

**SOUND TRANSIT  
STAFF REPORT**

**RESOLUTION NO. R2007-14**

**Authority to Sell the West Parcel of the Federal Way Transit Center to the City of Federal Way**

<b>Meeting:</b>	<b>Date:</b>	<b>Type of Action:</b>	<b>Staff Contact:</b>	<b>Phone:</b>
Board Meeting	6/28/07	Action to provide the required Board approvals and delegate authority to the chief executive office and the Finance Committee to approve/complete the sale of real property to the City of Federal Way	Jim Edwards, Acting Director Capital Projects <b>Vicki Youngs,</b> <b>Community Connections Manager</b>	(206) 398-5436  (206) 398-5024

<b>Contract/Agreement Type:</b>	<input checked="" type="checkbox"/>	<b>Requested Action:</b>	<input checked="" type="checkbox"/>
Competitive Procurement		Execute New Contract/Agreement	<input checked="" type="checkbox"/>
Sole Source		Amend Existing Contract/Agreement	
Agreement with Other Jurisdiction(s)	<input checked="" type="checkbox"/>	Budget Amendment	
Real Estate	<input checked="" type="checkbox"/>	Property Acquisition	

**PROPOSED ACTION**

Approve the sale of the real property commonly described as the West Parcel of the Federal Way Transit Center to the City of Federal Way for a proposed transit oriented development project (TOD) subject to certain conditions if no objections or testimony is submitted at the public hearing regarding the sale.

Delegate authority to the Finance Committee to consider any testimony or objections submitted at the public hearing and to take all actions necessary to approve and complete the sale of the property if the Committee determines that the sale is in the best interest of Sound Transit.

**KEY FEATURES of PROPOSED ACTION**

- If no objections or testimony is submitted at the public hearing, the chief executive officer is authorized to complete the sale of the West Parcel of the Federal Way Transit Center to the City of Federal Way for \$500,000, subject to a restrictive covenant obligating the City to develop the property consistent with transit-supportive land use and design criteria set forth in a restrictive covenant substantially in the form attached hereto as Exhibit A. The restrictive covenant must be recorded by Sound Transit and must be binding for a period of forty years.
- If objection or testimony is submitted at the public hearing, then the Finance Committee is delegated the authority to consider the information provided at the public hearing and to take all steps necessary to approve the sale of the property if the Committee determines that the sale is in the best interest of Sound Transit.

- Any and all agreements between Sound Transit and the City of Federal Way regarding the TOD West Parcel shall be superseded at the closing of the sale to Federal Way.

### **BUDGET IMPACT SUMMARY**

Not applicable for this action.

### **BUDGET DISCUSSION**

The proposed transaction has no direct cost. The proceeds of the resultant sale will be an increase to the South King County Program Reserve, but was not included in the Adopted 2007 Budget.

### **SMALL BUSINESS PARTICIPATION**

Not applicable for this action.

### **BACKGROUND for PROPOSED ACTION**

#### Initial TOD Agreement

Both the City and Sound Transit worked throughout the transit center development process to incorporate transit oriented development on the project site. The results of this effort culminated with Board action in September 2004 (Resolution No. R2004-13). The resolution authorized the chief executive officer to:

- 1) execute an agreement with the City which defined terms and conditions for TOD on the East and West Parcels, and
- 2) declare the East and West Parcels (“certain real property”) adjacent to the Federal Way Transit Center as surplus and to dispose of those properties.

The 2004 Agreement encumbers the West Parcel by requiring Sound Transit to obtain a commitment from a qualified developer within 18 months from the Federal Way Transit Center certificate of occupancy (July 2007). Despite several possibilities, Sound Transit has not solidified a TOD project for the parcel and may need additional time to develop other options. The City determined, by approving the purchase and sale agreement on June 21, 2007, that it was in its best interest to take the lead in pursuing a development on the West Parcel that was compatible with city plans to develop an adjacent site.

#### Purchase Price Justification

The appraisal of the West Parcel determined the fair market value at \$520,000 at the time of the initial agreement, based on retail or commercial use as the highest and best use. The City will pay Sound Transit \$500,000 for the West Parcel. This offer is less than 4% below the appraised value and within a range common in the industry.

#### TOD Restrictive Covenant

The PSA includes a Restrictive Covenant that establishes terms, conditions and restrictions which limit development of the property to transit supportive uses. The requirements in the Restrictive Covenant requirements are:

- the property shall be developed consistent with land use and design criteria based on Sound Transit’s TOD definition,

- the property shall remain a transit-supportive development and in no event shall access between the development and the Federal Way Transit Center be unreasonably impeded, and
- the property may be used only for purposes of a transit-supportive development for a period of forty (40) years from the date of the certificate of occupancy for the transit center or until the Federal Way Transit Center ceases to be used for transit purposes, whichever is earlier.

