

CITY OF MARYSVILLE AGENDA BILL
EXECUTIVE SUMMARY FOR ACTION

CITY COUNCIL MEETING DATE: 2/13/17

AGENDA ITEM:	
A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MARYSVILLE, WASHINGTON, RELINQUISHING ALL INTEREST IN THE REAL PROPERTY LOCATED AT 3020 RUCKER AVENUE IN EVERETT, WASHINGTON, TO THE SNOHOMISH HEALTH DISTRICT.	
PREPARED BY:	DIRECTOR APPROVAL:
Resolution prepared by Jon Walker, City Attorney Agenda Bill prepared by Gloria Hirashima, CAO	
DEPARTMENT:	
Executive, Legal Departments	
ATTACHMENTS:	
<ol style="list-style-type: none"> 1. Resolution relinquishing interest in 3020 Rucker Avenue to Snohomish Health District 2. Presentation by Snohomish Health District regarding 3020 Rucker Avenue building. 	
BUDGET CODE:	AMOUNT:
N/A	N/A
SUMMARY:	
<p>The Snohomish Health District is working on a sustainable funding plan for its operations. Part of their plan involves evaluation of current real estate and office needs and potential sale of the current building at 3020 Rucker Avenue. In order to accomplish this, the Health District has identified a need to resolve ownership of their current facility and identify current interests in their facility. The city of Marysville was a member city during the initial purchase of the building in 1990. The Health District has asked all member cities to evaluate their current interest in the building and asked us to consider an interlocal agreement with the Health District to relinquish interest in the facility to enable them to sell the building. Marysville's City Attorney has reviewed the proffered ILA and recommended that a resolution be substituted for the ILA. It would accomplish the same outcome.</p> <p>To date, Arlington, Lake Stevens, Snohomish, Stanwood and Snohomish County have approved the ILA relinquishing their interest in the building. The topic is scheduled for Council discussion and action in Bothell, Edmonds, Gold Bar, Granite Falls, Lynnwood, Mill Creek and Monroe.</p> <p>A presentation regarding the current building situation is included as Attachment 2.</p>	

RECOMMENDED ACTION:
Staff recommends that Council approve the Resolution to relinquish interest in the building.

CITY OF MARYSVILLE
Marysville, Washington

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MARYSVILLE,
WASHINGTON, RELINQUISHING ALL INTEREST IN THE REAL
PROPERTY LOCATED AT 3020 RUCKER AVENUE IN EVERETT,
WASHINGTON, TO THE SNOHOMISH HEALTH DISTRICT.**

WHEREAS, the Snohomish Health District was originally established by resolution of Snohomish County Board of County Commissioners on November 24, 1958, with an effective date of January 1, 1959; and

WHEREAS, the Snohomish Health District is an independent municipal corporation, incorporated under the provisions of Chapter 70.46 RCW with Snohomish County, and cities and towns within Snohomish County as members of the Snohomish Health District; and

WHEREAS, the City of Marysville is a member of the Snohomish Health District with a Councilmember sitting as a board member of the Health District and receives public health services from the District; and

WHEREAS, the Snohomish Health District, under provisions of RCW 70.46.100, has the power and authority to purchase, own, lease, and maintain real property and property rights necessary for the conduct of its affairs; and

WHEREAS, the County, along with the cities and towns, entered into an interlocal agreement executed on September 27, 1990 (the "1990 ILA"), to provide for the acquisition of a facility for the Snohomish Health District known as the "Rucker Building" and further described in Exhibit "A"; and

WHEREAS, the 1990 ILA provided for the financing of the purchase of the facility at 3020 Rucker Avenue in Everett, based on an equitable formula basis totaling \$5,150,000; and

WHEREAS, in 1995 the Snohomish Health District paid off the loan to acquire the building in full, thereby satisfying the terms of the 1990 ILA; and

WHEREAS, the deed and title to the Rucker Building are vested in the Snohomish Health District, and the Snohomish Health District has assumed all financial responsibility for utilities, ongoing operations and maintenance, and capital improvements; and

WHEREAS, the Snohomish Health District is interested in moving into a smaller building, either purchased or leased, with remaining dollars to be invested into a new capital fund; and

WHEREAS, the Snohomish Health District Board of Health unanimously approved Resolution 17-03 on January 10, 2017, signifying its intent to surplus and sell the Rucker Building, and encouraged the cities, towns, and Snohomish County to relinquish any potential ownership and financial interest; and

WHEREAS, public health is a shared responsibility, and an effective public health response to the threats to public health in Snohomish County which requires regional cooperation, participation and support from cities, towns and the County; and

WHEREAS, the health and welfare of the citizens of Marysville will benefit by the City relinquishing any potential interest it has in the real property, as it will contribute to the Health District's financial stability and thereby assist the District in delivering health services within the City.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MARYSVILLE, that all interest and ownership of the City of Marysville in the real property located at 3020 Rucker Avenue in Everett, Washington, is relinquished to and deeded to the Snohomish Health District.

BE IT FURTHER RESOLVED BY THE CITY COUNCIL OF THE CITY OF MARYSVILLE, that the proper officers of the City shall execute a quit claim deed conveying all interest in the real property to the Snohomish Health District in a form substantially conforming to Exhibit "A".

ADOPTED by the City Council at an open public meeting this _____ day of _____, 2017.

