



**Attachment A**

**2006-002**

September 7, 2005

TO: King County Councilmembers  
King County Department Directors

FM: Calvin Hoggard, Manager  
Real Estate Services Section

RE: Lots A and B of the Redmond Park and Ride

Attached is a parcel map depicting two parcels of property located at 8178 161<sup>st</sup> Ave. NE in Redmond WA, know as the Redmond Park and Ride lots A and B.

Parcel A: Tax ID 022505-9110, 122,965 square feet  
Parcel B: Tax ID 022505-9151, 10,918 square feet

These parcels have been declared surplus to the needs of the Department of Transportation, Metro Transit Division, on the condition that the terms of an RFP for development issued by the Department of Transportation's Transit Oriented Development program can be achieved. The requirements include development of housing and commercial space on the site and that the proceeds from the sale will be enough to fund the construction of a structured parking facility on the adjacent Parcel C, which will be retained by King County. The RFP was advertised on March 24, 2005.

Pursuant to the surplussing requirements of K.C.C. 4.56.070, the Facilities Management Division must determine whether any other County department has a need for the property. Priority is given to uses related to the provision of essential government services. Essential government services is defined as services for public health, public safety, or services related to transportation, water quality, surface water or other utilities.

Please circulate this notice and attached map to the appropriate Divisions within your department to determine if the property is needed for government services. Please return responses, on the reverse side of this memo, to the Real Estate Services Section, FMD by **September 30, 2005**.

Attachments: Area map, Parcel map

**Attachment A**

DATE:

TO: Calvin Hoggard  
Real Estate Services Section  
Facilities Management Division  
Mail Stop – ADM-CF-0500

RE: Surplus Property - Redmond Park and Ride, Lots A and B

THIS DEPARTMENT/DIVISION HAS THE FOLLOWING INTEREST, COMMENTS OR CONCERNS:

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DEPARTMENT/DIVISION

BY \_\_\_\_\_

TITLE \_\_\_\_\_

DATE \_\_\_\_\_

## **Redmond TOD Project Cost Benefit/Analysis**

King County Department of Transportation (i.e., Transit Oriented Development Section and Metro) is working in partnership with the City of Redmond to build a transit-oriented development (TOD) adjacent to the new Redmond Transit Center. The KCDOT TOD program seeks to use county land more intensively, improve the pedestrian environment, and make Transit operations more efficient. It does this by bringing potential riders closer to transit facilities rather than building homes away from population centers, which makes people more dependent on roads and automobiles. TOD makes transit investments work more efficiently by putting more riders on existing buses. The following cost/benefit analysis compares the costs of this proposal with an estimated benefit from increased ridership and tax revenue.

Through a RFP process, Trammel Crow Residential was selected to build a residential project on a portion of the existing Redmond park-and-ride. The remaining portion of the parcel would be used for replacement of the park-and-ride spaces in a parking structure.

### **Sale Property and Replacement of Garage:**

King County is currently negotiating final real estate terms with Trammel Crow Residential. The agreed purchase price for Parcels A & B is \$10.5 million. With the revenue generated from the sale of parcel's A & B, King County Metro will build, on Parcel C, a parking garage replacing the existing number of stalls. This memo seeks to show a net positive difference between discounted benefits and costs of the project<sup>1</sup>.

### **Additional Costs:**

Maintenance costs for the two facilities are different. A surface park-and-ride has landscaping costs and higher repainting costs while a structured lot has lighting, elevators and other equipment with higher costs. In order to estimate the difference, staff reviewed the cost difference at the Eastgate park-and-ride for 16 months pre-garage and post-garage. At Eastgate, the cost of maintenance pre-garage was approximately \$2,300 per month- \$3 per stall per month, and post-garage cost has been approximately \$11,700 per month- or \$7 per stall per month. Hence, the maintenance costs for a structured park-and-ride lot are approximately \$4 more per stall per month, or approximately \$18,500 per year. Over the lifetime of the garage (approximately 50 years) the present value of these costs will be approximately \$388,274.

To supply interim parking during construction, King County Metro will need to lease approximately 300 stalls in the area. This will cost approximately \$330,000. To serve the interim parking facilities, King County Metro also will need to add two temporary bus loading zones totaling approximately \$40,000. King County Metro and the City of Redmond have not determined what pedestrian easements are necessary at this time to help serve these new bus stops.

