

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:** AN ORDINANCE relating to City-owned real property located at 1933 Minor Avenue; authorizing the sale of the property for fair market value through a negotiated sale; authorizing the Director of the Department of Finance and Administrative Services to execute all necessary documents to accomplish such property sale; and designating how proceeds from the sale shall be distributed.

b. Summary and background of the Legislation:

This legislation authorizes the Director of Finance and Administrative Services (FAS) to dispose of the property located at 1933 Minor Avenue (see Exhibit “A”), by means of a sale to Crescent Development (“Crescent”) or a subsidiary thereof. FAS received an unsolicited offer for the property in 2014, and since that time FAS and Crescent have been in negotiations over the deal terms of a sale.

The property was acquired by the City in 1903; shortly thereafter a woodframe fire station was constructed on site. That building was demolished to make way for the present building in 1951. Seattle Fire Department operated Fire Station 15 at the site until 1971, at which time it decommissioned the fire station. The Comm Shop has operated out of the building since 1975.

The purpose of the Communications Shop Program is to install, maintain and repair the dispatch radio infrastructure and mobile and portable radios for City departments and other regional agencies for common, cost-effective communications. The Comm Shop provides installation, maintenance and related services for wireless communications for city departments and other regional agencies. Radio network maintenance on the shared portions of the region-wide network is also conducted at the site.

Due to the ongoing construction and increasing residential character of the South Lake Union and Denny Triangle neighborhoods, it has become increasingly difficult and time-consuming for Comm Shop users (including fire, police and utilities) to navigate through various construction projects and increasing traffic congestion.

Although the building has not gone through the City’s excess-property disposition process, FAS provided notification to the surrounding community, sending out 433 notices. FAS received six comments from the community, and none were in opposition of the sale. Due to this apparent low degree of community concern, consensus response and this one-time opportunity to sell the

property to the adjoining landowner, FAS is satisfied with the amount of public involvement it has done to date.

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

Budget program(s) affected:				
Appropriation change (\$):	General Fund \$		Other \$	
	2018	2019	2018	2019
Estimated Revenue change (\$):	Revenue to General Fund		Revenue to Other Funds	
	2018	2019	2018	2019
	\$11,000,000		\$2,000,000 (Office of Housing Mandatory Housing Affordability fees)	
Positions affected:	No. of Positions		Total FTE Change	
	2018	2019	2018	2019

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?
 Disposing of this property will displace Seattle IT’s Comm Shop, and the City will need to secure leased space for the continued operations of this group. Companion legislation provides funding, via the property-sale proceeds, for what is anticipated to be a five-year initial lease term at the new site. After that, it is anticipated that Seattle IT will allocate its lease costs for the new space via rates billed to departments.

Companion legislation also pays one-time relocation costs for the Comm Shop, estimated to be \$2.0 million, are also funded via property-sale proceeds. Depending on the actual location, the cost to relocate Seattle IT may exceed the \$2.0 million estimate.

c. Is there financial cost or other impacts of *not* implementing the legislation?
 This is a one-time opportunity to dispose of the property to the adjoining landowner at the negotiated amount. Should the City not dispose of the property, land use regulations would constrain any future development on the property. This would substantially increase development costs, driving down the value of the property.

3.d. Appropriations

This legislation adds, changes, or deletes appropriations.

3.e. Revenues/Reimbursements

 X This legislation adds, changes, or deletes revenues or reimbursements.

Anticipated Revenue/Reimbursement Resulting from this Legislation:

Fund Name and Number	Dept	Revenue Source	2018 Revenue	2019 Estimated Revenue
General Fund 00100		Sale of Comm Shop – 1933 Minor Avenue	\$11,000,000	-
Low-Income Housing Fund 16400	OH	Initial MHA Fees for Project	\$2,000,000	-
TOTAL			\$13,000,000	-

Is this change one-time or ongoing?

This is a one-time revenue change.

Revenue/Reimbursement Notes:

In addition to the sale revenue, the City will receive an estimated \$5.7 million in fees for Mandatory Housing Affordability (MHA), to be deposited into the Low-Income Housing Fund (16400) when a certificate of occupancy is issued for the new building or buildings. The amount is dependent on the developer’s final design of the development. The developer is still analyzing its options for the Comm Shop property and for an adjacent parcel it already owns. Per the terms of the purchase and sale agreement, the buyer will pre-pay \$2 million of the total MHA fees at the time of purchase.

3.f. Positions

 This legislation adds, changes, or deletes positions.

4. OTHER IMPLICATIONS

a. Does this legislation affect any departments besides the originating department?

Yes, Seattle IT is the current tenant of the property. FAS will assist Seattle IT in finding a new location, and a portion of revenues from the sale will facilitate and fully fund the relocation. The legislation also concerns SFD in that it addresses an identified need for a new fire station on South Lake Union and plans to meet that need in the future.

b. Is a public hearing required for this legislation?

Yes, a public hearing is required for the disposition of the Comm Shop site.

c. Does this legislation require landlords or sellers of real property to provide information regarding the property to a buyer or tenant?

No, this property is not subjected to RCW 64.06.080.

d. Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?

Yes, this legislation will be published in the Daily Journal of Commerce.

e. Does this legislation affect a piece of property?

Yes, this legislation affects City owned property located at 1933 Minor Avenue in Seattle, King County Assessor's Parcel number 066000-2195. See Exhibit A for more detail.

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?

The disposition of this property will not affect the vulnerable or historically disadvantaged communities of Seattle.

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).

This legislation does not create a new program nor does it expand an existing program.

h. Other Issues:

No other issues have been identified.

List attachments/exhibits below:

Exhibit A: Map depicting property