

## SUMMARY and FISCAL NOTE\*

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\* Note that the Summary and Fiscal Note describes the version of the bill or resolution as introduced; final legislation including amendments may not be fully described.

### **1. BILL SUMMARY**

**1. Legislation Title:** AN ORDINANCE relating to the sale of lots 1, 2, 3, and 4 of Block 7 of the Latona Addition to the City of Seattle, as per plat recorded in Volume 4 of Plats, on page 28, records of King County (the “Property”); finding that City ownership of the Property no longer serves municipal purposes; amending Ordinance 96106; authorizing the sale of the Property for not less than \$2,575,000; authorizing the Director of Finance and Administrative Services to execute all documents and take other necessary actions to complete the Property’s sale; directing the deposit of the net sale proceeds; and ratifying and confirming certain prior acts.

**2. Summary and background of the Legislation:**

a. *Summary:* The Department of Finance and Administrative Services (“FAS”) seeks the authority to sell the real property commonly known as 3819 4th Avenue NE, consisting of 15,132 square feet of land and legally described as follows:

Lots 1, 2, 3 and 4 of Block 7 of Latona Addition to the City of Seattle, as per plat recorded in Volume 4 of Plats, on page 28, records of King County (the “Property”)

The Property’s location is depicted on the map set forth in Attachment A.

b. Minimum sale price is \$2,575,000.

c. *Background:* In 1966, for purposes of the then-proposed re-alignment of NE Pacific Street and pursuant to Ordinance 95705, the Seattle Department of Transportation (“SDOT”) acquired via statutory warranty deed lots 1, 2 and 3 of the Property. Ordinance 95705 did not provide that lots 1, 2 and 3 were laid out/off, widened, extended and established for street purposes.

In the following year, also for purposes of the then-proposed re-alignment of NE Pacific Street but pursuant to a separate ordinance (Ordinance 96106), SDOT acquired via statutory warranty deed lot 4 of the Property. But unlike the legislation authorizing the acquisition of lots 1, 2 and 3, Ordinance 96106

expressly stated that lot 4 was “hereby laid off, opened, widened, extended and established” for street purposes.<sup>1</sup>

Purchase money for the Property came from the Arterial Street Fund, which was funded with receipts from the tax on gasoline. Because gas tax funds are restricted by the state constitution, all proceeds from the sale must be used for transportation purposes.

However, the final re-alignment of NE Pacific Street did not utilize any part of the Property.

For many years SDOT has used the Property for the storage of road-building/repair materials, hence its nickname as the “Brickyard.” SDOT recently declared the Property excess to its needs. Pursuant to a Memorandum of Agreement by and between SDOT and FAS, SDOT retained FAS to manage the Property’s disposition.

SDOT and FAS concluded that the City might realize an assemblage premium if it sold the entire Property (lots 1, 2, 3 and 4) in a single transaction, as opposed to selling lots 1, 2 and 3 and using a street vacation to dispose of lot 4.

Pursuant to the *Procedures for the Evaluation of the Reuse and Disposal of the City’s Real Property* as adopted by on August 10, 1998 via Resolution 29799, as amended (the “Procedures”) FAS engaged in a lengthy evaluation of the Property and subsequent communications about that evaluation. FAS’s work included the preparation and implementation of a public involvement plan, the distribution of two sets of excess property notices, the solicitation and compilation of comments from the public, the posting of signs on the Property, a presentation to the Wallingford Community Council and the preparation and distribution of both a preliminary and final recommendation report. The excess property notices were sent to approximately 600 parties with property interests situated within 1,000 feet of the Property, a process which resulted in 45 written comments as compiled on Attachment M to the *Final Recommendation Report on Reuse and Disposal of the Seattle Department of Transportation Brickyard Property* (attached as Attachment A). Sixteen of these comments were in support of the sale of the Property to the owner of the abutting property, Dunn Lumber.

## **2. CAPITAL IMPROVEMENT PROGRAM**

a. Does this legislation create, fund, or amend a CIP Project?    \_\_\_ Yes  X  No

## **3. SUMMARY OF FINANCIAL IMPLICATIONS**

a. Does this legislation amend the Adopted Budget?    \_\_\_ Yes  X  No

<sup>1</sup> These five elements track the specific power of a first-class city street to establish streets. See RCW 35.22.280(7).

**b. Does the legislation have other financial impacts to the City of Seattle that are not reflected in the above, including direct or indirect, short-term or long-term costs?**  
 No.

**c. Is there financial cost or other impacts of *not* implementing the legislation?**

Absent the authority to sell the Property, SDOT risks missing the opportunity to liquidate an excess property in what is considered a seller’s market. The Wallingford/Northlake neighborhood would be deprived of the benefits associated with a potential comprehensive redevelopment of the Property. Finally, a family business with a long history in the Seattle economy, Dunn Lumber (owner of the remainder of the block and thus the most likely purchaser of the Property), would be denied the opportunity to purchase the Property for purposes of modernizing and improving the efficiency of its operations, an outcome that is contrary to the *Wallingford Neighborhood Plan*’s stated vision of a community where “local businesses...can thrive.”

**3.d. Appropriations**

This legislation adds, changes, or deletes appropriations.

**3.e. Revenues/Reimbursements**

This legislation adds, changes, or deletes revenues or reimbursements.

**Anticipated Revenue/Reimbursement Resulting from this Legislation:**

Fund Name and Number	Dept	Revenue Source	2018 Revenue	2019 Estimated Revenue
Transportation Fund (13000)	SDOT	Net proceeds from the sale of 3819 4th Avenue NE.	\$2,575,000 (estimated)	0
<b>TOTAL</b>			<b>\$2,575,000 (estimated)</b>	

**Is this change one-time or ongoing?**

As the anticipated revenue will come from the sale of real estate, the revenue realized from this legislation will be a one-time event.

Revenue/Reimbursement Notes:

These amounts are estimates. Actual amounts might vary.

**3.f. Positions**

This legislation adds, changes, or deletes positions.

#### 4. OTHER IMPLICATIONS

- a. **Does this legislation affect any departments besides the originating department?**  
No.
- b. **Is a public hearing required for this legislation?**  
No.
- c. **Does this legislation require landlords or sellers of real property to provide information regarding the property to a buyer or tenant?**  
Yes. FAS anticipates that standard language in the purchase and sale agreement will require the seller to furnish a seller disclosure statement. FAS expects that it will work collaboratively with SDOT to prepare a seller disclosure statement.
- d. **Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?**  
No. More specifically, the disposition of the Property is categorically exempt from a threshold environmental determination.
- e. **Does this legislation affect a piece of property?**  
Yes. See attached map in Attachment B.
- f. **Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities?**  
None and no.
- g. **If this legislation includes a new initiative or a major programmatic expansion: What are the specific long-term and measurable goal(s) of the program? How will this legislation help achieve the program's desired goal(s).**  
Not applicable.

**List attachments/exhibits below:**

Summary Attachment A – Final Recommendation Report on Reuse and Disposal of the Seattle Department of Transportation's Brickyard Property  
Summary Attachment B – Depiction of location of 3819 4th Avenue NE