

Sale Property Summary

Photo of Property



Address	906 Pine Street, Seattle, WA
Sale Price	One Hundred Sixty One Million Ten Thousand Nine Hundred and Forty and No/100 Dollars (\$161,010,940)
Sale Area	Approximately 178,000 Square feet
Assessor's Parcel	0660001025 and 0660001700
Zoning	DMC 340/290-400
Council District	4
Funding Source	Transit Infrastructure Capital Fund
Declared Surplus	March 1, 2016

Property Information

The Convention Place Station (CPS or Property) is located at 906 Pine Street in downtown Seattle. It is currently used as the northern terminus, staging, bus stop and layover facility for King County Metro Transit (Metro) buses as they ingress and egress from the Downtown Seattle Transit Tunnel (DSTT). This use was expected to terminate in mid-2020¹ when increased construction of facilities for light rail usage renders continued joint operations infeasible. The Property consists of approximately 4 contiguous acres. It was purchased/condemned from private parties (tax parcel 0660001025) and through a quit claim deed from the Central Puget Sound Transit Authority (Sound Transit or ST) in 2004 (tax parcel 0660001700) by Metro, both when Metro was a separate entity and after the merger with King County.

The Washington State Convention Center (WSCC) is a King County Public Facilities District. WSCC approached King County about purchasing the Property to construct a new convention center addition (WSCC Addition or Project) containing approximately 1,500,000 gross square feet, which includes space for exhibits, events, meeting rooms, and pre-functions. Based on the proposed purchase and sale agreement (PSA) and the current WSCC Addition construction schedule, Metro buses will continue to have access to the DSTT during the Project construction, until at least September 2018. Once construction begins in mid- to late-2017, passenger facilities and layover activities would be removed from the site and temporarily relocated nearby. Long-term, passenger facilities would be relocated adjacent to the site and new layover facilities would be developed in another location to serve a broad range of north Seattle service needs.

Context

Rationale for transaction: Guided by the DSTT Agreement, King County presently anticipates that it would cease bus operations in the DSTT by approximately June of 2020 due to increased light rail usage (based on anticipated future light rail service increases, light rail construction activity, and initiation of testing for ST's Northgate Station). There are several advantages to selling the property now:

1. By selling now instead of three years from now, the region not only gains the annual benefits described below (annual spending from outside the region, jobs, and taxes) sooner but it gains three years of those annual benefits that would otherwise be lost forever.
2. Selling the Property at that time would require expensive and potentially time-consuming marketing and procurement activities in a future and unknown real estate market. As King County and the WSCC are both government entities, they are able to engage in direct negotiations.
3. Selling today allows King County to take advantage of the robust property market which may or may not exist several years from now.
4. Selling to the WSCC advances King County's economic development interests, in addition to realizing financial benefits to Metro.

¹ There have been recent discussions with Sound Transit that may result in buses leaving the DSTT in 2019/2020 to accommodate a retrofit to the International District Station to support future Eastlink rail service. These discussions and dates are still preliminary and no agreement has been reached to date. Accordingly, for the purposes of this Property Summary, the baseline assumption is mid-2020 as the approximate termination date of bus service in the DSTT.

The WSCC has agreed to purchase the Property for fair market value (FMV). Metro buses will continue to access the DSTT until at least September 2018. WSCC will also provide temporary layover space for Metro buses on the Convention Place roadway at no capital cost to King County to temporarily replace the existing bus layover at CPS lost to the WSCC Addition construction.

This transaction is structured as a long term (32 years) contract sale. Accordingly, Metro will benefit from market rate interest revenues in addition to scheduled payments on the principal debt. The WSCC Addition will generate Sales and Use taxes and jobs during its development and construction benefitting King County, City of Seattle and Washington State governments and businesses. These benefits will accrue years sooner as opposed to waiting until approximately 2020 to sell the Property for development. More specifically, this Project, funded by lodging tax revenues, is anticipated to generate \$200 million in additional new annual spending by out-of-state visitors and \$35 million by Washington residents. The Project is anticipated to generate about 3,900 direct and indirect/induced permanent jobs plus approximately 6,000 direct construction-related jobs. This transaction also creates a unique opportunity for King County to successfully complete street and alley vacations on the Property that resulted in a significant amount of additional square footage and resulting value to King County to be included in the sale. The above benefits are in addition to the one time benefits from construction which are explained below.

