Feasibility Study
Celebrate Shoreline**

7:00pm

Reports Due for internal review Thursday, April 25, 2013

Subject	Goal	Type	Time	Staff
Proclamation of Armed Services Appreciation Week				
Adoption of the 2013 Comprehensive Plan Docket		A	60 min	SS

Monday, May 20, 2013

5:45pm Workshop Dinner

Council Operations

7:00pm

Reports Due for internal review Thursday, May 2, 2013

Subject	Goal	Type	Time	Staff
Adoption of Level 3 Communications Fiber Optic Telecommunications Franchise		C		JN
Motion to Authorize the City Manager to Execute the Interlocal Agreement with King County for the Shared Use of Fueling and Decanting Facilities		C		SM