



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

October 12, 2004

Ordinance 15044

Proposed No. 2004-0393.3

Sponsors Gossett

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

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BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

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SECTION 1. Findings:

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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.

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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

18 approximately 265 feet of frontage on Railroad Way, and 241 feet on Occidental, with
19 the north boundary running about 142 feet. The land area is approximately 21,478 square
20 feet. The property is improved with a two story brick building which was built in 1903,
21 containing approximately 42,668 square feet. The property is zoned City of Seattle PSM
22 85-120, chapter 23.66.100 SMC, and is in the Pioneer Square Preservation District.
23 Building heights of 85-120 feet are permitted, with "all uses shall be permitted outright
24 except those specifically prohibited by Section 23.66.322 SMC and those subject to
25 special review under Section 23.66.324 SMC and that all uses not specifically prohibited
26 shall be permitted as both principle and accessory use."

27 C. Between 1980 and 1997 the property was used as by the Kingdome stadium
28 authority as a storage facility and as storage for the Mariners baseball organization.

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

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

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

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

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

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

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

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

56 L. An option to purchase the Johnson Hardware Building was granted to FGI on
57 March 16, 2000. The option period was to extend one year from the issuance of the
58 certificate of occupancy for the stadium property, which was issued on July 19, 2002.
59 Purchase price was to be determined by fair market appraisal at the time of execution of
60 the option.

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

62 N. In accordance with K.C.C. 4.56.070, the property has been declared surplus to
63 the needs of the county. Consistent with the policies established in the 1998 Budget
64 Ordinance, Ordinance 12926, any proceeds from the sale of the Kingdome property
65 known as the Johnson Hardware Building, after meeting the requirements of Ordinance
66 13262 to support the housing opportunity fund, shall be used only for the acquisition,
67 development, maintenance and operation of outdoor sports fields for youth and dedicated
68 to the youth sports facility grant fund as an endowment reserve.

69 O. The Nisqually earthquake on February 28, 2001, caused approximately
70 \$250,000.00 in damage to the building, and restricted its utility for warehousing and
71 storage. Repair of the earthquake damage would allow resumption of its current use as a
72 warehouse. An upgrade to current seismic code would permit change in land use. This
73 upgrade has been estimated to cost \$750,000.00.

74 P. K.C.C. 4.56.070 states that, if the property is not needed for the provision of
75 essential government services, the facilities management division shall then determine if
76 the parcel is suitable for affordable housing. Suitable for affordable housing means the
77 parcel is located within the Urban Growth Area, is zoned residential, and the housing
78 development is compatible with the neighborhood. Although the Johnson Building meets
79 these minimum criteria, the real estate services section has determined that due to
80 unusually high costs of redevelopment, the subject property is not suitable for
81 redevelopment as affordable housing. Affordable housing developers have been
82 contacted regarding the suitability for conversion of the building to affordable housing.
83 Interest in the property is high, if acquisition costs to the developers would be less than

84 \$800,000.00. Fair market value of the property has been established by appraisal, at
85 \$2,350,000.00 in its "as is" condition.

86 Q. K.C.C. 4.56.070 also states that the facilities management division shall make
87 recommendation for uses other than sale of surplus real property including the use of the
88 property by other governmental organizations and use by nonprofit organizations for
89 public purposes.

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

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

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

102	PROPERTY NAME AND	APPRAISED	
103	<u>PARCEL</u>	<u>TAX ACCT. NO.</u>	<u>VALUE</u>
104	A	(Johnson Hardware Building	\$2,250,000.00-2,500,000.00
105		as is)	
106	7666204879		

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

109 **4.56.100 Sale of property - Public auction or sealed bid.**

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

112 1. County property is sold to a governmental agency;

113 2. The county executive has determined an emergency to exist; or the county
114 council, by ordinance, has determined that unique circumstances make a negotiated direct
115 sale in the best interests of the public;

116 3. County real property is traded for real property of similar value, or when
117 county personal property is traded for personal property of similar value;

118 4. The facilities management division has determined that the county will
119 receive a greater return on real property when it is listed and sold through a residential or
120 commercial real estate listing service;

121 5. County personal property is traded in on the purchase of another article;

