I-405 Bus Rapid Transit

Kingsgate Park-and-Ride Transit-Oriented Development Feasibility Study

Authorizing Legislation: ESB 5096

November 2018

Partners: Sound Transit, Washington State Department of Transportation, King County Metro, City of Kirkland Washington, ARCH A Regional Coalition for Housing

CONTENTS

EXECUTIVE SUMMARY

INTRODUCTION

The Kingsgate Park-and-Ride Transit-Oriented Development (TOD) Feasibility Study (Study) was mandated by the State Legislature in Engrossed Senate Bill (ESB) 5096. This bill directed the Washington State Department of Transportation (WSDOT) to "investigate opportunities for a transit-oriented development pilot project at the existing Kingsgate Park-and-Ride facility at Interstate 405, NE 132nd Street, and 116th Avenue NE. WSDOT must coordinate with the City of Kirkland and other key stakeholders to determine the feasibility and cost of transit-oriented development at Kingsgate." Through partnership with WSDOT, Sound Transit added the Study as an early deliverable in its ST3 I-405 Bus Rapid Transit (BRT) Project.

The Kingsgate Park-and-Ride site, located within the Totem Lake Urban Center, is owned by WSDOT and operated and maintained by King County Metro. The Totem Lake Urban Center is a designated Regional Growth Center within the Puget Sound Regional Council policy framework. Regional Growth Center designations are part of a growth management and transportation planning strategy to provide for greater intensity and density where housing, employment, shopping, and other activities are located close together in proximity to transit.

A potential TOD Pilot Project would support WSDOT's strategic goals of modal integration, environmental stewardship, and community engagement. Kirkland envisions development of the site as playing a key role in continued economic growth within the city. Sound Transit, as part of its $54 billion ST3 Plan, plans to expand the facility with a net increase of 400 parking stalls to be constructed within a 600-stall structured garage, providing access to BRT service at the Totem Lake Freeway Station. If viable, construction of TOD at the Kingsgate Park-and-Ride would provide WSDOT a unique opportunity to consider TOD at other state-owned park-and-ride sites.

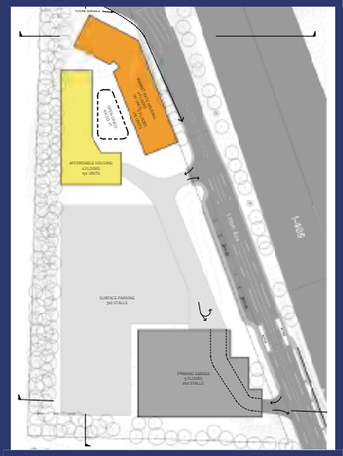
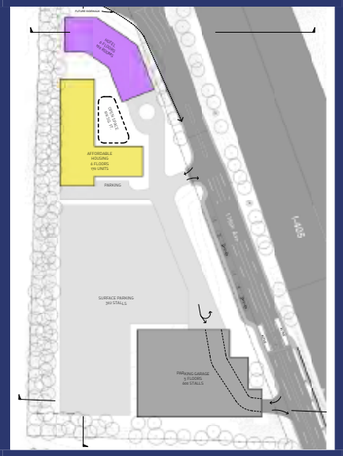
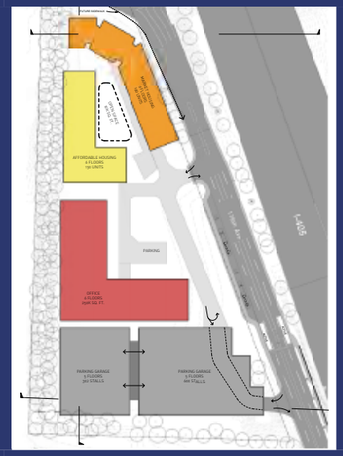
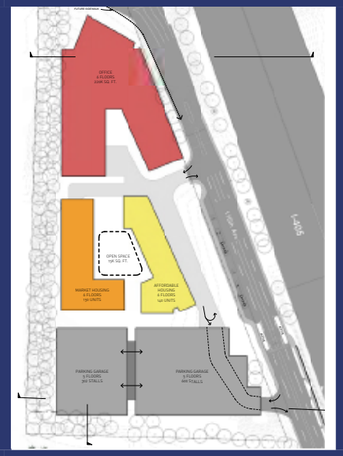
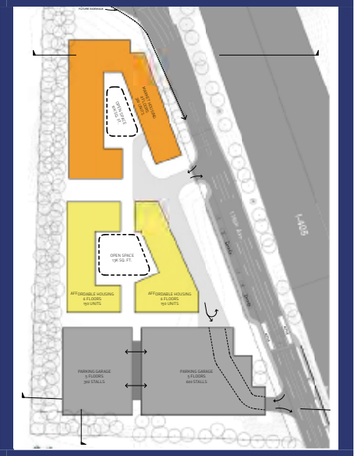
The Study and Kingsgate Park-and-Ride site offer WSDOT and the State an opportunity to collaborate with the City of Kirkland, Sound Transit, and King County Metro to develop options for a TOD project that addresses a variety of objectives. In 2017, WSDOT formed the Kingsgate Working Group with representatives from the City of Kirkland, Sound Transit, and King County Metro to assist WSDOT in its preparation of a report to the Legislature on the potential TOD Pilot Project at the Kingsgate Park-and-Ride site.

This Study identifies opportunities, challenges, and considerations for implementing TOD on the Kingsgate Park-and-Ride site. It also informs Sound Transit's ST3 I-405 BRT Project planning and delivery process while defining implementation issues and strategies for agency partners. Sound Transit will seek approval from its Board of Directors in early 2019 to begin conceptual engineering and environmental review for the ST3 I-405 BRT Project, including improvements at the Kingsgate Park-and-Ride.

CONCEPTUAL DEVELOPMENT SCENARIOS

A series of key stakeholder meetings and charrettes and a preliminary market-based highest and best use filter evaluated prospective uses for further consideration. Three conceptual development scenarios, including two sub-options, were developed and analyzed by the project team. Uses that are physically feasible, legally permissible, and supported transit ridership were considered. The TOD conceptual scenarios include varied combinations of affordable and market-rate housing, commercial office, and hotel. The size of the TOD footprint available in a conceptual scenario depends on how much of the parking in that scenario is in a garage versus surface parking. Since all of the conceptual scenarios must deliver 902 park-and-ride stalls, placing those stalls in a garage with multiple levels provides more land area for TOD. In conceptual scenarios 1a and 1b, Sound Transit delivers a 600-stall parking garage and 302 stalls remain as surface parking spaces that are reconfigured to the modified area. Out of all the conceptual scenarios presented in this analysis, these scenarios leave the least surface area for TOD. In conceptual scenarios 2a, 2b, and 3, all of the required 902 park-and-ride stalls are in structured parking. The ST3 voter-approved 600-stall park-and-ride garage will be funded by Sound Transit. Depending on the timing of decisions, the parking program in these scenarios could either be in two connected garages or consolidated into one larger garage. In both of these cases, how the potential balance of park-and-ride garage stalls would be developed and financed by WSDOT needs to be determined by WSDOT with guidance from the State Legislature. The conceptual scenario images on the next page summarize the potential site designs and key development program assumptions that were used to determine feasibility of a potential TOD Pilot Project.

