



## Legislation Details (With Text)

<b>File #:</b>	CB 119609	<b>Version:</b>	2	<b>Name:</b>	CB 119609
<b>Type:</b>	Ordinance (Ord)	<b>Status:</b>	Passed	<b>In control:</b>	City Clerk
<b>On agenda:</b>	9/16/2019				
<b>Final Action:</b>	9/20/2019	<b>Ord. No.</b>	Ord 125916		
<b>Title:</b>	AN ORDINANCE relating to certain City-owned properties located in the South Lake Union neighborhood and declaring them as surplus to the City's needs; removing the properties from the limited access highway purposes property designation previously assigned to them; authorizing sale of the properties for an aggregate selling price of \$138,500,000, together with additional cash and non-cash consideration, including the purchaser's covenant to develop affordable housing and to negotiate a lease with the Seattle Parks and Recreation Department for a recreational facility to be located upon a portion of one of the properties; authorizing the Mayor or designee to execute a Memorandum of Understanding for the sale of the property consistent with its terms; authorizing the Superintendent of the Parks and Recreation Department or designee to negotiate, execute, and deliver a lease of the recreational facility; authorizing the Director of the Seattle Department of Transportation or designee to negotiate, execute, and deliver all other documents necessary or appropriate to effect the foregoing and to carry out the transactions described in this ordinance; and ratifying and confirming certain prior acts.				
<b>Sponsors:</b>	Mike O'Brien				
<b>Indexes:</b>					
<b>Attachments:</b>	1. Att 1 – Legal Description of Properties, 2. Att 2 - Memorandum of Understanding (Mercer Mega Block), 3. Summary and Fiscal Note, 4. Summary Ex 1 - Property Location Map, 5. Mayor's Letter, 6. SDOT Presentation (8/16/19), 7. Central Staff Memo (8/16/19), 8. CBO Presentation (9/6/19), 9. Proposed Amendment (added; 9/6/19), 10. Signed Ordinance 125916, 11. Affidavit of Publication				

Date	Ver.	Action By	Action	Result
9/20/2019	2	City Clerk	attested by City Clerk	
9/20/2019	2	Mayor	returned	
9/19/2019	2	Mayor	Signed	
9/18/2019	2	City Clerk	submitted for Mayor's signature	
9/16/2019	2	City Council	passed	Pass
9/6/2019	1	Sustainability and Transportation Committee	pass as amended	Pass
8/16/2019	1	Sustainability and Transportation Committee	discussed	
8/12/2019	1	City Council	referred	
8/8/2019	1	Council President's Office	sent for review	
8/7/2019	1	City Clerk	sent for review	
8/7/2019	1	Mayor	Mayor's leg transmitted to Council	

CITY OF SEATTLE

ORDINANCE \_\_\_\_\_

COUNCIL BILL \_\_\_\_\_

AN ORDINANCE relating to certain City-owned properties located in the South Lake Union neighborhood and declaring them as surplus to the City's needs; removing the properties from the limited access highway purposes property designation previously assigned to them; authorizing sale of the properties for an aggregate selling price of \$138,500,000, together with additional cash and non-cash consideration, including the purchaser's covenant to develop affordable housing and to negotiate a lease with the Seattle Parks and Recreation Department for a recreational facility to be located upon a portion of one of the properties; authorizing the Mayor or designee to execute a Memorandum of Understanding for the sale of the property consistent with its terms; authorizing the Superintendent of the Parks and Recreation Department or designee to negotiate, execute, and deliver a lease of the recreational facility; authorizing the Director of the Seattle Department of Transportation or designee to negotiate, execute, and deliver all other documents necessary or appropriate to effect the foregoing and to carry out the transactions described in this ordinance; and ratifying and confirming certain prior acts.

WHEREAS, The City of Seattle (City) owns certain real property located at 800 Mercer Street and 620 Aurora Avenue North, commonly known as the Mercer Properties (Properties); and

WHEREAS, a portion of the Properties was purchased with funds from commercial parking tax revenues and gas tax revenues within the Arterial City Street Fund and accepted under Ordinance 100254 for limited access highway purposes in connection with the Bay Freeway Project; and

WHEREAS, in 1972 voters of Seattle abandoned the Bay Freeway Project; and

WHEREAS, a portion of the Properties was acquired by the vacation of portions of Broad Street and 9<sup>th</sup> Avenue North, pursuant to the authority described in Ordinance 120863, passed and signed into law in 2002; and

WHEREAS, a portion of the Properties was acquired in connection with the Mercer Corridor Project authorized in Ordinance 123992, passed and signed into law in 2012; and

WHEREAS, a portion of the Properties was acquired by the vacation of portions of Broad Street, 8<sup>th</sup> Avenue North and Mercer Street, pursuant to the authority described in Ordinance 125599, passed and signed into law in 2018; and

WHEREAS, on December 11, 2017 the Seattle City Council adopted Resolution 31786 recommending the issuance of a joint Request for Proposal (RFP) for the disposition and development of the Properties, to include the requirements described in Section 2 of that resolution; and

WHEREAS, on September 25, 2017 the Seattle City Council adopted Resolution 31770, adopting certain procedures governing the acquisition, reuse and disposal of City owned property; and

