

PRELIMINARY REPORT
EVALUATION OF REUSE AND DISPOSAL OPTIONS FOR
PMA 724

City of Seattle 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 724 – Kenmore Reservoir Site**

BACKGROUND INFORMATION

Legal Description: PMA 724 consists of two tax parcels. Parcel A is described as follows: Lake Forest Park 1st Addition, Block 8, all of Lot 30 and Lot 31, less the west 80 feet thereof. Parcel B is described as follows: Lake Forest Park 1st Addition, Block 8, Lots 32 and 33.

Physical Description and Related Factors: PMA 724 – Kenmore Reservoir Site - consists of two tax parcels. King County Assessor Property Identification Nos. 4022902270 (Parcel A) and 4022902320 (Parcel B) are adjacent to one another at the intersection of 40th Place NE and 45th Place NE. in the City of Lake Forest Park, King County. (See Map Attachment A) Both parcels are west of 40th Place NE which is a major north/south thoroughfare in Lake Forest Park. The neighborhood consists of single family homes on larger wooded lots. The properties are both rectangular in shape and comprise a total area of approximately 5 ½ acres. Both Parcels are zoned RS 9,600 (single family residential minimum lot size 9,600 SF). Adjacent parcels north, south and to the east are also zoned RS 9,600. Parcels to the west are zoned RS 10,000 and RS 7,200. Property owners need to contact the Lake Forest Park Department of Planning to discuss development potential of the property now and in the future.

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.

The parcel A portion of PMA 724 was originally acquired under the authority of Ordinance No. 98081 in 1969 for water reservoir site purposes as an asset of the Water Utility. The parcel B portion of PMA 724 was originally acquired under the authority of Ordinance No. 101069 in 1972 for establishment of the Kenmore reservoir site, a municipal water service facility. There are no extraordinary ordinances, laws or regulations that apply to these properties.

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.

Context:

The subject properties are located within the City of Lake Forest Park and are outside the corporate limits of the City of Seattle. Therefore, there are no priorities reflected in adopted Seattle policies that could be served by this particular property. There are no other Seattle owned properties in the general area.

Range of Options:

The options for disposition of these parcels include retention by the City of Seattle for a public purpose, long-term ground lease, negotiated sale with an adjacent owner, negotiated sale with a motivated purchaser, or sale by public bid.

An Excess Property Notice for this property was circulated in May 2008 to assess City of Seattle department and public entity interest in use of the property. One positive response to the circulation was received 5/22/2008 from Kathy Brown, Director, King County Department of Executive Services, Facilities Management Division (206-263-8842). King County was interested in the property for development of affordable housing. While no funds have been appropriated for acquisition of this specific property, the County has said it might be willing to trade lands located within the City. A second positive response was received from the City of Lake Forest Park on 6/29/2008. The City proposed to acquire the property for a nature preserve or passive park with walking trails. The City identified \$50,000 of, as yet un-appropriated, Conservation Futures funds.

FFD/RES received Excess Property Response Forms indicating no interest from the following departments or public agencies: King County Metro, Seattle Police Dept., Seattle Public Library, Seattle Human Services Dept., Seattle Office of Housing and the Seattle Dept. of Parks and Recreation.

No City of Seattle department has identified any overriding or necessary current or future use for the properties. Given the lack of identified current or future Seattle municipal use, long-term lease or retention of the property is not in Seattle's best interests. One adjoining property owner expressed interest in acquiring a portion of the subject property that is adjacent to their property.

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 subject property is zoned RS 9,600 Single Family Residential in the City of Lake Forest Park and is intended for single family development. The highest and best use of the subject property is single family residential or other uses allowed by the Lake Forest Park code and regulations.

Compatibility with the physical characteristics:

The subject property is heavily treed and has sloped topography. The highest elevation is on the northern parcel near 40th Place NE and the property slopes generally to the west and south. There is an elevation difference of approximately 100 vertical feet across the length from NE to SW with an overall slope of approximately 17%. A small stream runs north to south across the western fourth of the subject property. Development of this property will be challenging due to these physical characteristics.

Compatibility with surrounding uses:

The subject property is in an area of Lake Forest Park that was developed many years ago in the 1950s and 1960s. More recent development has occurred to the west of the subject property, but the development north, south and east appears to have been established for some time. The subject parcels are undeveloped as are some of the privately owned parcels in the vicinity. Parcels to the west range in size from 7,000 to 10,000 SF. Parcels north, south and east are generally larger, on the order of a ½ acre (21,000 SF or more). Single family residential is the exclusive land use in the vicinity.

Timing and Term of Proposed Use:

No specific use is recommended for the property. The City of Lake Forest Park wants to acquire the properties for park uses, and Seattle Public Utilities prefers to negotiate acquisition of the subject properties by the City of Lake Forest Park. If sold pursuant to negotiation or by public bid, no conditions are proposed at this time affecting use or development by the successful bidder. Any development would be subject to approval by the City of Lake Forest Park.