FEASIBILITY SCENARIOS

	SCENARIO 1a	SCENARIO 1b	SCENARIO 2a	SCENARIO 2b	SCENARIO 3
					
RESIDENTIAL	**Affordable** 150 units, 6 floors **Market Rate** 170 units, 5 floors	**Affordable** 170 units, 6 floors	**Affordable** 150 units, 6 floors **Market Rate** 160 units, 6 floors	**Affordable** 140 units, 6 floors **Market Rate** 150 units, 6 floors	**Affordable** 300 units, 6 floors **Market Rate** 300 units, 6 floors
COMMERCIAL		**Hotel** 190 rooms, 6 floors	**Office** 250,000 sq ft, 6 floors	**Office** 220,000 sq ft, 6 floors	
PARK-AND-RIDE STALLS	**Garage** 600 stalls, 5 floors* **Surface** 302 stalls**	**Garage** 600 stalls, 5 floors* **Surface** 302 stalls**	**Garage** 600 stalls, 5 floors* 302 stalls, 5 floors***	**Garage** 600 stalls, 5 floors* 302 stalls, 5 floors***	**Garage** 600 stalls, 5 floors* 302 stalls, 5 floors***

* Proposed garage to be constructed by Sound Transit.

** Reconfiguration of surface parking spaces would be required to accommodate a potential TOD pilot project.

*** Potential garage not funded by Sound Transit.

NOTES: For all conceptual scenarios, TOD would be developed separate from Sound Transit's park-and-ride garage. A partnership could be developed between Sound Transit and WSDOT to co-develop one consolidated garage if feasible. As described in the report, the potential two garages shown in Scenarios 2a, 2b, and 3 could be a single garage depending on partnership opportunities, timing, and funding. TOD parking is the responsibility of the TOD developer.

FEASIBILITY

Real estate development feasibility can take several forms, including physical, financial, and legal feasibility. The outcomes from the physical feasibility analysis were used to inform the financial feasibility analysis. The financial feasibility analysis is broken down into two components starting with a review of the sources and uses of funds. The sources and uses of funds analysis explored the revenues that could be generated through surplus property disposition and how the revenues from property disposition could be used to pay for unfunded public capital costs. The second component of the financial feasibility analysis explored individual development project feasibility with a focus on the construction costs, operating expenses, revenues, and financial returns. The analysis demonstrated that there are development scenarios that are feasible, subject to market demand and the resolution of policy issues. Finally, needed policy and legal decisions were identified to help determine critical path issues to advance a project. The findings from the Study will be used to help decision makers evaluate the potential TOD Pilot Project.

Sources and Uses of Funds

The following table shows the potential sources and uses of funds for each conceptual scenario and the resulting cash surpluses. The results show that the potential cash surpluses range from a low of $5.5 million to a high of $13.1 million, based on a range of assumed land values from the sale of the land, not leasing. In addition, under existing law, the proceeds from the sale of this site would be deposited in the federal Motor Vehicle Fund. Additional policy review outside the scope of this Study will need to be conducted by WSDOT, the State Legislature, and FHWA to determine how funds can currently be used and what new policy direction may be required to use funds to pursue a potential TOD Pilot Project, such as those illustrated in the conceptual scenarios in this Study. In addition, federal Motor Vehicle Funds currently cannot be spent on transit facilities, so an alternative funding source will be needed for the reconstruction of the transit center.

Land Value Sensitivity Analysis	CONCEPTUAL SCENARIO 1a	1b	2a	2b	3	Land Value Range
High ($ millions)	$12.6	$12.6	$12.8	$10.6	$13.1	$40,000/unit and $45/sq. ft. of floor area
Likely ($ millions)	$9.4	$10.8	$10.0	$8.1	$10.1	$35,000/unit and $40/sq. ft. of floor area
Low ($ millions)	$7.8	$9.0	$7.2	$5.5	$7.1	$30,000/unit and $35/sq. ft. of floor area

Financial Feasibility Analysis

The following table summarizes the financial feasibility analysis as determined from a potential developer's perspective.

FINANCIAL FEASIBILITY—SUMMARY OF FINDINGS	
Affordable housing	Feasible subject to availability of funding
Market-rate apartments	Feasible with cost reductions
Office	Not feasible at this time
Medical office	Not feasible at this time
Hotel	Not feasible at this time
Pedestrian-oriented retail	Not feasible at this time
Note: When a financial feasibility analysis results in a positive yield on cost, it is reasonable to discuss advancing design to the next level and further refining the analysis.	

Affordable housing is feasible subject to the availability of funding subsidies. In addition, a zoning reclassification is being considered for the property. Consistent with other Kirkland zones, it will likely have inclusionary affordable housing provisions for market-rate projects.

Apartment development may be feasible with design refinements, such as by providing parking that is located under the first floor of the building or using types of building materials that focus on cost reductions. Office development does not currently generate sufficient returns to support the risk of speculative development. Hotel development is not feasible unless substantial cost reductions are identified. Incorporating ground-floor retail into a larger mixed-use project generates negative returns and would likely have a negative impact on overall project returns.

The financial feasibility analysis demonstrates the challenges developers face in bringing projects online when the real estate markets have been expanding for many years; interest rates and construction costs are increasing; and some investors have adopted a wait-and-see attitude.

The overall implications for TOD on the Kingsgate Park-and-Ride site are that real estate markets are cyclical, and while future market conditions are unknown, it is reasonable to lay the groundwork for a disposition and development offering now in anticipation that the market would support new development in the future. If the market adjusts in the future, consistent with historical trends, the Kingsgate Park-and-Ride site is well located and is nicely positioned to capture demand during the next market expansion.

NEXT STEPS TO ADVANCE A TOD PROJECT

The agency partner representatives identified the next steps for their respective agency to be able to advance a TOD project on the Kingsgate Park-and-Ride site. The table below identifies actions in 2019 for each responsible party.

