

Ordinance No. 124603

Council Bill No. 118220

AN ORDINANCE authorizing the sale at fair market value of certain surplus property located at 1000 Mercer Street.

CF No. \_\_\_\_\_

Date Introduced:	<u>9.22.14</u>	
Date 1st Referred:	To: (committee) <u>Transportation</u>	
Date Re - Referred:	To: (committee)	
Date Re - Referred:	To: (committee)	
Date of Final Passage:	Full Council Vote: <u>9.29.14</u>	
Date Presented to Mayor:	Date Approved: <u>10.3.14</u>	
Date Returned to City Clerk:	Date Published:	T.O. <input checked="" type="checkbox"/> F.T. _____
Date Vetoed by Mayor:	Date Veto Published:	
Date Passed Over Veto:	Veto Sustained:	

# The City of Seattle - Legislative Department

Council Bill/Ordinance sponsored by: \_\_\_\_\_

*Tom Rosmus*

Councilmember

## Committee Action:

9/23/14 PASS 4-0 (TR, MOB, JG, BH)

## Full Council Action

9/29/14 Passed as Amended 9-0

This file is complete and ready for presentation to Full Council. Committee: \_\_\_\_\_ (initial/date)

*Law Department*

Law Dept. Review

OMP Review

City Clerk Review

Electronic Copy Loaded

Indexed

**CITY OF SEATTLE**  
**ORDINANCE** 124603  
**COUNCIL BILL** 118220

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3  
4 AN ORDINANCE authorizing the sale at fair market value of certain surplus property located  
5 at 1000 Mercer Street.

6 WHEREAS, the property located at 1000 Mercer Street was condemned in King County  
7 Superior Court Cause 08-2-27604-0 SEA for Mercer Corridor Project transportation  
8 improvements, as authorized by Ordinance 122505; and

9 WHEREAS, a portion of this property is needed for street use and has been laid off and  
10 dedicated as right-of-way in companion Council Bill 118219; and

11 WHEREAS, the remainder of this property (the "Surplus Property") was evaluated and was  
12 determined to be surplus to the City's needs; and

13 WHEREAS, by Resolution 30862, the City adopted amended Procedures for the Evaluation of  
14 the Reuse and Disposal of the City's Real Property, which established a uniform  
15 evaluation process for the reuse or disposal of real property the City owns in fee simple,  
16 including certain public notice and involvement procedures for decisions classified as  
17 complex; and

18 WHEREAS, no City department or other government agency expressed an interest in using or  
19 acquiring the Surplus Property; and

20 WHEREAS, the public comments received by the Department of Finance and Administrative  
21 Services through its public notification and comment solicitation process resulted in one  
22 comment that contained an offer from adjacent property owner City Investors XI  
23 L.L.C. to purchase the Surplus Property; and

24 WHEREAS, in accordance with Resolution 30862, the Final Recommendation Report on the  
25 Reuse and Disposal of the Seattle Department of Transportation Mercer Corridor Excess  
26 Property PMA 3330 and the Public Involvement Plan have been published; and

27 WHEREAS, the Seattle City Council, under Ordinance 124172, modified density and  
28 development regulations in the SM 85 /65-160 zone in which the Surplus Property is  
situated; and

WHEREAS, the density and development objectives specified in the SM 85/65-160 zoning  
designation, which allows a wider range of mixed commercial spaces with incentives for



1 residential uses, can be better attained by the consolidation of the Surplus Property with  
2 the adjacent properties; and

3 WHEREAS, the City Council, in the fiscal note that accompanied Ordinance 123992, expressed  
4 an intention that the proceeds from the sale of the Surplus Property be used to fund the  
5 Mercer Corridor Project West Phase; NOW, THEREFORE,

6 **BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:**

7 Section 1. The City of Seattle approves the steps documented in the Public Involvement  
8 Plan attached as Appendix C to the Final Recommendation Report on Reuse and Disposal of the  
9 Seattle Department of Transportation Mercer Corridor Excess Property PMA 3330 (Attachment  
10 1) for the following described property located in King County, Washington:

11 All that portion of the below described PARENT PARCEL, situate in the  
12 Southeast Quarter of Section 30, Township 25 North, Range 4 East, W.M., City  
13 of Seattle, King County, Washington, described as follows:

14 Beginning at the northwest corner of the below described PARENT PARCEL,  
15 said POINT OF BEGINNING also being on the easterly margin of Terry Avenue  
16 North;

17 Thence along the northerly line thereof South 88° 33' 54" East, 122.83 feet to the  
18 easterly line of said PARENT PARCEL;

19 Thence along said easterly line South 01° 24' 37" West, 50.23 feet;

20 Thence leaving said easterly line South 88° 35' 17" West, 8.38 feet;

21 Thence South 88° 36' 43" West, 114.46 feet to the aforementioned easterly  
22 margin of Terry Avenue North;

23 Thence along Said easterly margin North 01° 24' 40" East, 50.74 feet to the  
24 POINT OF BEGINNING, containing 6,224 square feet, more or less.

25 **PARENT PARCEL**

26 THE WEST HALF OF LOTS 5 AND 6, BLOCK 104, D.T. DENNY'S FIRST  
27 ADDITION TO NORTH SEATTLE, ACCORDING TO THE PLAT THEREOF  
28



1 RECORDED IN VOLUME 1 OF PLATS, PAGE 79, RECORDS OF KING  
2 COUNTY, WASHINGTON

3 EXCEPT THE WEST 5 FEET THEREOF HERETOFORE CONDEMNED IN  
4 KING COUNTY SUPERIOR COURT CAUSE NUMBER 162246 FOR  
5 WIDENING OF TERRY AVENUE NORTH, AS PROVIDED BY  
6 ORDINANCE NUMBER 43560 OF THE CITY OF SEATTLE, WASHINGTON  
7 STATE.

8 Section 2. The property identified in Section 1 is hereby found and declared to be no  
9 longer required for municipal purposes and surplus to the City's needs.

10 Section 3. The Director of the Department of Transportation or his designee is authorized  
11 to offer the property identified in Section 1 to the abutting owner, City Investors XI L.L.C., and  
12 in the event that the City and City Investors XI L.L.C. are unable to close the sale within six  
13 months from the effective date of this ordinance, to offer the property for sale by a competitive  
14 process to be sold at fair market value, subject to the Director's approval.

15 Section 4. The Director of the Department of Transportation or his designee is  
16 authorized to negotiate, execute for and on behalf of the City of Seattle, a purchase and sale  
17 agreement and any ancillary documents to transfer the property to the selected purchaser or  
18 purchasers.

