

PRELIMINARY REPORT
EVALUATION OF REUSE AND DISPOSAL OPTIONS FOR

PMA No. 1260

Resolution 29799 directs that the Executive is to make its recommendations on the reuse or disposal of excess property on a case by case basis, using *the Procedures for Evaluation of the Reuse and Disposal of the City's Real Property* adopted by that resolution. Additionally, the Resolution identifies guidelines, which are to be considered in making a recommendation. This report addresses each of the guidelines outlined in Resolution 29799 in support of the recommendation. This report also follows those provisions of Resolution 30862, adopted May 1, 2006, that amended Resolution 29799.

**Property Management Area: PMA No. 1260 – Eastside Reservoir
Bellevue, Washington**

BACKGROUND INFORMATION

Legal Description:

That portion of Section 15, Township 24 North, Range 5 East, W.M., described as follows: Beginning at the northeast corner of the southeast 1/4 of said Section 15; thence westerly along the north line of said southeast 1/4, North 89° 20' 48" West, a distance of 883.80 feet; thence South 32° 11' 25" East, a distance of 219.01 feet to a point of curve from which the radial center bears South 57° 48' 35" West, a distance of 528.00 feet; thence southeasterly along said curve to the right, an arc distance of 218.67 feet to a point on the curve from which the radial center bears South 81° 32' 18" West, a distance of 528.00 feet; thence South 69° 43' 12" East, a distance of 741.720 feet to the east line of said southeast 1/4; thence North 00° 22' 04" West along said east line, a distance of 635.95 feet to the point of beginning; Situate in the County of King, State of Washington.

Together with: Portion of Lot 2, Block 9, Eastgate Addition Division "L", according to plat thereof as recorded in Volume 55 of Plats, page 47, Records of King County, Washington, described as follows: Beginning at the northwest corner of Lot 1 in said Block 9; thence south 00° 22' 04" east along the west line of said Lot 1 and along the west line of said Lot 2, a distance of 257.05 feet to the true point of beginning; thence south 17° 37' 28" east a distance of 76.23 feet to the westerly margin of 148th Place Southeast; thence southerly along said westerly margin an arc distance of 131.76 feet to its intersection with the west line of said Lot 2; thence north 00° 22' 04" west along said west line a distance of 201.93 feet to the true point of beginning.

Physical Description and Related Factors:

This Preliminary Report concerns two parcels of land that are presently included in PMA No. 1260, known as the Seattle Public Utilities' Eastside Reservoir. The King County Assessor identifies the SPU property as being comprised of Tax Parcel Nos. 152405-9013 & 220670-0579. These two parcels have a total area of 383,396 SF and carry the City of Bellevue zoning designation of R – 3.5, meaning single family development with no more than 3.5 residences per acre.

These parcels are located directly south and contiguous to Eastgate Park, owned and operated by the City of Bellevue Parks Department.

Among the structures on the reservoir property, the most prominent is the underground reservoir that is situated directly in the middle of the large five-sided irregular shaped parcel. The reservoir contains more than 90% of PMA No. 1260's total area. While the reservoir lid forms a grassy

expanse, it is fenced off from any use or entry as is the complete perimeter of the water facility. To the east, south and west of the underground reservoir, but within the boundaries of the subject property, are areas of typical Northwest Forest with Douglas fir, alder and vine maple with an under story of selal and other native shrubs and plants.

PMA No. 1260 is nestled in the middle of the Somerset Woods development where the Somerset Community Association acts as the local neighborhood group. Along all but its northern boundary, the Eastgate Reservoir is adjacent to quiet streets and cul-de-sacs with well-maintained single-family residences.

PMA No. 1260 also includes a water supply line that runs north from the reservoir towards SE Newport Way. This line empties into a large water tank that sits at the northern end of the parking lot for the South Bellevue Community Center.

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.

PMA No. 1260 was acquired in 1965 and 1965 under the authority of City of Seattle Ordinances 94082 and 94537. Both ordinances “relate to the municipal water supply system,” and authorize acquisition of property in connection with the proposed Eastgate Reservoir “as an addition and betterment to and extension of such system.” Funds for the purchase were derived from the Seattle Municipal Water Revenue Bonds 1963 Construction Fund. The sellers of the reservoir property were Evergreen Land Developers, Inc. and Austin Forward and Karin S. Forward, husband and wife, who conveyed the property by Warranty Deeds duly recorded with the King County Recorder.