RESPONSIBLE PARTY	ACTION	2019 Q1	Q2	Q3	Q4
Legislature	TOD Pilot Project approval	—			
WSDOT	Development of preferred TOD scenario				→
WSDOT/ Sound Transit	Agreement on project delivery method, schedule, ownership, operations and maintenance				→
City of Kirkland	Completion of zoning code reclassification				→

SOUND TRANSIT

- Update Sound Transit management on the Study outcomes
- Discuss the implications of leasing or owning the portion of the Kingsgate site for the Sound Transit park-and-ride garage
- Continue to coordinate with agency partners on issues such as the delivery method for the Sound Transit park-and-ride garage and Sound Transit's involvement is WSDOT's potential TOD project
- Coordinate with WSDOT on the next steps for the Kingsgate Working Group
- Work with the agency partners to prepare for the 2019 state legislative session

WSDOT

- Discuss outcomes of the Study and next steps with agency staff
- Discuss the park-and-ride garage design with Sound Transit (such as one combined garage or two,separate garages)
- Work with agency partners to prepare for the 2019 state legislative session
- Gather legal information from the Attorney General's Office and the Federal Highway Administration
- Stay engaged with the I-405 - NE 132nd Street Interchange project team to ensure integration
- Determine feasibility of options to sell the land for TOD or enter into a long-term lease
- Conduct a developer's forum to obtain initial feedback on the Study's scenarios and financial feasibility assumptions

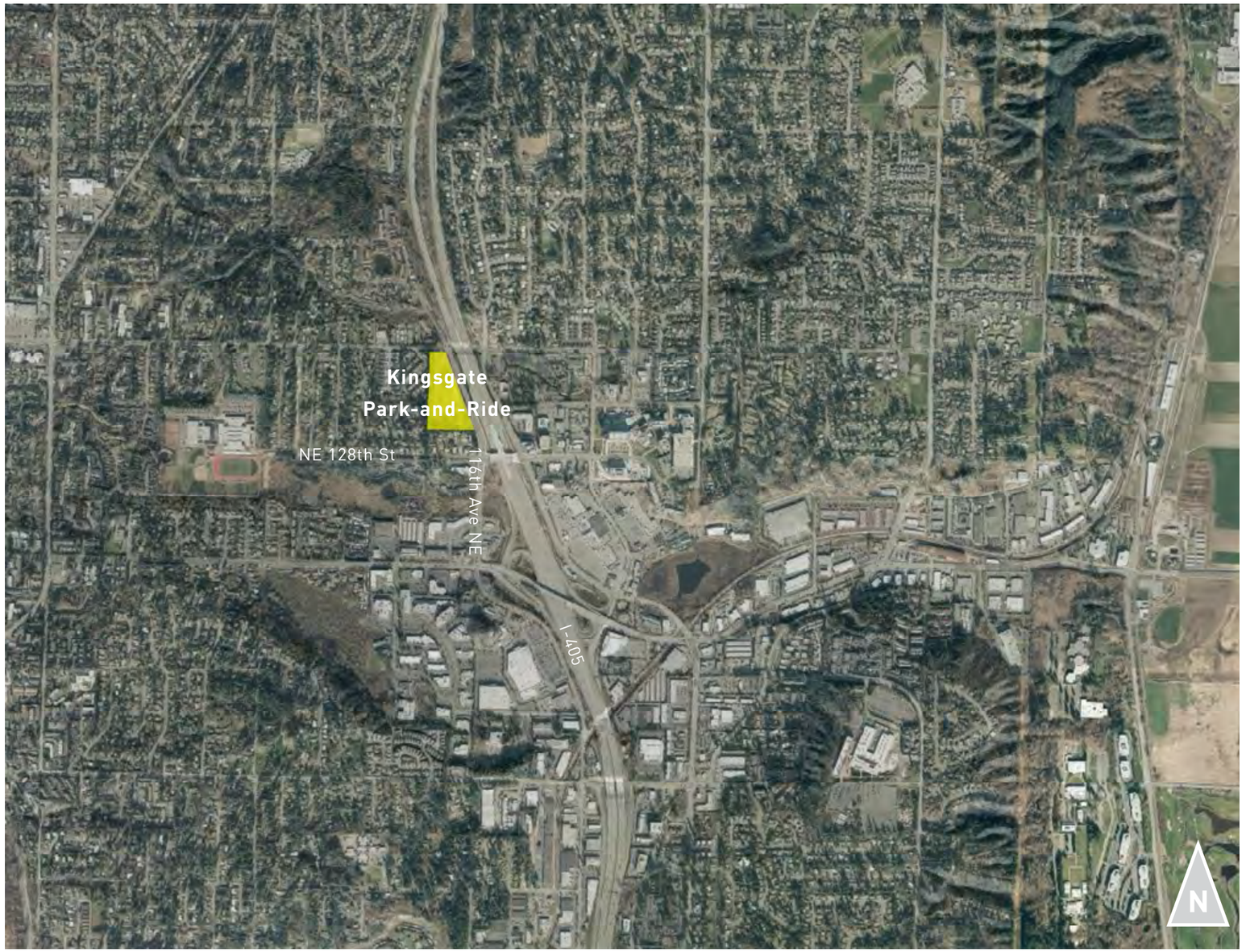
KING COUNTY METRO

- Work with agency partners to prepare for the 2019 state legislative session
- Clarify King County Metro's transit facility needs to maintain the current site function
- Clarify potential changes to site agreements, including operations and maintenance of the site
- Provide guidance to partner agencies on design requirements and approval processes related to reconfiguration of transit facilities and operations

CITY OF KIRKLAND

- Gain a clearer understanding of the status of the Kingsgate site, as right-of-way or a parcel, and how it affects future development
- Work with agency partners to prepare for the 2019 state legislative session
- Start briefing the City Council once additional information from the developers forum is available, the schedule is better defined, and site access restrictions or limitations are better understood

INTRODUCTION



Geographical context

PURPOSE

The primary purpose of this Transit-Oriented Development (TOD) Feasibility Study (Study) is to comply with the State Legislature's Engrossed State Bill (ESB) 5096. This bill directs the Washington State Department of Transportation (WSDOT) to identify opportunities, challenges, and considerations for implementing TOD on the Kingsgate Park-and-Ride site. The Study is also being used to identify project refinements that would serve the I-405 Bus Rapid Transit (BRT) Project. Sound Transit's voter-approved project on the Kingsgate site is to build a 600-stall park-and-ride garage to support access to the I-405 BRT and regional transit system. This Study will inform Sound Transit's I-405 BRT Project planning and delivery process, while defining implementation issues and strategies for the other primary agency partners at Kingsgate Park-and-Ride (WSDOT, the City of Kirkland, and King County Metro). In early 2019, Sound Transit will seek approval from the Sound Transit Board of Directors to begin conceptual engineering and environmental review for the I-405 BRT Project, including the Kingsgate Park-and-Ride garage.

POLICY DIRECTIVE

This Study was mandated by the State Legislature in ESB 5096. This bill directed WSDOT to "investigate opportunities for a transit-oriented development pilot project at the existing Kingsgate Park-and-Ride facility at Interstate 405, NE 132nd Street, and 116th Way NE. WSDOT must coordinate with the City of Kirkland and other key stakeholders to determine the feasibility and cost of transit-oriented development at Kingsgate." Through partnership with WSDOT, Sound Transit added the Study as an early deliverable in its ST3 I-405 BRT Project.

BACKGROUND

TOD can be defined in a variety of ways. In the Puget Sound Regional Council's (PSRC) Growing Transit Communities Strategy, equitable transit communities are defined as those that are "mixed-use, transit-served neighborhoods that provide housing and transportation choices and greater social and economic opportunity for current and future residents. Although generally defined by a half-mile walking distance around high-capacity transit stations, they exist within the context of larger neighborhoods with existing residents and businesses. These communities promote local community and economic development by providing housing types at a range of densities and affordability levels, commercial and retail spaces, community services, and other amenities that are integrated into safe, walkable neighborhoods."