19 Section 5. Proceeds from the sale authorized herein shall be first used to reimburse costs  
20 incurred and paid by the Department of Transportation and the Department of Finance and  
21 Administrative Services in connection with the sale. The remaining proceeds shall be deposited  
22 in the Transportation Master Fund for use on the Mercer Corridor Project West Phase project  
23 (TC367110).  
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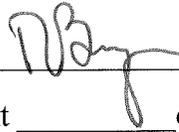


1           Section 6. This ordinance shall take effect and be in force 30 days after its approval by  
2 the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it  
3 shall take effect as provided by Seattle Municipal Code Section 1.04.020.  
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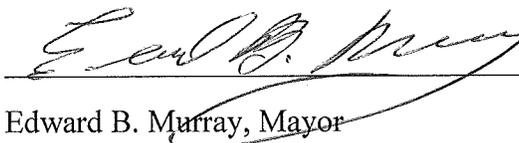


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Passed by the City Council the 29<sup>th</sup> day of September, 2014, and signed by  
me in open session in authentication of its passage this  
29<sup>th</sup> day of September, 2014.

  
\_\_\_\_\_  
President \_\_\_\_\_ of the City Council

Approved by me this 13<sup>th</sup> day of October, 2014.

  
\_\_\_\_\_  
Edward B. Murray, Mayor

Filed by me this 13<sup>th</sup> day of October, 2014.

  
\_\_\_\_\_  
Monica Martinez Simmons, City Clerk

(Seal)

Attachment 1 – Final Recommendation Report on Reuse and Disposal of the Seattle Department  
of Transportation Mercer Corridor Excess Property PMA 3330



***Final Recommendation Report  
On Reuse and Disposal of the  
Seattle Department of Transportation Mercer Corridor Excess Property  
PMA 3330  
June 3, 2014***

**Purpose of Preliminary Report**

In response to a City of Seattle jurisdictional department identifying a property as “excess” to its needs, the Real Estate Services (RES) section of the Department of Finance and Administrative Services (FAS) initiates a process to review and evaluate various options for the property. RES prepares a report titled Preliminary Recommendation Report on the Reuse and Disposal of Excess Property, which documents the Department’s analysis and recommendations. This report is prepared in accordance with City of Seattle Council Resolution 29799, as modified by Resolution 30862.

**Executive Recommendation**

The property located at 1000 Mercer Street is under the jurisdiction of the Seattle Department of Transportation (SDOT) . A portion of the property has been fully developed for transportation uses and will be laid off and dedicated as street right-of-way; the remainder of the property is excess to the City’s needs. Based upon comments from other City departments and from the adjacent private property owner, the Department of Finance and Administrative Services Real Estate Services group recommends that the excess portion of the property be sold at fair market value to the adjacent property owner to allow the property to be developed as a full city block, consistent with the applicable zoning and development code.

**Background Information**

This property is located at the northeast corner of Mercer Street and Terry Avenue. (See Appendix A for a detailed property description). The property was acquired through a condemnation proceeding in 2009. The former business, West Marine, relocated and its building was demolished. Street improvements including new travel lanes, utilities, curb gutters and sidewalks, have been installed in the area of the property to be dedicated as street right-of-way. The funding plan contained in the Fiscal Note for Seattle Ordinance 123992 contemplates that the excess portions of properties acquired for the Mercer Corridor project will be sold to fund the Mercer Corridor Project West Phase.

**Reuse or Disposal Options Evaluation Guidelines**

City of Seattle Resolution 29799, Section 1, requires the Executive to make its recommendation for the reuse or disposal of any property that is not needed by a department using the following guidelines.

**Guideline A: Consistency**

*The analysis should consider the purpose for which the property was originally acquired, funding sources used to acquire the property, terms and conditions of original acquisition, the title or deed*



*conveying the property, or any other contract or instrument by which the City is bound or to which the property is subject, and City, state or federal ordinances, statues and regulations.*

**Funding Sources:** The property was purchased with money from the Arterial Street Fund.

**Purpose for which property was acquired:** The property was purchased in order to expand the width of Terry Avenue and Mercer Street. A portion of the property which has been developed to support transportation purposes will be laid off and dedicated as right of way.

**Deed or contractual restrictions:** The excess portion of the property is not bound by any other contracts or instruments and is not subject to any laws or regulations.

**City, State or Federal Ordinance status and regulations including, bond, grant or loan programs, State Accountancy Act, Payment of True and full value, Zoning and land use, Comprehensive Plan, and Other plans:** State law requires government organizations to receive fair market value for the disposal of surplus real property. The excess portion of the property is located in the South Lake Union neighborhood and is subject to zoning incentives and restrictions. The property is currently zoned SM 85/65-160.

**Guideline B: Compatibility and Suitability**

*The recommendation should reflect an assessment of the potential for use of the property in support of adopted Neighborhood Plans; in support of low-income housing and/or affordable housing; in support of economic development; for park or open space; in support of Sound Transit Link Light Rail station area development; or in support of child care facilities; and in support of other priorities reflected in adopted City policies.*

**Neighborhood Plan:** The property is located in the South Lake Union Urban Center zone. The Seattle City council adopted legislation in 2013 that increase the development capacity of the neighborhood.

**Housing and Economic Development:** The sale of the property to a private owner will return the property to the active tax rolls, and the subsequent development will add additional economic development to the City.

**Nearby City owned property:** The property is near Lake Union Park. The City purchased other nearby parcels for the Mercer Corridor transportation project. It is near an excess Seattle City Light property at 8<sup>th</sup> and Roy. None of the City-owned properties are contiguous with this parcel. To the extent these other City-owned properties are excess to the City's needs, they are subject to the City's disposition policies and will be addressed separately in other reports.

**Other City Uses:** In November 2013, an Excess Property Notice for this property was circulated to City of Seattle departments to assess interest in City departmental use of the property. FAS/RES received Excess Property Response Forms indicating no interest from the following departments: Seattle Public Library, Seattle City Light, Seattle Department of Planning and Development, and the Seattle Dept. of Parks and Recreation.

The Seattle Office of Housing responded with comments that encourage the property to be developed as follows:

- Maximize development capacity
- Include residential uses
- Accelerate development



- *Exceed housing affordability requirements*
- *Privately fund the project*

The Seattle Human Services Department responded with the following comment:

- *HSD has been looking for appropriate sites to locate a licensed child care facility in South Lake Union, and would welcome participation in developing child care facilities.*

**Other Agencies Use:** An Excess Property Notice for this property was circulated in November 2013 to assess other agencies' interest. No other non-city agency expressed interest in use of the property.

### **Range of Options**

The "Guiding principles for the Reuse and Disposal of Real Property" state, "it is the intent of the City to strategically utilize Real Property in order to further the City's goals and to avoid holding properties without an adopted municipal purpose." The options for disposition of this property include retention by the City for a public purpose, negotiated sale with a motivated purchaser, or sale by public bid or request for proposals.

**Transfer of Jurisdiction to other City Department:** No other City Department expressed a need to purchase the property for a City use.

**Negotiated Sale:** A negotiated sale is typically recommended when the selection of a particular purchaser has specific benefits to the City.

The adjacent property owner has expressed interest in purchasing the property. A negotiated sale to the adjacent property owner will allow this property to be developed to the maximum height, and could include structured underground parking, offices, and ground floor retail. If sold to the adjacent property owner, housing on the entire site would be located with views of Lake Union, and the 20% open space requirement would benefit the entire block.

