

MEMORANDUM

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: CITY MANAGER JERRY TAYLOR

RE: PROPOSED PURCHASE OF UNDERHILL PLAZA

DATE: MAY 31, 2017

RECOMMENDED ACTION:

Consider draft purchase agreement with Underhill, LLC for acquisition of Underhill Plaza.

BACKGROUND INFORMATION:

In late April, 2017, City Council members discussed whether the City should make an offer on Underhill Plaza, which had been on the market some time. There was a concern that current City properties at City Hall and the old Fire Station were both in the tsunami inundation zone. The Underhill Plaza site is outside of this zone and would be a safer place to locate City Hall. Other informal discussion centered on whether the site should be secured for emergency management purposes since current plans directed evacuees to Underhill Plaza and part of the site could be developed for emergency supply storage and other activities.

Before engaging the public in a broader discussion of what the property might be used for, the Council felt that the price of the land should be tied down. It was anticipated that if the City were to express interest in the site, that others might buy it first in order to resell to the City or the price of the property might escalate. Therefore, the Council met in executive session to establish an amount it would offer to Underhill, LLC for the property. On May 3, the City and Underhill, LLC signed an offer letter indicating that they would negotiate a purchase agreement for the City to buy Underhill Plaza for \$1,750,000. The County Assessor lists the real market value of the property at \$1,994,190. The Underhill family has long time ties with the City and preferred that the City be the purchaser.

A purchase agreement is being drafted and should be available for Council review by Monday.

When the Council approves the purchase agreement, there will be a 60 day "study period" before the sale is closed. During this time the City will perform any testing and analysis of the property and may terminate the purchase at any time during this period. The Council will also be asking for public comments on the purchase of this property.

Assuming that the purchase goes through, here is the outline of what I see as the next steps:

1. A community workshop where ideas for the use of Underhill Plaza can be identified and documented. The public can also share its comments on the acquisition of the site.
2. Formation of a citizen advisory committee to review possible uses of Underhill Plaza, city office space needs, and other related issues.
3. Request proposals for architectural services to assist the City in preparing a feasibility study which will identify City Hall space needs, preliminary layout of desired uses on the site, rough cost estimates and funding options.

Completing these next steps would determine the timeline for implementing further actions.

The City Council has taken actions to take advantage of the opportunity to acquire property which could serve a number of purposes for the community. The Council should now take steps to involve the community in determining how the property should be used.