Sound Transit's adopted Equitable Transit-Oriented Development Policy further defines TOD as "a land development pattern that integrates transit and land use by promoting transit ridership while supporting community land use and development visions. TOD strategies focus urban growth around transit facilities and leverage transit investments to help produce regional and local benefits, such as increases in transit ridership, development of housing options, walkable communities, and improved access to jobs and economic opportunities."

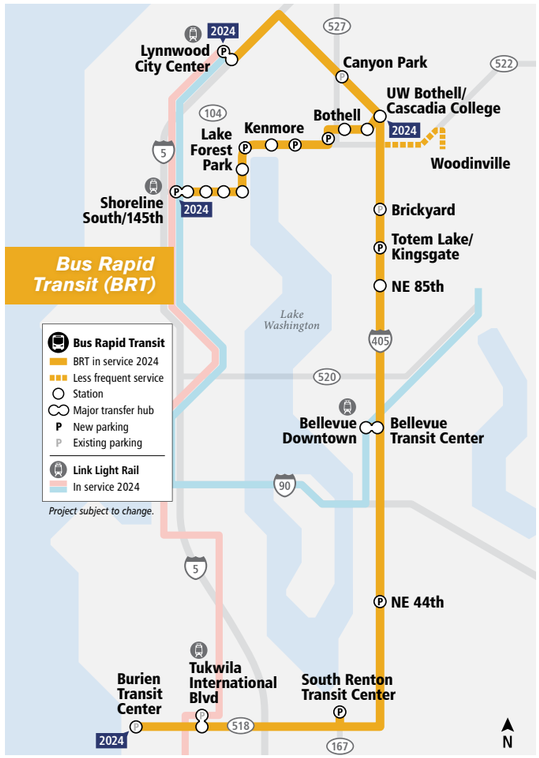
Washington State Department of Transportation

The Kingsgate Park-and-Ride facility is owned by WSDOT and is operated and maintained by King County Metro. WSDOT purchased the Kingsgate Park-and-Ride site in the late 1970s using federal Motor Vehicle Funds. The 8-acre site currently includes 502 park-and-ride stalls for motorists transferring to or from public transportation vehicles or private carpool vehicles. It is common to find the park-and-ride facility at or over capacity. The Kingsgate site also includes transit facilities and is served by 11 transit routes.

Sound Transit

Sound Transit's regional transit system expansion plan, ST3, was approved by voters in November 2016 and includes the I-405 BRT Project. The I-405 BRT Project will provide BRT service from Lynnwood to Burien along I-405 and connected corridors. As part of the I-405 BRT Project, 11 BRT stations, three new/expanded park-and-ride facilities, a new regional transit center, and other supportive BRT elements are planned along the I-405 corridor.

The I-405 BRT representative project identifies a BRT station pair at the Totem Lake Freeway Station with buses using the I-405 direct access ramps. The I-405 BRT ST3 representative project also includes construction of a new 600-stall park-and-ride garage on the southern portion of the Kingsgate Park-and-Ride site that would increase the total number of park-and-ride stalls on the site from 502 existing, to 902. Sound Transit is committed to delivering the I-405 BRT Project, including the parking garage at the Kingsgate site, by 2024.



ST3 I-405 BRT representative project

ST3 I-405 BRT representative project: Kingsgate Park-and-Ride garage

Land use context

Kirkland

The City of Kirkland's Comprehensive Plan supports the Regional Growth Center, the State's Growth Management Act, and efforts to reduce greenhouse gases with policies aimed at attracting more residential growth and employment to areas served by high-capacity transit. The Kingsgate site is located in the Totem Lake Urban Center, which is a designated Regional Growth Center within the PSRC policy framework. Regional Growth Center designations are part of a growth management and transportation planning strategy to provide for greater intensity and density where housing, employment, shopping, and other activities are located close together in proximity to transit.

In the Totem Lake Urban Center, the Comprehensive Plan notes that at the Kingsgate Park-and-Ride site "development of housing in conjunction with transit services, retail, and commercial uses would provide additional housing supply, support transit usage, increase the possibility for greater affordability, and contribute to activity in the district."

OPPORTUNITY FOR PARTNERSHIP

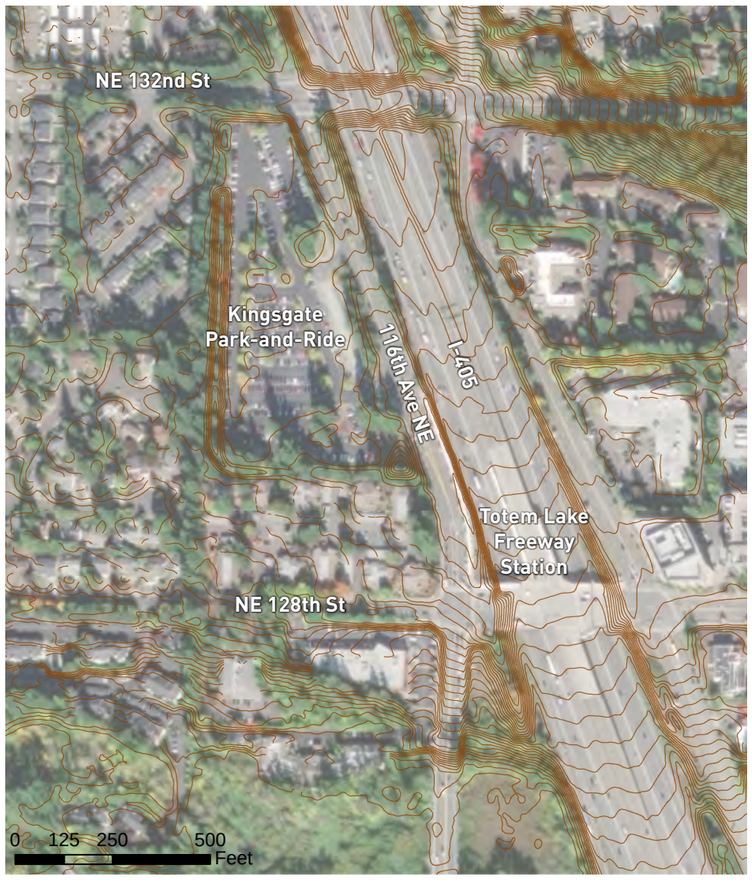
This Study was initiated as a potential TOD Pilot Project by the State Legislature in 2017 as mandated in ESB 5096. Since ST3 also included a new park-and-ride garage on the site, the feasibility study was added to the Sound Transit I-405 BRT Project to support the evaluation of a potential WSDOT TOD Pilot Project. The Study was completed in coordination with Sound Transit, the City of Kirkland, King County Metro, and other key stakeholders.