**Sale through an open competitive process:** A sale through a public competitive bid process may allow the market to determine the optimum price for the property in its current size and configuration. However, this strategy may result in a final price that is lower than a negotiated sale with the adjacent property owner, as the development potential as a stand-alone lot is less than if it was consolidated with a larger development.

### **Guideline C: Other Factors**

*The recommendation should consider the highest and best use of the property, compatibility of the proposed use with the physical characteristics of the property and with surrounding uses, timing and term of the proposed use, appropriateness of the consideration to be received, unique attributes that make the property hard to replace, potential for consolidation with adjacent public property to accomplish future goals and objectives, conditions in the real estate market, and known environmental factors that may affect the value of the property.*

**Highest and Best Use:** The Highest and Best Use is generally defined as the reasonably probable and legal use that produces the highest property value. The highest and best use is determined by evaluating potential uses as follows:



- **Physically possible:** The property is a vacant lot.
  - An analysis of the zoning and development regulations as applied to the excess parcel as a separate lot shows that the site could not be developed to the maximum due to the small lot size. A developer would likely build a two or three-story office building with 750 square foot of retail, seven parking spaces, and about 6,000 square foot of office; vehicle access would be provided from Terry Street, the 20% open space requirement would also be met along Terry Street.
  - A review of the adjacent developer's plan to incorporate the lot into a full-block development could result in a mixed-use building with retail, office, and residential uses, together with supporting underground parking. The project could allow for a larger retail presence on the street and an open space that is consolidated along an open mid-block walk way.
- **Legally permissible:** The subject property is zoned SM 85/65-160 which allows a wider range of mixed commercial spaces with incentives for residential uses if consolidated with the entire block
- **Financially feasible and maximally productive:** Consolidation with the adjacent property would allow the property to be developed to its maximum height and highest density that can be designed for the site, based upon the constraints.

**Compatibility with the physical characteristics and surrounding uses:** Construction of a mixed-use development project on this parcel would be compatible with the surrounding uses in South Lake Union.

**Appropriateness of the consideration:** The City will receive fair market value for the property. As state in the Fiscal Note for Ordinance 123992, the City seeks to obtain revenue through surplus property sales to fund the Mercer Corridor West street improvement project.

**Unique Attributes:** The property does not have any significant attributes.

**Potential for Consolidation with adjacent public property:** There are no public properties that lie adjacent to this property.

**Conditions in the real estate market:** The real estate market in the City of Seattle remains fairly stable, and the South Lake Union area has a great demand for new development.

**Known environmental factors:** A review of property files indicates no evidence to suggest that further environmental assessments or investigations are warranted at this time.

#### **Guideline D: Sale**

*The recommendation should evaluate the potential for selling the property to non-City public entities and to members of the general public.*

**Potential for Use by Non-City Public Entities:** No non-City public entities' use has been identified.

**Public Involvement:** In accordance with Resolution Nos. 29799 and 30862, in November 2013, a notice concerning disposition or other use of this property was sent to all businesses, residents and property owners within a 1,000-foot radius of the subject property. A total of 195 notices were mailed. Only one response was received, from the adjacent property owner, requesting to purchase the property.



### **Threshold Determination**

*The Disposition Procedures require FAS to assess the complexity of the issues on each excess property following the initial round of public involvement. The purpose of this analysis is to structure the extent of additional public input that should be obtained prior to forwarding a recommendation to the City Council.*

The Disposition Procedures provide that FAS assesses the complexity of the issues on each excess property following the initial round of public involvement. The purpose of this analysis is to structure the extent of additional public input that should be obtained prior to forwarding a recommendation to the City Council. Appendix B is the Property Review Process Determination Form prepared for PMA 3330, Parcel at 1000 Mercer Street. Due to the estimated value of the property at over \$1,000,000 and the recommendation to sell, disposition of this property is determined to be a "Complex" transaction.

### **Public Involvement Plan**

For projects that have been determined to be Complex transactions, RES develops a Public Involvement Plan (PIP) that is included with the Preliminary Report. The PIP is to be tailored to the characteristics of each specific excess property and those issues that have been raised during the circulation and notification phase. The Department of Finance and Administrative Services usually prepares the Preliminary Report and PIP, with input from the department with jurisdictional control over the excess property, in this case, SDOT. The PIP is completed before the legislation for real estate disposition is approved by the City Council. A PIP has been prepared for this property and is attached as Appendix C.

### **Next Steps**

This report will be an attachment to the proposed legislation approving the sale of the excess property.



**Appendix A**  
**EXCESS PROPERTY DESCRIPTION**  
**Mercer Corridor Excess Property**  
**PMA 3330**

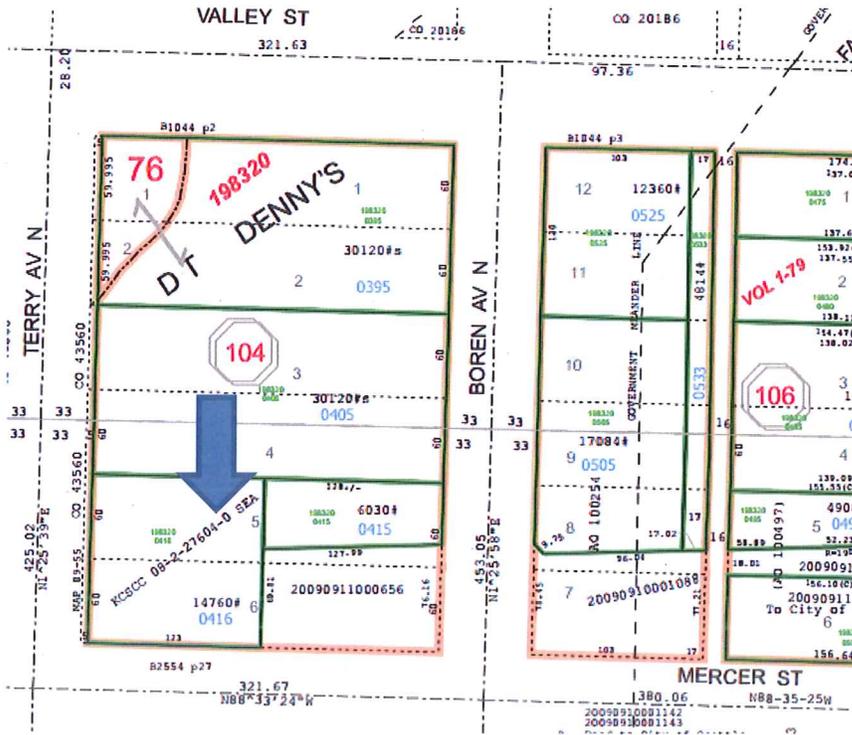
The Seattle Department of Transportation, as the jurisdictional department of this City-owned property, has identified the following information about this excess property.