Policy considerations: The policy decision regarding the anticipated removal of buses from the DSTT has already been contemplated by the DSTT Agreement approved by the King County Council pursuant to Ordinance 14396, passed June 24, 2002. The purchase of the Property by WSCC, as proposed in the PSA, will provide King County a significant income stream from a reliable and steady tax source until approximately 2048, which can be used to support and fund other Metro transit programs, services and projects as outlined in Metro's long-range plan, METRO CONNECTS.

Political considerations: The King County Executive and King County Department of Transportation are supportive of the transaction and proposed WSCC Addition. The City of Seattle, Sound Transit and the Washington State Department of Transportation (WSDOT) have also been supportive of the transaction and Project through participation in frequent meetings and coordinated efforts with both King County and WSCC. In a letter dated February 12, 2016, the Federal Transit Administration (FTA), which has a financial grant interest in some of the passenger facility improvements located at CPS, has authorized Metro to use remaining site-related grant equity toward other federally eligible capital transit projects.

In addition, to address affordable housing considerations, the transaction requires the WSCC to provide \$5 million of affordable housing as a part of its Project or to contribute that amount into a King County designated housing fund; this payment is in addition to the payment to King County of the fair market value purchase price. The WSCC also is required to utilize a project labor agreement provided the building trades unions agree to such terms.

Community considerations or partnerships: If this transaction is approved, potential loss of bus service at CPS would occur earlier than previously projected. Leaving the tunnel sooner than previously anticipated will increase ST's capacity to run trains through the tunnel. As part of a broader downtown Seattle mobility study, King County is collaborating closely with the City of Seattle and Sound Transit through a One Center City (OCC) study in 2016 and 2017 to address the potential impacts of buses leaving the DSTT in late-2018. That study is expected to result in recommendations and potential actions that could address the loss of bus service at CPS.

Negotiations with WSCC, 4Culture, and King County have resulted in an agreement regarding deaccessioning of the art currently at the site. Specifically, in exchange for 4Culture's concurrence to deaccession all existing CPS artworks within the property area and 4Culture's funding of the documentation of said artworks, the WSCC agrees to fund and bear the responsibility of the following:

- Establishment of an art budget of at least \$4.5 million.
- Mitigation for the lost CPS artwork in the form of an augmentation of the art budget above in the amount of \$100,000.
- A fully public process for the administration of the public art budget, which means hiring an artist to assist in art master planning, employing the services of a qualified public art professional or organization to manage the process of acquiring and installing the art, and adequately staffing an Art Advisory Committee who will make recommendations around the administration of the public art budget.
- Development of an interpretive framework at the convention center that makes the documentation of lost artwork open and accessible to the public.

Some area businesses and residents have expressed concerns over certain aspects of the proposed WSCC Addition design and construction impacts. The Seattle Theater Group (STG), on behalf of the Paramount Theater, initially expressed concern regarding the planned use of 9th Avenue during the early stages of project construction for interim bus access to the DSTT. The Paramount is located immediately south of the CPS and vehicles associated with their operations will periodically temporarily block 9th Avenue to access the Paramount's loading dock for major shows. Through a series of collaborative planning sessions, the four parties (STG, King County, WSCC, and Seattle Department of Transportation) resolved these concerns by signing an agreement outlining a plan for shared freight/bus operation on 9th Avenue.

Fiscal considerations: Metro operating and capital funds will be directly impacted by this transaction; in addition, the King County General Fund, Mental Illness and Drug Dependency (MIDD) fund, and various other King County funds associated with housing, tourism-related, and cultural development expenses will be indirectly impacted. Estimated anticipated impacts are described in detail below.

Revenue Impacts

On the revenue side, Metro will receive structured payments totaling approximately \$275 million over the life of the contract (2017-2048). The structured sale provides \$20 million in upfront payment in 2017, interest-only payments of 1% from closing (assumed as mid-2017) until 2023, and growing annual payments starting in 2024 (4.25% interest and 3% escalation), with payments starting at about \$6.8 million per year in 2024 and increasing to approximately \$13.8 million in 2048. The debt cannot be prepaid before June 30, 2035 without the County's agreement. As of that date, and any June 30 thereafter, WSCC may pay off the entire debt if it also pays an additional 5% of the outstanding principal at the time of payoff. Of the initial \$20 million payment, a small portion will accrue to the King County Facilities Management Division to reimburse costs associated with executing this transaction, and \$6 million will be set aside in a designated revenue reserve to comply with FTA requirements to use remaining grant related site equity toward FTA-eligible capital projects.