As a potential WSDOT TOD Pilot Project, Kingsgate Park-and-Ride TOD would create an opportunity for WSDOT and the State to collaborate with the City of Kirkland, Sound Transit, and King County Metro to develop a TOD project that addresses each agency's objectives. The project would support WSDOT's strategic goals of modal integration, environmental stewardship, and community engagement. Kirkland envisions development of the site as playing a key role in continued economic growth within the city. Sound Transit, as part of its $54 billion ST3 Plan, will make substantial capital investments to provide access to new BRT service by building the new park-and-ride garage. If viable, construction of TOD at the Kingsgate Park-and-Ride would help WSDOT consider opportunities at other state-owned park-and-ride sites. However, this Study's analysis is site specific to the local and regional guiding policies for the Kingsgate Park-and-Ride site and should not be assumed to be applicable to all WSDOT-owned properties when exploring the potential for partnerships and TOD projects at other locations. This Study provides a framework in which WSDOT, given policy guidance, could implement a Kingsgate site-specific potential TOD Pilot Project in partnership with the associated agencies.

EXISTING CONDITIONS

In an initial analysis of the Kingsgate Park-and-Ride site, the project team identified existing site conditions that would affect the physical feasibility of development on the site. Key findings fall into four major categories: access, livability and safety, development considerations, and quality of place.

Access — Steep grades separate the site from the surrounding area on three sides, limiting site access. Access to the site is currently provided by 116th Avenue NE along the eastern site boundary. 116th Avenue NE is accessible from NE 132nd Street to the north and from NE 128th Street to the south. From the Kingsgate site, park-and-ride users access the Totem Lake Freeway Station by using the crosswalk on the east side of 116th Avenue NE, walking south to NE 128th Street, and then east to the station. Site access is also limited by adjacent private land ownership, sparse public road connections, and private road access.



Existing topography and trees in the vicinity of the Kingsgate site

Motorized access to the Kingsgate site

Pedestrian stair access from NE 132nd Street

Non-motorized access to the Kingsgate site

Livability and Safety — Low visibility, low activity after dark, and limited access to the site may affect perceptions of safety.

Development Considerations — An initial highest and best use analysis based on an assessment of uses that are physically feasible, legally permissible and supported transit ridership were identified and included the following:

- Office
- Attached or stacked dwelling units
- Residential suites (hotel or motel)
- Assisted living facility
- Office
- Government or community facility
- Higher education

Quality of Place — Trees and a perimeter berm provide park-like aesthetics.

View from neighborhood

Existing trees and berm

View of berm/site from neighborhood to west

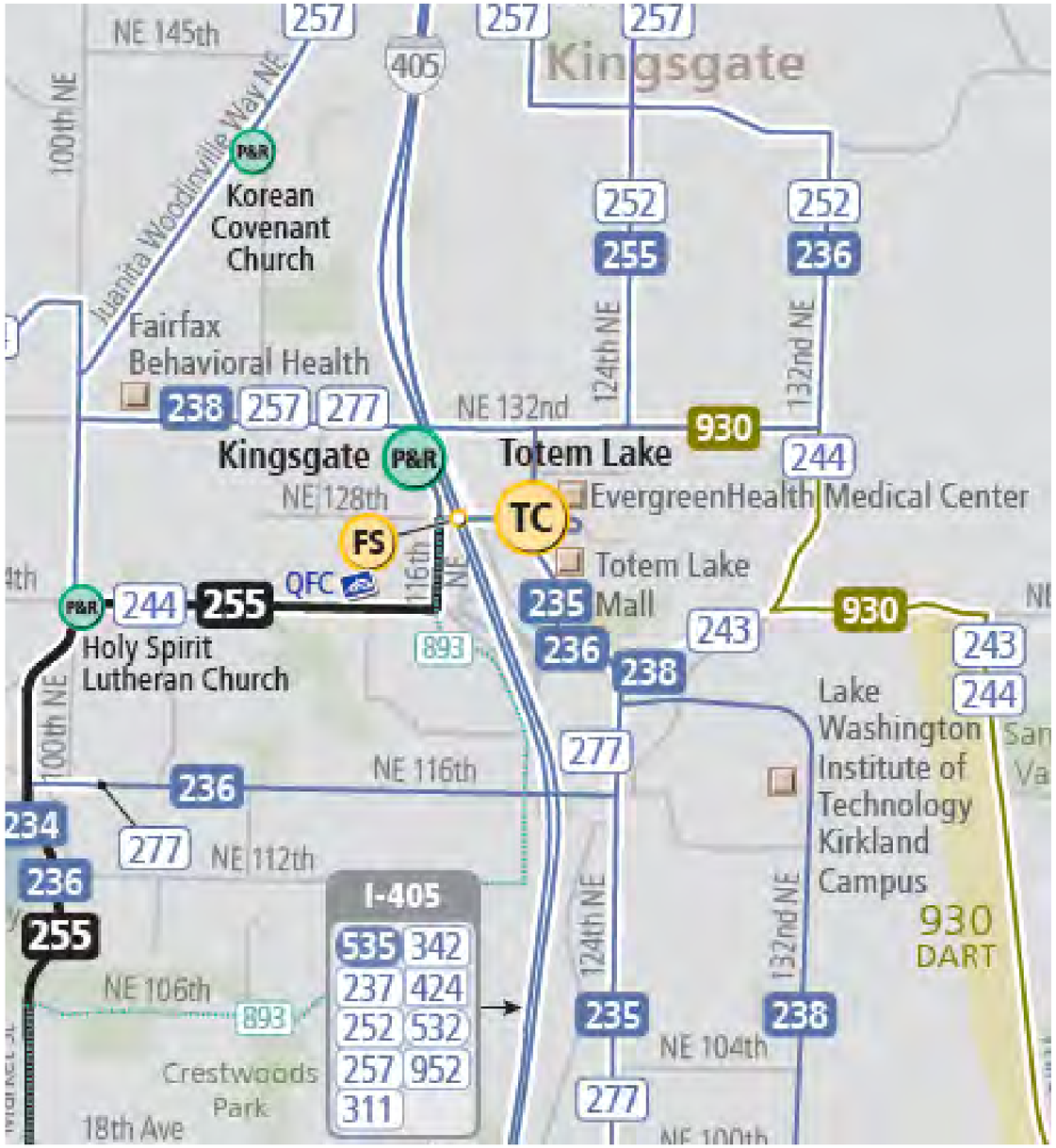
Relationship with neighborhood

Facilities and Operations

The 8-acre site currently includes 502 park-and-ride stalls and transit facilities that are served by 11 transit routes. The Totem Lake Freeway Station is located east of the park-and-ride on NE 128th Street direct access ramps in the center of the I-405 right-of-way. To access the Totem Lake Freeway Station from the Kingsgate Park-and-Ride pedestrians use a crosswalk, in the southern portion of the park-and-ride, to access sidewalks along the east side of 116th Avenue NE and the north side of NE 128th Street. These sidewalks have a structure that provides weather protection for pedestrians traveling between the park-and-ride and the station. Transit routes accessed from this site are as follows:

- King County Metro bus routes 235, 238, 244, 252, 255, 257, 277, and 930 serve the Kingsgate Park-and-Ride and Totem Lake Freeway Station. Metro also manages 8 bike lockers at the park-and-ride. This Study assumes that these 8 bike lockers would remain and that Sound Transit may add approximately half a dozen bike racks.
- Sound Transit ST Express routes 532 and 535
- Community Transit bus route 424

Existing bus service facilities



Existing bus routes serving the Kingsgate Park-and-Ride

I-405—NE 132nd Street Interchange Improvements

NE 132nd Street is located along the north side of the Kingsgate site and will be modified as a result of the I-405—NE 132nd Street Interchange Improvement project. With this project, WSDOT will construct a new on-ramp to northbound I-405 and a new off-ramp from southbound I-405 at NE 132nd Street in Kirkland. The type of interchange to be built is known as a half diamond. After this project is complete, travelers will have the option to access I-405 at NE 132nd Street rather than traveling to the heavily congested NE 124th Street or NE 160th Street interchanges. The project will also provide local street improvements, including bicycle and pedestrian facilities, and install environmental enhancements, including stormwater improvements.

Project development started in July 2017. In 2018, WSDOT began access and right-of-way processes. Construction of this project is estimated to start in the spring of 2021 and the improvements are expected to open to traffic in 2023.

The TOD scenarios in this Study incorporated the applicable design elements of the I-405—NE 132nd Street Interchange Improvements project, which includes the following:

- Construction of a roundabout at the intersection of NE 132nd Street and 116th Avenue NE
- A small amount of the northeast portion of the Kingsgate site will be used for right-of-way to accommodate the roundabout
- WSDOT's limited access policy would prohibit access from NE 132nd Street and along 116th Avenue NE in the northern portion of the Kingsgate site. With this project, the existing driveway along 116th Avenue NE would remain to provide motorized access into the Kingsgate site

WSDOT rendering of the I-405—NE 132nd Street Interchange Improvements project

KINGSGATE WORKING GROUP

In 2017, WSDOT formed the Kingsgate Working Group with representatives from the City of Kirkland, Sound Transit, and King County Metro. ARCH (A Regional Consortium for Housing) was later added to the Kingsgate Working Group. This group formed to assist WSDOT in its preparation of a report to the Legislature on a potential TOD Pilot Project at the Kingsgate Park-and-Ride site. This group met monthly to move the potential TOD Pilot Project forward and was pivotal in developing the conceptual scenarios presented in this Study.

Early Planning Discussions

Shortly after forming, the Kingsgate Working Group considered developing a Request for Information for prospective developers to assess the relative attractiveness and feasibility of a TOD project. Based on King County Metro and Sound Transit's success in implementing TOD projects, the Working Group determined that significant background work was necessary before approaching developers.

The Kingsgate Working Group discussed the following list of objectives for TOD on the Kingsgate site:

- **Attractive and Compatible TOD —** Incorporate high-quality design standards. Develop an attractive site and building complex that is compatible with the surrounding area and creates a vibrant, livable, and sustainable community. As appropriate and feasible, preserve areas of existing landscaped buffers and use green building techniques. Adopt CPTED principles (Crime Prevention Through Environmental Design) to provide a safe and secure facility.
- **Maximize TOD Benefit —**TOD helps to relieve congestion, reduce greenhouse gases, and potentially increase the stock of affordable housing in the station area.
- **Expanded Park-and-Ride Capacity —** Provide a net increase of 400 parking spaces for transit riders at the Kingsgate Park-and-Ride to better serve Kirkland residents and encourage higher transit ridership. Promote shared-use parking between residents and park-and-ride users and provide electric vehicle charging stations as funding is available. Preserve the park-and-ride as a long-term use of the property for transit riders.
- **Improved Transit Facilities —** Work with transit agencies to incorporate layover spaces and to provide a clear and direct pathway for transit patrons to the Totem Lake Freeway Station.
- **Range of Affordable Housing —** Explore the feasibility of providing a TOD project that ensures any housing on the site includes a range of affordability, including market-rate housing. It is likely that a majority of the housing will be market rate, while a significant share will be affordable at moderate and/or lower income levels with some units that are accessible to those with disabilities.
- **Local Services —** Enhance economic development opportunities by incorporating ground-floor commercial space into the project design. This would provide opportunities for businesses that support transit riders, residents, and surrounding activities. Add TOD-supportive services in the adjacent area through neighborhood planning.
- **Non-Motorized Access —** Design pedestrian and bicycle facilities that provide safe and direct routes to and from the park-and-ride and TOD, and that connect to the surrounding neighborhoods.
- **Feasibility —** Allow for a financially feasible project. Work with a consultant to analyze the site and prepare potential conceptual development scenarios for prospective developers.
- **Interagency Coordination —** Coordinate with Kirkland, WSDOT, Sound Transit, and King County Metro to develop a permit review and inspection process that is efficient, avoids conflicting requirements and redundancy, and is consistent with project goals.
- **Impact Mitigation —** Minimize and mitigate traffic and other development impacts. Encourage transit, bicycling, and walking.
- **Construction Impacts —** Coordinate project construction with I-405 highway improvements and I-405 BRT construction. Phase construction to minimize impact on park-and-ride users.
- **Public Involvement —** Engage the surrounding community and interested parties in the planning and review of the proposal.

Charrettes

Two Kingsgate Working Group charrettes supported this Study. The charrettes provided an opportunity for the Kingsgate Working Group to explore options for the future garage and surface park-and-ride facility, the bus program, and potential TOD on the site. Charrette goals included the following:

- Confirm site characteristics and fixed features
- Consider agency partner operational and legal requirements
- Evaluate siting options for structured parking
- Explore TOD development potential
- Assess relationships to surrounding area
- Define preliminary "zones of responsibility" that are established and recorded in project documents
- Continue referring to the Guiding Principles developed by the Kingsgate Working Group to guide the Study

The first charrette identified fixed site features and defined options for the site development program to support future transit service, expanded park-and-ride use, and TOD opportunities. The second charrette looked at site massing and development options. The charrette outcomes led to the conceptual development scenarios in this Study.

GROUP DISCUSSION WORKSHEET
Interagency Working Group Charrette – June 6, 2018

Table #: 2
Facilitator: Larissa (KR) King Rawlins
Scribe: Thatcher (ST) Imboden

Participants: Eric Shields (COK)
Diana Giraldo (WSDOT)
Mike Rayburn (ST)
Lorrie Mickey (COK)

WORKING SESSION #1: **OPPORTUNITIES AND CONSTRAINTS**

Record your observations on the basemap and in the table below.

		OPPORTUNITIES	CONSTRAINTS
ACCESS	Bikes		
	Buses	Is there opportunity to combine layover with P&R garage?	• Off street takes up space
	Pedestrians	Potential connections to n'hood	• Access to adjacent N'hood. • Access to site from sidewalks due to elevation changes
	Vehicles	• potential NEW access from 128th thru adjacent property	• Limited access on 132nd & portions of 116th
ASSETS & AMENITIES		• Preserve trees (on west side) • Visibility from 405 • Elevation changes may allow private trucks under parking	• Trees within site
CONNECTIONS TO BRT		• Quality of walk may be shady • Crossing improvements	• Long walk • Crossing safety

SOUNDTRANSIT

WORKING SESSION #2: **HOW COULD USES BE PLACED ON THE SITE?**

Develop concepts using the basemap and templates and summarize highlights below.

