



City of Seattle

Executive Department – Office of Intergovernmental Relations

Chris Gregorich, Director

MEMORANDUM

To: Councilmember Tim Burgess, Chair
Councilmember Lisa Herbold, Vice Chair
Councilmember Rob Johnson, Member
Councilmember Mike O’Brien, Alternate
Affordable Housing, Neighborhoods, and Finance Committee

From: Kenny Pittman, Office of Intergovernmental Relations

Date: May 3, 2017

Subject: **Proposed Fort Lawton Army Reserve Center Lease**

The Executive is proposing the City of Seattle enter into a lease agreement with the United States Army for the Fort Lawton Army Reserve Center, adjacent to Discovery Park in the Magnolia neighborhood. The purpose of the lease agreement would be to preserve the City’s future redevelopment options and provide city departments temporary use of the facilities at the site for administrative, training, storage and minor maintenance purposes during the term of the five (5) year lease period that ends December 31, 2021.

BACKGROUND:

In 2006, the Fort Lawton Army Reserve Center was slated for closure under the federal Defense Base Closure and Realignment (BRAC) Act. The City of Seattle (City) was designated the local redevelopment authority (LRA) and began the process for developing a redevelopment plan, which is required under BRAC and subject to federal approval.

In 2008, after conducting an extensive public process involving 17 public meetings, the City adopted the “Fort Lawton Redevelopment Plan” that proposed the construction of a “new mixed-income neighborhood” consisting of the following:

- 108 to 125 market-rate units;
- 55-unit building for homeless seniors, targeted to veterans;
- 30-unit for homeless families;
- Six (6) self-help ownership units; and
- Park and open space

Income source for the proposal was to be the sale of the single family and duplex townhomes lots to market-rate developers.

During the 2009 to 2010 period, the City's adopted 2008 Redevelopment Plan was subject to legal challenges from the Magnolia Neighborhood Planning Council for failure to conduct the necessary SEPA review of the proposed Plan prior to its adoption by the Seattle City Council. The Courts ruled that the City's 2008 Redevelopment Plan was invalid. At the same time, the national economy was in the midst of the Great Recession, thereby making the original proposed sale of specific lots to market-rate developers infeasible.

In 2012, the Army formally decommissioned the Fort Lawton Army Reserve Center. It was the Army's feeling that the City could now move forward with a revised Redevelopment Plan, including the appropriate property conveyances and/or sale of specific portions of the property under the BRAC process.

DISCUSSION:

The Army has expressed increased frustration over their perceived lack of the City's effort/progress to move forward on development of a revised Redevelopment Plan for the Fort Lawton Army Reserve Center. This frustration was highlighted due to their responsibility for having to absorb "caretaker costs" associated with the decommissioned site (e.g. stormwater drainage fees, utilities, security and property maintenance).

In July 2016, the Army stated they were going to explore the process to request an "adverse determination" based on their perception that the City was not responsive. An adverse determination, if approved, would start the process of making the property available to others through a public sale. The City would lose its opportunity to explore its redevelopment options of the site.

A. The Fort Lawton Army Reserve Center Lease Process

In response to the Army's actions, the City was successful in negotiating a "no-fee" lease of the Fort Lawton Army Reserve Center site as a "stop-gap measure" while the City explores redevelopment / reuse options during the five (5) year lease period. (See Attached Summary of Base Lease Terms).

The proposed lease commences on January 1, 2017 and expires upon conveyance of all or portions of the property to the City, but no later than December 31, 2021. During the term of the lease, there are several milestones to ensure that the City continues to make progress toward conveyance of the property that include:

- Issuance of a Final Environmental Impact Statement by March 31, 2018; and
- City Council approval of updated Plan and submittal to appropriate federal agencies for approval by January 1, 2020.

The leased property consists of the entire 33.95-acre Fort Lawton Army Reserve Center site, that contains approximately:

- 103,649 sq. ft. of office space within two buildings (Harvey & Leisy Halls); and
- 22,700 sq. ft. of storage/maintenance facility space within four buildings.

1. Financial Implications.

During the term of the lease, the City will be responsible for all caretaker costs associated with the property, which are estimated to be approximately \$125,000 per year. Estimated caretaker costs have been identified as follows:

- \$ 85,000 – Stormwater Drainage Fees (King County/2017)
- \$ 12,000 – Utilities (water, sewer, gas & electricity)
- \$ 13,000 – Grounds Maintenance (Parks Department to provide)
- \$ 15,000 – Security Patrols (minimum 2 night patrols/ 7 days a week)

The initial caretaker costs will be covered primarily by the Office of Housing (OH) and Department of Parks and Recreation (Parks). It is expected that caretaker costs will be further offset if additional departments choose to lease space at the Fort Lawton Army Reserve Center for short-term storage, maintenance or administrative functions, as identified in the lease agreement. The Department of Finance and Administrative Services (FAS) will assume responsibility for management of the site and informing departments of the availability of space, under the terms of the lease agreement.

2. Environmental Assessment/Public Notice.

As part of the lease process, the City conducted an environmental assessment of the impacts of the proposed interim uses during the five (5) year period. This process included the following public notices and comment periods:

Entity	Comment Period	Newspaper	Comments
U.S. Army	8/21/16 to 9/21/16 (30-days)	Seattle Times & NW Classified	None
City of Seattle	1/5/17 to 1/19/17 (15-days)	Daily Journal of Commerce	None

NEXT STEPS:

Seattle City Council approval is needed as the proposed lease of the Fort Lawton Army Reserve Center exceeds FAS' authority to lease space under Seattle Municipal Code 3.127.020. FAS must seek City Council approval on leases that either have terms that exceed five years and/or are excess of 5,000 sq. ft. of office space.

Do not hesitate to contact me if you have any questions.

cc: Traci Ratzliff, Council Central Staff

Attachments:

1. Summary of Base Lease Terms – Fort Lawton Army Reserve Center
2. Site Map of Proposed Lease Area