**PRIOR BOARD ACTION**

Motion/Resolution Number and Date	Summary of Action
R2004-13 9/23/04	Repealed authority granting the Chief Executive Officer under Resolution No. R2003-14 to execute an agreement with the City of Federal Way outlining the terms related to the Federal Way Transit Center project; authorizes the Chief Executive Officer to execute a new agreement with the City of Federal Way, and authorizes the Chief Executive Officer to declare, in the future, certain real property adjacent to Sound Transit's Federal Way Transit Center (#53321) project as surplus and to dispose of those properties (without further action required by the Sound Transit Board).
R2003-14 7/10/03	Established an agreement for development the Federal Way Transit Center and the possible disposition of two parcels of land adjacent to the Federal Way Transit Center.
M2001-28 4/21/01	Entered into an agreement describing roles and responsibilities for development of the transit center and parking facility.
R99-35 1/13/00	Adopted the Real Property Disposition Policy, Procedures and Guidelines for the disposition of surplus real property.
M99-60 9/23/99	Established criteria for evaluation of Transit Oriented Development (TOD).
M45 11/13/97	Establishing a mission statement to guide the Transit Oriented Development (TOD) work program and setting forth principles related to land use and transit work activities of the RTA.

**CONSEQUENCES of DELAY**

A delay in executing the recommended purchase and sale agreement will jeopardize the sale of the West Parcel to the City of Federal Way for full value.

**PUBLIC INVOLVEMENT**

Several public discussions and a project presentation have recently occurred at the Federal Way City Council's Land Use and Transportation Committee.

**ENVIRONMENTAL COMPLIANCE**

The City has adopted a Planned Action SEPA for its downtown which includes environmental review for the TOD parcels.

**LEGAL REVIEW**

DLB 6/27/07

## **SOUND TRANSIT**

### **RESOLUTION NO. R2007-14**

A RESOLUTION of the Board of the Central Puget Sound Regional Transit Authority governing the authority to sell the West Parcel of the Federal Way Transit Center to the City of Federal Way for a proposed transit oriented development project and delegating authority to the chief executive officer and Finance Committee.

WHEREAS, a Regional Transit Authority, hereinafter referred to as Sound Transit, has been created for the Pierce, King, and Snohomish County region by action of their respective county councils pursuant to RCW 81.112.030; and

WHEREAS, on November 5, 1996, at a general election held within the Central Puget Sound Regional Transit Authority district, the voters approved local funding for high capacity transit in the Central Puget Sound Region; and

WHEREAS, the Sound Transit Board adopted Resolution No. R99-35 on January 13, 2000, establishing Surplus Real Property Disposition Policy, Procedures, and Guidelines, which provide for the sale of surplus property to other governmental agencies; and

WHEREAS, the Sound Transit Board adopted Resolution No. R2004-13 on September 23, 2004, authorizing the chief executive officer to (1) enter into an agreement with the City of Federal Way that addressed each party's obligations regarding potential transit-oriented development ("TOD") opportunities, funding obligations for the TOD opportunities, and potential future transfer of surplus real property from Sound Transit to the City (the "TOD Agreement"), and (2) declare the East and West parcels adjacent to the Federal Way Transit Center as surplus and to dispose of those properties; and

WHEREAS, because the City of Federal Way seeks to purchase the West Parcel for \$500,000 rather than continue to implement the TOD Agreement with respect to this property, Sound Transit shall conduct a public hearing to consider the sale of the property to the City of Federal Way; and

WHEREAS, the sale price of \$500,000 represents full value and consideration for the sale of the West Parcel by Sound Transit to the City of Federal Way; and

WHEREAS, in order to facilitate a timely completion of a sale of the West Parcel to the City of Federal Way, the chief executive officer should be vested with the authority to execute the necessary documents and close the sale of the West Parcel without further Board action if no objections to the sale are raised at the public hearing; and

WHEREAS, if objections or other testimony is offered regarding the proposed sale of the property to the City of Federal Way are raised at the public hearing, the Finance Committee should be delegated the authority to consider the objections and to decide to approve the sale at a special or regular meeting if it determines that the sale of the property is in the best interest of Sound Transit; and


WHEREAS, any disposition or conveyance of the West Parcel shall include a restrictive covenant that limits development of the property to transit-supportive uses. The restrictive covenant shall also require that the property shall be developed consistent with land use and design criteria based on Sound Transit's TOD definition, that the property shall remain a transit-supportive development, that in no event shall access between the development and the transit center be unreasonably impeded, and that such restriction shall endure for a period of forty (40) years from the date of the certificate of occupancy for the transit center or until the transit center ceases to be used for transit purposes, whichever is earlier (collectively "Restrictive Covenant Terms").

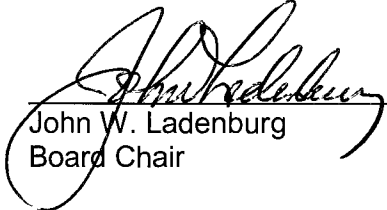
NOW, THEREFORE, BE IT RESOLVED by the Board of the Central Puget Sound Regional Transit Authority that if no objections or testimony is submitted at the public hearing relating to the proposed sale of the West Parcel of the Federal Way Transit Center, the chief executive officer is authorized to sell the property to the City of Federal Way for \$500,000 (subject to minor and standard adjustments to allocate any sale costs) to execute all documents necessary to close the sale. If objections or other testimony is offered at the public hearing,

then the Finance Committee is delegated the authority to consider the objections and testimony, and thereafter, to approve sale of the West Parcel to the City of Federal Way subject to the Restrictive Covenant Terms described herein, if the Committee determines that the sale of the West Parcel is in the best interest of Sound Transit. The Finance Committee is further delegated all authority required under law to authorize the completion of sale of the West Parcel to the City of Federal Way.

