

RESOLUTION NO. R2011-07
Firestone Building Demolition Budget Amendment

MEETING:	DATE:	TYPE OF ACTION:	STAFF CONTACT:
Capital Committee	7/14/11	Recommendation to Board	Ric Ilgenfritz, Executive Director
Board	7/28/11	Final Action	Scott Kirkpatrick, TOD Manager

PROPOSED ACTION

Amends the Adopted 2011 Operating Budget by \$235,000, from \$235,000 to \$470,000 to fund the demolition and subsequent site preparation of the former Firestone building at 2915 Rainier Avenue South, Seattle, for a transit-oriented development project.

KEY FEATURES

- This action allows implementation of the transit-oriented development (TOD) project adopted in Resolution No. R2010-97.
- This amendment adds \$235,000 from the TOD Operating Budget to the Adopted 2011 Budget to demolish the former Firestone building and to prepare the site for a proposed mixed-use, affordable housing TOD project.
- Demolition of the former Firestone building must be completed by December 31, 2011 per a purchase and sale (PSA) agreement between Sound Transit and Artspace USA
- Sound Transit will issue a RFP for demolition if the budget amendment is approved in order to prepare the site by the end of 2011.

PROJECT DESCRIPTION

A Request for Proposal (RFP) for TOD at the former Firestone building near the Mount Baker Station was issued in late 2009. The RFP stated “Sound Transit intends to demolish the existing building and partially restore the site pending a transaction.” Artspace USA, as the sole responsive developer, was awarded the right to negotiate a purchase and sale agreement (PSA).

At the beginning of negotiations in early 2010, Sound Transit offered Artspace an allowance to include demolition by them as an element of the transaction, which they declined. A PSA was approved on November 18, 2010 allowing Artspace to proceed with design and funding for a TOD project adjacent to Mount Baker Station. The proposed Mount Baker Lofts is a mixed use 51-unit affordable housing project that will have no tenant vehicular parking (providing a transit-dependent resident population), interior tenant bicycle parking, community meeting space and commercial retail space. The PSA included the provision that Artspace would receive a clear and buildable site at closing of the property, to occur by the end of 2011.

FISCAL INFORMATION

This action has a direct cost impact of \$235,000.00 on current and future years of the TOD Operating Program. The agency’s long term financial plan assumed the demolition of this property, and the TOD Operating Program has a sufficient balance for this expense. Future TOD Operating Expenditures for Technical Assistance – Miscellaneous will be reduced in the lifetime budget.

Proposed Amendments to the 2011 Sound Transit Budget (\$000)
 Reallocation of project dollars between, project, and/or years

TOD Program-Operating

Project: Mount Baker Station Firestone Building Demolition

\$1000s

Projects	2011 Annual Budget			Lifetime Budget		
	Proposed 2011 Project Budget	Budget Transfer	Revised Project Budget	Proposed 2011 Project Budget	Budget Transfer	Revised Project Budget
Mount Baker Station Project	0	235	235	36	235	271
Other Projects	235	0	235	794		794
Technical Assistance - Misc.			0	810	(235)	575
Total TOD Program Budget, Operating	235	235	470	1,640	0	1,640

Note: TOD Operating Program is proposing to amend the increase of 2011 annual budget cash flow by \$191 thousands. The increase is driven by the decision to include Mount Baker Station Firestone Building Demolition project into 2011 TOD work plan. The lifetime budget is to be amended to reduce Technical Assistance - Miscellanies project by \$191 thousands to accommodate Mount Baker Station Firestone Building Demolition project expense.

SMALL BUSINESS PARTICIPATION

Not applicable to this action.

APPRENTICE UTILIZATION COMMITMENT

Not applicable to this action.

BACKGROUND

On November 18, 2010 the Board approved entering into a Purchase and Sale Agreement with Artspace USA allowing them to conduct and pursue due diligence efforts, financing and design. Artspace USA is proceeding with its Master Use Permit and building permit process for an expected January 2012 construction start.

The 2010 budget authorized funding for the TOD Program to create a demolition plan and permitting strategy which included a review by the City of Seattle Landmarks Board to ensure that no historic, cultural, or architectural elements were present that would impede demolition. In June 2010, the Landmarks Board ruled there was no historic value, and the demolition planning proceeded under a contract with KPFF.

Prior to the issuance of the RFP, the TOD Program anticipated demolition of the Firestone building once the business relocated to its new site on Martin Luther King, Junior Way South. The agency's 2010 Adopted Budget included this expenditure, but other priorities took precedence and only preliminary demolition planning was accomplished. Funding for the demolition was inadvertently left out of the Adopted 2011 Budget. The Adopted 2011 budget must be amended if demolition and the transfer of funds to the appropriate accounts are to occur.

