Legislation Details (With Text)

File #:	AM No. 20-061		
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File created:	5/5/2020	**In control:**	City Council
On agenda:	5/19/2020	**Final action:**	5/19/2020
Title:	Public Hearing and City Council Action on Purchase and Sale Agreement Amendment No. 4 between the City of Redmond and Main Street Property Group, LLC		
Sponsors:			
Indexes:			
Code sections:			
Attachments:	1. Agenda Memo No. 20-061, 2. Attachment A: Purchase and Sale Agreement (PSA) Amendment No. 4, 3. Attachment B: Site Map		

Date	Ver.	Action By	Action	Result
5/19/2020	1	City Council	approved	

MEMO TO: Members of the City Council

FROM: Mayor Angela Birney

SUBJECT:

Public Hearing and City Council Action on Purchase and Sale Agreement Amendment No. 4 between the City of Redmond and Main Street Property Group, LLC

I. RECOMMENDED ACTION

Approve the proposed Purchase and Sale Agreement (PSA) Amendment No. 4 between the City of Redmond and Main Street Property Group, LLC (MSPG) (see Attachment A). If approved the City will sell an additional 250 square feet of land to MSPG for $44,500; extend the PSA closing date to September 30, 2020; and refund $10,000 that MSPG paid for a 60-day escrow extension to May 29, 2020.

II. DEPARTMENT CONTACTS

Malisa Files, Finance Director	425-556-2166
Carol Helland, Planning Director	425-556-2107
Dave Juarez, Public Works Director	425-556-2733
Sarah Pyle, Community Development and Implementation Manager	425-556-2426
Terry Marpert, AICP, Real Property Specialist	425-556-2428

III. DESCRIPTION/BACKGROUND

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In 2017-2018, the City held a design competition for the development of the 11,506 square foot Downtown Park Remnant Property on the west side of 161st Ave. NE, between Redmond Way and Cleveland St. The City's goal for the remnant property is to encourage development that:

1. Provides a significant architectural contribution and gateway for Downtown,
2. Is compatible with the design and use of the Downtown Park, and
3. Activates and enlivens the Downtown Park and the surrounding neighborhood.

After reviewing proposals submitted by several developers, the City selected MSPG to develop the property because their design most closely met the City's development goals. On August 21, 2018, the City Council approved selling the property to MSPG and on November 27, 2018 the Mayor signed a PSA to sell the property for $2,056,956.

In addition to purchasing the remnant property from the City, MSPG is buying two adjacent parcels from William Johnson, with the intention to build a multi-story mixed-use project with approximately 80 residential units, 7,000 square feet of retail space and over 80 parking spaces on a site totaling 30,106 square feet. Under the terms of the PSA, MSPG will reserve no less than 30 parking spaces for public use under a shared-use agreement. The parking spaces will be available for those using the Downtown Park.

Combining the City remnant with the Johnson parcels provides significant benefits for the City, including, more efficient use of the land, an architecturally unified building design in a highly visible area of Downtown, public parking for the Downtown Park and a higher return from the sale of the properties.

After the PSA was signed MSPG applied for Site Plan Entitlement (SPE). Over the past year City staff and the Design Review Board reviewed the site plan and are ready to approve the project, pending City Council approval of the property sale as part of PSA Amendment No. 4. The additional 250 square feet land is needed for enhanced building modulation and design of the upper roof area of MSPG's building facing the Downtown Park (see Attachment B). The land to be sold includes part of the existing 161st Ave. NE sidewalk that contains below-grade utilities.

PSA Amendment No. 4 also authorizes the refund of $10,000 that MSPG paid for a 60-day extension of the closing period to May 29, 2020, and a second extension of closing to September 30, 2020. MSPG requests a refund for the first extension because of delays related to resolving design issues between MSPG and the City. MSPG requests the second extension because of complications related to the Coronavirus that have impacted construction plans.

A. Analysis

The location of the existing property line along the east part of MSPG's project (facing the Downtown Park) presents challenges in using enhanced building modulation as a feature to add visual and architectural character to a building facing a very public area (see Attachment B). This limitation is further exacerbated by the unique shape of the properties (triangular) owned by the City and Mr. Johnson, and the City's Zoning Code prohibition against buildings crossing property lines. This is therefore is the basis for MSPG's request to purchase an additional 250 square feet of land from the City.

B. Public Notice

Notice of the public hearing was published in the Seattle Times on May 5, 2020 and May 12, 2020.

C. Open Meetings Act

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Consideration of this purchase and sale agreement (PSA) amendment between the City of Redmond and Main Street Property Group, LLC, for the sale of the Downtown Park remnant property, meets the general guidance from the State Attorney General regarding the Open Public Meetings Act (OPMA) RCW 42.30.110, during the COVID-19 pandemic, consistent with the Governor's Proclamation 20-05 requiring that Council business agenda items be both "necessary and routine":

- Necessary: Council consideration and action on PSA Amendment No. 4 is "necessary" before escrow closes on May 29, 2020. May 19, 2020 is the last scheduled business meeting that Council can hold a public hearing and take action before the current escrow deadline of May 19, 2020. This is because public hearing notices must be published for two consecutive weeks prior to any public hearing.
- Routine: this amendment is "routine" because the City regularly conducts real property transactions including scheduling Council meetings to consider buying and selling property, granting and releasing easements, and other activities. Council consideration of PSA Amendment No. 4, an amendment to the Council's previous authorization to sell City property, is a common procedure that is typically conducted as part of the City's real property transactions, and is not considered to be unusual, special or controversial.

IV. PREVIOUS DISCUSSIONS HELD

Date	Action
8/21/2018	Executive Session
8/21/2018	Council Approval of the PSA
4/21/2020	Council Executive Session
4/28/2020	Council sets 5/19/2020 as the public hearing date

V. IMPACT

A. Service/Delivery:

None

B. Fiscal Note:

The proposed sale price for the land is $44,500.

VI. ALTERNATIVES TO STAFF RECOMMENDATION

The City Council can choose not to approve proposed Purchase and Sale Agreement Amendment No. 4. This would limit MSPG's ability to proceed with their current site plan.

VII. TIME CONSTRAINTS

Timely consideration of PSA Amendment No. 4 will allow the site plan entitlement process to move forward to eventual construction.

VIII. LIST OF ATTACHMENTS

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Attachment A - Purchase and Sale Agreement (PSA) Amendment No. 4

Attachment B - Site Map

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