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<sup>1</sup> The discount rate used in this analysis was the county's current cost of money, or 5.5% (approximately 2% real). This is the rate described in the County's discount rate policy. Using a higher discount rate would reduce the benefits of the project.

## Attachment B

In order to sell the County owned parcels, King County Real Estate Services needed to follow county surplussing procedures. The estimated costs are \$100,000.

### Ridership Benefits:

The key measures of Transit Oriented Development projects used in the United States are mixed use, transit ridership, and density.<sup>2</sup> There are many other TOD benefits, such as congestion relief, and emissions reduction, that depend on people making the switch from driving alone to a shift in any non-SOV mode (transit, bike, walk, and/or carpool). The exact number of people that will make this switch depends on many factors such as distance to the transit facility, regularity of service, and proximity to destination. Estimating individuals future transit demand characteristics, can be very difficult. In order to fully understand the benefits, King County needs to survey the residents before and after they move into the site. All ridership numbers in this study are only estimates.

In order to estimate the effect of transit ridership due to TOD, other programs were contacted to determine how ridership changes were measured. A study of Santa Clara County's light-rail corridor found that TOD residents utilized transit as their commute mode five times more than residents countywide.<sup>3</sup> In a statewide study of TOD, the California Department of Transportation documented that TOD improved the efficiency and the effectiveness of the transit service investments by increasing the use of transit near stations by 20 % to 40%.<sup>4</sup> At the Center Commons, a mixed income TOD in Portland located immediately next door to a transit facility, the transit mode share of work trips increased from 31% before moving into the project to 46% and by from 20% to 32% for non-work trips.<sup>5</sup> This 15% point increase in new transit usage for commute trips demonstrates the change in transit demand due to a TOD project and associated improved transit service.

From the 2000 Journey to Work Census data, approximately 4% of the City of Redmond weekday commuters used transit. In the immediate vicinity (approximately ½ mile radius) of the Redmond Park-and-Ride, approximately 8% of the weekday commuters used transit.<sup>6</sup> In agreement with the Portland study mentioned above, this data suggests an increase in ridership when residents live near transit hubs. Since 2000, there has been an increase in development (housing and retail) and in transit service (Metro and Sound Transit) in the Redmond city center. With the change in the downtown and an increase in traffic congestion since 2000, King County

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<sup>2</sup>National Cooperative Highway Research Program, Transit Oriented Development: Developing a Strategy to Measure Success, February 2005, page 16.

<sup>3</sup> Gerston & Associates, *Transit-Based Housing* (San Jose, Santa Clara County Transportation Agency and the Santa Clara Valley Manufacturing Group, 1995).

<sup>4</sup> California Department of Transportation. 2002. State-wide Transit-Oriented Development Study: Factors for Success in California. Sacramento: Business, Transportation, and Housing Agency (Consultants: Parsons Brinckerhoff). (<http://www.dot.ca.gov/hq/MassTrans/tod.htm>)

<sup>5</sup> C. Switzer, The Center Commons Transit Oriented Development: A Case Study, (Portland, Oregon: Master of Urban and Regional Planning Program (MURP), Portland State University, Fall 2002). (<http://www.otak.com/projects/house/h-proj1.htm>)

<sup>6</sup> 2000 Journey to Work United States Census data.

## Attachment B

DOT presumes that the current modesplit is even above 8% in the heart of Redmond. Additionally, Metro Transit Division is building a new transit center next to the TOD facility, potentially increasing the use of transit in the area.

Since the Redmond Censes data is out of date and there are very few published local studies available, this study uses the estimate from Center Commons TOD Portland. For the Redmond TOD project, TCR plans on building 400 mixed-income housing units with an average occupancy of 1.5 people per unit. The Portland study noted a 15% point change. Since this is a light rail TOD site and it is not in Washington, staff recommended a range for the change in ridership from 10-15%- approximately 60-90 people would be new transit riders. Since this park and ride is located in Redmond, transit riders would need to purchase a two-zone pass to commute to Seattle. To estimate the cost per pass, staff averaged the one-zone and the two-zone annual pass price (\$990 per pass) and estimated that some residents would receive passes at reduced prices. The cost per pass estimate recommended for this study is \$800 per pass. With this estimate, staff estimated that approximately \$48,000- \$72,000 of new revenue would be collected each year. Over the lifetime of the project (50 years) based on a 5.5% discount rate, the net present value of the ridership gains is approximately \$1,118,000- \$1,676,000. With this estimated increased demand, Metro Transit staff did not estimate an increase in service needs.