ADOPTED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on June 28, 2007.

ATTEST:

  
\_\_\_\_\_  
Marcia Walker  
Board Administrator

  
\_\_\_\_\_  
John W. Ladenburg  
Board Chair

**EXHIBIT A**  
**Staff Report**  
**Federal Way TOD West Parcel Purchase and Sale Agreement**

Filed for Record at the Request of and  
Upon recording return to:

**RESTRICTIVE COVENANT**

THIS RESTRICTIVE COVENANT (the "Covenant") dated as of the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_ is entered into by \_\_\_\_\_ ("Declarant") and SOUND TRANSIT, a regional transit authority of the State of Washington ("Sound Transit") with reference to the following facts:

- A. Declarant is the owner of certain real property located in King County, Washington, and more particularly described in Exhibit A attached hereto and by this reference incorporated herein (the "Property");
- B. The Property consists of vacant land adjacent to Sound Transit's Federal Way Transit Center, located in the city of Federal Way (the "Transit Center"); and
- C. Declarant intends to develop and use the Property.

NOW, THEREFORE, for good and valuable consideration, including the mutual promises, covenants and agreements herein contained, Declarant hereby covenants, agrees, and declares that the Property shall be held, hypothecated, leased, sold and conveyed subject to the following conditions and restrictions which shall run with the Property and shall be binding upon and inure to the benefit of all parties acquiring any right, title or interest in the Property or any portion thereof, for a period of forty (40) years from the date of the Certificate of Occupancy for the Transit Center or until the Transit Center ceases to be used for transit purposes, whichever is earlier..

1. Restriction on Use of the Property. The Declarant shall develop and use the Property consistent with land use and design criteria for Transit-supportive Development set forth herein. For the duration of this Agreement, the Property shall remain a Transit-supportive Development and in no event shall Declarant act or fail to act in a manner that allows access between the development and the Transit Center to be unreasonably impeded.

2. Transit-supportive Land Use and Design Criteria. Transit Supportive Development is development that is consistent with the following land use and design criteria:

*Land use* – Types of development that support and promote transit use. Development that creates housing jobs, shopping, community services or recreational opportunities could qualify as acceptable use. Development should support and promote transit use by making the best use of the underlying zoning regulations and comprehensive plan requirements to encourage moderate or high-density development clustered near transit.

*Design* – Development design that encourages neighborhood and pedestrian activity on the street and connectivity to transit, and decreased dependence on driving. The development should, consistent with local zoning, land use and comprehensive plan requirements, enhance the environment for pedestrians in terms of safety, comfort and visual appeal. Development should encourage reduced parking and creative transportation demand management solutions to emphasize transit-use.

3. Duration. The covenants, conditions, and restrictions contained herein shall run with the land and shall bind, benefit, and burden the Property and shall be binding upon Declarant and its respective heirs, successors, and assigns for a period of forty (40) years from the date of the Certificate of Occupancy for the Transit Center or the conclusion of the use of the Transit Center for transit purposes, whichever is earlier, at which time this Restrictive Covenant shall automatically expire.

4. Miscellaneous.

(a) No Joint Venture. It is not intended by this Agreement to, and nothing contained in this Agreement shall, create any partnership or joint venture or create the relationship of principal and agent between Declarant and Sound Transit, or any of their successors in interest and assigns.

(b) Enforcement. In the event of any violation of any of the provisions of this Agreement by the Declarant, Sound Transit shall have the right to enforce the covenant by any appropriate proceedings at law or in equity, including the right to apply to a court of competent jurisdiction for an injunction against such violation. Any remedies specifically provided herein are non-exclusive and are in addition to all other remedies available to the owner of any parcel of the Property at law or in equity.

[DECLARANT]

By \_\_\_\_\_  
Its \_\_\_\_\_

SOUND TRANSIT, a regional transit  
authority of the State of Washington

By \_\_\_\_\_  
Its \_\_\_\_\_



STATE OF \_\_\_\_\_ )  
 ) ss.  
COUNTY OF \_\_\_\_\_ )

I certify that I know or have satisfactory evidence that \_\_\_\_\_ signed this instrument, on oath stated that he/she was authorized to execute the instrument and acknowledged it as the \_\_\_\_\_ of \_\_\_\_\_ to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Notary Public  
Print Name: \_\_\_\_\_  
My appointment expires: \_\_\_\_\_

STATE OF \_\_\_\_\_ )  
 ) ss.  
COUNTY OF \_\_\_\_\_ )

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Notary Public  
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