

## SUMMARY and FISCAL NOTE\*

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*\* Note that the Summary and Fiscal Note describes the version of the bill or resolution as introduced; final legislation including amendments may not be fully described.*

### **1. BILL SUMMARY**

**a. Legislation Title:** A RESOLUTION calling for the issuance of a combined Request for Proposals (RFP) for the disposition of 800 Mercer Street and 620 Aurora Avenue N where that disposition would address neighborhood interests, creating opportunities for all City residents to take advantage of South Lake Union as a “neighborhood of opportunity.”

**b. Summary and background of the Legislation:**

This legislation signals the City’s clear intent to move forward on issue a combined Request for Proposals to competitively market and sell 800 Mercer Street and 620 Aurora Avenue N.

The City Council has adopted three Green Sheets relative to these sites: 14-1-A-1 (2014); 90-3-A-1 (2016); and 90-3-A-2 (2016). Council’s specific interest in the 800 Mercer Street property and nearby sites grows out of an effort developed several years ago to use City assets in South Lake Union (SLU) to address neighborhood interests and to create opportunities for all City residents to take advantage of SLU as a “neighborhood of opportunity.”

SDOT is requesting vacation of the Broad Street right-of-way between Dexter Avenue North and Ninth Avenue North and any remaining Eighth Avenue North right-of-way between Mercer and Roy streets across the Broad Street right-of-way. This right-of-way is no longer needed, or used, for transportation purposes because of changes to the transportation network constructed under the Mercer Corridor Project.

SDOT owns all property adjacent to the Broad Street right-of-way and is proposing to:

- Vacate the right-of-way to consolidate all property into one or two parcels between Mercer Street, Roy Street, Dexter Avenue North, and Ninth Avenue North (the Broad Street Property), and
- Sell the property for development consistent with the underlying zoning and neighborhood plans.

Vacating Broad Street to consolidate all property for sale will help ensure that the City receives the maximum value for the property and that the full value of the block is realized when the property is sold. The City will use some of the proceeds from the sale of the property to pay for costs incurred on the Mercer Corridor Project West Phase project.

The funding plan for SDOT's Mercer West project included proceeds from the sale of the Teardrop property. Because the property was not sold before Mercer West was constructed, the City Council passed Ordinance 124904 in 2015, which authorized a \$26.3 million interfund loan for the project. The loan is to be repaid with proceeds from the Teardrop property. The Teardrop property was purchased with bonds supported by Commercial Parking Tax revenues, gas tax revenues, construction cost offsets/easements, and special benefit general fund. Forty-two percent of the proceeds from the sale of the Teardrop property are restricted for transportation purposes. The Copiers NW property was purchased with gas tax; therefore 100% of the proceeds from the sale of that property are restricted for transportation purposes.

This is not the standard approach for a street vacation. A development proposal for the site is not included with the petition.

A purchaser selected through a RFP will be responsible for developing the site under existing zoning and related development regulations and must implement the conditions assigned under the street vacation.

Prior to the issuance of the joint RFP for the disposition of 800 Mercer Street and 620 Aurora Avenue N, the following activities identified in the resolution include:

1. Implement conditions prior to issuing the RFP to resolve property configuration, remove uncertainties for potential respondents and achieve maximum valuation of these assets to the City; these include, but are not limited to, the following:
  - A. Final Vacation Ordinance approval for Broad Street.
  - B. Complete a Lot Line Boundary Adjustment to create two parcels at 800 Mercer Street.
  - C. Record an American Land Title Association survey, which will note the final Vacation Ordinance requirements as deed restrictions on the property.

## 2. CAPITAL IMPROVEMENT PROGRAM

- a. Does this legislation create, fund, or amend a CIP Project?    \_\_\_ Yes \_\_\_ X No

## 3. SUMMARY OF FINANCIAL IMPLICATIONS

- a. Does this legislation amend the Adopted Budget?    \_\_\_ Yes \_\_\_ X No
- b. Does the legislation have other financial impacts to the City of Seattle that are not reflected in the above, including direct or indirect, short-term or long-term costs? Disposition of these properties has been long contemplated. If the activities above are not implemented in advance of issuing the RFP, the city will not be able to maximize the value of these important City assets. This may severely impact the funds received from the sale of the properties, limiting proceeds to repay the interfund loan for Mercer Corridor Project West Phase project.

- c. Is there financial cost or other impacts of *not* implementing the legislation?**  
The city may not receive the necessary funds for the Mercer Corridor Project West Phase project and may be unable to repay the \$26.3 million interfund loan.

#### **4. OTHER IMPLICATIONS**

- a. Does this legislation affect any departments besides the originating department?**  
Yes, this resolution identifies work to be done by Seattle Department of Transportation (SDOT). SDOT should be prepared to undertake the identified work.
- b. Is a public hearing required for this legislation?**  
No.
- c. Does this legislation require landlords or sellers of real property to provide information regarding the property to a buyer or tenant?**  
No.
- d. Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?**  
No. Future legislation will be required to be noticed.
- e. Does this legislation affect a piece of property?**  
Yes. A map is attached; the map is intended for illustrative or informational purposes only and is not intended to modify anything in the legislation.
- f. Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities?**  
None.
- g. If this legislation includes a new initiative or a major programmatic expansion: What are the specific long-term and measurable goal(s) of the program? How will this legislation help achieve the program's desired goal(s).**  
None.
- h. Other Issues:**

**List attachments/exhibits below:**

Summary Attachment A – SLU Map of City-Owned Property

Summary Attachment B – Mercer Mega Block (Teardrop) Property Disposition Process Chart