**Property Name:** 1000 Mercer Street

**Property Management Number: (PMA):** 3330

**Property Location:** Northeast Corner of Mercer St. and Terry Ave.

**Tax parcel I. D. Number:** 198320-0416



Map

**Tax Parcel Legal Description:** West half of lots 5-6, Block 104 David T. Denny's First Addition to North Seattle, according to the plat thereof recorded in Volume 1 of Plats, page 79, in King County, Except West 5 feet thereof heretofore condemned in King County Superior Court Cause number 162246 for widening of Terry Avenue North, as provided by Ordinance number [43560](#) of the City of Seattle

**Excess Parcel Legal Description:** West half of lots 5-6, Block 104 David T. Denny's First Addition to North Seattle, according to the plat thereof recorded in Volume 1 of Plats, page 79, in King County, Except West 5 feet thereof heretofore condemned in King County Superior Court Cause number 162246 for widening of Terry Avenue North, as provided by Ordinance number [43560](#) of the City of Seattle, Less the south 69.81 feet to be dedicated for street purposes.

**King County assessed value:** NA (2013 King County Assessor Information)

**Size:** Approximately 6,173 square feet, after street dedication



Daniel Bretzke  
SDOT 1000 Mercer Surplus ORD ATT 1  
June 3, 2014  
Version #2

**Zoning:** SM85/65-160

**History:** Property was condemned via King County Superior Court: 08-2-27604-0 SEA , King County Superior Court Stipulation to Just Compensation, Appropriation and Order of Dismissal. Albert and Helene Heglund, and West Marine Inc. were paid just compensation in the amount of \$8,450,000 as a result of the stipulated agreement.

**Ordinances:**

Ord. 123992. 9/17/2012: AN ORDINANCE relating to the Mercer Corridor Project West Phase; removing a proviso in the 2012 Adopted Budget to authorize the Seattle Department of Transportation to spend appropriated funds for construction of the Mercer Corridor Project West Phase.

Ord. [122505](#), 10/3/2007: An ordinance relating to the Mercer Corridor Project; authorizing the Director of Transportation to acquire all of the property rights necessary for reconstructing the existing Mercer Street/Valley Street couplet with a widened two-way Mercer Street.

**Acquisition Fund Source:** Arterial Street Fund

**Jurisdictional Department's range of estimated market value:** \$2 - 2.2 million

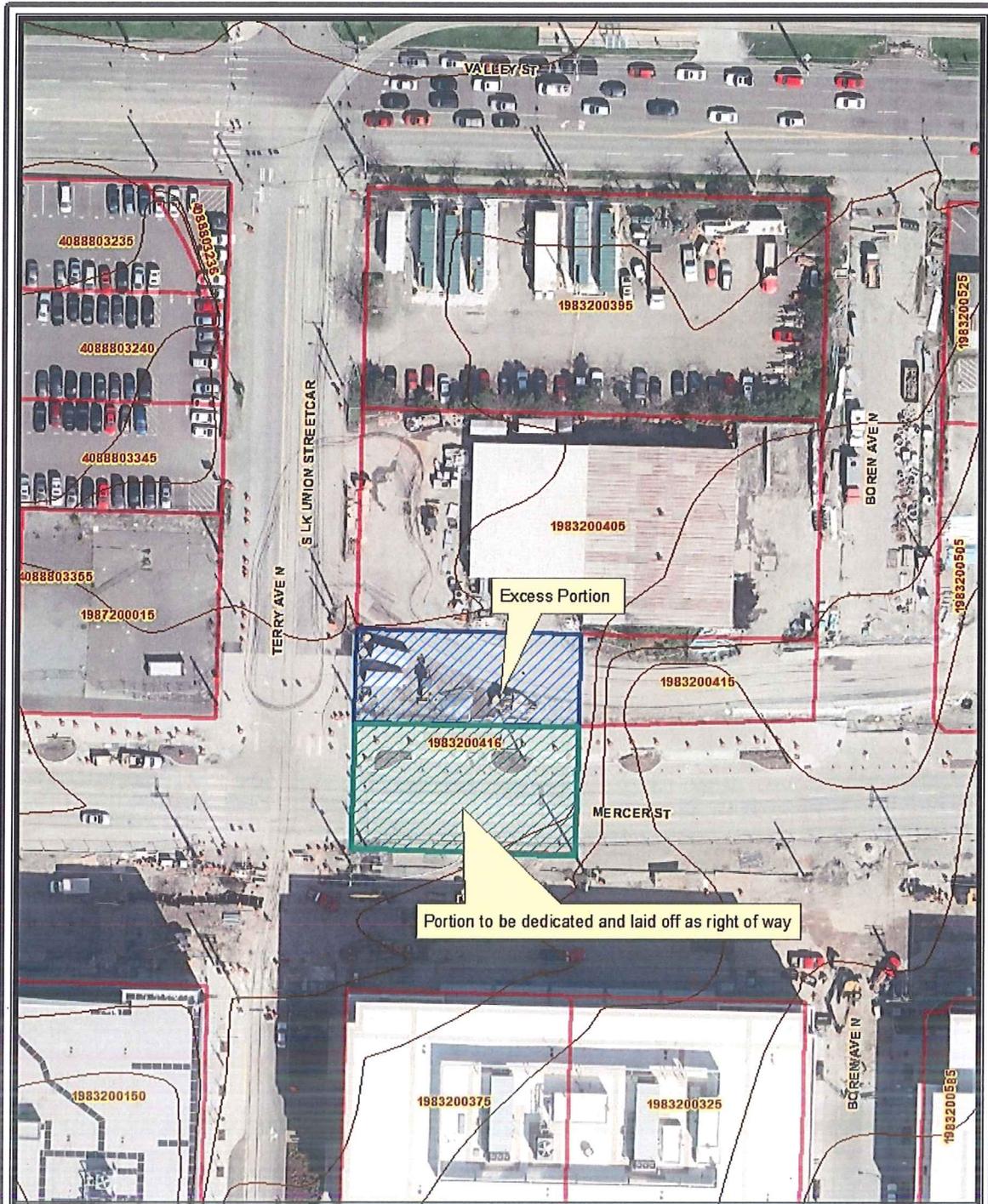
**Destination of funds upon sale:** Mercer Corridor West Capital Improvement Program

**Current easements, covenants and restrictions:** None known

**Recommended easements, covenants and restrictions upon Transfer:** The southern 69.81 feet of the tax parcel to be dedicated and laid off as street right of way.

**Potential problems with property and possible measures to mitigate their recurrence:**  
Previous structures removed. Phase one environmental assessment to be completed.