It is anticipated that Metro will also benefit indirectly from the sale of the Property through an increase in sales tax on construction resulting from the WSCC Addition. The

total estimated increase in sales tax for Metro is nearly \$8.5 million from 2017-2022, based on current sales tax distributions. It is anticipated that the King County General Fund and MIDD fund will also receive sales tax on new construction resulting from the WSCC Addition of approximately \$1.4 million and \$1 million respectively.

In addition, to the extent that the transaction results in additional hotel and motel taxes, such taxes will accrue to King County funds supporting housing, tourism-related and cultural development expenditures after 2021. However, the increase in hotel and motel taxes associated with this transaction cannot be meaningfully estimated at this time.

Expenditure Impacts

The transaction will also impact Metro's operating and capital expenditures. On the capital side, the transaction necessitates the replacement of the electric trolleybus traction power substation as well as equipment used by Metro and Sound Transit in the DSTT². Replacement of the traction power substation is estimated at \$9.7 million. Relocation of the Metro and Sound Transit equipment in the DSTT is estimated at \$6.8 million; however, the allocation of this cost between Metro and Sound Transit is still under discussion and will be resolved prior to closing.

Metro has also incurred and will continue to incur costs through the 2017/2018 biennium related to developing and planning for this transaction. Total Metro planning costs associated with this transaction are estimated at \$6.2 million.

Metro will also contribute to construction of a ramp to maintain bus access to the DSTT during construction. This total cost is currently estimated at approximately \$5 million, with Metro providing up to \$4 million or approximately 80% of the funding. However, this payment will not be required until 2020.

Metro operations will be impacted during construction of the WSCC Addition. Metro anticipates that the interim relocation of Metro layover as well as the early exit of buses from the DSTT will increase travel times in downtown Seattle. However, closing of the DSTT will also facilitate an increase in light rail service in the tunnel. Regardless of this Project, it is estimated that buses would be exiting the DSTT by mid-2020, as discussed earlier. In an attempt to address these impacts, Metro is working with other partners including the City of Seattle and Sound Transit on the OCC study to identify potential actions that can be taken to reduce direct service impacts,

Lastly, continued overhead and other Metro operating costs associated with the DSTT (e.g., Metro Transit police and service quality staff), which are currently shared between Metro and Sound Transit, could represent additional costs to Metro of approximately \$6.4 million through 2020. Conversely, because Metro will be exiting the DSTT earlier than previously planned, per the 2002 DSTT Agreement, King County expects that the tunnel debt service and operating and maintenance costs from September 2018 through 2019, estimated at \$3.9 million, will accrue to Sound Transit and perhaps could be removed from Metro's budget.

² These costs will be incurred by Metro whether the property is sold now or in 2020 as previously contemplated.

Appropriation Impacts

In association with this transaction, Metro will request approximately \$16.4 million in supplemental appropriation to support additional capital project work in 2017 and 2018 and to fund relocation of the traction power substation and shared Metro/Sound Transit equipment in the DSTT. Metro has used existing appropriation authority associated with the Transit Oriented Development Convention Place capital project as well as a transfer from the emergent needs contingency project to fund planning and negotiation costs to date. In addition, Metro obtained additional capital project appropriation of \$6.6 million in the 2017-2018 biennial budget.

A net present value analysis was not performed for this transaction because of the significant uncertainties associated with the alternatives.

Other considerations: King County provision of seller-financing under this transaction is not a customary practice for the County; however it provides mutual benefit to both buyer and seller. Fiscal benefits to King County are noted above.

The PSA contemplates several sub-agreements that will require further negotiation between King County and the WSCC prior to the Closing and ownership transfer to the WSCC. These agreements relate to Metro's access to and use of the Property after Closing, relocation of Metro and ST equipment currently on the Property, temporary bus layover space, bus rerouting delays, and tunnel closure to buses. Section 18.2 and 18.4 of the PSA describe these issues in more detail. These agreements will be negotiated and executed by the Executive prior to Closing.

