



City Council

Approval of an Option to Purchase a 72-Acre Parcel Owned by Gregg O. Dawley, Kristi A. Dawley, Douglas L. Dawley, Paula P. Dawley, and Shirley G. Dawley (Dawley Trust), Commonly Known as BentrIDGE

Agenda Date: 9/27/2016
Agenda Item Number: 6.A
File Number: 16-1054

Type: contract **Version:** 1 **Status:** Passed

Title

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Recommended Action

City Manager Recommendation:

Authorize the City Manager to sign the Option to Purchase Real Estate agreement for the Dawley Trust property.

Report

Issue:

Whether to approve an Option to Purchase Real Estate that secures an opportunity for the City to purchase the Dawley Trust property for a future park site, transportation corridor, and mixed use development.

Staff Contact:

Paul Simmons, Parks, Arts and Recreation Director, 360.753.8462
Mark Barber, City Attorney, 360.753.8223

Presenter(s):

Paul Simmons, Parks, Arts and Recreation Director

Background and Analysis:

The Dawley Trust owns a 71.86-acre parcel located in the 3900 block of Boulevard Road SE; Assessor's Parcel No. 11830330000 (see attachment titled Property Location Map). This parcel is immediately adjacent to LBA Park. Earlier this year, the City purchased the 74-acre D.R. Horton property (also known as Trillium/Ashton Woods) which is a portion of the "LBA Woods" and also adjacent to this parcel and to LBA Park. The Dawley Trust property is the last remaining portion of the "LBA Woods."

The City desires to secure an Option to Purchase this 71.86-acre parcel. If the City exercises that option, the intent is to use this property for three primary purposes. The majority of the property (approximately 59 acres) would be dedicated to expanding the City's inventory of park land. A much smaller portion of the property (approximately 2.8 acres) would be dedicated to the future extension of the Log Cabin Road from Boulevard Road to Wiggins Road, as outlined in the Regional Transportation Plan. The remaining portion of the property (approximately 10 acres) is located adjacent to Boulevard Road and would be set aside for development of multi-family housing, and potentially some neighborhood-oriented commercial uses.

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

Option Terms:

The cost of the Option is \$1,000,000, all of which will be applied towards the total purchase price of the property should the City purchase the property. Once the City transfers funds to secure the option, \$700,000 will remain secured in escrow and will be released to the seller after the City has exercised its option and has assumed ownership of the property. The remaining \$300,000 will be unsecured and will be released to the sellers immediately. The option agreement will expire January 31, 2017; if the City chooses not to exercise the option, the City forfeits the entire option payment.

If the Option is exercised, the balance of the acquisition will be made in three installment payments -

1. \$3,700,000 - At the time of closing once the option is exercised, likely February-March, 2017. At that time the City of Olympia would assume full ownership of the property.
2. \$1,200,000 - March 1, 2018
3. \$1,000,000 - March 1, 2019

The option payment will be credited towards the overall purchase price of the property, which is \$6,900,000.

Neighborhood/Community Interests (if known):

Parks Portion

In 2004, the citizens of Olympia voted in favor of creating a new 2% utility tax in order to generate funding for the acquisition, development, and maintenance of new parks. A goal of that ballot initiative was to increase the park system by 500 acres. If the option is exercised, this would be the third major land acquisition between 2016-2017. Combined with the upcoming Kaiser Heights acquisition, this purchase would bring the acres of park land acquired since 2004 to 318 acres.

In 2013, a citizen's group known as the "LBA Woods Coalition" formed to encourage the City to acquire two large parcels in southeast Olympia commonly known as "The LBA Woods". 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.

In 2015 the Parks, Arts & Recreation Department facilitated an extensive public process in an effort

to update the Parks, Arts, & Recreation Plan. This process included a series of 8 neighborhood meetings with a total of 160 participants, an OlySpeaks online survey, a random sample survey that included 759 responses, and approximately 121 independently written email comments. The most dominant themes of this process were:

- Buy the LBA Woods property (the DR Horton and the Bentrige sites);
- Acquire land in general while it is available; and
- Buy open space/natural areas - provide nearby access to nature

The random sample survey also highlighted that “trails” and “natural open space” were the highest priority for new projects.

In 2015, the citizens of Olympia voted in favor of creating a new Olympia Metropolitan Parks District. The goals of this ballot initiative were to create additional funding for parks acquisition, development, maintenance, and safety. Support for this funding measure demonstrates both ongoing community support for parks acquisition and a willingness to pay additional taxes for that purpose.

In summary, this option to purchase is consistent with community support demonstrated through two ballot initiatives, an extensive public process, and also has received ongoing support from a large community stakeholder group.

Log Cabin Extension

The Regional Transportation Plan has included the future extension of Log Cabin Road from Boulevard Road to Wiggins Road for over 20 years. Based on the most recent traffic projections, the need for this extension is confirmed; however it is several years away. As previously discussed with Council, staff proposes a narrower right-of-way width of 60 feet for the extension of Log Cabin Road. If the option is exercised, staff recommends setting aside this right-of-way. Staff also recommends using transportation impact fees to cover the pro-rated portion of property needed for right-of-way.

Boulevard Road Development

The City’s Comprehensive Plan designates this property for a Planned Development, to include a neighborhood center. To implement the Plan, the property is zoned Neighborhood Village. The approved master plan for the Bentrige Neighborhood Village includes a mixed-use center on the portion of this property closest to Boulevard Road. To achieve multiple goals outlined in the City’s Comprehensive Plan, the City intends to set aside a 10-acre portion of this property for future development of a neighborhood center, including multi-family housing and a small neighborhood commercial area. If the City purchases the property, a comprehensive plan amendment would be needed to update the City’s land use designation and zoning to implement this intent. Staff recommends utilizing non-park General Funds to cover this pro-rated portion of acquisition.

Options:

1. Authorize the City Manager to sign the Option to Purchase Real Estate agreement for the Dawley Trust property. This will ensure the City has the opportunity to purchase the Dawley Trust property.

2. Do not authorize the Option agreement. The City will not secure an opportunity to purchase the Dawley Trust property.

Financial Impact:

Option Payment - \$1,000,000

On May 10, 2016, the City Council approved a Bond Anticipation Note (BAN) to secure short-term debt for the purposes of acquiring new parks. Staff recommends utilizing BAN funds to pay for the cost of the option.

Installment Payment #1 - \$3,700,000

Staff recommends funding from three different funding sources:

Parks Portion - \$2,473,334 - Parks Bond Anticipation Note (BAN)
Log Cabin Extension Portion - \$268,333 - Transportation Impact Fees
Boulevard Road Development Portion - \$958,333 - Non-Park General Fund

Installment Payment #2 - \$1,200,000

Staff recommends using cash generated by the 2004 Voted Utility Tax for Parks.

Installment Payment #3 - \$1,000,000

Staff recommends using cash generated by the 2004 Voted Utility Tax for Parks.

Should the City choose exercise the option to purchase, the full cost (\$6.9 million) is considered debt and goes against the City of Olympia's debt limit.

Staff also recommends pursuing future grant opportunities such as Thurston County's Conservation Futures Program and the state's Washington Wildlife and Recreation Program to support this acquisition.

Attachments:

Property Location Map
Option to Purchase Agreement