Final Recommendation Report On Reuse and Disposal of the Seattle Public Utilities Excess Property PMA 3947 Former Henderson St Pumping Plant April 24, 2023

Purpose of Final 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 "Final Recommendation Report on the Reuse and Disposal of Excess Property", which documents FAS' analysis and recommendations. This report is prepared in accordance with City of Seattle Council Resolution <u>29799</u>, as modified by Resolution <u>30862</u> and <u>31837</u>.

Executive Recommendation

FAS recommends that the property to be offered for sale to the Seattle Public Schools (SPS) through a negotiated sale at fair market value. If a negotiated sale with Seattle Public Schools is not completed, then property should be retained by Seattle Public Utilities.

Background Information

The property is under the jurisdiction of Seattle Public Utilities (SPU). This property is located at 8817 Seward Park Avenue S, on the northwest corner of the intersection of S Henderson St and Seward Park Ave S. (See Appendix A for a detailed property description). The City originally acquired the property in 1919, and constructed the Henderson Street Pumping Station, as part of the Henderson Street Trunk Sewer Project completed in 1937. There is a reference to this pump station "Unit 7" of the Henderson Street Trunk Sewer project in the 1937 Annual Report of the City Engineering Department as provided below:

Units 2 and 8, and 3, 4, 6 and 7 of the Henderson Street Trunk Sewer were completed in 1937. Considerable research and ground work and planning has been done on the final pumping plant and sewage disposal works. Contracts have been let for the construction of Unit No. 9, which is a 60" Reinforced Concrete Sewer on East Marginal Way, and a contract has been let for the filling of a seventeen acre site between East Marginal Way and Duwamish Waterway, for Unit No. 10, which comprises the final pumping plant and sewage disposal works.

The Henderson Street project has been financed in part by City Sewer Bonds and a 45% Grant from the Public Works Administration.

The Henderson Street Trunk Sower Unit and Sowage Disposal Works are the final units of an extended program to divert all Seattle sewage from flewing into Lake Washington. When these two units are completed, there will be no sanitary sewage emptying into Lake Washington, except that from house boats, neighboring towns, and, in general, all residents outside of the City of Seattle new living on the shores of the lake. Seattle has thus set the example for our neighboring cities and has set a precedent for the State Department of Health to use in dealing with the other cities. Seattle Public Utilities acquired this property as a transfer of jurisdiction from the Parks & Recreation Department in September of 1962 for sewer and drainage purposes in connection with the maintenance and operation of the Drainage and Wastewater (DWW) Henderson Street Pump Station. The pump station was decommissioned and deconstructed in the 1970s, as King County took over the responsibility for this function and replaced the infrastructure in a different location.

Seattle Public Schools (SPS) approached Seattle Public Utilities (SPU) in December 2021 to purchase this parcel as part of a multi-year project to rebuild Rainier Beach High School (RBHS). The SPU property is located on the city block parcel where Rainier Beach High School is located. Currently, SPU owns a maintenance hole on the site, and no other assets or infrastructure. There is also existing King County buried infrastructure on the subject parcel. The parcel has been through the SPU Excess Property review process and is approved by SPU for sale to SPS.

Reuse or Disposal Options Evaluation Guidelines

City of Seattle Resolution 31837, Section 1, requires the Executive to make its recommendation for the reuse or disposal of any property that is no longer needed by a department using the following Guidelines A-D.

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, statutes, and regulations.

Funding Sources: Funding for the "Henderson Street Trunk Sewers" was authorized under City Ordinance #64831 (<u>http://clerk.seattle.gov/search/ordinances/64831</u>) in 1934. The property is now an asset belonging to the Drainage and Wastewater Utility (Fund 44010).

Purpose for which property was acquired: To construct a pump station called the Henderson Street Pumping Station.

Deed or contractual restrictions: The property is not bound by any other contracts or instruments.

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 receive fair market value for the disposal of surplus real property in most cases. 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. Costs incurred by FAS Real Estate Services are covered by internal service fund rates allocated to other City departments.

The property is located in the <u>Rainier Beach Residential Urban Village</u> and is subject to zoning incentives and restrictions.

The property is currently zoned LR3 (M) which allows for a low-rise residential development.

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 childcare facilities; and in support of other priorities reflected in adopted City policies.

