

RESOLUTION NO. 3226

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BONNEY LAKE, PIERCE COUNTY, WASHINGTON, AUTHORIZING THE TRANSFER OF FUNDS FROM THE GENERAL FUND TO THE WATER FUND TO PURCHASE THE REED PROPERTY FOR PARK PURPOSES AND AMENDING RESOLUTION 2734 DECLARING THE REED PROPERTY SURPLUS TO THE CITY'S NEEDS.

WHEREAS, on April 13, 2010, the City Council adopted Resolution 2026 acquiring the property located at 7109-7111 Barkubein East, Buckley WA 98321 (hereinafter Reed Property) as a potential source of water rights utilizing Water System Development Charges (SDC) funds; and

WHEREAS, on April 9, 2019, the City Council adopted Resolution 2734 declaring the Reed Property surplus; and

WHEREAS, on June 13, 2023, the City Council adopted Resolution 3165 directing staff to develop an agreement with Mount Rainier Futbol Club/Mount Rainier Athletic Club (MRFC/MRAC) to establish a public-private partnership for the development of park and recreation facilities; and

WHEREAS, on September 12, 2023, the City Council authorized the Mayor to sign a Memorandum of Understanding (MOU) with the MRAC regarding a potential private – public partnership for use of the Reed Property; and

WHEREAS, under item 2.1.A of section 4 of the MOU the City agreed to take the steps necessary to transfer the property from the Water Utility ownership into General Fund ownership including appropriating the funding for the transfer of ownership; and

WHEREAS, under item 2.1.A of section 4 of the MOU the City agreed to determine to the fair market value of the property; and

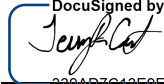
NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF BONNEY LAKE, WASHINGTON DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. Property Transfer. The Mayor is authorized to transfer One Million Seven Hundred Thousand Dollars (\$1,700,000), which is equal to the fair market value of the Reed Property as determined by the August 25, 2023, appraisal, from the General Fund to the Water Utility for the purchase of the Reed Property.

Section 2. Rescinding Surplus Declaration. Exhibit A of Resolution 2734 is hereby amended to remove the Reed Property. A copy of the revised Exhibit A is attached to this Resolution as Exhibit A.

PASSED by the City Council this 30th day of July 2024.

AUTHENTICATED:

DocuSigned by:

339AD7C13E9E492...
Terry Carter, Mayor

DocuSigned by:

975A05C52D794C6...
Sadie A. Schaneman, CMC, City Clerk

City of Bonney Lake, Washington
City Council Agenda Bill (AB)

| | | |
|---|---|---|
| Agenda Item Type: Resolution | Agenda Bill Number & Ordinance/Resolution/Motion Number: AB24-21/R24-21 | |
| Department/Division Submitting: Public Services | Presenter: Jason Sullivan | City Strategic Goal Category: DON'T FILL OUT YET |

Agenda Subject: Reed Property Acquisition.

Full Title/Motion: A Resolution Of The City Council Of The City Of Bonney Lake, Pierce County, Washington, Authorizing The Transfer Of Funds From The General Fund To The Water Fund To Purchase The Reed Property For Park Purposes And Amending Resolution 2734 Declaring The Reed Property Surplus To The City's Needs.

Administrative Recommendation: Approve

Short Background Summary (Use a memo to write a full history): The Purpose Of This Item Is To Propose That The City's General Fund Acquire The Property Commonly Referred To As The Reed Property From The Water Utility So That It Can Be Used As A Future Park Consistent With September 12, 2023 Memorandum Of Understanding.

Attachments: Resolution R24-41, Briefing Memo, and MOU

| BUDGET INFORMATION | | | |
|----------------------------|-----------------|---------------------------|-----------------------------|
| Budgeted Amount | Current Balance | Expenditure Amount Needed | Budgeted Balance Difference |
| Budget Explanation: | | | |