In addition to this benefit, the Transit Division will receive sales tax revenues from project construction. The total value of the project is estimated at \$80 million; thus the sales tax revenues to Transit from this project are 0.8% of this amount- \$640,000.

### **Tax Benefits to other public entities:**

New construction generates revenues for the jurisdictions with property tax authority. With an estimated property value of \$80 million, the County CX will receive approximately \$100,000 in the first year of the project from new construction property taxes; the City of Redmond will receive nearly \$300,000 from the project. Several studies show that there is a positive relationship between transit stations and increased land value over time.<sup>7</sup> These higher property values will translate into additional revenues for jurisdictions with property tax authority<sup>8</sup>.

### **Other Benefits:**

There are a number of additional transportation benefits that are tangible but difficult to quantify, including the following:

- Reduces air pollution and energy consumption rates
- Conserve resource lands and open space
- Reduce rates of vehicle miles traveled
- Provide mobility choices
- Increase public safety
- Enhance urban development

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<sup>7</sup> Cervero, Robert et al. 2004 . *TCRP Report 102: Transit Oriented Development in the United States: Experiences, Challenges, and Prospects*. Washington: TRB. ([http://gulliver.trb.org/publications/tcrp/tcrp\\_rpt\\_102.pdf](http://gulliver.trb.org/publications/tcrp/tcrp_rpt_102.pdf))

<sup>8</sup> This occurs indirectly as higher property tax values affect revenues from new construction rather than for a particular parcel.

## Attachment B

### Conclusion:

The following table estimates the cost and benefits of the Redmond TOD project.

<b>Redmond Park and Ride Summary of Costs and Benefits</b>	
<b>Costs</b>	
Approx. Garage Construction	(\$10,000,000)
Interim Parking	(\$330,000)
Temporary Bus Loading Zones	(\$40,000)
Structure Garage Maintenance	(\$388,274)
Surplus of Land (KC)	(\$100,000)
Approx. Total Costs	(\$10,858,274)
<b>Benefits</b>	
Sale of Redmond Property	\$10,500,000
Approx. Ridership Gains	\$1,118,000
Approx. Transit Sales Tax	\$640,000
Approx. Total Benefits	\$12,258,000
Approx. Net Benefit	\$1,399,726
Operational savings escalated at 3% per year	
Pass revenue escalated at 2% per year	

As seen in the table above, the Redmond TOD project provides net benefits to the Transit and CX funds. The cost of the new park-and-ride garage is offset by the land sale proceeds. The estimated monetary benefits associated with the increased ridership and the new tax revenue are approximately \$1.226 million.

**Redmond PSA Summary Statement**

The Purchase and Sale Agreement (PSA) was negotiated with Trammell Crow Residential (TCR), pursuant to their top ranked application responding to a March, 2005, Request for Proposals.

TCR's housing development will require purchase of approximately 2/3 of the existing Redmond Park and Ride lot, leaving the County to construct a parking garage on the remainder of the lot to maintain the 400-stall capacity for commuters.

Major elements of the negotiated Purchase and Sale Agreement include:

- Lot to be sold:** Downtown Redmond P&R, 8178 161<sup>st</sup> Ave. NE.
- Existing lot size:** 4.5 acres.
- Portion to be sold:** 3 acres.
- Price:** \$10,500,000 or \$79/sq ft.
- Terms:** \$200k deposit, balance at closing.
- TCR project:** Approx. 400 housing units and 11,000 square feet of commercial.
- Affordability:** 10% of the rental units affordable to tenants earning 80% of median income (city code requirement), plus either an additional 10% affordable rental units, or 15 affordable for-sale units.
- KC project:** 2-story 400-stall replacement parking garage on 1.5 acres retained.
- Expected opening of both projects:** Mid-2007