



Legislation Text

File #: 2008-0516, **Version:** 2

AN ORDINANCE authorizing the King County executive to execute a purchase and sale agreement and all necessary conveyance documents to complete the sale of the county-owned property known as the Summit Pit regional roads maintenance facility, located in council district 9, to Summit Place 156 LLC.

BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

SECTION 1. Findings.

A. King County owns a 156.5 acre undeveloped parcel of land commonly know as the Summit Pit regional roads maintenance facility ("Summit"), located in unincorporated King County, surrounded by the city of Maple Valley, approximately thirty-one miles southeast of downtown Seattle.

B. Summit was purchased by King County in 1953 and has been used since that time as a major headquarters for roads maintenance operations servicing southeastern King County. Use of the site has expanded over the years to its current use as a regional roads maintenance operations center, gravel mine, and road waste processing/recycling facility. Summit has capacity to support the unincorporated areas of southeast King County, as well as the road services the county provides on a contract basis to cities including Covington, Maple Valley and others. Although Summit functions well in terms of operational capability and service delivery, over time it has become surrounded by urban residential developments which are increasingly incompatible with the maintenance operations that frequently run potentially twenty-four hours per day.

C. Additionally, most of the existing roads maintenance facilities and operations at the Summit site were designed and built to standards of the 1950s and are inadequate to meet the needs for a South King County regional road maintenance facility for the next thirty to fifty years. Although the existing facility could

be improved, it is not realistic to expect a thirty-year return on significant investments at Summit given the encroachment of residential development.

D. In February 2006, an unsolicited verbal offer came to the executive office from the Yarrow Bay Group ("YBG"). The offer was that King County would acquire approximately two hundred eighty acres of conservation land, known as Icy Creek Properties, and YBG would relocate, at no cost to the county, the Summit operations to a site acceptable to King County. In exchange YBG would receive fee simple title to Summit.

E. After YBG was unable to locate a site acceptable to King County to which Summit operations could be relocated, in May 2007, the road services division ("Roads") identified a potential replacement site for the South King County regional roads maintenance facility. The replacement site would encompass approximately two hundred acres of the underutilized six-hundred-fifty-acre King County-owned Ravensdale shooting range site. As a result, structure of the proposal was changed requiring YBG to pay cash for Summit instead of a property exchange.

F. On June 25, 2007, the King County council unanimously approved Ordinance 15856 authorizing the King County executive to enter into direct negotiations with YBG for the sale of Summit. The basis for this authorization was the unique opportunity presented by YBG's ability to provide the opportunity for King County to acquire valuable resource lands in the Icy Creek basin as a component of the Summit sale transaction.

G. On July 10, 2007, Roads requested that Summit be declared surplus conditioned on the occurrence of a number of factors, most importantly that the Ravensdale property be transferred to Roads and that Roads is able to transfer all activities from Summit to Ravensdale.

H. Pursuant to K.C.C. 4.56.070, the facilities management division declared Summit conditionally surplus to the county's foreseeable needs. The facilities management division completed the standard surplus process including determining the site was suitable for affordable housing. A variety of housing types could be

made available and affordable to a full spectrum of income levels, which would support goals consistent with the Countywide Planning Policies and joint recommendations committee.

I. After an extended period of negotiations, YBG and King County were unable to agree on a price for Summit. Additionally, there were indications in the real estate market that other buyers might be interested in purchasing Summit. King County decided to solicit proposals for the sale of Summit through a competitive request for proposals ("RFP") process. The RFP was issued on February 28, 2008.

J. King County received only one proposal for the sale of Summit, an offer from YBG with a \$35,000,000 purchase price. The proposal was responsive to the criteria enumerated in King County's RFP; however the purchase price was insufficient for the county's needs. On May 19, 2008, King County's facilities management division responded to YBG's proposal indicating that the county was willing to continue negotiations for the sale of Summit if the purchase price was significantly increased.

K. YBG responded in a letter dated May 22, 2008, indicating they would like to continue negotiating a mutually beneficial purchase and sale agreement.

L. Further negotiations between the facilities management division and YBG has resulted in a proposed purchase and sale agreement ("the agreement") with Summit Place 156 LLC, which is the Washington limited liability company formed by YBG to purchase and develop Summit, that incorporates the RFP's minimum requirements and provides protections to the county in the form of contingencies to ensure that, before the closing of the sale, Roads's use of Summit is not compromised and that the sale of Summit will not occur unless Roads obtains the permits necessary for it to transfer all of its activities from Summit to the Ravensdale site or, at the county's option, other suitable locations.