Neighborhood Plan: The property is located in the Rainier Beach Residential Urban Village. The property is close to Lake Washington and adjacent to Rainier Beach High School. The neighborhood includes buildings that vary in age and size, although predominantly the area includes retail, public parks and buildings, low-rise multifamily housing, and single-family housing. Development of this property is regulated by City Seattle zoning and development codes.

Housing and Economic Development: Sale of the property to Seattle Public Schools will allow SPS to consolidate this parcel with an adjacent parcel that they own. Subsequent development of the property by the Seattle Public Schools to rebuild Rainier Beach High School will increase economic activity in the City.

The Office of Housing has indicated that this would not be a good site for an affordable housing development, given the plan for the surrounding School property, noise levels, lines of sight, and the size and zoning which limit the number of units that could be built on this parcel.

Nearby City owned property: The property is located on a corner site and is otherwise surrounded by property owned by the SPS. There are no City-owned properties which are contiguous with this parcel. Be'er Sheva Park is owned by the Parks Department and is located to the east of the site, across Seward Park Ave S. A map showing nearby City properties is included with the attached Excess Property Description.

Other City Uses: In January 2023, 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 questions from SDOT on catchment placement, and from the Office of Planning and Community Development on alternative community proposals. Both queries were addressed and have been resolved.

In addition, FAS consulted SPS and the Office of Housing (OH) on the suitability of the site for an affordable housing development:

SPS has indicated that this use would require redesign of the RBHS project (adding cost and time) due to the proximity to the school campus, and SPS does not wish to suffer the loss of sightlines onto the campus.

OH believes this site would be a poor fit for an affordable housing development due to the ambient noise levels, surrounding parking areas, and the low unit potential given the site size and zoning.

Other Agencies Uses: Internal Excess Property Notices for this property were circulated in January 2023 to assess other agencies' interest and inform the public of the pending sale. The Seattle Public Schools has expressed an interest in purchasing the property at fair market value for use in their project to rebuild Rainier Beach High School.

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. In this case a negotiated sale with the Seattle Public Schools would provide a fair market value price for the property and would assist the Seattle Public Schools in acquiring property that is adjacent to property that they own. Acquiring the property is also integral to the re-construction project for Rainier Beach High School, which is already underway.

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. The location of the Rainier Beach High School makes this an unlikely location for anything other than part of the school campus. Currently, there is no specific City goal for the future use of this 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 Appraisal Institute defines highest and best use as, "The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible and that results in the highest value." FAS' highest and best use analysis for the subject property determined the following:

- *Legally permissible:* The subject property is zoned LR3 (M) which is a low-rise residential zone.
- **Physically possible**: The property is level, rectangular, at grade with the fronting streets, and undeveloped, aside from an SPU maintenance hole. Future development is physically possible.
- *Financially feasible and maximally productive:* The property is no longer needed for Seattle Public Utilities operations. With future development, the property could be more productive.

The highest and best of the property could be for residential or institutional uses as allowed under the current zoning.

Compatibility with the physical characteristics and surrounding uses: The property is located on a corner site and is otherwise surrounded by SPS property (Rainier Beach High School). The range of options in the zoning code allow for primarily residential development options. However, given its stand-alone proximity adjacent to a school, assemblage with the institutional use seems most appropriate.

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 has an SPU maintenance hole on the site, which is unique in that it was built for a specific use that is no longer needed.

Potential for Consolidation with adjacent public property: The property could be consolidated with adjacent SPS property. This aligns with the City's policy priorities and supports SPS and the reconstruction of Rainier Beach High School.

Conditions in the real estate market: The real estate market in the City of Seattle remains stable, and there has been a great demand for new development, particularly for housing, although as stated, the City's Office of Housing department has concluded that this parcel is not suitable for housing. Existing school infrastructure requires continued investment such as the Rainier Beach High School's capital project to rebuild the school. SPS has requested to purchase the parcel as part of its capital improvements in its facility and at a purchase price based on a current market appraisal.

Known environmental factors: No environmental factors known by SPU or SPS at this time, no review has been conducted.

<u>Guideline D: Sale</u>

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: The recommendation is based on the request for use by non-City public entity Seattle Public Schools. The Seattle Public Schools has requested to purchase the property. This parcel is needed for SPS to complete the currently designed reconstruction project for Rainier Beach High School, which is already underway.

Public Involvement: As of the date of this report, no responses or comments from the public regarding this property were received by FAS.

