

**RESOLUTION NO. 2009-02**

A **RESOLUTION** establishing procedures regarding the surplus and sale process for real property owned by the City of Bainbridge Island.

**WHEREAS**, it is the policy of the City of Bainbridge Island that surplus real property shall be sold at Market Value; and

**WHEREAS**, the City of Bainbridge Island desires to establish procedures for the disposal of surplus real property at Market Value in an orderly and cost effective manner; now therefore,

**THE CITY COUNCIL OF THE CITY OF BAINBRIDGE ISLAND, WASHINGTON, DOES RESOLVE AS FOLLOWS:**

1. City Property Inventory. The Director of Public Works shall establish and maintain an inventory and map of City-owned property. References in this Resolution to "City-owned property" are meant to include any property owned by the City or any of its utilities or other special-purpose funds. The inventory will include the following information:

- a. Property name;
- b. Street address (if available);
- c. Kitsap Assessor's Office Property Tax Parcel Number;
- d. Use of property;
- e. Listing of restrictions, covenants or other limiting attributes;
- f. Status of property (active or inactive);
- g. Any planned future use;
- h. City fund that currently owns the property;

- i. Estimated land and improvement value; and
  - j. Restrictions on property use or sale (if applicable).
2. Establishment of Real Property Review Committee. A real property review committee (the "Committee") is hereby established which shall advise the City Council with respect to the disposal of real property owned by the City. The Committee shall be composed of the City Administrator, the Finance Director, the Public Works Director and the City Attorney.
3. Annual Review of City Real Property Holdings. The Committee shall annually review all of the City's current real property holdings with regard to the following:
  - a. If the current use is appropriate and necessary;
  - b. If the property could be used for another City purpose within its original purchasing fund responsibility;
  - c. If the property could be used for another City purpose outside of the responsibility of original purchasing fund;
  - d. If the property appears to be surplus to the City's needs;
  - e. Whether there is evidence of potential interest by anyone in purchasing the property; and
  - f. Whether there is an interest by the Board of the Metropolitan Parks District in having the property transferred to that District.
4. Annual written report. Following its review, not less than once per calendar year the Committee shall prepare a written report containing recommendations as to whether any City property should be declared surplus by the City Council. The report shall

contain the following information with regard to any property that the Committee is recommending to be declared surplus:

- a. Description of the location and size of the property;
- b. Description of the circumstances under which the property was obtained;
- c. Description of the funds used to acquire the property;
- d. Recommendation as to which fund the proceeds from its sale should be credited;
- e. Description of what municipal use the property has been put to in the past, if any, and what use, if any, for which it might be held;
- f. The date of any and each prior appraisal of the property, and the value determined by each such appraisal;
- g. Estimation of value (pre-appraisal) of the property;
- h. Whether an appraisal is recommended and the type of appraisal;
- i. Whether the property is only usable by abutting owners or is of general marketability;
- j. Whether special consideration ought to be given to some other public agency that has a use for the property;
- k. Whether the property should be sold at auction, by sealed bid, by request for proposal (RFP), or by negotiation;
- l. Whether the property should be designated for consideration as Open Space and referred to the Open Space Commission; and
- m. Recommendation as to whether any special covenants or restrictions; should be imposed in conjunction with sale of the property; and

- n. If owned by a City utility, recommendation as to whether the property should be sold or transferred to the City's General Fund prior to being conveyed or sold to a third party.

The written report shall be submitted to the City Council no later than April 30 of each calendar year.

5. Surplus Property Declaration. City property may be declared surplus by the City Council after the following procedures have been completed:

- a. The City Council shall hold a public hearing as part of its process to consider whether to declare any real property surplus to the needs of the City. In accordance with RCW Chapter 39.33, notice of said hearing shall be published in the City's official website (or, if legally necessary, in the City's newspaper of record) not less than ten (10) days nor more than twenty-five (25) days prior to the hearing. In addition, a news release pertaining to the public hearing shall be posted on the city website.

- b. Following City Council's review of the Committee's report, and conclusion of the public hearing, the City Council shall determine whether the property shall be declared surplus. If such determination is made, City Council shall pass a resolution declaring the property surplus and shall also make the following determinations:

- (i) Whether the property should be transferred to the Bainbridge Island Metropolitan Park District;
- (ii) Whether the property should be sold by sealed bid, at auction, by request for proposal (RFP), or through negotiated sale; (including listing with a real estate broker.

- (iii) Whether special covenants or restrictions should be imposed as a condition of the sale; and
- (iv) Whether an appraisal is necessary to provide a market value estimate.

6. Sale Procedures for Surplus Property. The following procedures and requirements shall apply to property sold as surplus by the City:

a. Determination of "Market Value"/Minimum Acceptable Price. After a property has been declared surplus and prior to its sale or transfer, the city order one of the following three types of appraisals; a review of the appraisal in accordance with the committees' best estimate of the value s as shown on the attached chart of the property:

<b>Estimated Property Value</b>	<b>Recommended Report Format</b>	<b>Review Suggested</b>
Up to \$100,000	Limited/Restricted	No
\$100,001 to \$500,000	Limited/Summary	No
\$500,001 to \$3,000,000	Complete/Summary	Yes
\$3,000,001 and above	Complete/Self-Contained	Yes

Any appraiser or reviewer hired by the City must be licensed by the State of Washington as a "state certified general appraiser."