M. The agreement also contains protections in the form of covenants running with the land to ensure that, following closing of the sale, development of the site continues to comply with the agreement.

N. The Agreement establishes a purchase price for Summit of \$51,000,000.00 payable as follows:

1. If Roads determines it is feasible, from an operational perspective, to consolidate its activities on

Summit without affecting the efficiency and quality of its services in order to accommodate the conveyance of only portions of Summit to YBG while the Ravensdale relocation site is being constructed (Consolidation) and can obtain the necessary permits to do so, a series of closings will occur on portions of Summit, commencing after the road services division obtains the necessary permits for the Ravensdale site. Beginning in 2011, YBG will pay \$16,000,000.00 at an initial closing, \$15,000,000.00 one year later and the remaining balance in four equal installments;

2. If Roads cannot obtain the necessary permits to consolidate its operations at Summit, but can obtain the permits necessary for its move to Ravensdale, the payment schedule will be the same, but will commence after the road services division has moved to Ravensdale, and each installment after the initial payment will carry an additional five percent annual charge calculated from the date of the initial payment;

3. If Roads decides it is not feasible to consolidate its operations and coexist on Summit with YBG, but can obtain the permits necessary to move to Ravensdale, then YBG will have the choice of either paying for Summit pursuant to the schedule in subsection 2 or establishing a new purchase price by binding independent appraisal and paying the new purchase price in full when Roads moves its operations to Ravensdale; and

4. If Roads cannot obtain the permits necessary to move to Ravensdale, then YBG has the choice of either letting the agreement terminate or letting the agreement remain in place. If it chooses to leave the agreement in place and if within three years King County decides it wants to move Roads's operations to another location and sell Summit, a new purchase price will be established by binding independent appraisal, payable in cash at the closing following Roads moving its operations from Summit. If the county makes no decision about Summit within three years, the agreement will terminate.

O. The Agreement requires YBG to provide affordable housing in any development of Summit. Not less than thirty percent of the total housing units to be developed on the site shall be made available for ownership or rental, or both ownership and rental, for families meeting the income criteria established in the RFP. Density achieved pursuant to the transfer of development rights purchased from the transfer of

development rights bank is excluded from the affordable housing requirement.

P. The agreement requires YBG to purchase at least two hundred development rights from the King County transfer of development rights bank.

Q. The agreement requires YBG to convey or grant to King County or arrange to have a third party convey or grant to King County fee title or a conservation easement over resource conservation land that meets criteria specified in the RFP.

R. The agreement requires YBG to incorporate low impact development concepts, green building construction methods, energy efficient design, water conservation and material reuse into any development of Summit.

S. Proceeds from the sale of Summit will fund construction of all improvements necessary to relocate Roads's existing facility at Summit and allow implementation of plans for near- and long-term roads maintenance facilities.

T. King County has an extensive and long-time interest in implementing a comprehensive approach to affordable housing for people at a range of income levels. It is the responsibility of the county to ensure housing opportunities are available for a full spectrum of affordable housing, from market rate to very low income housing. According to the Countywide Planning Policies, jurisdictions are required to develop housing resources to assist the large number of low and moderate-income households who currently do not have affordable, appropriate housing. King County has goals to provide decent, affordable housing to King County's communities, as well as provide a suitable living environment and economic opportunities for very low-, low- and moderate-income persons and communities.

U. The sale of Summit and relocation to Ravensdale would make Summit available for uses that are more consistent with surrounding land uses while continuing to provide efficient road maintenance services to the unincorporated areas of southeast king county, and to contract cities, from a modern regional maintenance facility located at a site more compatible with the operations and functions.

V. Roads completed an environmental checklist pursuant to the state Environmental Policy Act regarding the potential environmental impacts of the sale of Summit. As a result of the findings in the checklist, the county's designated state Environmental Policy Act responsible official for this transaction issued a determination of nonsignificance on December 6, 2007. Roads received and responded to comments regarding the determination of nonsignificance. No changes were made to the determination of nonsignificance or the checklist as a result of those comments.

W. The sale of Summit is authorized under K.C.C. 4.56.110.A.7, because it is being sold through a request for proposals for on-site development of affordable/workforce housing that provides a public benefit.

SECTION 2. The King County executive is hereby authorized to convey the Summit Pit regional roads maintenance facility property to Summit Place 156 LLC, consistent with a purchase and sale agreement substantially in the form of Attachment A to this ordinance, and to implement the purchase and sale agreement and execute any documents necessary to carry out such conveyance.

none