Seattle Public Utilities also benefits from several easements that allow its water transmission pipe lines with necessary appurtenances to traverse over, through and across private property.

There are no other contracts or instruments by which the City is bound and there are no extraordinary governmental regulations or laws to which said property is subject.

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, as or in support of low-income housing, in support of economic development, in support of affordable housing, for park or open space; in support of Sound Transit Link Light Rail station area development; as or in support of child care facilities, and in support of other priorities reflected in adopted City policies.

Context

This property is located within the City of Bellevue and therefore not the subject of any Seattle neighborhood plans. It is within the jurisdiction of the East Bellevue Community Council whose position is that the undeveloped areas of the reservoir should remain as such and not be considered for sale or development.

The property is not appropriate for the development of low-income or affordable housing. It is unsuitable for park or open space activity because unauthorized access is prohibited for the protection of the water supply; however its location adjoining Eastgate Park and the community center lends an open feeling to the area. It cannot be used in support of child care activities or any other priorities reflected in adopted City policies.

The proposed sale of PMA No. 1260 to the Cascade Water Alliance is in accordance with Cascade Water Alliance’s long range plan to afford its members and the populations that they serve the ability and the capacity to become less dependent on City of Seattle water supply and facilities.

Range of Options.

Options for disposition of the property include retention by the city, long-term ground lease, negotiated sale or sale by public bid. Circulation of the property among city departments and other public entities in February 2008 generated no interest in acquiring PMA No.1260 for a present or future governmental or public purpose. Therefore, neither retention of the property nor a long-term lease for some possible future public use are in the city's best interest. A public bid sale is not feasible as these two parcels are an operational SPU facility. A negotiated sale of the property to the Cascade Water Alliance is the most viable and rational disposition.

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 make affect the value of the property.

Highest and Best Use:

This property is zoned R – 3.5, meaning single family development with no more than 3.5 residences per acre.

The highest and best use is one that is allowed within this zoning classification. Because these parcels are not suitable for that type of development and have been and will be dedicated to a water supply system, their present use as a public facility is the highest and best use.

Compatibility with the physical characteristics:

The property has been a reservoir and water facility for over 50 years. The proposed purchase and use by Cascade Water Alliance is consistent with the existing use.

Compatibility with surrounding uses:

The surrounding uses are residential and park and open space. Continued use as a water facility is compatible with these uses. By establishing and maintaining a woodland buffer and wooden, rather than chain link fencing, where the reservoir abuts private ownership, the SPU water operations facility has co-existed as a good neighbor to the residential property owners ever since its establishment. Both the open and forested areas of the reservoir have been maintained to enhance and blend in with natural and recreational features of Eastgate Park. The Cascade Water Alliance has no plans to alter the layout and use of the facility after it finalizes ownership.

Potential for Consolidation with adjacent public property:

There is no Seattle city-owned property that lies adjacent to PMA No. 1260. Therefore consolidation with Seattle-owned property is impossible. Consolidation of the property with the adjoining Bellevue city park cannot occur because they serve two entirely different functions and the water supply needs to be protected. However, as discussed above, the reservoir complements the park uses. It is possible that bicycle or walking trails could be routed through the reservoir property to provide access to Eastgate Park from the south.

Timing and Term of Proposed Use:

SPU intends to sell PMA No. 1260 as part of an ongoing cooperative agreement with the Cascade Water Alliance. Both this agreement and Cascade's Capital Program Coordination, Management, and Finance Plan has a goal of taking effective steps to identify new water supply sources and

secure additional supply from existing sources to meet projected water supply needs through 2024 and beyond.

Appropriateness of the consideration:

The property should be sold or exchanged for fair market value as established by a current appraisal. Sale or disposition of this surplus property originally acquired for public utility purposes and no longer required for providing continued public utility service is subject to the provisions of RCW 35.94.04. This statute requires the legislative authority to conduct a public hearing and issue a resolution stating the fair market value or the rent or consideration to be paid and such other terms and conditions for such disposition as the legislative authority deems to be in the best public interest.