| COMMITTEE, BOARD & COMMISSION REVIEW | | | | | |
|---|---------------------------------------|--|------------------------------|------------------------------|--|
| Public Hearing Date: | | Name Of Committee/Commission Public Hearing Was Done At: | | | |
| Date & Name Of Committee/ Commission Meeting | Return To Committee/ Commission/Board | Council Workshop Discussion | Consent Agenda | Council Full Issues | Chair's Signature For Approval Of Next Steps |
| Date: Name: | <input type="checkbox"/> Yes | <input type="checkbox"/> Yes | <input type="checkbox"/> Yes | <input type="checkbox"/> Yes | |
| Date: Name: | <input type="checkbox"/> Yes | <input type="checkbox"/> Yes | <input type="checkbox"/> Yes | <input type="checkbox"/> Yes | |
| Date: Name: | <input type="checkbox"/> Yes | <input type="checkbox"/> Yes | <input type="checkbox"/> Yes | <input type="checkbox"/> Yes | |
| Date: Name: | <input type="checkbox"/> Yes | <input type="checkbox"/> Yes | <input type="checkbox"/> Yes | <input type="checkbox"/> Yes | |

Hearing Examiner Review:

| COUNCIL ACTION | |
|--|---------------------------------------|
| Workshop Date(s): Meeting Date(s): 4/2/2024, 7/23/2024, 7/30/2024 | Public Hearing Date(s): Tabled To: |

| APPROVALS | | |
|---|-------------------------------|--|
| Department Director: Jason Sullivan | Mayor: Terry Carter | Date Reviewed By City Attorney (if applicable): |

EXHIBIT A

Reed Farm

Parcel Number: 0520261042

Address: 7109 Barkubein Road East

Acreage/Square Footage: 2.48 acres/108,029 square feet

Assessed Valuation \$660,800.00

Described As: Section 26 Township 20 Range 05 Quarter 14 : PARCEL B OF BLA
2014-07-28-5001 DESC AS FOLL COM AT SW COR OF SD DLC TH N 3 DEG 47
MIN 53 SEC E 270 FT TH S 86 DEG 12 MIN 7 SEC E 233.13 FT TO POB TH S 3
DEG 39 MIN 32 SEC W 221 FT TH N 88 DEG 38 MIN 30 SEC E 72.48 FT TH S 85
DEG 40 MIN E 351.60 FT TH N 7 DEG 24 MIN 12 SEC E 255.85 FT TH N 87 DEG 21
MIN 16 SEC W 440.55 FT TH S 3 DEG 39 MIN 32 SEC W 28.71 FT TO POB ALSO
EXC THAT POR CY TO P CO PER ETN 4092778 EASE OF REC OUT OF 1-700, 1-
009, & 1-002 SEG 2015-0065 DX8/14/14DX

Parcel Number: 0520261041

Address: 7111 Barkubein Road East

Acreage/Square Footage: 17.62 acres/767,527 square feet

Assessed Valuation \$376,200.00

Described As: Section 26 Township 20 Range 05 Quarter 14 : PARCEL A OF BLA
2014-07-28-5001 DESC AS COM AT NW COR OF MICHAEL CONNELL DLC TH S
86 DEG 12 MIN 7 SEC E 233.79 FT TO POB TH S 3 DEG 39 MIN 32 SEC W 60.38 FT
TH S 85 DEG 33 MIN 44 SEC E 1,165.82 FT TH N 49 DEG 24 MIN 26 SEC E 105.65
FT TO N LI OF SD DLC TH CONT N 49 DEG 47 MIN 26 SEC E 19.66 FT TH N 89
DEG 41 MIN 37 SEC E 173.85 FT TH N 3 DEG 39 MIN 11 SEC E 524.31 FT TH N 85
DEG 33 MIN 44 SEC W 1,429.56 FT TH S 3 DEG 39 MIN 32 SEC W 566.38 FT TO
POB EXC FOLL COM AT SW COR OF SD DLC TH N 3 DEG 47 MIN 53 SEC E 270
FT TH S 86 DEG 12 MIN 7 SEC E 233.13 FT TO POB TH S 3 DEG 39 MIN 32 SEC W
221 FT TH N 88 DEG 38 MIN 30 SEC E 72.48 FT TH S 85 DEG 40 MIN E 351.60 FT
TH N 7 DEG 24 MIN 12 SEC E 255.85 FT TH N 87 DEG 21 MIN 16 SEC W 440.55 FT
TH S 3 DEG 39 MIN 32 SEC W 28.71 FT TO POB ALSO EXC THAT POR CY TO P
CO PER ETN 4092778 EASE OF REC OUT OF 1-700, 1-009, & 1-002 SEG 2015-0065
DX8/14/14DX

