

***Preliminary Recommendation Report
On Reuse and Disposal of the
Seattle Department of Transportation Mercer Corridor Excess Property
PMA 4183 Parcel at 560 Roy Street
September 8, 2014***

Purpose of Preliminary Report

In response to a City of Seattle Jurisdictional Department identifying a property as “Excess” to their 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 Departments’ analysis and recommendations. This report is prepared in accordance with City of Seattle Council Resolution [29799](#), as modified by Resolution [30862](#).

Executive Recommendation

(FAS) recommends that the property is to be first evaluated by the Human Services Department (HSD) for potential development that includes a child care facility. If it is found that the property could support HSD programs, the recommendation is for the property to be sold to the selected developer through a negotiated sale. If HSD has not identified a developer for the property by June 30, 2015, the property should be sold at fair market value through an open and competitive process.

Background Information

The property is under the jurisdiction of the Seattle Department of Transportation (SDOT). This property is located at 560 Roy Street and is located on the northeast corner of Roy Street and Taylor Avenue North. (See Appendix A for a detailed property description) The property was acquired in 1971 to be used as a part of the proposed Bay Freeway project, which was never built. SDOT had identified this property for potential use in the construction of Mercer Corridor Project, but subsequently determined that it was not needed for transportation needs.

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 need 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 monies from the Arterial Street Fund.

Purpose for which property was acquired: The property was purchased in order to establish the Bay Freeway, which was never built. The property was designated limited access

transportation purposes. The property was never used for limited access freeway. This designation can be removed with legislation authorizing the sale of the property.

Deed or contractual restrictions: The property is not bound by any other contracts or instruments and is not subject to any extraordinary 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 fair market value can be determined by an appraisal, or through an open competitive sales process. The City of Seattle incurs costs associated with the disposition process including staff time, public notice expenses and real estate transactions costs. FAS will be reimbursed for expenses incurred in the sale of the property.

The property is located in the Uptown Urban Center and is subject to zoning incentives and restrictions. The property is currently zoned NC 3-40.

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 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; as 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 Uptown Urban Center. This area is close to the Seattle Center. The neighborhood includes buildings that vary in age and size.

Housing and Economic Development: The sale of the property to a private owner will return the property to the active tax rolls. Subsequent development of the property will increase economic activity in the City. Sale of the property to a provider of child care services could provide economic activity as well as meet City goals.

Nearby City owned property: There are no City-owned properties which are contiguous with this parcel. There are several City-owned excess properties located in the South Lake Union and the Uptown Urban Planning areas. Excess city properties are subject to the City's disposition policies and will be addressed separately in other preliminary reports. A map showing nearby City properties is included with the attached Excess Property Description.

Other City Uses: In March 2014, an Excess Property Notice for this property was circulated to City of Seattle Departments. City Departments were asked to evaluate the property for current or future city uses of the property. FAS/RES received Excess Property Response Forms indicating no interest from the following departments or public agencies: Seattle Public Library, Seattle City Light, Seattle Department of Planning and Development, and the Seattle Dept. of Parks and Recreation. The Human Services Department (HSD) expressed interest in the property for potential use as a day care. HSD is evaluating the possibility of the development of the property with potential day care providers.

Other Agencies Uses: An Excess Property Notice for this property was circulated in March 2014 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, market sale, or through a request for proposal process.

Transfer of Jurisdiction to other City Department: No other City Department expressed a current or future need for the property.

Negotiated Sale: A negotiated sale is typically recommended when the selection of a particular purchaser has specific benefits to the City. HSD is pursuing an evaluation of the property through a Request for Proposal process that will evaluate the possibility of the property being used for development as a day care facility.

Sale through an open competitive process: A sale through a public competitive process would allow the market to determine the optimum price for the property.

Request for Proposal Process: This process is used when specific development goals are desired. FAS does not have a development plan for this property, although HSD is investigating if a developer could be identified to develop the property to include a child care facility.

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:

- **Legally permissible:** The subject property is zoned NC3-40 which allows a range of neighborhood business and residential spaces.
- **Physically possible:** The property is flat and is improved for parking. Future development is physically possible.
- **Financially feasible and maximally productive:** The property is currently used for vehicle parking. Parking uses generally supports other uses and generally produces limited economic activity. With future development, the property could be more productive.

The highest and best of the property could be residential, neighborhood commercial or a mixture of uses as allowed under the current zoning.

Compatibility with the physical characteristics and surrounding uses: The property is surrounded by other developments that vary in size. The range of options in the zoning code allow for a variety of development options.