1000 Mercer Street



Produced by the City of Seattle, FAS Real Estate Services D. Bretzke  
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**Appendix B**

<b>PROPERTY REVIEW PROCESS DETERMINATION FORM</b>			
Property Name:	Parcel at 1000 Mercer Street		
Address:	1000 Mercer Street		
PMA ID:	PMA. 3330	Subject Parcels Nos.	198320-0416
Dept./Dept ID:	SDOT	Current Use:	Vacant land/
Area (Sq. Ft.):	6,173 sq.ft. est.	Zoning:	SM85/65-160
Est. Value:	\$ 2-2.5 Million	Assessed Value:	\$ NA
<b>PROPOSED USES AND RECOMMENDED USE</b>			
<i>Department/Governmental Agencies: None</i>		<i>Proposed Use: N/A</i>	
<i>Other Parties wishing to acquire: Adjacent property owner</i>		<i>Proposed Use: Mixed Use Development</i>	
<b>RES'S RECOMMENDED USE:</b> Sell to adjacent property owner in negotiated sale with conditions, or sell in an open and competitive process.			
<b>PROPERTY REVIEW PROCESS DETERMINATION (circle appropriate response)</b>			
1.) Is more than one City Dept. /Public Agency wishing to acquire?	<input checked="" type="radio"/> No	/ Yes	15
2.) Are there any pending community proposals for Reuse/ Disposal?	<input checked="" type="radio"/> No	/ Yes	15
3.) Have citizens, community groups and/or other interested parties contacted the City regarding any of the proposed options?	<input checked="" type="radio"/> No	/ Yes	15
4.) Will consideration be other than cash?	<input checked="" type="radio"/> No	/ Yes	10
5.) Is Sale or Trade to a private party being recommended?	No	<input checked="" type="radio"/> Yes	25
6.) Will the proposed use require changes in zoning/other regulations?	<input checked="" type="radio"/> No	/ Yes	20
7.) Is the estimated Fair Market Value between \$250,000-\$1,000,000?	<input checked="" type="radio"/> No	/ Yes	10
8.) Is the estimated Fair Market Value over \$1,000,000?	No	<input checked="" type="radio"/> Yes	45
<b>Total Number of Points Awarded for "Yes" Responses:</b>			<b>70</b>
Property Classification for purposes of Disposal review: Simple <input type="radio"/> <input checked="" type="radio"/> Complex (circle one) (a score of 45+ points result results in a "Complex" classification)			
Signature: Daniel Bretzke, AICP		Department: FAS	Date: February 18, 2014



**Appendix C**  
**Public Involvement Plan**

**Public Involvement Plan (PIP) for Parcel at 1000 Mercer Street**

City procedures require a Public Involvement Plan for complex transactions to facilitate an adequate amount of public involvement on significant real estate transactions. To date, there has been low public interest in this property and no substantive issues have been identified. For this reason, and because the City Council has, through the 2013 budget process provided strategic direction for the sale of excess SDOT property in South Lake Union to fund the Mercer Corridor West project, FAS is recommending a PIP that focuses on the public comments received to date, and collection and presentation of any additional comments received through posting and publication of this plan. The following have provided opportunities for input:

- Previous public involvement to date includes public hearings, council review, planning commission review and design commission review of the Mercer Corridor Improvement plans and zoning and development changes in the South Lake Union planning area.
- The Preliminary Report was sent to parties of record and will be available on the City website.
- A public notice sign was placed onsite indicating the recommendation to sell the property and advising how to contact FAS for information and/or to make comments.
- The Real Estate Oversight Committee has reviewed the Preliminary Report and the Public Involvement Plan. No comments were received.
- FAS has prepared a Final Report, incorporating the REOC's comments as necessary, and has notified the mailing list of the availability of the Final Report.

**The following are the next steps and opportunities for community input.**

- SDOT will forward legislation authorizing sale of the property and the dedication of the street right of way, including the Final Report and Public Involvement Report, to the City Council. Notice of legislation will be sent to the persons on the mailing list and no Council briefings or hearings will be held for at least 30 days following the notice.
- FAS will continue to collect all comments and proposals. At the Council committee meeting to take action on the legislation, FAS will provide an updated summary of all comments received to date.
- If the Council determines to hold a public hearing, FAS will provide 14 days' notice of the public hearing to the mailing list members so that interested parties can attend the public hearing and present their ideas and interests to the City Council.



**FISCAL NOTE FOR CAPITAL PROJECTS ONLY**

<b>Department:</b>	<b>Contact Person/Phone:</b>	<b>CBO Analyst/Phone:</b>
Seattle Department of Transportation	Larry Huggins/ 684-5001	Doug Palmer/684-5266

**Legislation Title:**

AN ORDINANCE authorizing the sale at fair market value of certain surplus property located at 1000 Mercer Street.

**Summary and background of the Legislation:**

This proposed legislation authorizes the Seattle Department of Transportation (SDOT) to dispose of property no longer needed for the construction of the Mercer Corridor Project. The sale of the property to the adjacent property owner will allow for a full block development in accordance with Seattle City Council zoning and development regulations adopted for this portion of the South Lake Union neighborhood.

The property was condemned in King County Superior Court in 2009, as authorized by Ordinance 122505, in order to build the Valley Street and Mercer Street improvements. Only a portion of the property was needed for street improvements, and a separate ordinance will dedicate and lay off the portion of the property needed for street uses. In accordance with City Council intent, as expressed in the fiscal note to Ordinance 123992, the proceeds from the property will fund a portion of the Mercer Corridor Project West Phase street improvements.

<b>Project Name:</b>	<b>Project I.D.:</b>	<b>Project Location:</b>	<b>Start Date:</b>	<b>End Date:</b>
Mercer Corridor Project West Phase	TC367110	Mercer St / Elliot Ave W/ Dexter Ave N	Q1/2010	Q4/2015

Please check any of the following that apply:

This legislation creates, funds, or anticipates a new CIP Project.

This legislation does not have any financial implications.

This legislation has financial implications.



**Anticipated Revenue/Reimbursement Resulting from this Legislation:**

<b>Fund Name and Number</b>	<b>Department</b>	<b>Revenue Source</b>	<b>2014 Revenue</b>	<b>2015 Revenue</b>
Mercer Corridor Project West Phase, TC367110	SDOT	Property sales	\$2,100,000 - \$2,250,000	
<b>TOTAL</b>			<b>\$2,100,000 - \$2,250,000</b>	

Revenue/Reimbursement Notes:

Sale of property was identified in the fiscal note to previous legislation to fund the Mercer Corridor Project West Phase. Sales costs will be deducted from the final sales price.