122 6. Property has been obtained by the county through the proceeds of grants or
123 other special purpose funding from the federal or state government, wherein a specific
124 public purpose or purposes are set forth as a condition of use for the property, that
125 purpose or purposes to be limited to the provision of social and health services or social
126 and health service facilities as defined in chapter 43.83D RCW, and it is deemed to be in
127 the best interest of the county, in each instance, upon recommendation by the county
128 executive and approval by the county council, that in order to fulfill the condition of use,
129 the county may sell or otherwise convey the property in some other manner consistent

130 with the condition of use; provided, that in the event such property is conveyed pursuant
131 to the provisions of this subdivision, the conveyee or conveyees shall be limited to
132 private, nonprofit corporations duly organized according to the laws of the state of
133 Washington, which nonprofit corporations are exempt from taxation under 26 U.S.C. Sec.
134 501(c) as amended, and which nonprofit corporations are organized for the purpose of
135 operating social and health service facilities as defined by chapter 43.83D RCW;

136 7. The county property is sold for on-site development of affordable housing
137 which provides a public benefit, provided that the developer has been selected through a
138 request for proposals;

139 8. It is deemed to be in the public interest to restrict the use of the project for
140 provision of social or health services or such other public purposes as the county deems
141 appropriate; (~~or~~)

142 9. The facilities management division for real property and the fleet
143 administration division for personal property, in consultation with the county executive
144 and the county council, may, in the best interests of the county, donate or negotiate the
145 sale of either county surplus personal property or real property, or both, with bona fide
146 nonprofit organizations wherein the nonprofit organizations provide services to the poor
147 and infirm or with other governmental agencies with whom reciprocal agreements exist.
148 Such transactions will be exempt from the requirements of fair market value, appraisal,
149 and public notice. The facilities management division or fleet administration division, as
150 applicable, also may, in the best interest of the county, procure services to support King
151 County in lieu of payment with nonprofit organizations who provide services which will
152 benefit the public. Such transactions are based upon the recommendation of the facilities

153 management division or fleet administration division, as applicable, and the department
154 having custodianship of the property. The facilities management division or fleet
155 administration division, as applicable, shall maintain a file of appropriate correspondence
156 or such information which leads to a recommendation by the division to the county
157 executive and the county council to undertake such transactions, and such information
158 shall be available for public inspection at the facilities management division or fleet
159 administration division, as applicable. The facilities management division or fleet
160 administration division, as applicable, may also seek reimbursement from the benefiting
161 organization for the administrative costs of processing the surplus property or; (↔)

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

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

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

175 SECTION 4. Effective date.

Ordinance 15044

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CLERK
KING COUNTY COUNCIL

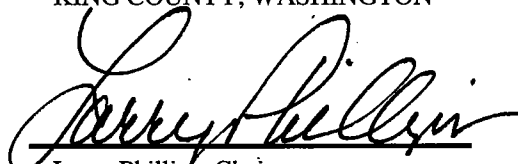
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Sections 3 and 4 of this ordinance shall take effect pursuant to the provisions of
Section 230.70 of the King County Charter. Sections 1 and 2 of this ordinance shall take
effect one day after the effective date of Sections 3 and 4.

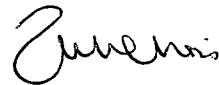
Ordinance 15044 was introduced on 8/23/2004 and passed as amended by the
Metropolitan King County Council on 10/11/2004, by the following vote:

Yes: 11 - Mr. Phillips, Ms. Edmonds, Mr. von Reichbauer, Ms. Lambert, Mr.
Pelz, Mr. McKenna, Mr. Ferguson, Mr. Hammond, Mr. Gossett, Mr. Irons
and Mr. Constantine
No: 0
Excused: 2 - Ms. Hague and Ms. Patterson

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON

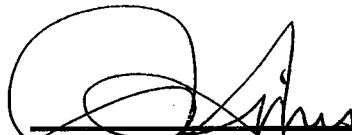

Larry Phillips, Chair

ATTEST:



Anne Noris, Clerk of the Council

APPROVED this 22 day of OCTOBER, 2004.



Ron Sims, County Executive

Attachments A. Parcel Map, B. Legal Description