WHEREAS, as result of the RFP and a review of the responses thereto, on February 7, 2019, the City entered into an Exclusive Negotiation and Access Agreement with 800 Mercer, LLC, a subsidiary of Alexandria Real Estate Equities, Inc. (Alexandria) to provide 800 Mercer and its consultants with the right to enter upon and investigate the Properties and to provide Alexandria the right to negotiate for the right to purchase and redevelop the Properties; and

WHEREAS, the City and Alexandria have negotiated the terms of a Memorandum of Understanding attached to this ordinance as Attachment 2, which the City and Alexandria intend to use as the basis for negotiating definitive transaction documents consistent with the terms, conditions and limitations thereof, pursuant to which the Properties would be sold to Alexandria (or to one or more controlled affiliates of Alexandria) and redeveloped in the manner described in the transaction documents; NOW, THEREFORE,

**BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:**

Section 1. The properties subject to this ordinance are owned by The City of Seattle (City) and legally described in Attachment 1 attached to this ordinance (Properties).

Section 2. Disposition of the Properties is subject to the property disposition procedures set forth in Resolution 31770. The Properties are no longer required for municipal purposes and are declared surplus to the City's needs.

Section 3. The sale of the Properties to Alexandria Real Estate Equities, Inc. (Alexandria), or to one or more affiliates controlled by Alexandria, on the terms described in the attached Memorandum of Understanding (MOU), attached to this ordinance as Attachment 2, is authorized. Among the material terms governing the sale and redevelopment of the Properties authorized hereby are the following: (i) a cash selling price of \$138,500,000.00, (ii) the execution and recording in the real property records of a 50-year affordable housing

covenant burdening a portion of the Properties, substantially in the form attached as Exhibit C to the MOU, (iii) the delivery to the City, upon the closing of the transactions described in the Transaction Documents (defined below), the cash sum of \$5,000,000.00 to be used by the City to support strategies to address homelessness in Seattle (Homelessness Contribution), (iv) the purchaser's covenant and agreement to comply with and perform the obligations described in Sections 3(i)-(o) of the MOU, relating to sustainable construction practices, certain environmental matters, labor harmony and the construction of various improvements to and in the vicinity of 8<sup>th</sup> Avenue North, and (v) the purchaser's covenant and agreement to negotiate with the Seattle Parks and Recreation Department (SPR) for the potential lease of a recreational facility to be located on a portion of the Properties and open to the public, on the terms described in the term sheet attached as Exhibit E to the MOU.

Section 4. The net proceeds from sale of the Properties, after payment of customary closing and transaction costs, shall be deposited into the following funds:

A. Approximately \$50,000,000 to the Transportation Fund (13000), depending on final closing and transaction costs.

B. Approximately \$88,000,000 to the General Fund (00100), depending on final closing and transaction costs.

Section 5. The "Transaction Documents" shall include, without limitation, a Disposition and Development Agreement (DDA) for the purchase and sale of the Properties and an affordable housing covenant burdening a portion of the Properties, together with all customary closing documents necessary or appropriate to carry out the transactions described in the DDA including, without limitation, a conveyance deed, closing statements, closing instructions, title affidavits, lease termination agreements (as to any portion of the Properties that is presently leased), and recordable memoranda of any of the foregoing. The Mayor or designee, for and on behalf of the City, is authorized to execute the MOU and, provided that the Transaction Documents are consistent with the MOU, the Director of the Department of Transportation or designee, for and on behalf of the City, is authorized to negotiate and execute definitive Transaction Documents for the sale of

the Property on the terms and conditions described in the MOU, and deliver the Transaction Documents into escrow for the purposes of consummating and carrying out the transactions described in the Transaction Documents, subject to the City's and Alexandria's compliance with all of the conditions of the MOU and the Transaction Documents.

Section 6. The Superintendent of SPR or designee, for and on behalf of the City, is authorized to negotiate and, upon the closing of the transactions described in the Transaction Documents, execute and deliver a lease for the recreation facility described in the MOU, on terms consistent with the term sheet attached as Exhibit E to the MOU. In drafting the lease, the SPR shall work with Alexandria to include child care as a permitted use within the recreation center.

Section 7. SPR shall include space in the recreation center for a licensed child care facility providing all-day care, with a goal of providing space for at least three classes of children through twenty-nine months of age. Consideration should be given to designing any such space to accommodate non-child care activities in the evening or weekends.

Section 8. Any act consistent with the authority of this ordinance taken prior to its effective date is ratified and confirmed.

Section 9. This ordinance shall take effect and be in force 30 days after its approval by the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it shall take effect as provided by Seattle Municipal Code Section 1.04.020.

Passed by the City Council the \_\_\_\_\_ day of \_\_\_\_\_, 2019, and signed by me in open session in authentication of its passage this \_\_\_\_ day of \_\_\_\_\_, 2019.

\_\_\_\_\_

President \_\_\_\_\_ of the City Council

Approved by me this \_\_\_\_\_ day of \_\_\_\_\_, 2019.

\_\_\_\_\_  
Jenny A. Durkan, Mayor

Filed by me this \_\_\_\_\_ day of \_\_\_\_\_, 2019.

\_\_\_\_\_  
Monica Martinez Simmons, City Clerk

(Seal)

Attachments:

Attachment 1 - Legal Description of Properties

Attachment 2 - Memorandum of Understanding (Merger Mega Block)