CIP/operational impacts: It is anticipated that the sale of the CPS property and subsequent WSCC Addition will impact Metro operations and transit customer experience both during construction and upon completion of the project.

Certain transit operations equipment and customer facilities will require relocation or replacement prior to the transfer of property ownership. The equipment includes the following categories of systems³: (1) Traction Power Substation (TPSS); (2) Emergency Generator (EGEN); (3) Communications, Security and Fire Infrastructure.

Convention Place Station currently serves three primary transit functions:

- (1) A passenger facility for approximately 7,000 daily transit riders;
- (2) A bus layover facility for the routes from I-90 and South King County operating in the DSTT;
- (3) A pathway for Metro buses to travel between the north portal of the DSTT, surface streets, and the I-5 Express Lanes.

During early phases of construction, the above functions will be relocated on or off the CPS site as follows:

³ Though not part of the daily transit customer experience, these systems and equipment are located on the CPS Property and are used by both Metro and ST and will be relocated/replaced prior to construction of the WSCC Addition.

- (1) Replacement passenger facilities are planned on 9th Avenue, along an interim DSTT access pathway;
- (2) Interim bus layover is planned to be located on Convention Place, a public street located underneath the existing Convention Center (WSSC will provide this layover at no cost to King County);
- (3) An interim pathway for transit to access the DSTT to and from surface streets and I-5 Express Lanes is planned via new on-grade ramps within the CPS site and use of 9th Avenue.

These relocations could impact speed and reliability in the area of the site.

During later phases of construction, buses would no longer operate in the DSTT and travel times in downtown Seattle could be impacted. Since its construction in 1990, riders of buses moving through the DSTT have benefited from its faster, more reliable operation compared to surface street operation on comparable routes. Since the DSTT is a transit-only pathway with direct connections to I-5 and I-90, it is insulated from the traffic congestion on surface streets and freeway ramps.

To put the potential impacts of this Project in perspective, it is important to note that several changes have been made in the number of Metro bus routes operating in the DSTT since the preparation for and the addition of Link light rail into the DSTT beginning in 2009. Metro, Sound Transit, and the City of Seattle coordinated the implementation of capital and traffic management projects to enable customer access and improved bus service operation during the two year DSTT closure in 2005 and 2006, during which Sound Transit installed rail infrastructure and modernized tunnel operating systems in the DSTT in preparation for light rail services. Prior to the 2005 DSTT closure, Metro had 21 routes and over 50,000 daily customers boarding or exiting buses in the DSTT. This precedent provides significant experience to Metro and its partners in managing alternate surface street pathways to accommodate additional bus services, particularly during weekday peak commute conditions. During this prior two year period, downtown Seattle surface travel speeds for Metro services improved somewhat or did not worsen significantly (depending on the specific path) despite it being a period of economic growth in downtown Seattle.

In 2009, when the initial light rail service commenced operation, several routes were moved from the DSTT to surface street operations as Metro and ST commenced a unique joint bus-rail operation in the DSTT. Subsequent adjustments to bus assignments to the DSTT were made to align common services and markets as well as to accommodate more trains operating at more frequent service levels. In March 2016, major changes were made in northeast Seattle and Capitol Hill in response to the opening of two major station locations at Capitol Hill and the University of Washington that resulted in four fewer bus routes operating in the DSTT and thousands of daily bus riders switching to rail. With these changes and the continued expansion of light rail service since 2009, thousands of customers have moved from using buses to using trains in the DSTT or to using the combined services, leading to a 5 percent year over year increase in ridership, nearly 25,000 daily riders on the integrated system. It is also notable that during the last several post-recession years, as downtown Seattle's employment grew by 45,000 new commuters, 95 percent of those added trips were accommodated by other than single-occupant-vehicles. This demonstrates the resilience of the downtown Seattle transportation system and the willingness of 47 percent of downtown Seattle commuters to rely on transit as their primary travel mode.