Conditions in the real estate market:

The real estate market in the Puget Sound region is generally cooling off. This will not be an open market sale. A negotiated sale between two public agencies will rely on a current analysis and opinion of fair market value. The intergovernmental benefits to be gained by both the City and the Cascade Water Alliance are a key element that supports the proposed transaction.

Known environmental factors:

There are no known environmental problems or factors that affect this site.

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.

The potential for selling this property to non-city public entities has been assessed. Circulation of the property to non-City public entities reinforced the position of Cascade Water Alliance as the only public agency interested in acquisition. Since the Cascade Water Alliance has a membership composed of the cities of Bellevue, Issaquah, Kirkland, Covington, and Tukwila, the Covington Water District, and the Sammamish Plateau and Skyway Water and Sewer Districts, these public entities are involved with the proposed sale.

The size, location, and use of the property directs the conclusion that there is no potential for selling this property to the general public.

PUBLIC INVOLVEMENT

In accordance with Resolution No. 30862, in February 2009, a notice soliciting comments about the reuse and disposal of PMA No. 1260 and the City of Seattle's recommendation to sell the property to Cascade Water Alliance for continued use as a water facility was sent to all residences and owners within a 1000-foot radius of the subject property, to neighborhood organizations and appropriate public agencies. 490 notices were mailed.

Two large notice signs were erected in conspicuous locations along the boundary of the property. These signs informed all passersby and interested parties that the reservoir property has been recommended for sale to Cascade Water Alliance for continued use as a water facility.

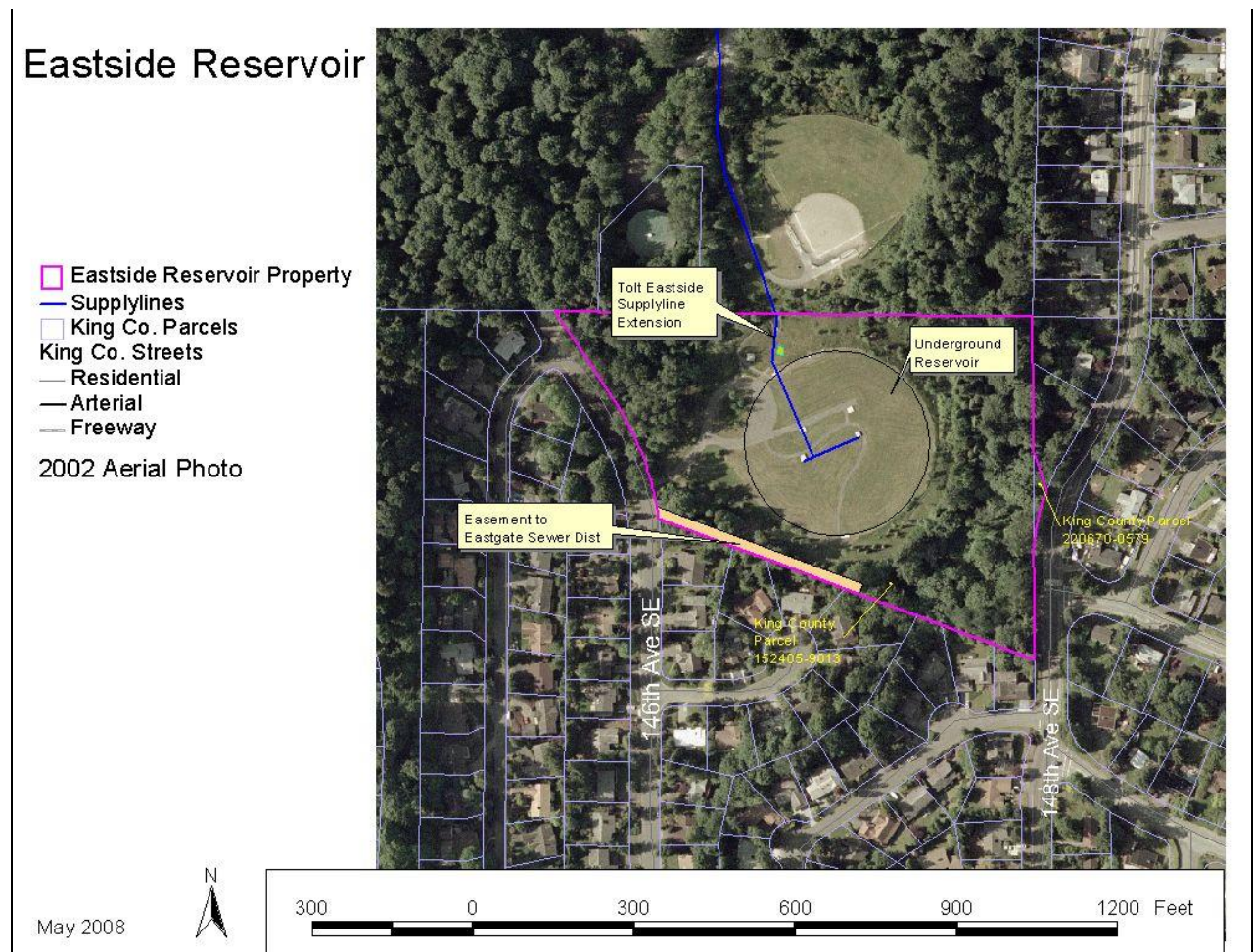
15 persons submitted their comments. 14 of these persons expressed no objection to the sale to the Cascade Water Alliance as long as the property continues to be used as a reservoir and the existing greenbelt around the reservoir would be preserved and not sold for some type of private development. One of the respondents expressed an interest in opportunities to buy portions of the property if it is put up for sale.