Appropriateness of the consideration:

Sale to the City of Lake Forest Park will depend on their ability to secure adequate funds. An independent appraisal of the property will determine the fair market value. In the event that the City of Lake Forest Park and SPU are unable to agree on terms, SPU may negotiate with King County. Otherwise, the property is proposed to be sold to the highest successful bidder in accordance with procedures as approved by the City Council. Legislation would authorize SPU to accept the highest competitive offer above a minimum bid threshold.

The King County Assessor's 2009 assessed value of each of the two parcels is \$545,000.. An appraisal will determine its fair market value.

Unique Attributes: PMA 724 is unique in that it consists of two parcels that, combined, may constitute the largest undeveloped piece of land in the City of Lake Forest Park.

Potential for Consolidation with adjacent public property:

There are no other publicly owned properties that are immediately adjacent to the subject property.

Conditions in the real estate market:

The real estate market in the Seattle area remains fairly stable in spite of uncertainties at the national level. Although property values have stalled or depreciated slightly, the scarcity of undeveloped land in the Seattle area means that in the long term, property values will stay strong.

Known environmental factors:

A review of property files and a drive-by inspection of the property have been conducted. There is no evidence to suggest that further environmental assessments or investigations are warranted at this time. As noted previously, a stream runs north to south across the subject property.

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 City of Lake Forest Park has expressed interest in acquiring the property for a park but needs time to secure funding. King County has expressed interest in acquiring the subject property for the construction of affordable housing, but there has been no commitment of funds for the acquisition and SPU wants to explore a sale to Lake Forest Park first. If the City of Lake Forest Park cannot secure funding, the next step may be to negotiate with King County. If neither the City of Lake Forest Park nor King County commits to a purchase, the sale may be by competitive bid to a member of the general public.

PUBLIC INVOLVEMENT

In accordance with Resolution Nos. 29799 and 30862, in May 2008, a notice concerning disposition or other use of this property was sent to all residences and owners within a 1,000 foot radius of the subject properties. A total of 343 notices were mailed. Twenty-three (23) responses were received from the public in response to the letter. Nineteen of the 23 want the space to remain green and open, possibly as a park. One responder suggests multiple uses of the property including an Olympic swimming pool and a day care. One person wants to acquire plants before they may be bulldozed. Another responder asks whether it is possible to purchase a portion of the property adjacent to their home, and lastly someone suggests that this property be exchanged with other property less suitable for development in the City of Lake Forest Park on which development has been proposed.

RECOMMENDATION

As no current or future municipal use has been identified for the City of Seattle to continue ownership of PMA 724, the Real Estate Services Division of the Fleets and Facilities Department (FFD) recommends that PMA 724 be sold. If the City of Lake Forest Park is unable to secure funding, negotiations with King County should be considered. If no agreement can be reached with either the City of Lake Forest Park or King County, FFD recommends PMA 724 be offered for sale through a public competitive bid process in a manner to be approved by the City Council.

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 Review Process Determination Form prepared for PMA 724, Kenmore Reservoir Site is attached at the end of this report. Due to the nature of the property, the extent of public comment on the excess property, its considerable value, and the recommendation to sell, disposition of this property is determined to be a “Complex” transaction.

NEXT STEPS

Following preparation of this Preliminary Report, FFD is required to provide a summary to the Real Estate Oversight Committee (REOC), to all City Departments and Public Agencies that expressed an interest in the Excess Property, and to members of the public who responded to the Initial Public Notice. This second notice will advise how to obtain a full copy of the report, note that FFD and the REOC will consider comments on the Preliminary Report for 30 days after mailing the summary of the Preliminary Report and advise the recipient where and to whom any comments should be addressed. FFD will post one sign visible to the public along the street frontage abutting the Excess Property which provides the same information.

After comments are received following the posting of the Preliminary Report, FFD revises its recommendation as appropriate, and prepares a Final Report, including a report on the public involvement process. These reports are then forwarded to the City Council with any legislation necessary to implement the final recommendation for the excess property. All interested parties are provided with at least two weeks' notice of the hearing at which the City Council will make a decision concerning disposition of PMA 724.

PROPERTY REVIEW PROCESS DETERMINATION FORM

Property Name: Kenmore Reservoir Site
 Address: Intersection of 40th Place NE and 45th Place NE., Lake Forest Park, WA
 PMA ID: PMA. 724 Subject Parcels Nos. 4022902270 and 4022902320
 Dept./Dept ID: SPU Current Use: Vacant: Excess
 Area (Sq. Ft.): 243,935 sq.ft. Zoning: RS-9600
 Est. Value: \$ 1,000,000 Assessed Value: \$974,000 in 2008

PROPOSED USES AND RECOMMENDED USE

Department/Governmental Agencies: None Proposed Use: N/A

Other Parties wishing to acquire: Adjacent property owners/residents. Proposed Use: Yard additions; development

RES'S RECOMMENDED USE:
 Sell by competitive public bid process to highest bidder.