FAS Real Estate Services has performed the following outreach activities:

• RES sent internal notification to the Real Estate Oversight Committee department members, in addition to several other departments which may be impacted by this transaction (including the Mayor's Office, the City Budget Office, Department of Education

and Early Learning, Seattle Public Schools, King County). RES received inquiries from OPCD and from SDOT, as follows:

- SDOT inquired about drainage infrastructure in the Right of Way, and SPU confirmed there is none.
- OPCD inquired about community groups and alternate uses, but upon seeing the site location and future use with Seattle Public Schools agreed that alternate uses by the community were not viable.
- Seattle Public Schools posted information about the proposed sale on the Seattle Public Schools website and the Rainier Beach High School project website.
- FAS Real Estate Services posted information about the proposed sale on the City of Seattle website.
- FAS RES and SPS together printed and posted a large sign on the site with contact information and notice on February 15, 2023 (as shown below). This sign allowed comments to be sent through March 31, 2023. No comments were received.
- The Office of Housing analyzed the property and has concluded this property would be a poor fit for an affordable housing development. For full analysis, see Appendix E.

Rainier Beach High School Re Thank you, Searchat The states - approved 2019 and 2022 capita	theries provided funding for this project
About	Schedule Based on the state of the st
Seattle Facilities & Administrative Services City of Seattle, Seattle Public Utilities Excess Property Notice New Administrative Services City of Seattle, Seattle Public Utilities Excess Property Notice New Administrative Services Seattle Seattle	

- On February 13th, 2023, the Department of Neighborhoods (DON) Community Engagement Coordinator for SE Seattle emailed an English public notice flier to the below community groups with contact information for the proposal:
 - Rainier Beach Action Coalition (RBAC)
 - o Ethiopian Community Seattle
 - Somali Community Seattle
 - Rainier Beach Link2Lake
 - o Washington Park Apts Management
 - Seattle Housing Authority (SHA)
 - Fathers and Sons Together (FAST)
 - CHAMPS Resource Service Center
 - Rainier Beach Community Club
 - Valley Cities
 - Seattle Neighborhood Group
 - Northwest Tap
- And on March 6th, 2023, the DON Community Engagement Coordinator for SE Seattle emailed the same flier, translated into:
 - o Amharic
 - o Somali
 - o Vietnamese
 - o Spanish
 - Chinese (Simplified)
 - Chinese (Traditional)

On March 3rd, 2023, Real Estate Services produced the Preliminary Report for the Reuse and Disposal of this SPU property. This report was posted on the Real Estate Services website and emailed to all internal and external commenters for a 30-day period. No additional comments were received in this time.

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.

Appendix B is the Property Review Process Determination Form prepared for PMA 3947, the former Henderson Street Pumping Station. The disposition of this property is determined to be a "simple" transaction. No additional public involvement is required other than the notice process described below.

Next Steps

FAS and SPU have prepared legislation for the City Council to authorize the disposition of this property, following the recommendations of this Final Report.

Pursuant to the guidelines in Resolution 31837, a public hearing is not required for the sale of this property as it is a "Simple Disposition". However, the City Council may elect to have a public hearing. If so, FAS will provide a 14-day notice to any parties of record.

No Council decision will be made for at least 30 days following a notice of legislation and notice of public hearing is announced and sent to the parties of record list. FAS will continue to collect all comments regarding the property.

Appendix A: Excess Property Description from SPU Former Henderson Street Pumping Station July 28, 2022

Seattle Public Utilities as the Jurisdictional Department of this City owned property has identified the following information about this excess property.

PMA	Parcel Size	Parcel #	Address	Zoning	2022 Estimated value	Short Legal Description
3947	10,000	352404-9192	8817 Seward Park Ave S. 98118	LR3		POR GL 3 DAF - BEG NXN OF N LN OF S HENDERSON ST & WLY LN OF SEWARD PARK AVE S TH W ALG SD N LN 100 FT TH NLY PLW WLY LN SD AVE 100 FT TH E PLW N LN SD ST 100 FT TO WLY LN SD AVE TH SLY ALG SD WLY LN 100 FT TO POB PER SEATTLE ORD# 91457

Map:



History: The City originally acquired the property to construct a pump station called the Henderson Street Pumping Station. This station was installed as part of the Henderson Street Trunk Sewer Project completed in 1937. The station was identified as Pump Unit No. 7. Seattle Public Utilities acquired this property as a transfer of jurisdiction from the Parks & Recreation Department in September of 1962 for sewer and drainage purposes in connection with the maintenance and operation of the DWW Henderson Street Pump Station. The existing infrastructure on the site includes an SPU-Drainage and Wastewater maintenance hole, and King County buried infrastructure. The property parcel has completed the SPU Excess Property review process and is approved by SPU for sale to SPS.