**Other Implications:**

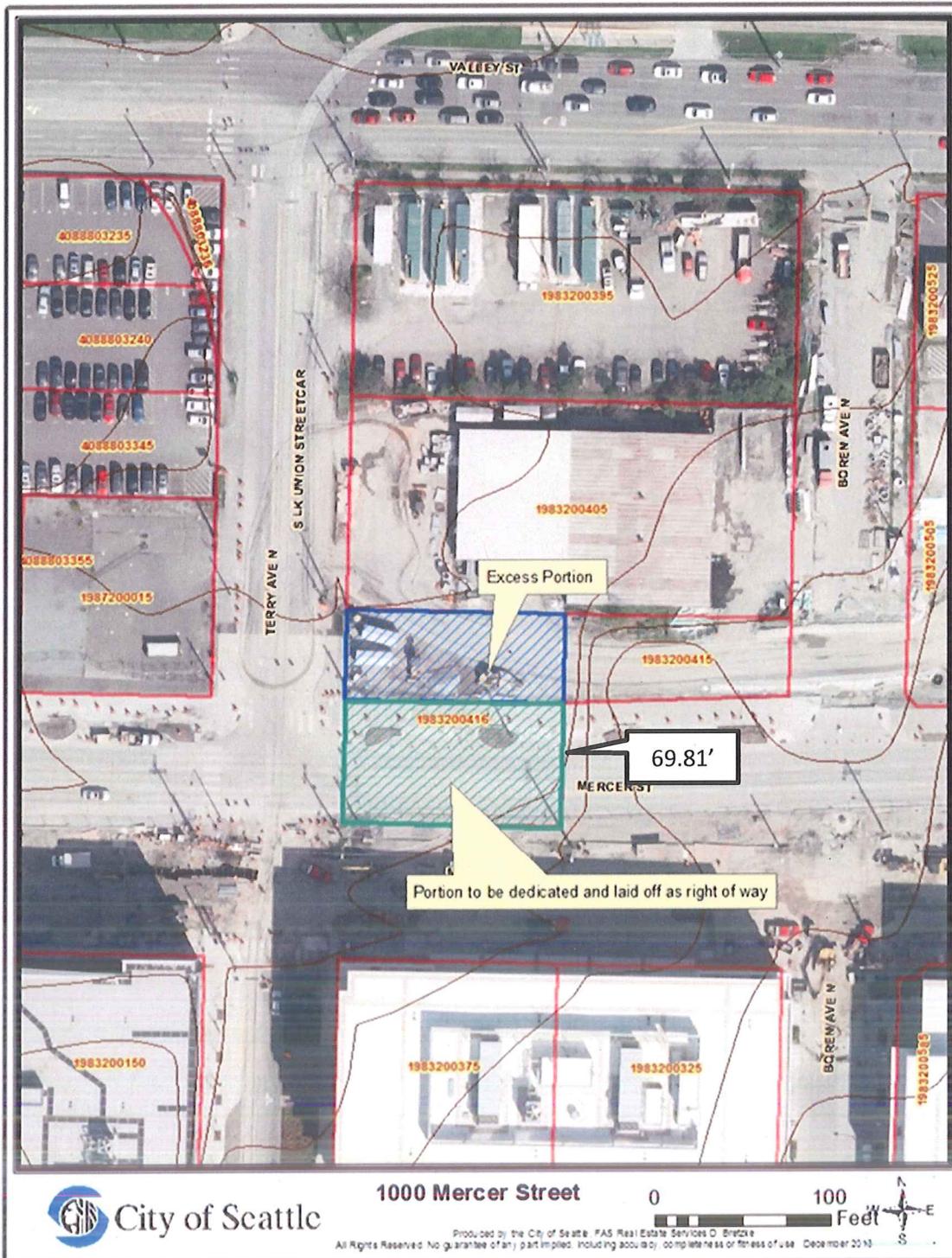
- a) **Does the legislation have indirect financial implications, or long-term implications?**  
 This legislation will partially fund the Mercer Corridor Project West Phase as previously expressed by the Seattle City Council in the fiscal note for Ordinance 123992.
- b) **What is the financial cost of not implementing the legislation?**  
 If the property is not sold, additional funding would need to be identified for the project.
- c) **Does this legislation affect any departments besides the originating department?**  
 The Department of Finance and Administrative Services administers the reuse and disposition process culminating in their assistance with the sale.
- d) **What are the possible alternatives to the legislation that could achieve the same or similar objectives?** None
- e) **Is a public hearing required for this legislation?**  
 None required.
- f) **Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?**  
 None
- g) **Does this legislation affect a piece of property?**  
 Yes. The surplus property identified in this legislation will become eligible for sale.
- h) **Other Issues:** None

**List attachments to the fiscal note below:**

Exhibit A: Location map of property.



Fiscal Note Exhibit 1





**City of Seattle**  
**Edward B. Murray**  
**Mayor**

September 2, 2014

Honorable Tim Burgess  
President  
Seattle City Council  
City Hall, 2<sup>nd</sup> Floor

Dear Council President Burgess:

I am pleased to transmit the attached proposed Council Bill declaring a portion of 1000 Mercer Street as surplus to the City of Seattle's needs and authorizes the Director of the Seattle Department of Transportation to negotiate and execute all documents for the sale of the property at fair market value.

The property at 1000 Mercer was acquired in 2009 to widen Mercer Street as part of the Mercer Corridor Project. Accompanying legislation splits the property in two portions and dedicates one portion to right of way. This legislation allows the remaining portion to be sold as surplus property. The sale of this property will fund, in part, the construction of the Mercer Corridor Project West Phase.

Thank you for your consideration of this legislation. Should you have questions, please contact Larry Huggins at 206-684 5001.

Sincerely,

Edward B. Murray  
Mayor of Seattle

cc: Honorable Members of the Seattle City Council



**CITY OF SEATTLE**  
**ORDINANCE** \_\_\_\_\_  
COUNCIL BILL 118220

AN ORDINANCE authorizing the sale at fair market value of certain surplus property located at 1000 Mercer Street.

WHEREAS, the property located at 1000 Mercer Street was condemned in King County Superior Court Cause 08-2-27604-0 SEA for Mercer Corridor Project transportation improvements, as authorized by Ordinance 122505; and

WHEREAS, a portion of this property is needed for street use and has been laid off and dedicated as right-of-way in a companion ordinance, numbered \_\_\_\_\_; and

WHEREAS, the remainder of this property (the "Surplus Property") was evaluated and was determined to be surplus to the City's needs; and

WHEREAS, by Resolution 30862, the City adopted amended Procedures for the Evaluation of the Reuse and Disposal of the City's Real Property, which established a uniform evaluation process for the reuse or disposal of real property the City owns in fee simple, including certain public notice and involvement procedures for decisions classified as complex; and

WHEREAS, no City department or other government agency expressed an interest in using or acquiring the Surplus Property; and

WHEREAS, the public comments received by the Department of Finance and Administrative Services through its public notification and comment solicitation process resulted in one comment that contained an offer from adjacent property owner City Investors XI L.L.C. to purchase the Surplus Property; and

WHEREAS, in accordance with Resolution 30862, the Final Recommendation Report on the Reuse and Disposal of the Seattle Department of Transportation Mercer Corridor Excess Property PMA 3330 and the Public Involvement Plan have been published; and

WHEREAS, the Seattle City Council, under Ordinance 124172, modified density and development regulations in the SM 85 /65-160 zone in which the Surplus Property is situated; and

WHEREAS, the density and development objectives specified in the SM 85/65-160 zoning designation, which allows a wider range of mixed commercial spaces with incentives for

THIS VERSION IS NOT ADOPTED



1 residential uses, can be better attained by the consolidation of the Surplus Property with  
2 the adjacent properties; and

3 WHEREAS, the City Council, in the fiscal note that accompanied Ordinance 123992, expressed  
4 an intention that the proceeds from the sale of the Surplus Property be used to fund the  
5 Mercer Corridor Project West Phase; NOW, THEREFORE,

