



City Council

Approval of an Option to Purchase Real Estate Owned by D.R. Horton, an Approximate 74 Acre Parcel Commonly Known as Trillium/Ashton Woods

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Title

Approval of an Option to Purchase Real Estate Owned by D.R. Horton, an Approximate 74 Acre Parcel Commonly Known as Trillium/Ashton Woods

Recommended Action

City Manager Recommendation:

Move to approve the Option to Purchase Real Estate from D.R. Horton consisting of 74 acres (more or less) commonly known as Trillium/Ashton Woods.

Issue:

Whether to approve an Option to Purchase Real Estate to secure an opportunity for the City to purchase the D.R. Horton property for a future park site.

Staff Contact:

Paul Simmons, Parks, Arts and Recreation Director, 360.753.8462
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Presenter(s):

Paul Simmons, Parks, Arts and Recreation Director

Background and Analysis:

SSHI, LLC (the D.R. Horton Company) owns a 74-acre parcel located at 3355 Morse-Merryman Road SE; Assessor's Parcel No. 11830420000 (see attachment titled Property Location Map). This parcel is immediately adjacent to, and east of, the City's existing 22.6-acre LBA Park. In 2013 the City purchased a 5.3-acre portion of this (originally 79.3-acre) property to locate the City's planned Southeast Olympia Water Supply reservoir.

The City desires to purchase the remaining 74-acre parcel to expand its inventory of passive open space and secure additional athletic field-oriented community park acreage, both of which can be accommodated on this site. Additional efficiencies are presented by the parcels location adjacent to the existing developed support facilities at LBA Park. In addition, field investigations indicate that athletic field drainage problems currently being experienced at LBA Park can be solved in a cost-

effective manner by draining these fields into a former quarry excavation located nearby on the D.R. Horton parcel.

The D.R. Horton Company is concurrently seeking approval of a 400-lot preliminary plat for “Ashton Woods,” proposing 238 single-family lots and 162 townhome lots on the same property. The D.R. Horton Company has submitted a preliminary plat proposal and will continue to proceed in that process.

Staff has concluded negotiations with the Seller, and has prepared the Option to Purchase Real Estate agreement that is attached to the Staff Report. A summary of the Option’s terms are below:

Option Terms:

The initial cost of the Option is \$250,000, with the first Option term expiring on March 30, 2016. The Option can be extended to June 30, 2017, with payment of an additional \$250,000 option fee on or before March 30, 2016. If the Option is exercised and the balance of the acquisition price is paid in full prior to June 30, 2016, the total acquisition price will be \$5,000,000. If the option is exercised on or after July 1, 2016, and before June 30, 2017, the acquisition price will increase to \$6,000,000.

In either case, at closing, all Option to Purchase fees will be credited towards the purchase price of the property. The balance of the purchase price is anticipated to be paid with a combination of revenue from the proposed Olympia Metropolitan Park District and the 2004 Voted Utility Tax. As a condition of the agreement, D.R. Horton will maintain the ability to advance entitlements to the property (the ability to continue to pursue approval of the Preliminary Plat for Ashton Woods).

Neighborhood/Community Interests (if known):

In 2013, a citizen’s group known as the “LBA Woods Coalition” formed to encourage the City to acquire both this parcel and an adjacent 71.86-acre property on Boulevard Road. These properties have served for many years as “de-facto” open spaces for neighboring residential areas. The coalition wants the City to purchase both sites before they are developed and presented City Council with a petition containing over 5,000 signatures supporting the acquisition.

Additionally, a series of 8 neighborhood meetings with a total of 160 participants were conducted to provide input for the 2016 Parks, Arts and Recreation Plan. The most dominant themes of these meetings were:

- Buy the LBA Woods property (this site and the Boulevard Road site);
- Acquire land in general while it is available; and
- Buy open space/natural areas - provide nearby access to nature

The 2015 Random Sample Survey of 759 respondents, conducted for the upcoming 2016 Parks, Arts and Recreation Plan, indicated that “trails” and “natural open space” were the highest priority for new projects.

In summary, purchasing some or all of the LBA Woods has been identified as a high priority throughout the extensive public process facilitated to update the Parks, Arts & Recreation Plan.

Options:

1. Authorize the City Manager to sign the Option to Purchase Real Estate agreement for the D.R. Horton property.
2. Do not authorize the Option agreement.
3. Direct staff to seek other options to satisfy the City's need for community park and open space acreage.

Financial Impact:

Staff recommends that the first \$250,000 option payment be paid with funds from the 2004 Voted Utility Tax Acquisition Fund and that if necessary, the second option payment be made with funds from the Open Space Impact Fee account. Staff also recommends that if the option is executed, that the City utilize a combination of funds generated from the 2004 Voted Utility Tax and the proposed Olympia Metropolitan Parks District.

In addition to these funding sources, Thurston County is currently considering a funding application through the Conservation Futures program to support this project. The City also plans to pursue Recreation and Conservation Office grants in both the Local Parks and Habitat categories in the 2016 grant application cycle.