



MOTION NO. M2010-91
Exclusive Negotiating Agreement for a Future Purchase and Sale Agreement

MEETING:	DATE:	TYPE OF ACTION:	STAFF CONTACT:	PHONE:
Board	09/23/10	Final Action	Ric Ilgenfritz, Executive Director Scott Kirkpatrick, TOD Manager	206-398-5239 206-398-5264

PROPOSED ACTION

Authorizes the chief executive officer to execute a short-term exclusive negotiating agreement for a future purchase and sale agreement with Artspace USA for a proposed transit-oriented development project at Mount Baker Station.

KEY FEATURES

- This agreement sets timelines for key negotiation items and will terminate December 15, 2010. If successful, the negotiations will lead to a purchase and sale agreement for the Board's future consideration.
- Allows Artspace USA to demonstrate to potential funders progress in working with Sound Transit to achieve effective control of the real property for the negotiating period.
- The negotiating agreement furthers a proposed transit oriented development (TOD) project that includes affordable housing, ground floor retail and community meeting space, consistent with City of Seattle zoning and Board policies.

PROJECT DESCRIPTION

The Sound Transit Board established the TOD Program in 1997. Its mission is to create transit supported development and communities at Sound Transit facilities, stations and station areas by working with local jurisdictions, property owners and developers. The Board adopted a TOD Policy in 1998 which states, in part, that "Sound Transit should use *all* its own sites to demonstrate good transit-oriented design and land use mixes that are appropriate to their setting, transit mode, and market conditions." The policy encourages Sound Transit's consideration of providing incentives to assure that desired types of development are built on surplus land. Resolution No. R99-35, The Real Property Disposition Policy, Procedures and Guidelines, includes as a policy goal: "Utilize the disposition of Sound Transit Real Property to encourage Transit Oriented Development, Joint Development and public and private projects at and around Sound Transit facilities to build transit ridership, enhance communities and aid economic development".

FISCAL INFORMATION

Not applicable to this action.

SMALL BUSINESS PARTICIPATION

Not applicable to this action.

EQUAL EMPLOYMENT WORKFORCE PROFILE

Not applicable to this action.

BACKGROUND

In late 2009 Sound Transit issued a competitive Request for Proposals (RFP) for a TOD project at two adjoining Sound Transit-owned parcels located near the Mount Baker Station. Artspace successfully responded to the RFP in March 2010, proposing a mixed-use building with 51 workforce artist residences. Artspace was responsive to transit-oriented development principles that include: no tenant vehicular parking (providing a transit-dependent population); tenant bicycle parking; community meeting space; retail and other

uses supportive of the immediate community; and sustainable design features to achieve or exceed LEED Silver designation.

Sound Transit and Artspace USA have been negotiating for several months on the terms and conditions necessary to reach a purchase and sales agreement for two contiguous parcels owned by Sound Transit adjacent Mount Baker Light Rail Station. Artspace USA must make funding applications as a necessary part of preliminary feasibility and the negotiation process. Sufficient progress has been made to warrant a short-term agreement which formally indicates that the parties are negotiating in good faith and working toward completing a property transaction. The exclusive negotiating agreement notifies potential funders that progress is being made, and sets an end date for completing the purchase and sales agreement. Sound Transit staff negotiated the exclusive agreement with Artspace USA, which they have signed.

Sound Transit incurs no risk through loss of actual control of these parcels pending Board approval of a property transaction with Artspace USA. The exclusive negotiating agreement reinforces the fact that Artspace successfully responded to the RFP and that no other parties are eligible to negotiate for these parcels for the term of the agreement. The agreement states that Sound Transit and Artspace USA intend to negotiate a purchase and sale agreement before December 15, 2010 and bring it forward in January 2011 for Board consideration.

Artspace USA, headquartered in Minneapolis, is a not-for-profit organization providing housing for professional artists. Nationally, it has a portfolio of 846 units of artist family housing and over 500,000 square feet of commercial space. Locally, Artspace has built two successful mixed use residential projects in Seattle, Tashiro-Kaplan and Hiawatha Place, and recently completed a mixed-use project in downtown Everett.

ENVIRONMENTAL COMPLIANCE

Jl 9/14/2010

PRIOR AND CONCURRENT BOARD/COMMITTEE ACTIONS

Concurrent with this action is a resolution for the Board's consideration which approves the chief executive officer's declaration that the two parcels are surplus to Sound Transit.

TIME CONSTRAINTS

A delay in executing the recommended agreement will jeopardize meeting deadlines for current funding opportunities which are necessary for completing negotiations for a purchase and sales agreement for the Artspace project.

PUBLIC INVOLVEMENT

Artspace's Regional Director and the Sound Transit TOD Manager have each briefed the Mount Baker Community Club about the proposed project.

LEGAL REVIEW

JB 9/15/10

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A motion of the Board of the Central Puget Sound Regional Transit Authority authorizing the chief executive officer to execute a short-term exclusive negotiating agreement for a future purchase and sale agreement with Artspace USA for a proposed transit-oriented development project at Mount Baker Station.

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MOTION:

It is hereby moved by the Board of the Central Puget Sound Regional Transit Authority that the chief executive officer is authorized to execute a short-term exclusive negotiating agreement for a future purchase and sale agreement with Artspace USA for a proposed transit-oriented development project at Mount Baker Station.

APPROVED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on September 23, 2010.



Aaron Reardon
Board Chair

ATTEST:



Marcia Walker
Board Administrator