6 **BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:**

7 Section 1. The City of Seattle approves the steps documented in the Public Involvement  
8 Plan attached as Appendix C to the Final Recommendation Report on Reuse and Disposal of the  
9 Seattle Department of Transportation Mercer Corridor Excess Property PMA 3330 (Attachment  
10 1) for the following described property located in King County, Washington:

11 All that portion of the below described PARENT PARCEL, situate in the  
12 Southeast Quarter of Section 30, Township 25 North, Range 4 East, W.M., City  
13 of Seattle, King County, Washington, described as follows:

14 Beginning at the northwest corner of the below described PARENT PARCEL,  
15 said POINT OF BEGINNING also being on the easterly margin of Terry Avenue  
16 North;

17 Thence along the northerly line thereof South 88° 33' 54" East, 122.83 feet to the  
18 easterly line of said PARENT PARCEL;

19 Thence along said easterly line South 01° 24' 37" West, 50.23 feet;

20 Thence leaving said easterly line South 88° 35' 17" West, 8.38 feet;

21 Thence South 88° 36' 43" West, 114.46 feet to the aforementioned easterly  
22 margin of Terry Avenue North;

23 Thence along Said easterly margin North 01° 24' 40" East, 50.74 feet to the  
24 POINT OF BEGINNING, containing 6,224 square feet, more or less.

25 **PARENT PARCEL**

26 THE WEST HALF OF LOTS 5 AND 6, BLOCK 104, D.T. DENNY'S FIRST  
27 ADDITION TO NORTH SEATTLE, ACCORDING TO THE PLAT THEREOF  
28

THIS VERSION IS NOT ADOPTED



1 RECORDED IN VOLUME 1 OF PLATS, PAGE 79, RECORDS OF KING  
2 COUNTY, WASHINGTON

3 EXCEPT THE WEST 5 FEET THEREOF HERETOFORE CONDEMNED IN  
4 KING COUNTY SUPERIOR COURT CAUSE NUMBER 162246 FOR  
5 WIDENING OF TERRY AVENUE NORTH, AS PROVIDED BY  
6 ORDINANCE NUMBER 43560 OF THE CITY OF SEATTLE, WASHINGTON  
7 STATE.

8 Section 2. The property identified in Section 1 is hereby found and declared to be no  
9 longer required for municipal purposes and surplus to the City's needs.

10 Section 3. The Director of the Department of Transportation or his designee is authorized  
11 to offer the property identified in Section 1 to the abutting owner, City Investors XI L.L.C., and  
12 in the event that the City and City Investors XI L.L.C. are unable to close the sale within six  
13 months from the effective date of this ordinance, to offer the property for sale by a competitive  
14 process to be sold at fair market value, subject to the Director's approval.

15 Section 4. The Director of the Department of Transportation or his designee is  
16 authorized to negotiate, execute for and on behalf of the City of Seattle, a purchase and sale  
17 agreement and any ancillary documents to transfer the property to the selected purchaser or  
18 purchasers.

19 Section 5. Proceeds from the sale authorized herein shall be first used to reimburse costs  
20 incurred and paid by the Department of Transportation and the Department of Finance and  
21 Administrative Services in connection with the sale. The remaining proceeds shall be deposited  
22 in the Transportation Master Fund for use on the Mercer Corridor Project West Phase project  
23 (TC367110).  
24  
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THIS VERSION IS NOT ADOPTED



1           Section 6. This ordinance shall take effect and be in force 30 days after its approval by  
2 the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it  
3 shall take effect as provided by Seattle Municipal Code Section 1.04.020.

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**THIS VERSION IS NOT ADOPTED**



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Passed by the City Council the \_\_\_\_ day of \_\_\_\_\_, 2014, and signed by  
me in open session in authentication of its passage this  
\_\_\_\_ day of \_\_\_\_\_, 2014.

\_\_\_\_\_  
President \_\_\_\_\_ of the City Council

Approved by me this \_\_\_\_ day of \_\_\_\_\_, 2014.

\_\_\_\_\_  
Edward B. Murray, Mayor

Filed by me this \_\_\_\_ day of \_\_\_\_\_, 2014.

\_\_\_\_\_  
Monica Martinez Simmons, City Clerk

(Seal)

Attachment 1 – Final Recommendation Report on Reuse and Disposal of the Seattle Department  
of Transportation Mercer Corridor Excess Property PMA 3330

THIS VERSION IS NOT ADOPTED



STATE OF WASHINGTON -- KING COUNTY

--SS.

316837

No.

CITY OF SEATTLE, CLERKS OFFICE

**Affidavit of Publication**

The undersigned, on oath states that he is an authorized representative of The Daily Journal of Commerce, a daily newspaper, which newspaper is a legal newspaper of general circulation and it is now and has been for more than six months prior to the date of publication hereinafter referred to, published in the English language continuously as a daily newspaper in Seattle, King County, Washington, and it is now and during all of said time was printed in an office maintained at the aforesaid place of publication of this newspaper. The Daily Journal of Commerce was on the 12<sup>th</sup> day of June, 1941, approved as a legal newspaper by the Superior Court of King County.

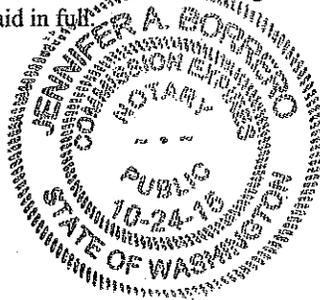
The notice in the exact form annexed, was published in regular issues of The Daily Journal of Commerce, which was regularly distributed to its subscribers during the below stated period. The annexed notice, a

CT:124588-606 TITLE ONLY

was published on

10/27/14

The amount of the fee charged for the foregoing publication is the sum of \$321.43 which amount has been paid in full.



*[Signature]*  
Subscribed and sworn to before me on  
10/27/2014  
*[Signature]*

Notary public for the State of Washington,  
residing in Seattle

Affidavit of Publication

# State of Washington, King County

## City of Seattle

The full text of the following legislation, passed by the City Council on September 29, 2014, and published below by title only, will be mailed upon request, or can be accessed at <http://clerk.seattle.gov>. For information on upcoming meetings of the Seattle City Council, please visit <http://www.seattle.gov/council/calendar>. Contact: Office of the City Clerk at (206) 634-8344.

### ORDINANCE NO. 124588

AN ORDINANCE relating to the City Light Department; authorizing execution of the Boundary Power Assignment Agreement with Public Utility District No. 1 of Pend Oreille County, Washington, for the term of the Boundary Hydroelectric Project license granted by the Federal Energy Regulatory Commission on March 20, 2013, 42 years.

### ORDINANCE NO. 124589

AN ORDINANCE related to the Seattle Department of Transportation; lifting a budget proviso imposed on Transportation Operating Fund, Budget Control Level: Mobility-Capital, for the Pay Station Capital Improvement Project (TC366350) as provided in Ordinance 124349, which adopted the 2014 Budget.

### ORDINANCE NO. 124590

AN ORDINANCE relating to the 2008 Parks and Green Spaces Levy; deleting the Seattle Asian Art Museum project from the Citywide Parks Owned Cultural Facilities Sub-Category of the Development Category; adding new major maintenance projects in the Neighborhood Parks and Playgrounds Subcategory of the Development Category; increasing appropriations to the Department of Parks and Recreation in the 2014 Adopted Budget; and amending the 2014-2019 Adopted Capital Improvement Program, all by a three-fourths vote of the City Council.

