



Legislation Text

File #: 2007-0275, **Version:** 3

AN ORDINANCE authorizing the executive to execute a purchase and sale agreement and all necessary conveyance documents to complete the sale of the county owned property known as the North Half of the Former Kingdome Parking Lot parcel, located in council district 8, to North Lot Development, L.L.C.

BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

SECTION 1. Findings:

A. King County owns a 3.85 acre, which is 167,513 square feet, parcel of land, commonly known as the North Half of the Former Kingdome Parking Lot ("North Half Lot"), in the city of Seattle, Washington, located adjacent to the King Street Center, the King Street Station, the Weller Street Pedestrian Bridge, and a surface parking lot owned by the Washington State Public Stadium Authority ("PSA") and operated by First and Goal, Inc. ("FGI"). King County facilities management division is the custodian.

B. The property was purchased by King County in 1971 from Burlington Northern, Inc., for the purpose of the Kingdome stadium development.

C. On September 8, 1998, Ordinance 13262 was passed in which the King County council determined that the North Half Lot would become surplus to the county's needs upon transfer of use and control of the Kingdome parcel to the PSA. The King County executive was authorized to execute a property transfer agreement to convey the Kingdome parcel to the PSA.

D. On September 30, 1998, King County entered into an Agreement on Stadium and Exhibition Center Property Contributions and Reservation of Possessory Rights with the PSA, as authorized by King County

Ordinance 13262. Under said agreement, the county retained ownership of the North Half Lot, and the PSA relinquished all rights and interests in the North Half Lot with certain conditions. Conditions included the PSA having use of the North Half Lot for parking and event staging until it receives notice of commencement of a mixed-use development on the North Half Lot.

E. As called for by that agreement, King County conveyed the Kingdome parcel to the PSA by statutory warranty deed on March 15, 2000, and retained the North Half Lot.

F. Under a special use agreement issued in 1998 by King County to the PSA and later assigned to FGI, the North Half Lot is currently used for the purpose of stadium and exhibition center parking and event staging at no charge until notice of commencement of the North Half Lot development is provided.

G. In accordance with K.C.C. 4.56.070 and in addition to the surplus declaration in Ordinance 13262, the facilities management division has declared the property to be surplus to the foreseeable needs of the county.

H. K.C.C. 4.56.070 states that if the property is not needed for the provision of essential government services, the facilities management division shall then determine if the parcel is suitable for affordable housing. Suitable for affordable housing means the parcel is located within the Urban Growth Area, is zoned residential, and the housing development is compatible with the neighborhood. The King County facilities management division has determined that the property is suitable for affordable housing as part of a multiuse development.

I. On July 14, 2005, King County facilities management division, real estate services section advertised nationally, a request for qualifications ("RFQ") for the sale of the North Half Lot parcel, with responses due on August 30, 2005.

J. Four responses to the RFQ were received on August 30, 2005: Triad Development Corporation; City Investors L.L.C.; the joint venture of Wright Runstad & Company and The Murray Franklyn Family; and the joint venture of Opus Northwest, L.L.C and Nitze-Stagen & Company, Inc. in cooperation with the Seattle Housing Authority. All responders were determined to be qualified by a review panel that included

representatives from the county, the city of Seattle, the PSA and the state of Washington.

K. On April 11, 2006, King County facilities management division, real estate services section advertised and issued a request for proposals ("RFP") to the four submitters who responded to the RFQ, providing them an opportunity to purchase the parcel for a fair market price equal to or exceeding \$10,110,000.00, if the development would provide quality mixed-uses containing no fewer than four hundred market rate and affordable housing units - of which one hundred units were required to be affordable - and community-friendly retail and commercial uses.

L. The \$10,110,000.00 minimum purchase price was determined by appraisal and included adjustments for the RFP requirements that the developer provide affordable housing units and replace the existing PSA parking, as well as the impact of easements encumbering the North Half Lot, including: the existing PSA easement connecting Second Avenue South to the PSA property; a county sewer line and access easement to support the new, below-grade Interbay odor control facility; easements conveyed to Sound Transit for Weller Street Pedestrian Bridge access; and an easement retained by the county to support metro transit bus service.

M. The RFP required that the development be compatible and integrate well with existing and planned land uses in the surrounding area, be community friendly and continue to stimulate and expand the economic base of the south downtown neighborhoods.

N. The RFP also required that the development and its construction be compatible with and accommodate the continuing operations of Qwest Field and the Exhibition Center, and to ensure that construction activities be coordinated with all adjacent property owners.