Appropriateness of the consideration: Sale of the property at fair market value through a negotiated sale or competitive sale process will result in the City receiving the fair market value of the property.

Unique Attributes: The property is improved as a parking lot, and does not have unique 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 and Uptown planning areas have a great demand for new development.

Known environmental factors: According to the Hazardous Materials Discipline Report completed for the City's Mercer Corridor Project West Phase in December 2011, the property was identified as possibly having an underground storage tank. SDOT would allow prospective buyers time to conduct due diligence reviews.

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: HSD has expressed interest in the property for potential use as a day care. HSD is evaluating the possibility of the development of the property with potential day care providers. No other non-City public entities' use has been identified.

Public Involvement: In accordance with Resolution Nos. 29799 and 30862, in March 2014, a notice concerning disposition or other use of this property was sent to all business, residents and property owners within a 1,000 foot radius of the subject property. A total of 708 notices were mailed. Five responses regarding this property were received. The responses were from parties interested purchasing the property or were concerned with the future development of the property.

One comment letter was from a local architect who supported the sale of property as a separate lot on which a small scale and unique housing development could be built.

One comment letter was from a real estate broker who represented an adjacent property owner, who wishes to purchase the property.

Two responses were received from real estate brokers who are interested in the sale of the property.

One response was concerned that the notice did not include information about prior uses of the site that reflect the environmental condition of the property.

Threshold Determination

The Disposition Procedures require FAS 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.

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recommendation to the City Council. Appendix B is the Property Review Process Determination Form prepared for PMA 4183, 560 Roy Street. The disposition of this property is determined to be a “simple” transaction. No additional public involvement is required other than the notice process describe below.

Next Steps

FAS will publish the Preliminary Report on the RES website and sent to the parties of record as listed in Appendix D.

The City Real Estate Oversight Committee (REOC) reviews in the recommendation in the Preliminary Report. FAS will include the Final Report with the legislation necessary to implement the final recommendation for the excess property.

No Council decision will be made for at least 30 days following a notice of legislation sent to the mailing list. FAS will continue to collect all comments regarding the property.

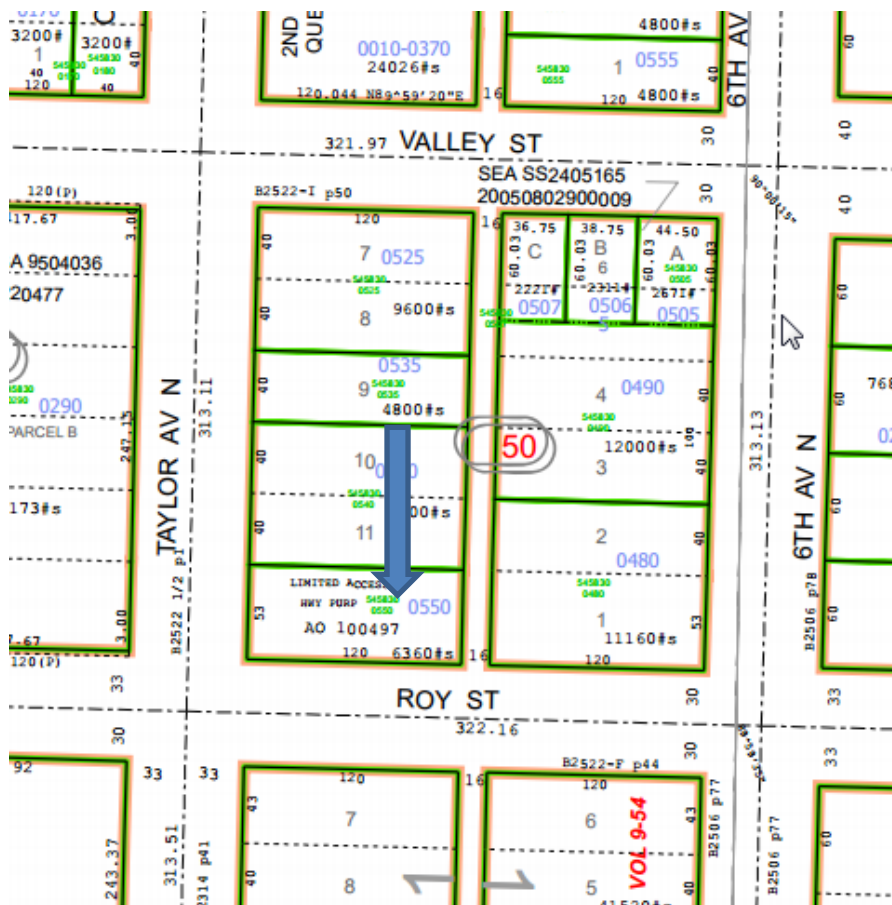
Appendix A
EXCESS PROPERTY DESCRIPTION
Parcel at 560 Roy Street
August 15, 2014

The Seattle Department of Transportation (SDOT), as the Jurisdictional Department of this City owned property has identified the following information about this excess property.