### ORDINANCE NO. 124591

AN ORDINANCE related to land use and zoning; amending Seattle Municipal Code Sections 23.49.011, 23.49.013, and 23.49.014 to remove provisions related to the bonus for a Landmark performing arts theater (LPAT) and to increase the base floor area ratio (FAR) of a lot with an LPAT to provide a new incentive for rehabilitating and maintaining these structures; and amending the Downtown Amenity Standards to delete reference to the bonus for the restoration and preservation of a Landmark performing arts theater and to update references to the Public Art Advisory Committee.

### ORDINANCE NO. 124592

AN ORDINANCE relating to the Department of Parks and Recreation; authorizing the acquisition of real property commonly known as 4201 16th Avenue SW; authorizing acceptance and recording of the deed for open space, park, and recreation purposes; and authorizing acquisition by condemnation.

### ORDINANCE NO. 124593

AN ORDINANCE relating to the Seattle Electrical Code amending Section 22.300.016 of the Seattle Municipal Code, adopting the 2014 National Electrical Code with Seattle

amendments, and adopting, by incorporation, specific portions of the 2014 Washington Administrative Code Chapter 296-46B (Washington State Electrical Rule); and repealing Sections 2-34 of Ordinance 122970.

### ORDINANCE NO. 124594

AN ORDINANCE relating to the City Light Department; amending subsection 21.49.086.D of the Seattle Municipal Code to create Net Wholesale Revenue targets for 2015 and 2016 consistent with those assumed in the City Light 2015-2020 Strategic Plan adopted by Resolution 31529.

### ORDINANCE NO. 124595

AN ORDINANCE related to the redevelopment of Yeaser Terrace; vacating portions of Terry Avenue, Spruce Street, Alley in Block 84 of Terry's 2nd Addition, Spruce Street and 9th Avenue Intersection, Alley at Yeaser Terrace Steam Plant, 8th Avenue and Yeaser Way Intersection, 8th Avenue South, South Main Street, 9th Avenue South, and South Washington Street, on the petition of the Housing Authority of the City of Seattle, with a modified street vacation condition; relinquishing certain easements no longer needed by the City of Seattle; approving and confirming the plat of "Yeaser Terrace Community" and accepting dedications in a portion of the Southwest Quarter of the Southeast Quarter of Section 32, Township 26 North, Range 4 East and a portion of the Northwest Quarter and a portion of the Northeast Quarter of Section 5, Township 24 North, Range 4 East, W.M. in King County, Washington, with modified plat conditions; accepting temporary easements for street purposes over certain vacated portions of Terry Avenue, Spruce Street, and South Washington Street; authorizing the signing, acceptance and recording of a Covenant for Infrastructure Construction, and a Public Access, Easement and Maintenance Agreement; and authorizing the signing and acceptance of a Cooperative Agreement Regarding Dedicated Street Areas in Yeaser Terrace Plat.

### ORDINANCE NO. 124596

AN ORDINANCE relating to the Department of Parks and Recreation; authorizing amendments to two federal grant agreements with the National Park Service to remove Urban Park and Recreation Recovery Act conditions from a limited area of Seward Park that will be affected by surface ancillary facilities for Seattle Public Utilities' combined sewer overflow project and to place the conditions on an area of Lake Washington Boulevard; and transferring appropriation authority and cash from the Drainage and Wastewater Fund (44010) to the Cumulative Reserve Subfund - Unrestricted Subaccount (00164) for landscaping enhancements on Lake Washington Boulevard required by the National Park Service.

### ORDINANCE NO. 124597

AN ORDINANCE relating to the Department of Parks and Recreation, concerning the West Duwamish Greenbelt, finding that an exchange of property between the City of Seattle and West Seattle Acquisition Co., L.L.C., owner of property adjacent to park property, is necessary, as required by Ordinance 118477, also known as Initiative 42; authorizing the Superintendent of Parks and Recreation to accept a deed from West Seattle Acquisition Co., L.L.C., for certain property meeting the criteria of Initiative 42; and authorizing the Superintendent to execute and record a Quit Claim Deed for certain City-owned West Duwamish Greenbelt property to West Seattle Acquisition Co., L.L.C., all to eliminate an existing private, non-park use of park property.

### ORDINANCE NO. 124598

AN ORDINANCE relating to communication cabinets in public places; amending Sections 15.02.042, 15.32.010, 15.32.020, 15.32.130, 15.32.140, 15.91.002, and 15.91.016; and adding new Sections 15.32.200, 15.32.250/ and 15.32.260 of the Seattle Municipal Code.

### ORDINANCE NO. 124599

AN ORDINANCE relating to water services of Seattle Public Utilities; revising water rates and charges for service to wholesale customers, and amending Seattle Municipal Code Chapter 21.04.440.E in connection therewith.

### ORDINANCE NO. 124600

AN ORDINANCE relating to the Seattle Department of Transportation; authorizing the Director of the Seattle Department of Transportation, on behalf of the City of Seattle, to execute an assignment, assumption, and consent agreement with the Seattle Steam Limited Partnership, Seattle Community Energy, LLC, and RIF II District Energy Holdings III LC regarding the transfer of the Seattle Steam Franchise authorized under Ordinance 121087, as amended by Ordinance 122250, to RIF II District Energy Holdings III LLC.

### ORDINANCE NO. 124601

AN ORDINANCE relating to the Seattle Streetcar System; authorizing execution of an amendment to the funding and cooperative agreement for the First Hill Streetcar; establishing fare policy objectives for the Seattle Streetcar and authorizing the Director of Transportation to set streetcar fares and establish policies and procedures for fare inspection; and ratifying and confirming certain prior acts.

### ORDINANCE NO. 124602

AN ORDINANCE relating to City-owned property under the jurisdiction of the Seattle Department of Transportation located at 1000 Mercer Street in D. T. Denny's First Addition to North Seattle; and extending, laying out, widening, establishing, and opening a portion of Mercer Street.

### ORDINANCE NO. 124603

AN ORDINANCE authorizing the sale at fair market value of certain surplus property located at 1000 Mercer Street.

### ORDINANCE NO. 124604

AN ORDINANCE relating to the City Light Department; authorizing the execution of a Metered Energy Efficiency Purchase Agreement with The Bullitt Foundation and the Cascadia Center for Sustainable Design and Construction for the purchase of energy from the Bullitt Center.

### ORDINANCE NO. 124605

AN ORDINANCE relating to the City Light Department; authorizing the execution and potential amendment of a Regional Energy Efficiency Initiative Agreement with the Northwest Energy Efficiency Alliance.

### ORDINANCE NO. 124606

AN ORDINANCE appropriating money to pay certain audited claims and ordering the payment thereof.

Date of publication in the Seattle Daily Journal of Commerce, October 27, 2014  
10/27(S16837)