Ordinance(s):

- a. Ordinance 39385; authorizing condemnation of land for public purposes.
- b. Ordinance 66113; authorizes placing the property under the jurisdiction and control of the Parks Department.
- c. Ordinance 91457; TOJ from the Park Department to the Sewer Utility.

Acquisition Fund Source: funding for the "Henderson Street Trunk Sewers" was authorized under City Ordinance #64831 (<u>http://clerk.seattle.gov/search/ordinances/64831</u>) in 1934. The Property is now an asset belonging to the Drainage and Wastewater Fund (44010).

Destination of funds upon sale: Drainage and Wastewater Fund (44010).

Current easements, covenants and restrictions: State Law and legal precedent require Utilities to receive fair market value for the disposal of surplus real property. There are currently no easements on this property.

Recommended easements, covenants and restrictions upon Transfer: None.

Potential problems with property and possible measures to mitigate their recurrence: None identified.

Building and Property Description

Use: The site is currently undeveloped and includes a grass covered lawn and four mature trees. Within the parcel is a King County Sewer mainline and an SPU Maintenance Hole (MH).

Legal Description

PORTION OF GOVERNMENT LOT 3, SECTION 35, TOWNSHIP 24 NORTH, RANGE 4 EAST, W.M., IN KING COUNTY, WASHINGTON, DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE NORTH LINE OF SOUTH HENDERSON STREET AND THE WESTERLY LINE OF SEWARD PARK AVENUE SOUTH;

THENCE WEST ALONG SAID NORTH LINE 100 FEET;

THENCE NORTHERLY PARALLEL WITH THE WESTERLY LINE OF SEWARD PARK AVENUE SOUTH 100 FEET;

THENCE EAST PARALLEL WITH THE NORTH LINE OF SOUTH HENDERSON STREET 100 FEET TO THE WESTERLY LINE OF SEWARD PARK AVENUE SOUTH;

THENCE SOUTHERLY ALONG SAID WESTERLY LINE 100 FEET TO THE BEGINNING.

Appendix B

PROPERTY REVIEW PROCESS DETERMINATION FORM0							
Property Name: Henderson St Pumping Plant							
Address:	8817 Seward Par	8817 Seward Park Avenue S 98105					
PMA ID:	PMA. 3947	Parcels	No. 352404-9	9192			
Dept./Dept ID:	SPU		Current Use	<u>.</u>	Landscar	oe Maintenand	e
Area (Sq. Ft.):	10,000 sq. ft.		Zoning:		LR3		
Est. Value:	\$ 1,250,000		Assessed Va	alue:	\$ NA		
PROPOSED USES	AND RECOMMEND	DED USE					
Department/Governmental Agencies: Seattle Proposed Use: Rebuild Rainier Beach High School. Public Schools						chool.	
Other Parties wish None	hing to acquire:		Proposed U. N/A	se:			
RES'S RECOMMENDED USE: Sell through negotiated sale to the SPS or if a sale is not completed, then retain by Seattle Public Utilities. PROPERTY REVIEW PROCESS DETERMINATION (circle appropriate response)							
1.) Is more than one City Dept. /Public Agency wishing to acquire? (No) Yes 15							15
2.) Are there any pending community proposals for Reuse/ Disposal? No Yes 15						15	
3.) Have individuals, community groups and/or other interested parties No Yes 15 contacted the City regarding any of the proposed options?						15	
4.) Will consideration be other than cash?						10	
5.) Is Sale or Trade to a private party being recommended?					25		
6.) Will the proposed use require changes in zoning/other regulations?					20		
7.) Is the estimated Fair Market Value between \$500,000-\$2,000,000? No / Yes							
8.) Is the estimated Fair Market Value over \$2,000,000?						10	
Total Number of Points Awarded for "Yes" Responses: 10						No	10 45
10			000,000?	ponses:		No	45
Property Classific		s Awardec	000,000? I for "Yes" Res I review: Sin	nple) (Complex	No)Yes	45

Appendix C Parties of Record

Name	Email	Address/Company	Phone
None			

Appendix D Maps:

SPU Parcel in Relation to Neighborhood







Rainier Beach High School Future Design



Appendix E Office of Housing Analysis of Property



Memo

Date: March 24, 2023

To: Karen Gruen, FAS

From: Jessica Gomez, Office of Housing Charles Mason, Office of Housing

RE: OH's Response to SPU Excess Property at 8817 Seward Park Avenue S/PMA 3947

Summary of OH Analysis:

Office of Housing (OH) received a request to review the Seattle Public Utilities (SPU) Excess Property at 8817 Seward Park Avenue S. After analyzing the property, OH has concluded that the property is not suitable for an affordable residential development. The property is located at the northwest corner of Seward Park Avenue South and South Henderson Street, a busy street corner between Rainier Beach High School and Beer Sheva Park. The property is at the current front entrance of the High School and, and from a public perception, is seen as part of the high school campus. The high school is currently undergoing major renovations, after which it is planned that adjacent uses will be parking for the high school, a bioretention pond, and a pathway between the new high school and the Seward Park Avenue/S. Henderson Street intersection and the adjacent park.

This location would be a poor fit for a low to mid-rise development, due to high ambient noise levels, and the future plans which will surround the site by parking lots and pathways to the high school. In addition, the combination of size of the site (10,000 SF) and zoning (LR3 M) would limit the size of the development.

Analysis of Basic Residential Development Criteria:

Current Use, and Size and Site Configuration:

The 10,000 square foot site is directly adjacent to the Rainier Beach High School (RBHS) and is landscaped as a portion of the school lawn. The site is square and is on the corner of the southeast side of Rainier Beach High School. The site is located in the Rainier Valley, known as the Rainier Beach Residential Urban Village and is subject to zoning incentives and restrictions. Surrounding uses in the immediate area of the property include the high school, retail, parks, multi-family residential, and single-family housing.

Zoning or Rezone Opportunities:

The site is currently zoned LR3 (M), a low-rise residential multi-family zone, that allows for development of smaller parcels of land.

Topography: The site is level and is at-grade with the fronting streets.

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Presence of Contamination/Hazardous Materials: No environmental factors known by SPU or Seattle Public Schools (SPS) at this time; no review has been conducted by OH.

Infrastructure: OH understands that there is a maintenance hole present on the site, owned by SPU, and some underground Drainage and Wastewater piping, owned by King County and SPS. No other known infrastructure is present on the site.

Presence of Existing City Light or Seattle Public Utility Facilities: OH understands that the site has one SPU maintenance hole installed on it which is related to the decommissioned Henderson Street Pumping Station.

Existing Improvements and Condition of Existing Improvements: No improvements are currently present on the site.

Location; Alignment with City Priorities: This site does not align with OH priorities for an affordable housing development. There are numerous large-scale affordable housing developments in close proximity to this site, including Lake Washington Apartments, a 16-acre development across the street, Polaris at Rainier Beach (a relatively new 300+ unit development nearby), and a proposed new development by Mt. Baker Housing called Via7. Limited affordable housing resources would be better spent on other sites.

Originating Fund Source / Restrictions on Use: OH has been informed that the City acquired the property in 1919, and constructed the Henderson Street Pumping Station, as a part of the Henderson Street Trunk Sewer project in 1937.

OH understands that the proceeds from the property sale will be deposited in the Seattle Public Utilities Drainage and Wastewater Fund (44010). This property is an asset of the utility.

Access: Travel to and from the site may be possible from Seward Park Avenue South and South Henderson Street. Access to the site is overall good.

Capacity to Achieve Other Policy Objectives – There are no significant policy objectives that would be met by pursuing residential development at this site. However, this site is well-situated to achieve policy objectives with the Seattle Public School District in the re-development of Rainier Beach High School, which is a \$238 million capital project, already underway. The Rainier Beach High School has been located here since 1960, with 840 students enrolled in the 2021-2022 school year. The total student enrollment is 96% minority students and 73% are economically disadvantaged. The school provides a range of educational, cultural, and recreational activities for youth, in addition to the 13th Year Promise Scholarship for graduating seniors. This site is an important part of the campus redevelopment, providing a clear and highly visible connection between the new high school campus and the adjacent park and nearby housing.

Overall, the property's location in proximity to Rainier Beach High School, the combination of the zoning and site size, and the competing use as part of the reconstructed Rainier Beach High School, make it a below average site for an affordable residential development.

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