Smith

Parcel Number: 0519022023

Address: 22123 SR 410 East

Acreage/Square Footage: 3.48 acres/151,589 square feet

Assessed Valuation \$442,000

Described As: Section 02 Township 19 Range 05 Quarter 21 THAT POR OF ELY 264 FT OF GOVT LOT 3 LY NLY OF STATE HWY LESS N 510 FT THEREOF EXC THAT POR CYD TO STATE OF WASH PER ETN 4226332 EASE OF RECORD PER ETN 573735 (DCGRES10-7-82) DC6/1/10DX

Compass Pointe

Parcel Number: 0519021032

Address: 22405 SR 410 East

Acreage/Square Footage: 20.83 acres/907,355 square feet

Assessed Valuation \$1,830,500.00

Described As: Section 02 Township 19 Range 05 Quarter 12 BEG 15 FT S & 120 FT E OF NW COR OF LOT 2 TH N 89 DEG 24 MIN E ALG S LI OF CO RD 140 FT TH S 407 FT TH E 791 FT TH S 832.63 FT TO NLY LI OF STATE HWY TH N 85 DEG 24 MIN W ALG NLY LI SD HWY 1046.2 FT TH N 00 DEG 20 MIN W 629.75 FT TH N 89 DEG 24 MIN E 120 FT TH N 515 FT TO BEG EXC RD ALSO EXC THAT POR CYD TO STATE OF WASH PER ETN 4226242 SEG F 9007 (DC3306CA9-11-86) DC6/1/10DX T/E 1977 BENDX PARAMOUNT S#MB0520AB 24X60 (P43320-50000) CT 6/00



Public Services Department Briefing Memorandum

Memo Date: July 13, 2024

Staff Contact: Jason Sullivan – Interim Public Services Director

Title: Reed Property Transfer

PURPOSE:

The purpose of this item is to propose that the City's General Fund acquire the property commonly referred to as the Reed Property from the Water Utility so that it can be used as a future park consistent with September 12, 2023 Memorandum of Understanding.

ATTACHMENTS:

None

DISCUSSION:

The properties located at 7109 and 7111 Barkubein Road East (Tax Parcels 0520261042 and 0520261041), commonly referred to as the Reed Property, were acquired in April 2010 using System Development Charges (SDCs) funds from the water utility. The intention of the property purchase was for potential water rights acquisition. However, exploratory investigations revealed insufficient groundwater quantities to justify pursuing a water right on the property. As a result, the City declared the property surplus in April 2019.

The primary objective of declaring the property surplus and putting it up for sale was to reimburse the water fund for the previously expended SDC funds. These SDC funds were originally allocated for water infrastructure projects. This transfer from the water utility fund to the general fund mirrors a sale to a private entity, involving the transfer of ownership and requiring fair market value assessment. By returning the SDC funds to the water utility, they can be reallocated to complete other essential water infrastructure projects. Importantly, this transfer will not impact current water rates; however, if the City Council opts to proceed with the transfer to the general fund, these funds could potentially influence future rate studies scheduled for completion in 2027.

On September 12, 2023, the City Council authorized the Mayor to enter into a memorandum of understanding (MOU) with the Mount Rainier Athletic Club (MRAC) to explore a potential public-private partnership for the Reed Property. The goal of this MOU is to establish a

framework for a long-term ground lease with MRAC, focusing on developing multi-sport fields and other athletic facilities on the property.

Section 4, Item 2.1.a of the MOU outlines the City's commitment to facilitate the transfer of the property from the water utility ownership to general fund ownership, including appropriating the necessary funds for the transfer. This section also mandates determining the fair market value of the property, a task accomplished through an appraisal conducted in August 2023, based on potential sale proceeds.

Additionally, Item 2.1.f of the MOU stipulates that any long-term ground lease must provide adequate public benefit equivalent to or exceeding the fair market value of the property's rental. Therefore, transferring ownership to the general fund is crucial for potential rental discounts based on public benefit considerations. This approach ensures that park and sports facilities developed on the Reed Property contribute to the City's park system, benefiting the community at large and therefore can be deducted from the rental rate. A similar approach cannot be used if the Property remains within the water utility.