As noted above, the once buses no longer operate in the DSTT, travel times in downtown Seattle could be impacted. Transit could respond to this impact by restructuring existing hours and/or adding time to certain trips while also reducing trips. These types of changes could minimize financial impacts but could have either a positive or negative impact on the rider experience, depending on the change for each rider. Alternately, Metro could work with other stakeholders to identify service and capital activities to reduce the impact of buses no longer operating in the DSTT. Given that Metro and Sound Transit plans already included removal of buses from the DSTT in mid-2020 and given recent and future anticipated growth in downtown Seattle, Metro and its partner agencies have elected to engage in the several studies to identify potential activities to address service and layover needs in downtown Seattle in order to minimize the impacts of buses leaving the DSTT and also to minimize impacts of other construction activities and population and economic growth in the downtown area. A primary work task of the OCC plan is to provide by the spring of 2017 recommendations on traffic operations and capital investments that will prioritize the movement of bus routes displaced from the DSTT. Ordinance 18409 adopting Metro's 2017-2018 biennial budget included a proviso requiring Metro to transmit a report by April 30, 2017 on the scope, schedule and public outreach process for the restructure of bus services in the Seattle central business district and surrounding neighborhoods.

If Metro and its partners can successfully implement the early OCC recommendations in time for bus removal from the DSTT, available pathways and associated travel times for riders who previously used the DSTT will be better than the surface street pathways available today. The OCC plan will also explore opportunities to enable additional transit riders currently accessing downtown Seattle by bus to shift to light rail instead.

For some riders, using new ground level bus stops may be quicker than accessing their former subterranean DSTT station stops. However, for others who may experience a longer walk, the OCC recommendations will attempt to minimize these impacts.

Change in property use: The Property is currently used for public transit purposes. Once sold and following removal of buses from the DSTT, that use will cease and the Property will be used by another public agency for convention purposes.

SEPA Review Required yes/no: Yes. All SEPA reviews required of seller are addressed in the scope of WSCC Addition SEPA review and analysis.

King County Strategic Plan Impact: The sale of the Property provides Metro Transit with additional resources to support regional transit system needs, thereby supporting the economic growth and built environment goal objective of meeting the growing need for transportation services and facilities throughout the county and shaping a built environment that allows communities to flourish. This project also furthers the Strategic Plan's financial stewardship goals by providing resources to support efficient and effective service delivery.

The sale of the Property to WSCC provides for the WSCC Addition to be built in a central downtown Seattle location ensuring areas of concentrated economic activity are well-utilized while concurrently supporting the efficient operation of Link Light Rail in the DSTT sooner than originally planned. The PSA also provides for support of affordable housing, and the proposed WSCC Addition will generate jobs during its development and construction, as well as long-term economic benefits to Seattle and King County governments and businesses. Therefore, this legislation supports the strategic plan guiding principle of regional collaboration and the strategic plan goals of economic vitality and accessible, affordable housing.

Equity and Social Justice impacts: It is important to look at the Equity and Social Justice (ESJ) impacts associated with this Project both during initial construction, during the construction period after the buses have exited the DSTT, and after project completion. The potential impacts as well as Metro's approach to mitigation are described below.

Potential ESJ Impacts

During initial construction activities of this Project, when the DSTT remains open to bus travel, speed and reliability may be negatively impacted by interim DSTT access arrangements and the location of interim layover. Once construction activities result in the closure of the DSTT to Metro buses, shifting the remaining DSTT routes to existing surface streets will negatively impact speed and reliability for most riders. They may also result in longer or shorter walks to bus stops or transfers for some riders, depending on their specific trips and their origins/destinations in downtown Seattle. These effects may be more impactful to low-income, minority, or limited English proficient populations who may be dependent on public transportation. Also, the routes still operating in the DSTT include several routes serving low-income or minority populations.

The 7 routes operating in the DSTT as of January 2017 connect downtown Seattle to the following transit markets: Northern markets via I-5 Northgate, Lake City (Route 41), University District, Ravenna, View Ridge (Route 74); Eastside markets via Bellevue, Mercer Island via I-90 (Route 550), Kirkland via SR-520 (Route 255); South King County via I-5 and the SODO busway, Renton (Routes 101, 102), Kent, Tukwila (Route 150). Of these seven routes, five are designated by Metro policy analysis as serving low-income populations and four as serving minority populations; these designations are made annually as part of Metro's Title VI compliance for FTA and are used in Title VI analysis and reports.⁴ While Metro does not have specific demographic data for each route, it does conduct analysis of the areas served (by census tract), which suggest a proportion greater than the countywide average of riders on these routes come from low-income, communities of color.