CITY OF MARYSVILLE

By _____
JON NEHRING, MAYOR

Attest:

By _____
APRIL O'BRIEN, DEPUTY CITY CLERK

Approved as to form:

By _____
JON WALKER, CITY ATTORNEY

EXHIBIT A

After Recording Return to:

Snohomish Health District
3020 Rucker Avenue, Suite 306
Everett, WA 98201

QUIT CLAIM DEED

Grantor: CITY OF MARYSVILLE, WASHINGTON

Grantee: SNOHOMISH HEALTH DISTRICT

Legal: Lots 8-10 & 22-29, Block 720, Plat of Everett, Div H, V. 4, p. 50 and
Lots 5-7, Block 719, Plat of Everett, V. 3, P. 32, Snohomish Cty, WA, Add'l on p. 1-2

Tax ID#: 004375-720-008-00, 004375-720-009-00, 004375-720-022-00
004375-720-028-00 and 004391-719-005-00

THE GRANTOR, CITY OF MARYSVILLE, a municipal corporation of the State of Washington, for and in consideration of clearing title of any interest Grantor may have, conveys and quit claims to SNOHOMISH HEALTH DISTRICT, a municipal corporation of the State of Washington, the following-described real estate, situated in the County of Snohomish, State of Washington, including any interest therein which Grantor may hereafter acquire:

PARCEL A:

Lots 8, 9, 10, 22, 23, 24, 25, 26, 27, 28 and 29, Block 720, Plat of Everett, Division "H," as per plat recorded in Volume 4 of Plats, page 50, records of the Auditor of the County of Snohomish, State of Washington.

Situate in the City of Everett, County of Snohomish, State of Washington.

PARCEL B:

Lots 5, 6 and 7, Block 719, Plat of Everett, as per plat recorded in Volume 3 of Plats, page 32, records of the Auditor of the County of Snohomish, State of Washington.

Situate in the City of Everett, County of Snohomish, State of Washington.

DATED this _____ day of _____, 2017.

CITY OF MARYSVILLE

By _____

JON NEHRING, MAYOR

STATE OF WASHINGTON)

) ss.

COUNTY OF SNOHOMISH)

I certify that I know or have satisfactory evidence that Jon Nehring is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that Jon Nehring was authorized to execute the instrument and acknowledged it as the MAYOR of the CITY OF MARYSVILLE to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED this _____ day of _____, 2017.

(Legibly print name of notary)

NOTARY PUBLIC in and for the State of

Washington, residing at _____

My commission expires _____



Background on the Rucker Building

Briefing to Cities on Intent to Sell



Today's Discussion

- ✓ Introductions
- ✓ Background on Original Purchase
- ✓ Current State of Rucker Building
- ✓ Potential Claims or Financial Interest
- ✓ Questions/Discussion

Background on the Original PURCHASE

How it Came Together

- ✓ **1988** – District began looking to move 125 employees into one building, as they were currently are spread among three buildings in Everett.
- ✓ **February 26, 1990** – MOU is signed to convey agreement by negotiating team on population method of cost sharing
- ✓ **May 16, 1990** – Purchase & Sale Agreement executed for \$5,150,000
- ✓ **September 27, 1990** – ILA executed with financing agreement for purchase of Rucker Bldg
- ✓ **1995** – Health District completes final payment of loan, terms of 1990 ILA are satisfied

Where Things Get Murky

- ✓ The Board of Health adds Article VIII to the Charter in December 1997.
- ✓ Based on Article VIII and conversations with past leaders, it appears the intent was to develop another ILA for real property interests.
- ✓ No records of finalized "Purchase Agreements" were uncovered.
- ✓ It's unclear whether cities, towns or the County have carried the Rucker Building on their books as an asset.
- ✓ The Health District holds the deed and clear title.

Current State of the Rucker **BUILDING**

Recent Repairs and Needs

- ✓ **January 2015** – Flooding on first floor caused extensive water damage
- ✓ **March 2015** – Began work with McKinstry
- ✓ **September 2015** – Delivered recommendations to the Board on needed capital improvements (\$4M)
- ✓ **December 2015** – Full capital improvements included in 2016 budget with provisions
- ✓ **Early-2016** – Put project on hold while looking at alternatives
- ✓ **September 2016** – Began discussions with the Board during budget process on potentially selling the building

Current Issues at Hand

- ✓ Inefficient use of Rucker Bldg space
- ✓ Vacant, leasable space = lost revenue
- ✓ Not staffed to be property managers
- ✓ Underutilized space in Lynnwood (approx. 3,500 sf)

Capital Expenditures in Budget

HVAC Replacement	1,048,181
Carpeting (Tripping Hazards)	105,000
Parking Lot Security	100,000
Customer Service Counter Improvements	150,000
Subtotal, Rucker Building	1,403,181

Snohomish Health District 9

- ## Options Considered
- Maintain Ownership**
- ✓ Complete minimum of \$1.5M in required capital improvements
 - ✓ Contract out for property management
- Sell Building**
- ✓ Put Rucker Building on the market
 - ✓ Buy smaller building(s)
 - ✓ Lease smaller building(s)
 - ✓ Lease back some space in Rucker Building as tenant
- Snohomish Health District 10

Potential Claims or Financial **INTEREST**

Recommended Path Forward

- ✓ Board of Health's resolution
- ✓ Draft ILA for agencies to relinquish any potential claim or financial interest
- ✓ Avoid prolonged staff and legal costs
- ✓ Upon sale of the building, any proceeds not used for purchase and moving expenses would be placed in a new capital fund for the Health District

Next Steps

- ✓ Complete regional meetings with city/town stakeholders
- ✓ Building goes on the market in early-February
- ✓ Work to get ILAs executed with all agencies
- ✓ Goal is to be out of Rucker Building in 6-12 months

Discussion/ Questions