**MEMORANDUM OF UNDERSTANDING BETWEEN
CITY OF BONNEY LAKE AND
MOUNT RAINIER ATHLETIC CLUB, INC.**

Effective date: September 12, 2023

THIS MEMORANDUM OF UNDERSTANDING (“MOU”) sets forth the terms and understanding between the Mt. Rainier Athletic Club, Inc. (“MRAC”), a Washington profit corporation, and the City of Bonney Lake (“City”), a Washington municipal corporation, regarding a potential public-private partnership for the use of the City’s property located at 7109-7111 Barkubein Road E., Buckley, WA 98321 (“Reed Property” or “Property”), as set forth in more detail below.

In consideration of the mutual promises contained herein and other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the Parties agree as follows:

1. Intent and General Scope of Activities.

This Memorandum of Understanding (“MOU”) sets forth the principles governing the relationship between the City and MRAC with respect to their joint exploration, planning, implementation, and execution of a long-term ground lease from the City to MRAC for the Reed Property for the purpose of development by MRAC as a recreation facility for use by MRAC and the public (“Sports Field Project”).

2. Property Description.

The Reed Property consists of two parcels of contiguous property containing an area of 20.10 acres or 875,556 square feet. There are five abandoned structures on the Property, including a single-family residence, multiple lean-to barns, and a storage structure. The Property is residentially zoned (R5), is located in unincorporated Pierce County, and is currently unoccupied. The Reed Property is currently owned by the City of Bonney Lake Water Utility.

3. General Project Description.

MRAC proposes to demolish all structures deemed unsalvageable by an architect on the Reed Property and improve the Property to make it level and suitable for development. MRAC then plans to improve the Property with multiple turfed sports fields, a field house, parking, playground, and other amenities for the use of MRAC and the public. All such development work would be at MRAC’s sole cost and expense.

4. Responsibilities of Parties.

2.1 *City’s Responsibilities.* During the term of this MOU, the City will undertake the following tasks and procedures:

- A. Bringing forward for City Council consideration a transfer of the Reed Property from Water Utility ownership into General Fund ownership. This would include:
 - i. Determining source of funding for the purchase;
 - ii. Determining fair market value for the purchase; and
 - iii. Taking the steps to make the transfer, including appropriating funding and executing any required transfer documents.
- B. Bringing forward for City Council consideration adding the Reed Property to the City's Parks, Trails, Recreation, and Open Space Plan.
- C. Bringing forward for City Council consideration annexing the Reed Property into the City of Bonney Lake.
- D. Obtaining an appraisal of the fair market value of the property as a long-term ground lease (i.e., fair market rental value).
- E. Reviewing a proposed site plan from MRAC and providing input on the same to MRAC.
- F. Negotiating with MRAC on the creation of a long-term ground lease which contains adequate public benefit that is equal to or greater than the fair market value rent for the Property.

2.2 *MRAC's Responsibilities.* During the term of this MOU, MRAC will undertake the following tasks and procedures:

- A. Having a qualified professional prepare a detailed site plan for MRAC's proposed development of the Reed Property. The site plan should include all improvement components and be adequately detailed to permit the City to see all components of the project, including construction details, and be suitable for permit applications. The City shall have final authority to approve the design, construction plans, and documents.
- B. Having a qualified professional prepare an Archaeological Cultural Resources Report of the Reed Property.
- C. Once the City has approved the site plan, having a qualified professional prepare a detailed construction cost estimate for completing the Sports Field Project on the Reed Property.
- D. Providing the City with detailed financial information to establish that MRAC has the financial ability to complete the construction project and operate the facilities.
- E. Negotiating with the City on the creation of a long-term ground lease which contains adequate public benefit that is equal to or greater than the fair market value rent for the property.

5. Funding.

MRAC will raise all necessary funds to timely complete the development of the Reed Property consistent with the City-approved site plan.

This does not prevent any government or government agency from contributing to the project.

6. Communications.

6.1 *Meeting Schedule.* The Parties agree to meet as needed during the term of this MOU in order to communicate and cooperate on this potential public-private partnership, including meeting to establish and maintain the Sports Field Project schedule and to provide updates for completion of due diligence, funding, design and or construction. The meetings will also include updates on the status of negotiations for the long-term ground lease from the City to MRAC. The Parties agree that they will meet at least monthly (in person or remotely) to discuss progress on their respective responsibilities. The Parties agree that they will each have their key staff and consultants present for those meetings.