In addition to the potential service impacts noted above, the WSCC Addition is anticipated to provide a significant number of jobs during both construction and during later operation of the Convention Center facilities. WSCC shall use apprentices with a goal of 15 percent of the workforce to help train the future workforce. WSCC shall also use good faith efforts to implement the use of local hiring preferences during construction of the Project. WSCC is required to contribute \$5 million to affordable housing, either through developing units adjacent to the WSCC or by payment to an appropriate King County housing program. This will enhance the supply of affordable housing available and will benefit low-income, communities of color and limited English-speaking communities.

Potential ESJ Mitigation Activities

Metro is engaging in several activities to attempt to mitigate the impacts of the construction and DSTT closure to buses on riders. These activities are described below.

⁴ FTA's Title VI program stems from the Civil Rights Act of 1964 and seeks to ensure that the level and quality of public transportation service is provided in a nondiscriminatory manner, to promote full and fair participation in public transportation decision-making without regard to race, color, or national origin, and to ensure meaningful access to transit-related programs and activities by persons with limited English proficiency.

Metro is developing a Rider Mitigation Plan to provide educational materials, wayfinding assistance, incentives, and other elements to be implemented during early construction phases when buses still operate in the DSTT. These activities will be designed to ensure current riders are able to continue to use transit. This program will provide a foundation for continued outreach to maintain riders and encourage new customers to try transit. The program will be implemented in partnership with other affected agencies and employers.

As noted earlier, during later construction phases and beyond, when buses no longer operate in the DSTT, the impact of bus removal from the DSTT would likely result in slower travel times on various downtown corridors. Transit could respond to this impact by restructuring existing hours and/or adding time to certain trips while also reducing trips. These types of changes could minimize financial impacts but would also impact the rider experience. Alternately, Metro could work with other stakeholders to identify service and capital activities to reduce the impact of buses no longer operating in the DSTT. Given that Metro and Sound Transit plans already included removal of buses from the DSTT by mid-2020 and given recent and future anticipated growth in downtown Seattle, Metro and its partner agencies have elected to engaged in the several studies to identify potential activities to address service and layover needs in downtown Seattle in order to minimize the impacts of buses leaving the DSTT and also to minimize impacts of other construction activities and population and economic growth in the downtown area. A primary work task of the OCC plan is to provide by the spring of 2017 recommendations on traffic operations and capital investments that will prioritize the movement of bus routes displaced from the DSTT. This could include capital or service investments to help routes serving areas with high proportion of low-income or minority riders. Ordinance 18409 adopting Metro's 2017-2018 biennial budget included a proviso requiring Metro to transmit a report by April 30, 2017 on the scope, schedule and public outreach process for the restructure of bus services in the Seattle central business district and surrounding neighborhoods.

If Metro and its partners can successfully implement the early OCC recommendations in time for bus removal from the DSTT, available pathways and associated travel times for riders who previously used the DSTT will ideally be better than the surface street pathways available today. The OCC plan will also explore opportunities to enable additional transit riders currently accessing downtown Seattle by bus to shift to light rail instead.

For some riders, using new ground level bus stops may be quicker than accessing their former subterranean DSTT station stops. However, for others who may experience a longer walk, the OCC recommendations will attempt to minimize these impacts.

Energy Efficiency impact: The buyer intends to design and build the WSCC Addition project to the highest LEED certification possible within its budget constraints.

Surplus Process

<i>Interest from other county agencies?</i>	No
<i>Property suitable for affordable housing?</i>	Yes
<i>Property determined to be surplus?</i>	Yes

Marketing and Sale

Indicate whether the property was marketed or not, and if so, how it was marketed:

<input type="checkbox"/>	MLS
<input type="checkbox"/>	Commercial Broker
<input type="checkbox"/>	County Website (number of website views: _____)
<input type="checkbox"/>	Social Media
<input type="checkbox"/>	Onsite Signage
X	Not Marketed - Direct negotiation for sale to another governmental entity

Appraisal Process

Summary:

Date of valuation: Initial - April 17, 2015, Updated - July 7, 2016,
Appraised by: McKee and Schalka, updated by McKee Appraisal
Appraisal factors: Market Value – Fee Simple Estate - Unencumbered
Comps analysis: **See Page 11**
Estimated FMV: Initial - \$146,000,000, Updated - \$162,010,940
FMV per SF: Initial - \$820.00, Updated - \$910.00
Appraisal Summary Chart: **See Page 12**

