



## Legislation Text

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**File #:** 2004-0393, **Version:** 3

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AN ORDINANCE authorizing the surplus and sale of one improved parcel of county-owned property, known as the Johnson Hardware Building, located in council district 10, and amending K.C.C. 4.56.100 to provide for sale of properties within the Urban Growth Area and a Historic Preservation District through a competitive request for proposal process to a non-profit corporation or governmental entity.

BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

**SECTION 1. Findings:**

A. King County purchased the property known as the Johnson Hardware Building from the Johnson family on May 27, 1980, for \$950,000.00 as part of the Kingdome stadium development.

B. The subject property is located at 590 First Avenue South. It is irregular in shape, lying between Railroad Way South and Occidental Avenue South. There is approximately 265 feet of frontage on Railroad Way, and 241 feet on Occidental, with the north boundary running about 142 feet. The land area is approximately 21,478 square feet. The property is improved with a two story brick building which was built in 1903, containing approximately 42,668 square feet. The property is zoned City of Seattle PSM 85-120, chapter 23.66.100 SMC, and is in the Pioneer Square Preservation District. Building heights of 85-120 feet are permitted, with "all uses shall be permitted outright except those specifically prohibited by Section 23.66.322 SMC and those subject to special review under Section 23.66.324 SMC and that all uses not specifically prohibited shall be permitted as both principle and accessory use."

C. Between 1980 and 1997 the property was used as by the Kingdome stadium authority as a storage

facility and as storage for the Mariners baseball organization.

D. On June 17, 1997, Washington State voters approved Referendum 48 ("the Stadium Act"), authorizing the financing, construction, ownership and operation of a stadium and exhibition center suitable for National Football League football and Olympic and World Cup soccer, with adjacent exhibition facilities, together with associated parking facilities and other ancillary facilities.

E. The Stadium Act authorized the Washington State Public Stadium Authority ("PSA") and First and Goal, Inc. ("FGI"), to determine the site and overall design of the stadium property.

F. The Stadium Act required King County to assemble property that the county and PSA mutually determine to be necessary for the project.

G. In accordance with the Stadium Act, King County and Football Northwest LLC entered into a letter of intent dated June 30, 1997 to assemble and contribute such property in the event the Kingdome site was chosen.

H. In accordance with Ordinance 12807, dated June 30, 1997, King County amended its Kingdome use agreement which allowed it to assign its interest in the Kingdome to the PSA.

I. On April 30, 1998, Resolution 43 was adopted by the PSA designating the site occupied by the Kingdome as the location for the new stadium complex.

J. In accordance with the letter of intent, on September 8, 1998, King County passed Ordinance 13262 authorizing the King County executive to enter into an agreement which among other things, allowed the PSA to purchase an option for the Johnson Hardware Building.

K. A special use permit was granted to the PSA outlining the PSA's use of the Kingdome property, including the Johnson Hardware Building. The special use permit, beginning on November 1, 1999, authorized the PSA to use the Johnson Hardware Building for storage during the pendency of, and until termination of the option to purchase.

L. An option to purchase the Johnson Hardware Building was granted to FGI on March 16, 2000. The

option period was to extend one year from the issuance of the certificate of occupancy for the stadium property, which was issued on July 19, 2002. Purchase price was to be determined by fair market appraisal at the time of execution of the option.

M. FGI has not executed the option, which has subsequently lapsed.

N. In accordance with K.C.C. 4.56.070, the property has been declared surplus to the needs of the county. Consistent with the policies established in the 1998 Budget Ordinance, Ordinance 12926, any proceeds from the sale of the Kingdome property known as the Johnson Hardware Building, after meeting the requirements of Ordinance 13262 to support the housing opportunity fund, shall be used only for the acquisition, development, maintenance and operation of outdoor sports fields for youth and dedicated to the youth sports facility grant fund as an endowment reserve.

O. The Nisqually earthquake on February 28, 2001, caused approximately \$250,000.00 in damage to the building, and restricted its utility for warehousing and storage. Repair of the earthquake damage would allow resumption of its current use as a warehouse. An upgrade to current seismic code would permit change in land use. This upgrade has been estimated to cost \$750,000.00.

P. K.C.C. 4.56.070 states that, if the property is not needed for the provision of essential government services, the facilities management division shall then determine if the parcel is suitable for affordable housing. Suitable for affordable housing means the parcel is located within the Urban Growth Area, is zoned residential, and the housing development is compatible with the neighborhood. Although the Johnson Building meets these minimum criteria, the real estate services section has determined that due to unusually high costs of redevelopment, the subject property is not suitable for redevelopment as affordable housing. Affordable housing developers have been contacted regarding the suitability for conversion of the building to affordable housing. Interest in the property is high, if acquisition costs to the developers would be less than \$800,000.00. Fair market value of the property has been established by appraisal, at \$2,350,000.00 in its "as is" condition.