O. The RFP also required that the development replace existing parking spaces used by the PSA on the site, both during construction of the development and following completion, and also required that the PSA be permanently entitled to the revenue stream from the replacement parking. In addition, the RFP required the development to include sufficient pay-for-parking to support King Street Station's needs for seventy parking spaces.

P. The RFP also required that the development retain a view corridor to and from Qwest Field along the PSA's existing easement to Second Avenue South. Bonus points were possible if the proposal included a full service food market, which is a retail service of particular interest to the Pioneer Square Community Association. Proposals were due on June 28, 2006.

Q. Before the RFP deadline for submittal, Triad Development Corporation and City Investors L.L.C. withdrew from the RFP, citing a lack of capacity within the organizations to absorb a development of the scale of the North Half Lot in addition to their other projects.

R. A selection committee met twice in June 2006 to review the two proposals received. The selection committee consisted of representatives from the county executive, the county council, the city of Seattle and the Pioneer Square Community Association. One proposer, the joint venture of Wright Runstad & Company and The Murray Franklyn Family of Companies, acknowledged it could not meet the minimum RFP housing requirements, but requested to be maintained as a qualified party should the requirements be modified.

S. At its second meeting, the selection committee selected the proposal from the joint venture of Opus Northwest, L.L.C., and Nitze-Stagen and Company, Inc., in cooperation with the Seattle Housing Authority ("ONS") as satisfying the requirements of the RFP and addenda thereto and providing the best value to King County. The facilities management division subsequently notified the joint venture of its acceptance of the proposal.

T. Subsequent to the selection, the facilities management division commenced negotiations with ONS, which has resulted in a proposed Purchase and Sale Agreement ("the agreement") that incorporates the RFP's minimum requirements and provides protections in the form of contingencies and covenants running with the land to ensure that both before and following the closing of the sale, the development continues to comply with the RFP and the terms of the agreement.

U. The agreement establishes a minimum total housing requirement of four hundred units, and provides housing for multiple income levels and family sizes through a mix of ownership and rental units. The

agreement requires a minimum of one hundred units of affordable housing, and, if determined to be economically feasible by ONS, Workforce housing. All housing will meet LEED or Built Green certification.

V. The agreement requires ground level retail, row houses and shops, and, if determined by the buyer to be economically feasible, the provision of a full service food market. All retail and commercial uses will meet LEED certification.

W. The agreement requires that the developer provide the PSA four hundred ninety-one spaces of replacement parking and seventy spaces to support the King Street Station.

X. The agreement requires that the developer provide the PSA and FGI early review and comment on the development plans for the North Half Lot, prepare a traffic, circulation and staging study and use the information developed in the study in planning the site layout, design and circulation elements of the project.

Y. In order to ensure that the development complies with the above requirements, the county has inserted contingencies that must be satisfied before closing. The contingencies include ONS obtaining a master use permit for the development, and the King County executive determining that conveyance is appropriate with or without additional or revised conditions consistent with and based on state Environmental Policy Act review, which review will be performed by the city of Seattle as the lead agency in conjunction with review of the development permit applications for the development.

Z. The development is consistent with and helps implement the King County Comprehensive Plan, Countywide Planning Policies and the Growth Management Act, all of which call for concentrated infill development in Urban Areas, which makes efficient use of existing and new public facilities and services.

AA. The development will help meet the growing need for housing in King County, and will provide the opportunity for the county and the city to obtain affordable housing within a major employment center.

BB. The development will help implement the city of Seattle's goals of stimulating housing and related development in Pioneer Square.

CC. The development described in the agreement is supported by the Pioneer Square Community

Association.

DD. The North Half Lot it is not necessary as a part of a site for the stadium and exhibition center as defined in RCW 36.102.010.

EE. The sale of the property is authorized under K.C.C. 4.56.100.A.7, because it is being sold through a request for proposals for on-site development of affordable housing that provides a public benefit. The sale of the property is also authorized under K.C.C. 4.56.100.A.1, because unique circumstances make a direct sale to ONS in the best interests of the public. Unique circumstances exist because ONS has demonstrated its singular ability to develop the North Half Lot consistent with the RFP and in a manner that harmonizes with the needs of the stakeholders for the North Half Lot and the adjacent stadiums, exhibition center and neighborhoods.

SECTION 2. The King County executive is hereby authorized to convey the North Half of the Former Kingdome Parking Lot to North Lot Development, L.L.C., consistent with a purchase and sale agreement substantially in the form of Attachment A

to this ordinance, and to implement the terms of the purchase and sale agreement and execute any documents necessary to carry out such a conveyance.