THRESHOLD DETERMINATION

The Disposition Procedures provide that FFD 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. The Property Threshold Determination Form prepared for PMA No. 1260 is attached at the end of this report. The transaction is rated as being “Complex”, based upon the factors considered and the score calculated for disposition of PMA No. 1260

RECOMMENDATION

The Real Estate Services Division of the Fleets and Facilities Department recommends that PMA No. 1260, the SPU Eastside Reservoir, be sold to the Cascade Water Alliance for continued use as a water facility for a negotiated price which represents the present fair market value.



PROPERTY REVIEW PROCESS DETERMINATION FORM

Property Name:	Eastside Reservoir		
Address:	Bellevue, WA		
PMA ID:	PMA No. 1260	Subject Parcel #	4533
Dept./Dept ID:	Seattle Public Utilities	Current Use:	Water Facility
Area (Sq. Ft.):	383,896 SF	Zoning:	Res.-3.5 Bellevue
Est. Value:	\$ 11,000,000	Assessed Value:	\$ 10,403,000

PROPOSED USES AND RECOMMENDED USE

<i>Department/Governmental Agencies:</i> Cascade Water Alliance	<i>Proposed Use: N/A</i> Continued use as water facility
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<i>Other Parties wishing to acquire</i> None	<i>Proposed Use:</i> None
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RES'S RECOMMENDED USE:
Sell to Cascade Water Alliance

PROPERTY REVIEW PROCESS DETERMINATION (circle appropriate response)

- | | | |
|---|----------|----|
| 1.) Is more than one City dept/Public Agency wishing to acquire? | No / Yes | 15 |
| 2.) Are there any pending community proposals for Reuse/ Disposal? | No / Yes | 15 |
| 3.) Have citizens, community groups and/or other interested parties contacted the City regarding any of the proposed options? | No / Yes | 15 |
| 4.) Will consideration be other than cash? | No / Yes | 10 |
| 5.) Is Sale or Trade to a private party being recommended? | No / Yes | 25 |
| 6.) Will the proposed use require changes in zoning/other regulations? | No / Yes | 20 |
| 7.) Is the estimated Fair Market Value between \$250,000-\$1,000,000? | No / Yes | 10 |
| 8.) Is the estimated Fair Market Value over \$1,000,000? | No / Yes | 45 |

Total Number of Points Awarded for "Yes" Responses:	60
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Property Classification for purposes of Disposal review: Simple / Complex (circle one) (a score of 45+ points results in a "Complex" classification)

Signature: David C. Hemmelgarn	Department: FFD	Date: 04/22/08
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