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: **85**

Property Classification for purposes of Disposal review: Simple Complex (circle one) (a score of 45+ points results in a "Complex" classification)

Signature: Louis Webster, AICP Department: FFD Date: June 30, 2008

The City of Seattle



PMA# 724 Kenmore Reservoir Site

Produced by the City of Seattle
FFD / RES

April 21, 2008

Legend

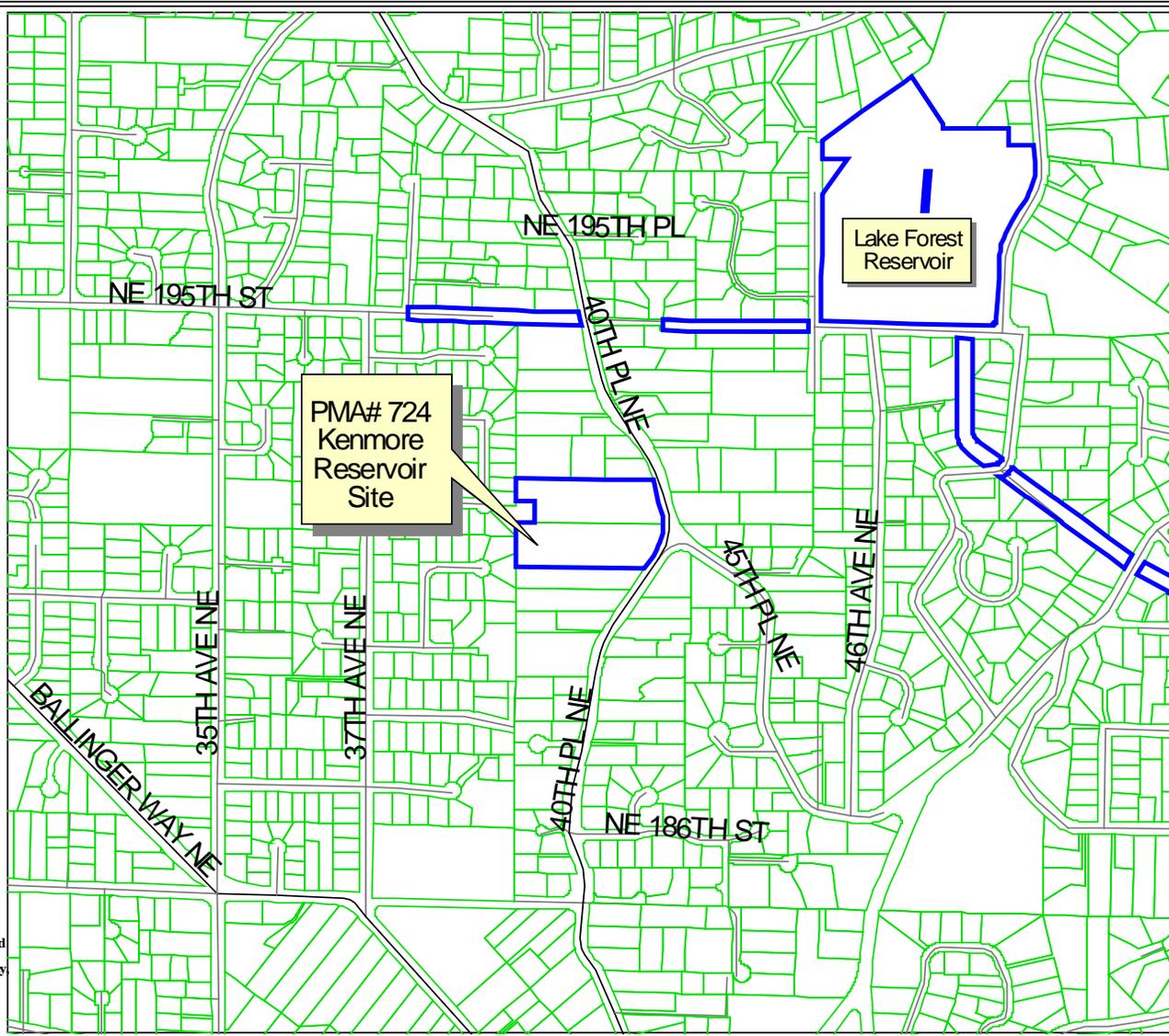
- Seattle Public Utilities
- Tax Parcels
- Streets
 - Residential
 - Arterials

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The City of Seattle



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FFD / RES

April 21, 2008

Legend

-  PMA# 724
-  Tax Parcels
-  Streets
-  Residential Arterials

0 100 200 Feet



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