Whether surplus property is to be disposed of by sealed bid, auction, RFP or negotiated sale, interested parties shall be advised that the minimum acceptable price shall be the value determined by the sufficient and acceptable appraisal. The minimal acceptable price for the surplus property may not be more than 10% below the estimated market value. B. Marketing Time. (see attached page)

An appraiser must estimate the "marketing time" when the market value of a property is provided. The committee should consider setting "marketing time." The "marketing time" will be estimated by and appraiser based on the time it took to sell the comparables in the report. Generally, the shorter the "marketing time," the lower the market value estimate will be. For example, if a 20-acre parcel of vacant land was surplus by the city, a higher price would likely be offered if the city allowed the developer to get preliminary plat approval before closing (24 months) than if a closing were required in 30 days after reaching an agreement on all terms of the sale.

c. SEPA Review. The sale and/or transfer of any surplus real property that is subject to an authorized public use shall be contingent upon completion of a SEPA review process and the expiration of the SEPA appeal period.

d. Processes for sale of property.

(i) Disposition by Sealed Bid. Where a property is sold by sealed bids, any and all bids submitted must be accompanied by a bid deposit in the form of a cashier check payable to the City of Bainbridge Island in an amount equal to ten percent (10%) of the bid amount. Such deposit accompanying the successful bid shall be deposited into escrow until closing on the purchase of the property, and payment of the remaining amount of the purchase price shall be made within thirty (30) days. In the event the purchaser is unable to pay the remaining amount within the required time, the earnest money deposit shall become non-refundable and may be retained by the City as liquidated damages.

(ii) Disposition by Auction. Where property is sold at auction, the prevailing bidder must immediately tender a cash deposit or certified check for deposit into escrow as earnest money to the City of Bainbridge Island in an amount equal to ten percent (10%) of the bid amount. Payment of the remaining amount of the purchase price shall be made within thirty (30) days. In the event the purchaser is unable to pay the remaining amount within the required time, the earnest money deposit shall become non-refundable and may be retained by the City as liquidated damages.

(iii) Disposition by Request for Proposal (including listing with a licensed real estate broker.) Where property is sold through a process that

includes a request for proposals (RFP), an RFP shall be publicized by electronic means (and, if legally necessary, by advertisement in print media), and a specification document (including any applicable criteria for quantitative scoring or rating of any and all applicant proposals) shall be made available to any person or entity which the City determines would be a qualified applicant. Upon the selection of the applicant that receives the highest score or rating for its proposal, and which demonstrates its ability to meet any required conditions, the process shall then proceed as described in paragraph (ii) above, as though the prevailing RFP were a prevailing bidder at auction.

(iv) Disposition by Negotiated Sale. Where property is sold by negotiated sale, the purchaser shall deposit earnest money into escrow in an amount equal to ten percent (10%) of the purchase price within three (3) business days of execution of a purchase and sale agreement for the purchase of the Subject Property. Payment of the remaining balance of the purchase price shall be made within thirty (30) days, unless otherwise specified in the purchase and sale agreement. In the event the purchaser is unable to pay the remaining amount within the required time, the earnest money deposit shall become non-refundable and may be retained by the City as liquidated damages.

v. Listing with a real estate broker.

e. Notification of Sale of Surplus Property. In the event the subject property is to be disposed of by sealed bid, by RFP or by auction, the following notification procedures shall be followed:

(i) A notice of the City's intent to dispose of the subject property shall be conspicuously posted on the property no less than two (2) weeks prior to the date set to commence accepting bids or the date set for the auction.

(ii) A similar notice shall be posted on the bulletin board at City Hall.

(iii) Notice shall be published in the City's official website (or, if legally necessary, in the City's newspaper of record) each week for two (2) consecutive weeks preceding acceptance of sealed bids or the public auction. All notices shall include a description of the property, the procedure by which the subject property is to be disposed of, any earnest money deposits which must be made (in accordance with Sections 6(c) (i) and (ii)) and the minimum price that will be accepted.

f. All requests to purchase City property shall be directed to the Finance Director with a copy to the City Attorney.


g. Form of Conveyance. All conveyances shall be made by quitclaim deed.

h. Closing Costs. All closing costs, shall be borne 50% by the purchaser and 50% by the seller including, but not limited to, title insurance, recordation costs, and escrow fees., Any brokerage costs will be borne by the seller.

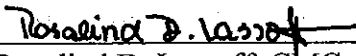
7. Intergovernmental Transfers. Intergovernmental transfers of real property shall be made in accordance with RCW Chapter 39.33, RCW Section 43.09.210 and/or any other applicable statutes.

**PASSED** by the City Council this 11<sup>th</sup> day of March, 2009.

**APPROVED** by the Mayor this 11<sup>th</sup> day of March, 2009.

  
Darlene Kordonowy, Mayor

**ATTEST/AUTHENTICATE:**

  
Rosalind D. Lassoff, CMC, City Clerk

**FILED WITH THE CITY CLERK:** March 2, 2009  
**PASSED BY THE CITY COUNCIL:** March 11, 2009  
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