TOD staff continues to monitor the Artspace project design and permitting process. The demolition plans and specifications were completed by KPFF within current budget, and the City of Seattle issued the Firestone demolition permit to Sound Transit on June 24, 2011. No demolition work has occurred to date. The Department of Design, Engineering and Construction Management will oversee the demolition work.

ENVIRONMENTAL COMPLIANCE

As one of the planned Central Link Project property acquisitions, demolition of the Firestone building is covered by the Central Link FEIS (1999) and an FTA Categorical Exclusion and Documented Categorical Exclusion was filed with the FTA to surplus this property.

Jl 7/12/2011

PRIOR BOARD AND CONCURRENT/COMMITTEE ACTIONS

Resolution No. R2010-97 – Authorizing the Chief Executive Officer to enter into a Purchase and Sale Agreement for the surplus properties at 2915 and 2918 Rainier Avenue South, Seattle, WA.

Motion No. M2010-91 - Authorized the Chief Executive Officer to enter into a short-term exclusive negotiating agreement with Artspace USA for the subject parcels

Resolution No. R2010-20 - Approving a declaration of surplus real property by the chief executive officer, including the method disposition for using future proceeds from selling or leasing the property for other Capital Projects or for the open Central Link Project.

Resolution No. R99-35 – Adopting The Real Property Disposition Policy, Procedure, and Guidelines, including the policy goal: “Utilize the disposition of Sound Transit Real Property to encourage TOD, Joint Development and public and private projects at and around Sound Transit facilities to build transit ridership, enhance communities and aid economic development.”

TIME CONSTRAINTS

A one month delay could create a significant impact demolition of the Firestone building by December 31, 2011.

PUBLIC INVOLVEMENT

The building demolition has been discussed with the surrounding community in the context of the site's redevelopment. The Mount Baker Community Club and surrounding neighborhood will be notified of the demolition prior to the start of deconstruction, including specific outreach to the Seattle Lighthouse for the Blind, Inc,

LEGAL REVIEW

JW 7/13/11

RESOLUTION NO. R2011-07

A RESOLUTION of the Board of the Central Puget Sound Regional Transit Authority amending the Adopted 2011 Annual Budget for the Transit Oriented Development Operating Expenses from \$235,000 to \$470,000.

WHEREAS, the Central Puget Sound Regional Transit Authority, commonly known as Sound Transit, was formed under RCW Chapters 81.104 and 81.112 for the Pierce, King, and Snohomish Counties region, by action of their respective county councils, pursuant to RCW 81.112.030; and

WHEREAS, Sound Transit is authorized to plan, construct, and permanently operate a high-capacity system of transportation, infrastructure and services to meet regional public transportation needs in the Central Puget Sound region; and

WHEREAS, in general elections held within the Central Puget Sound Regional Transit Authority district on November 5, 1996 and November 4, 2008, voters approved local funding to implement a regional high-capacity transportation system for the Central Puget Sound region; and

WHEREAS, the Sound Transit Board has adopted financial policies to govern the financing and implementation of the regional transit system and to specify budgetary guidelines for providing subarea equity in accomplishing the same; and

WHEREAS, by Resolution No. R2009-23, the Sound Transit Board adopted the 2011 Budget on December 16, 2010; and

WHEREAS, demolition of the former Firestone building must be completed by December 31, 2011 per a purchase and sale (PSA) agreement between Sound Transit and Artspace USA; and

WHEREAS, Sound Transit intended to demolish the Firestone building and partially restore the site in 2010, but the schedule changed; and

WHEREAS, funding for the demolition was inadvertently left out of the Adopted 2011 Budget; and


WHEREAS, there is currently insufficient uncommitted budget within this program to absorb these added costs; and

WHEREAS, said budget amendment is consistent with and affordable under Board-adopted Sound Transit financial policies; and

WHEREAS, a two-thirds affirmative vote of the entire membership of the Sound Transit Board is required to amend the Adopted 2011 Budget.

NOW, THEREFORE, BE IT RESOLVED by the Board of the Central Puget Sound Regional Transit Authority that the Adopted 2011 annual budget for the Transit Oriented Development Operating Expenses from from \$235,000 to \$470,000.

ADOPTED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on July 28, 2011.



Aaron Reardon
Board Chair

ATTEST:



Marcia Walker
Board Administrator