Property Name: Parcel at 560 Roy Street

PMA	Parcel Size	Parcel #	Address	Zoning	2014 Est Value*	Legal Description
4183	6,360*	545830-0550	560 Roy Street 98109	NC 3-40	\$400,000 - \$800,000	Lot 12, block 50 Mercers 2 nd Replat blocks 44 to 53, Vol 9, page 54

*KC records



Map:

History:

In 1971 the property was purchased to be a part of the planned Bay Freeway project. The property has been held under city ownership until a final decision had been made regarding Mercer Corridor transportation project. The Mercer Corridor Project is scheduled to be complete in the near future, and this property is excess to the Department of Transportation’s use for transportation purposes.

Ordinances:

Ord. [99377](#), Recording 197104230427, Right of Way and Limited Access Plans for the Bay Freeway, Findings of the City Council.

Ord. [99545](#), 10/19/1970, An ordinance relating to the Engineering Department, authorizing the acquisition of property and property rights necessary for the Bay Freeway; making a reimbursable appropriation from the Arterial City Street Fund for such purpose.

Ord. [100059](#), 6/28/1971, An ordinance relating to the Engineering Department; authorizing completion of right of way acquisition for, execution of demolition contracts in connection with and construction of the Bay Freeway project and making a partially reimbursable appropriation. Related: CF 268017, 269856, Ord. 99377, 99545, 95227, 99662

Ord. [100497](#), 12/6/1971 AN ORDINANCE accepting deeds from Automobile Club of Washington, a Washington corporation, and others, to property and property rights in Block 71, D. T. Denny's Park Addition to North Seattle, and other properties, for limited access highway purpose.

Acquisition Deeds:

Deed 8/2/1971. Fee simple/Fee title Transfer Dated 8/2/1971 From Pettengilli, Zema Mae to Seattle Transportation Department, Recording Number AF197108120170.

Other:

Limited Access Plans, 4/23/1971 KC Records 197104230427 Right of Way and Limited Access Plans for the Bay Freeway, Findings of the City Council, and Ordinance 99377.

7/11/1991, Interdepartmental Agreement: Management of Property between Seattle Engineering Department and Department of Administrative Services dated July 11, 1991.

Acquisition Fund Source: Arterial City Street Fund

Jurisdictional Department's estimated market value: \$400,000 to \$800,000. The value of the property is based upon a comparative market analysis performed by Real Estate Services using comparable sales of similar properties sold between spring 2013 and spring 2014. The range of value is due to unknown development costs and uncertain environmental issues.