KEY HIGHLIGHTS:

- The city has flexibility on code requirements I could accommodate
- Seperate market-rate & affordable housing bldgs
- All P&R and transit functions in one area with its own access.

QUESTIONS AND CONSIDERATIONS FOR WORKSHOP #2:

- Do we have opportunity to share parking or stack other uses on parking?
- How deep is the market for the uses considered in highest & best use screen?
- How will parking requirements (market or code) impact viability of development programs
- What is the routing directions for the buses and how does that impact bus facilities and access roads?

I-405 BRT Kingsgate TOD Feasibility Study
Interagency Working Group Charrette, June 6, 2018

FEASIBILITY ANALYSIS

HIGHEST AND BEST USE

A market-based preliminary TOD highest and best uses filter was used to evaluate prospective uses for further consideration. Uses that are physically feasible, legally permissible, and supported transit ridership were considered.

The highest and best uses filter identified uses to be studied as potential TOD project components. This Study assumes that between 2 and 4 acres of land would be available for development on the Kingsgate Park-and-Ride site. The preliminary highest and best uses filter assessed physical feasibility, legal permissibility, and transit supportiveness. Physical feasibility considers the site's size, shape, and overall capacity to support a use. Legally permissible uses are those that are permitted by the zoning code. This Study assumes that future Kirkland zoning would allow all uses supported by the market and that meet the City's guiding policies. The uses identified for filtering are loosely based on a combination of Kirkland's Totem Lake (TL) and Yarrow Bay Business District (YBD) zones. Transit-supportive uses are defined as those uses most likely to generate transit ridership.

Preliminary Results

The highest and best use analysis identified the following:

- **Uses for Further Consideration —** The uses that warranted further consideration included office, attached or stacked dwelling units, residential suites, hotel or motels, assisted living facilities, government or community facilities, and higher education.
- **Auxiliary Uses —** Stand-alone suburban restaurants, retail uses, clubs, churches, and daycares do not generate significant transit ridership and therefore were not considered predominant use candidates. However, variations of these uses were considered as potential auxiliary uses as they may support other uses within larger mixed-use projects.
- **Incompatible Uses —** Detached housing, funeral homes, nursing homes, public utilities, and public parks do not typically generate significant transit ridership in suburban environments or make good auxiliary use candidates. These uses were therefore eliminated as potential uses for further study. Big-box retail and a K-12 school were also eliminated because they typically require more land than can be accommodated on the Kingsgate Park-and-Ride site.

Use	Transit Supportive	Physically Possible	Legally Permissible	General Comments
Office Use	●	●	●	
Attached or Stacked Dwelling Units	●	●	●	
Detached Housing	●	●	●	Not a transit-supportive use
Restaurant or Tavern***	●	●	●	Suburban restaurants are not major transit generators
Big Box Retail	●	●	●	Not a transit-supportive use / requires more than 4 acres
Retail Use***	●	●	●	Suburban retail not typically a major transit generator
Private Lodge or Club***	●	●	●	Suburban club is not typically a major transit generator
Funeral Home or Mortuary	●	●	●	Not a transit-supportive use
Residential Suites	●	●	●	
Hotel or Motel	●	●	●	
Church***	●	●	●	Not a transit-supportive use; potential park-and-ride share
Assisted Living Facility	●	●	●	
Convalescent Center or Nursing Home	●	●	●	Not a transit-supportive use
Public Utility	●	●	●	Not a transit-supportive use
Government or Community Facility	●	●	●	
Public Park	●	●	●	Not a transit-supportive use
Day-care Center, Mini-school***	●	●	●	Suburban daycares are not major transit generators
Higher Education	●	●	●	
K-12 School	●	●	●	Site not large enough to accommodate high school; suburban K-8 is not a major transit generator
Pass		●		
Fail		●		
Selected for Further Study				
Potential Auxiliary Use		***		

Highest and Best (Predominant) Use – Initial Filter

CONCEPTUAL DEVELOPMENT SCENARIOS

Conceptual development scenarios were developed, reviewed, and refined through a series of meetings and charrettes with the Kingsgate Working Group. Three TOD conceptual scenarios, including two sub-options, were developed and analyzed by the project team through a series of key stakeholder meetings and charrettes. The TOD conceptual scenarios include varied combinations of affordable and market-rate housing, commercial office, and hotel. The area of the site available for TOD depends on how much of the required on-site parking stalls are in a garage versus surface parking. Since all of the conceptual scenarios must include 902 park-and-ride stalls, placing those stalls in a garage with multiple levels provides more land area for TOD. In conceptual scenarios 1a and 1b, Sound Transit delivers a 600-stall parking garage and 302 stalls remain as surface parking. Conceptual scenarios 1a and 1b leave the least site area for TOD. In conceptual scenarios 2a, 2b, and 3, all of the required 902 park-and-ride stalls are in structured parking. The ST3 voter-approved 600-stall park-and-ride garage will be funded by Sound Transit. Depending on the timing of decisions, the parking program in these conceptual scenarios could either be in two connected garages or consolidated into one larger garage based on partnering opportunities. In both of these cases, how the potential park-and-ride garage spaces would be developed and financed would need to be determined by WSDOT with guidance from the State Legislature.

Assumptions

For each of the conceptual development scenarios in this analysis, the project team assumed certain conditions would be true during the course of project development. The global assumptions used in the analyses include, but are not limited to, the following:

- The feasibility is based on the concept level massing done by the project team and is preliminary in nature.
- Projects would be permitted, financed, constructed, and opened in the next 48 months.
- The zoning code would permit the type of development presented in the conceptual development scenarios, allowing for buildings up to 75 feet in height and with substantial site coverage. Zoning code provisions are generalized, and other adopted provisions may alter the outcome.
- Although this project would likely be required to include some affordable housing, the level of affordability and number of affordable units have not been determined; therefore, affordable housing requirements and potential tax abatement incentives are not accounted for in this analysis.
- All building parking for the TOD uses would be below grade and incorporated into each individual development.
- Extraordinary costs would not be imposed on the development.
- The feasibility recognizes that real estate markets are cyclical in nature and a market recession may delay TOD project delivery. Further, the influence of future macroeconomic events could influence the accuracy of the analysis.
- The I-405/NE 132nd Street Interchange project will be in place by 2023.
- No traffic analysis or trip generation analysis has been done to date and would need to be part of the next steps.
- The I-405 BRT project elements will be open to transit riders by 2024.