Q. K.C.C. 4.56.070 also states that the facilities management division shall make recommendation for

uses other than sale of surplus real property including the use of the property by other governmental organizations and use by nonprofit organizations for public purposes.

R. The Pioneer Square Community Association, a non-profit corporation, has expressed their desire for the Johnson Building to be devoted to mixed use, which may include but not be limited to street-level retail, market rate and affordable housing and historic preservation.

S. K.C.C. 4.56.100 allows for the negotiated sale of County surplus property under certain specific conditions.

SECTION 2. The King County executive is hereby authorized to execute the necessary documents to surplus and sell the Johnson Hardware Building to a non-profit corporation or governmental entity for mixed use consistent with historic preservation requirements, which may include, but is not limited to, street-level retail and a mix of market rate and affordable housing pursuant to the provisions of K.C.C. 4.56.100, as amended.

PROPERTY NAME AND		APPRAISED
<u>PARCEL</u>	<u>TAX ACCT. NO.</u>	<u>VALUE</u>
A	(Johnson Hardware Building as is) 7666204879	\$2,250,000.00-2,500,000.00

SECTION 3. Ordinance 12045, Section 10 and K.C.C. 4.56.100 are hereby amended to read as follows:

**4.56.100 Sale of property - Public auction or sealed bid.**

A. All sales of real and personal property shall be made to the highest responsible bidder at public auction or by sealed bid except when:

1. County property is sold to a governmental agency;
2. The county executive has determined an emergency to exist; or the county council, by ordinance,

has determined that unique circumstances make a negotiated direct sale in the best interests of the public;

3. County real property is traded for real property of similar value, or when county personal property is traded for personal property of similar value;
4. The facilities management division has determined that the county will receive a greater return on real property when it is listed and sold through a residential or commercial real estate listing service;
5. County personal property is traded in on the purchase of another article;
6. Property has been obtained by the county through the proceeds of grants or other special purpose funding from the federal or state government, wherein a specific public purpose or purposes are set forth as a condition of use for the property, that purpose or purposes to be limited to the provision of social and health services or social and health service facilities as defined in chapter 43.83D RCW, and it is deemed to be in the best interest of the county, in each instance, upon recommendation by the county executive and approval by the county council, that in order to fulfill the condition of use, the county may sell or otherwise convey the property in some other manner consistent with the condition of use; provided, that in the event such property is conveyed pursuant to the provisions of this subdivision, the conveyee or conveyees shall be limited to private, nonprofit corporations duly organized according to the laws of the state of Washington, which nonprofit corporations are exempt from taxation under 26 U.S.C. Sec. 501(c) as amended, and which nonprofit corporations are organized for the purpose of operating social and health service facilities as defined by chapter 43.83D RCW;
7. The county property is sold for on-site development of affordable housing which provides a public benefit, provided that the developer has been selected through a request for proposals;
8. It is deemed to be in the public interest to restrict the use of the project for provision of social or health services or such other public purposes as the county deems appropriate; ~~((or))~~
9. The facilities management division for real property and the fleet administration division for personal property, in consultation with the county executive and the county council, may, in the best interests of the county, donate or negotiate the sale of either county surplus personal property or real property, or both, with

bona fide nonprofit organizations wherein the nonprofit organizations provide services to the poor and infirm or with other governmental agencies with whom reciprocal agreements exist. Such transactions will be exempt from the requirements of fair market value, appraisal, and public notice. The facilities management division or fleet administration division, as applicable, also may, in the best interest of the county, procure services to support King County in lieu of payment with nonprofit organizations who provide services which will benefit the public. Such transactions are based upon the recommendation of the facilities management division or fleet administration division, as applicable, and the department having custodianship of the property. The facilities management division or fleet administration division, as applicable, shall maintain a file of appropriate correspondence or such information which leads to a recommendation by the division to the county executive and the county council to undertake such transactions, and such information shall be available for public inspection at the facilities management division or fleet administration division, as applicable. The facilities management division or fleet administration division, as applicable, may also seek reimbursement from the benefiting organization for the administrative costs of processing the surplus property or; (–)

10. The county property is located in a historic preservation district within the Urban Growth Area and is sold to a nonprofit corporation or governmental entity for on-site mixed use development consistent with historic preservation requirements, which includes affordable housing and which may also include market rate housing, retail or other uses, and which is selected after a competitive request for proposal process.

B. The county may, if it deems such action to be for the best public interest, reject any and all bids, either written or oral, and withdraw the property from sale. The county may then renegotiate the sale of withdrawn property, providing the negotiated price is higher than the highest rejected bid.

C. Whenever the procedures of a grant agency having an interest in real or personal property requires disposition in a manner different from the procedures set forth in this chapter, the property shall be disposed of in accordance with the procedures required by this chapter unless the grant agency specifically requires otherwise.

SECTION 4. Effective date.

Sections 3 and 4 of this ordinance shall take effect pursuant to the provisions of Section 230.70 of the King County Charter. Sections 1 and 2 of this ordinance shall take effect one day after the effective date of Sections 3 and 4.