King County Metro Convention Place Station Property Sale Comparison Adjustment Grid

Sale Number	Subject	1	2	3	4	5	6	7
Name/Address	KC Metro Property	Cassieford/Honda Site	Premiere on Pine Site	Selig 3rd & Lenora Site	Former Cornish - GID Site	Amazon Headquarters Site	1200 Howell St	Martin Selig Site
Transaction Price		\$56,446,000	\$10,750,000	\$16,900,000	\$16,000,000	\$207,500,000	\$14,950,000	\$14,000,000
Property Rights		-3%	-3%	-3%	-3%	-3%	-3%	-3%
Financing Terms		0%	0%	0%	0%	0%	0%	0%
Conditions of Sale		0%	0%	0%	0%	-5%	0%	0%
Expenditures after Sale		\$0	\$0	\$0	\$0	\$0	\$0	\$0
Adjusted Price		\$54,752,620	\$10,427,500	\$16,393,000	\$15,520,000	\$191,211,250	\$14,501,500	\$13,580,000
Unit of Comparison (\$/sf of land area)	178,099	86,840	13,560	19,440	21,420	227,142	14,400	12,960
Adjusted Price - \$/sf		\$631	\$769	\$843	\$725	\$842	\$1,007	\$1,048
Date of Sale	7/7/2016	Dec-13	Jun-12	Oct-14	Sep-14	Dec-12	Apr-16	Feb-15
Market Conditions (Appraisal date)		25%	35%	15%	15%	30%	0%	10%
Adjusted Price S/FAR		\$788	\$1,038	\$970	\$833	\$1,094	\$1,007	\$1,048
Location		0%	0%	0%	0%	0%	5%	0%
Zoning		0%	0%	3%	3%	(20%)	3%	3%
Physical Characteristics		10%	0%	0%	0%	0%	0%	0%
Planning/Permitting		0%	(15%)	0%	0%	0%	0%	0%
Total Adjustments		10%	(15%)	3%	3%	(20%)	8%	3%
S/sf/FAR		\$867	\$882	\$999	\$858	\$875	\$1,088	\$1,079

McKee Appraisal
July 2016

Summary of Important Conclusions

Name of Subject Property:	King County Metro Convention Place Station Property
Address:	906 Pine Street
Municipality:	Seattle, WA, King County
King County Parcel Nos.	066000-1025, -1700
Latitude/Longitude	47.613568, -122.331975
Property Description:	The property is currently used as a Metro transit station (Convention Place Station). The total site area is 178,099 sf. We understand that the City of Seattle has street use rights over 2,911 sf of this area, with the County retaining subsurface uses and all development density. The site has frontage on four streets, bounded by Boren Ave, Olive Way, 9th Ave, and Pine Street. As an extraordinary assumption the property is appraised free and clear of any contamination. We are not aware of any contamination. This assumption affects our conclusion. We have also utilized a hypothetical condition that Sound Transit and King County will pay for relocation of the utilities and infrastructure required for their ongoing operations. This is a reasonable condition for a basis of market value. This does affect our conclusion.
Land Area:	178,099 sf. We understand that the City of Seattle has street use rights over 2,911 sf of this area, with the County retaining subsurface uses and all development density.
Zoning:	DMC 340'/290'-400'
Appraisers:	Bates McKee, MAI, CRE Kenneth Barnes, MAI, CRE Matthew Lange, Appraiser
McKee Appraisal Reference No:	36208
Effective Date of Appraisal:	July 7, 2016
Date of Report:	July 22, 2016
Property Interest Appraised:	Fee Simple Interest
Purpose and Use of Appraisal:	To provide an opinion of market value of the fee simple interest in the subject property. The intended use will be for use in transaction negotiations.
Signed Certification:	Attached
Assumptions and Limitations:	Attached
Highest and Best Use:	Development of office, hotel, or residential development.
Scope of Work:	The scope of this appraisal assignment is consistent with the Client Agreement. In the course of this assignment we inspected the subject property and researched the subject through public records, discussions with the client, and other sources. We used the Sale Comparison Approach to value the property. Please see the Scope of Work section in the Appraisal Description section of this report for a full discussion of the scope of work.

Market Value – As Is – Fee Simple Interest:	\$146,000,000 [Updated to \$162,010,940]
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McKee Appraisal

July 2016

Vicinity View Map