6.2 *Representative for City.* City Administrator John Vodopich is designated by the City to be responsible for day-to-day communications with MRAC regarding its progress on the City's responsibilities listed in 2.1 above.

6.3 *Representative for MRAC.* Doug Clevenger is designated by MRAC to be responsible for day-to-day communications with the City regarding its progress on the MRAC's responsibilities listed in 2.2 above.

6.4 *Communication Strategy.* Both Parties will work together to develop a marketing and communication plan that communicates the mission and breadth of the relationship between the City and MRAC and the development of the Sports Field Project.

7. Lease Agreement Scope.

The Parties will negotiate in good faith for a long-term lease agreement for the Reed Property ("Lease"). Such Lease will include, but is not limited to, the following topics:

7.1 Lease term.

7.2 Scope of Work for Improvements to the Reed Property, including specific components and site plan (or the process for the City to approve a site plan).

7.3 Funding and Timing for Improvements (i.e., milestones of when MRAC needs to apply for permits, break ground, and complete the work and obtain a certificate of occupancy, etc.).

7.4 Construction management.

7.5 Requirements for a performance bond for completion.

7.6 City's role as property owner to approve site plan and details of improvements.

- 7.7 City's role as permitting authority for issuing permits (assuming property is annexed) and MRAC's role as the permit applicant, including submission, payment of fees, etc.
- 7.8 Performance standards that MRAC must meet during build out, operations, and maintenance.
- 7.9 Rent, including payment of leasehold tax.
- 7.10 Potential public benefits in Lease to justify significantly reduced rent:
- A. Public playground of specific size and components.
 - B. Other amenities.
 - C. Parking for playground and for fields.
 - D. Public programming of fields a certain number of hours per week or on a specific schedule.
 - E. Public use of field house a certain number of hours per week or on a specific schedule.
 - F. Development and maintenance of trail heads.
 - G. Requirement for sliding scale for players with lower family income.
 - H. Reduced fees for residents of the City.
 - I. Other potential public benefits?
 - J. Minimum required open hours of operation for use by all parties.
- 7.11 The level and range of services that MRAC is to provide in order to be in compliance with the Lease. These will include items such as managing reservations for and the use of the fields and other facilities, hours and days of operation, general public use allowances versus MRAC use, types of services provided, etc.
- 7.12 Default and termination provisions.
- 7.13 Assignment and successors.
- 7.14 Return of improvements to City at default, termination, or expiration including condition of improvements and bill of sale requirements.
- 7.15 Insurance and indemnification requirements for duration of Lease.
- 7.16 Standards of maintenance requirements for duration of Lease.
- 7.17 Requirements for concussion protocols, background checks of staff/volunteers, etc. for MRAC operations during Lease Term.

8. Duration.

This MOU shall become effective upon signature by the authorized officials from the City and MRAC and will remain in effect until modified by mutual written consent of the Parties or terminated. This MOU may be terminated at any time by either Party with thirty (30) days' advance written notice. The MOU may be modified by mutual written consent of authorized officials from the City and MRAC. In the absence of mutual written agreement by the authorized officials from each Party, this MOU shall terminate on August 31, 2024.

9. Representations and Warranties.

- 9.1 *By City.* The City represents and warrants that: (1) the City has the full right, power, and authority to enter into and fully perform this MOU; and (2) the City will comply with all applicable law in performing its responsibilities and activities under the MOU.

9.2 *By MRAC.* MRAC represents and warrants that: (1) MRAC has the full right, power, and authority to enter into and fully perform this MOU; and (2) MRAC will comply with all applicable law in performing its responsibilities and activities under the MOU.

10. Independent Parties; No Agency.

Nothing in this MOU shall in any way be construed to constitute the role of either Party (or their respective agents, officials, employees, contractors, workers, volunteers, or affiliates) as an agent, employee, or representative of the other Party. Neither Party (nor their respective agents, officers, directors, employees, contractors, workers, volunteers, assigns and affiliates) will have any authority to enter into contracts that bind the other Party or create obligations on the part of the other Party.