Destination of funds upon sale: Arterial City Street Fund

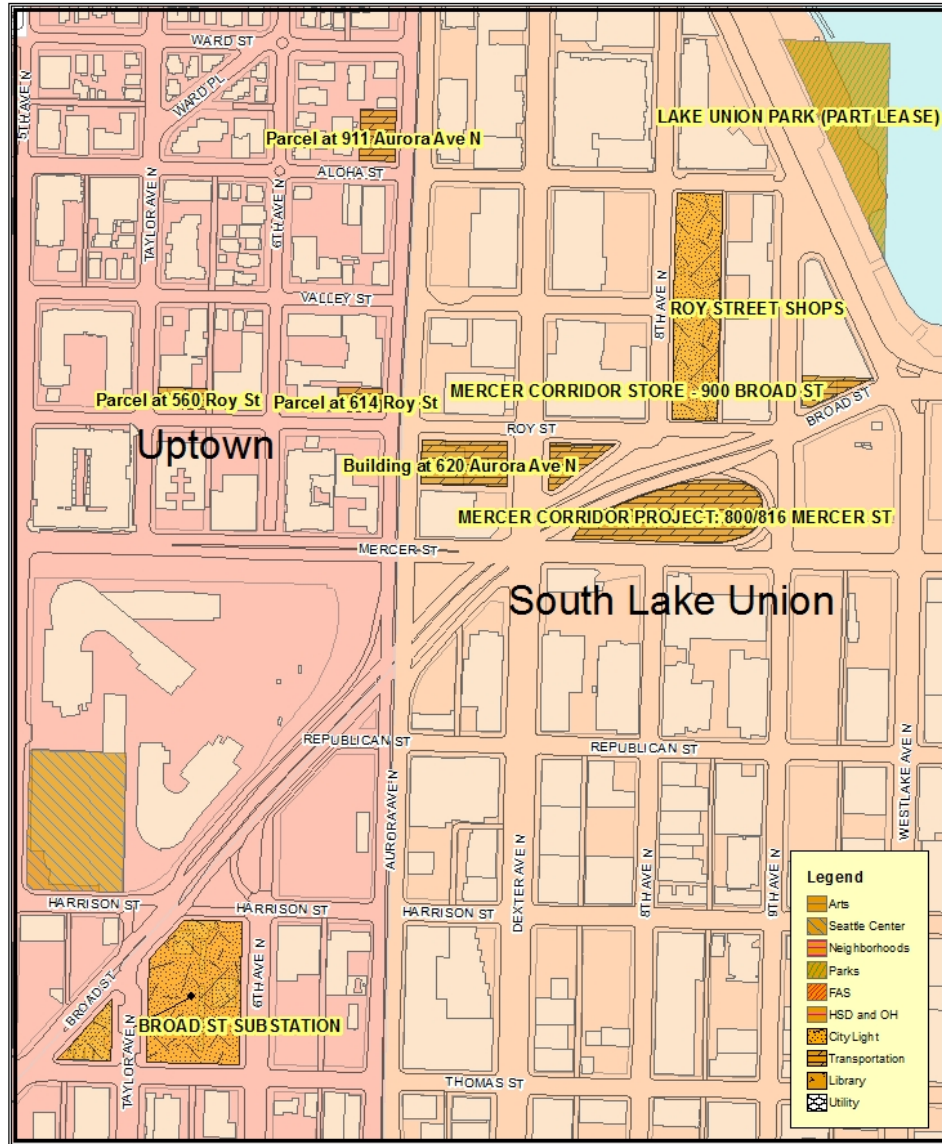
Current easements, covenants and restrictions: Property is being use for temporary staging area in support of the Mercer Corridor project.

Recommended easements, covenants and restrictions upon Transfer: none

Potential problems with property and possible measures to mitigate their recurrence: The City purchased the property from Zema Mae Pettengill in 1971. The property was the site of a Richfield gas station operated by Raymond R. Pettengill. It is reported that the fuel tanks are still buried underground on the parcel. It appears that six vent lines from the tanks still remain and can be seen mounted to the exterior wall of the adjacent property at 706 Taylor Avenue North.

Neighborhood: Uptown Urban Village

Legal Description: Lot 12 in block 50 of replat of blocks 44 to 53 inclusive, Mercer's Second Addition to North Seattle, as per plat recorded in Volume 9 of Plats, page 54, records of King County.



City Property



Produced by the City of Seattle FAS, Real Estate Services, D. Bretzke August 2014

Appendix B

PROPERTY REVIEW PROCESS DETERMINATION FORM			
Property Name:	Parcel At 560 Roy Street		
Address:	560 Roy Street		
PMA ID:	PMA. 4183	Parcels No. 545830-0550	
Dept./Dept ID:	SDOT	Current Use:	Parking Lot
Area (Sq. Ft.):	6,360 sq. est.	Zoning:	NC 3 40
Est. Value:	\$ 400,000- \$800,000	Assessed Value:	\$ NA
PROPOSED USES AND RECOMMENDED USE			
<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: Office space</i>	
RES'S RECOMMENDED USE: Sell through negotiate sale for a development that includes children care or sell in an open and competitive process.			
PROPERTY REVIEW PROCESS DETERMINATION (circle appropriate response)			
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?	No	<input checked="" type="radio"/> Yes	10
8.) Is the estimated Fair Market Value over \$1,000,000?	<input checked="" type="radio"/> No	/ Yes	45
Total Number of Points Awarded for "Yes" Responses:			35
Property Classification for purposes of Disposal review: <input checked="" type="radio"/> Simple <input type="radio"/> Complex (circle one) (a score of 45+ points result results in a "simple" classification)			
Signature: Daniel Bretzke, AICP		Department: FAS	Date: August 15 2014

Appendix D
Parties of Record

Name	Email	Address/Company	Phone
Robert Hines	rlhinesjr@msn.com		206 499 6464
Paul Galeno	pfgaleno@comcast.net		253 804 6490
Bob Myer	meyer@ewingandclark.com	Ewing Clark	206 695 4823
Martin Henry Kaplan AIA	mhk@martinhenrykaplan.com	Martin Henry Kaplan, Architects AIA	206 682 8600
Lauren Hendricks	laurenhendricks@windermere.com	Windermere Commercial, 2420 2 nd Avenue, Seattle, WA 98121	206 999 9161