11. Non-binding Document.

Nothing in this MOU requires either Party to sign a Lease Agreement for the Reed Property or to take any action to develop the Reed Property. The purpose of this MOU is to create a framework for both Parties to perform due diligence on a potential public-private partnership and to negotiate additional documents if the Parties jointly agree on the terms thereof.

12. Assignment.

Neither the City nor MRAC may assign this MOU or any obligations or rights under this MOU without the express prior written consent of the other Party.

13. Severability.

If any provision of this MOU or the application thereof is held invalid, such invalidity shall not affect any other provisions or applications of this MOU which can be given effect without the invalid provisions or application, and to this end, the provisions of this MOU are declared to be severable. Further, all terms and conditions of this MOU will be deemed enforceable to the fullest extent permissible under applicable law, and, when necessary, the court is requested to reform any and all terms or conditions to give them such effect.

14. Notices.

All notices, requests and other communications under this MOU will be deemed to have been given if made in writing and e-mail or mailed, postage prepaid, to the party at the e-mail or mailing address set forth below.

MT. RAINIER ATHLETIC CLUB, INC.
Scott Nall
777 Main St., Buckley, WA, 98321
Email: scott.nall@mtrainierfc.org

CITY OF BONNEY LAKE

Sadie Schaneman, City Clerk
9002 Main St. E., Ste 300, Bonney Lake, WA 98391
Email: schanemans@ci.bonney-lake.wa.us
Phone: 253-447-4325

15. No Third-Party Beneficiaries.

Except as otherwise provided herein, this Agreement shall not create any rights enforceable by any party who is not a Party to this Agreement.

16. Applicable Law, Resolution of Disputes, and Attorneys' Fees.

It is the Parties' intent to work cooperatively and to resolve disputes in an efficient and cost-effective manner. All disputes arising out of or relating to this Agreement shall be resolved as follows:

16.1 *Settlement Meeting.* If any dispute arises between the Parties relating to this Agreement, then the Parties shall meet and seek to resolve the dispute, in good faith, within ten (10) working days after a Party's request for such a meeting. The City shall send the City Administrator and/or Public Services Director and any persons with information relating to the dispute, and MRAC shall send its representative and any consultant or other person with technical information or expertise related to the dispute.

16.2 *Court.* If the Parties cannot resolve the matter in a settlement meeting, then jurisdiction of any resulting litigation shall be filed in Pierce County Superior Court, Pierce County, Washington. This Agreement shall be governed by and construed in accordance with the laws of the State of Washington. The non-prevailing Party in any action brought to enforce this Agreement shall pay the other Parties' expenses and reasonable attorney's fees.

17. Time is of the essence.

All time limits set forth herein are of the essence. The Parties agree to perform all obligations under this Agreement with due diligence.

18. Counterparts.

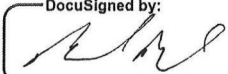
This MOU may be signed in counterparts and/or signed using DocuSign. An electronic signature will be considered an original signature. A fax or an email transmission of a signature page will be considered an original signature page. At the request of a Party, the other Party will confirm a

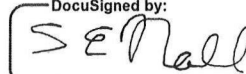
DocuSign, fax, or email transmitted signature page by delivering an original signature page to the requesting Party.

IN WITNESS WHEREOF, this MOU has been executed by the Parties hereto as of the dates set forth below to be effective as of the Effective Date.

CITY OF BONNEY LAKE

MT. RAINIER ATHLETIC CLUB, INC.

DocuSigned by:

3AAD1DE06A424D0...

DocuSigned by:

E9734D4E74D9402...

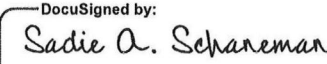
Michael McCullough, Mayor

Scott Nall, President

Date: 9/13/2023 | 9:23 AM PDT

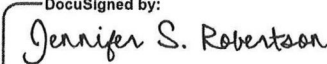
Date: 9/7/2023

ATTEST/AUTHENTICATE:

DocuSigned by:

075A06C652D704C6...

Sadie Schaneman, CMC, City Clerk

APPROVED AS TO FORM:

DocuSigned by:

3DA32B89E5DE439

Jennifer S. Robertson
City Attorney