Shared Parking

Shared parking is a land use and development strategy that optimizes parking capacity by allowing complementary land uses to share spaces rather than producing separate spaces for separate uses. Shared parking between uses is most often feasible among distinct but complementary patterns, such as office parking that is generally empty in the evenings and on weekends and residential parking that is generally filled in the evenings. Successful strategies offer opportunities to better satisfy residents and commuters without increasing supply.

Shared parking between the park-and-ride spaces and the potential TOD uses was discussed, but was not considered further in this Study due to various logistical and procedural barriers. Shared parking may be possible for the TOD uses, independent of the park-and-ride use, but this was not explored in this Study.

Transit-Oriented Development Footprint

The available TOD footprint on the site depends on how many of the park-and-ride spaces are in a garage and how many are surface parking spaces. After studying potential garage and surface stall configurations, the Kingsgate Working Group chose to move ahead with conceptual scenarios that include a Sound Transit parking garage where the floors have a smaller length and width than what was included as part of the ST3 Representative Project, but with five floors instead of three floors. Project costs and design for this garage configuration would need to be determined by Sound Transit and WSDOT.

Conceptual scenarios 1a and 1b, which have a combination of 302 surface stalls and a 600-stall park-and-ride garage, yield a smaller TOD footprint.

Conceptual scenarios 2a, 2b and 3, with all of the required 902 park-and-ride stalls in structured parking, yield a larger TOD footprint. Depending on the timing of decisions, the parking program in these conceptual scenarios could either be in two connected garages or consolidated into one larger garage based on partnering opportunities. In both cases, the cost of the structured park-and-ride spaces would need to be determined.

TOD area in conceptual scenarios 1a and 1b

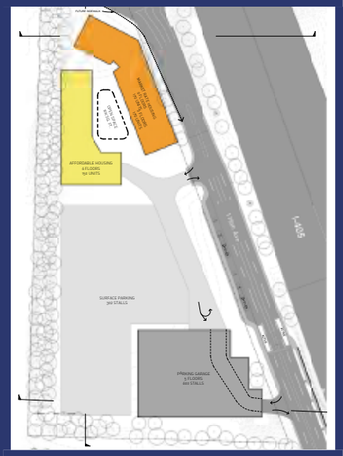
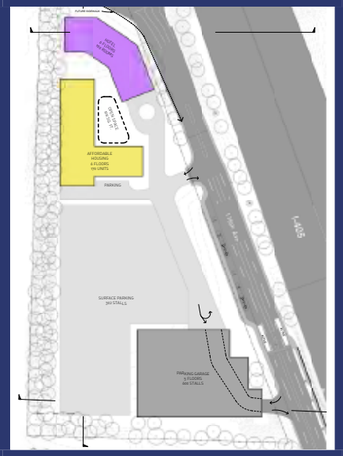
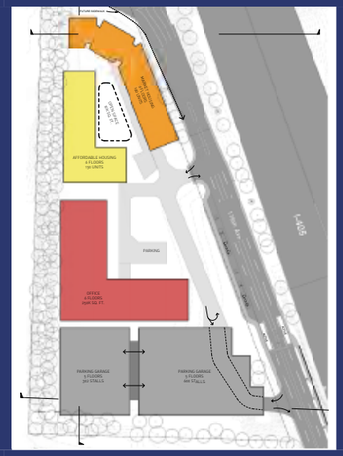
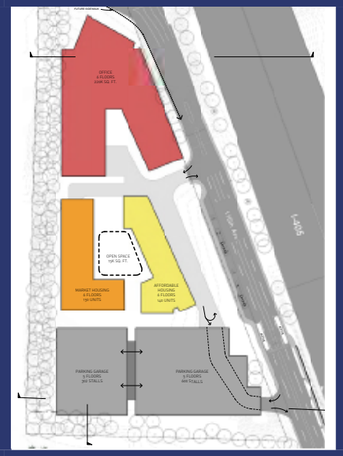
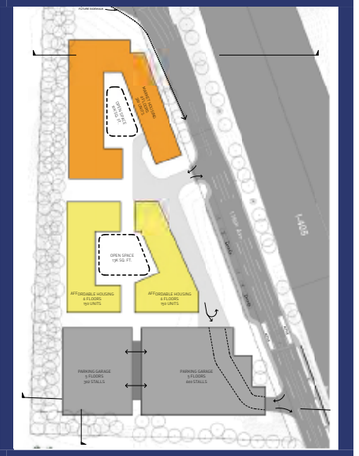
TOD area in conceptual scenarios 2a, 2b, and 3

Conceptual scenario similarities and differences

As can be seen in the images on the following pages, the final TOD conceptual scenarios include varying land use configurations and types of parking facilities. All of the TOD conceptual scenarios include the following:

- 902 park-and-ride stalls
- Revised site access points and park-and-ride circulation
- Retention of the perimeter berm and its tree cover
- Relocated stormwater facility
- Revised bus transit service location with active service and layover bays along 116th Avenue NE

FEASIBILITY SCENARIOS

	SCENARIO 1a	SCENARIO 1b	SCENARIO 2a	SCENARIO 2b	SCENARIO 3
					
RESIDENTIAL	**Affordable** 150 units, 6 floors **Market Rate** 170 units, 5 floors	**Affordable** 170 units, 6 floors	**Affordable** 150 units, 6 floors **Market Rate** 160 units, 6 floors	**Affordable** 140 units, 6 floors **Market Rate** 150 units, 6 floors	**Affordable** 300 units, 6 floors **Market Rate** 300 units, 6 floors
COMMERCIAL		**Hotel** 190 rooms, 6 floors	**Office** 250,000 sq ft, 6 floors	**Office** 220,000 sq ft, 6 floors	
PARK-AND-RIDE STALLS	**Garage** 600 stalls, 5 floors* **Surface** 302 stalls**	**Garage** 600 stalls, 5 floors* **Surface** 302 stalls**	**Garage** 600 stalls, 5 floors* 302 stalls, 5 floors***	**Garage** 600 stalls, 5 floors* 302 stalls, 5 floors***	**Garage** 600 stalls, 5 floors* 302 stalls, 5 floors***

* Proposed garage to be constructed by Sound Transit.

** Reconfiguration of surface parking spaces would be required to accommodate a potential TOD pilot project.

*** Potential garage not funded by Sound Transit.

NOTES: For all conceptual scenarios, TOD would be developed separate from Sound Transit's park-and-ride garage. A partnership could be developed between Sound Transit and WSDOT to co-develop one consolidated garage if feasible. As described in the report, the potential two garages shown in Scenarios 2a, 2b, and 3 could be a single garage depending on partnership opportunities, timing, and funding. TOD parking is the responsibility of the TOD developer.

CONCEPTUAL SCENARIO 1A

Building Program

Conceptual scenario 1a includes 600 park-and-ride stalls in a garage and 302 park-and-ride stalls that would remain as surface parking in a lot that may need to be reconfigured by WSDOT to fit the area. This would leave roughly 2 acres for TOD. The TOD uses evaluated in this conceptual scenario are 170 market-rate housing units and 150 units of affordable housing. A floor area ratio, which is the ratio of a building's total floor area to the size of the land upon which it is built, of 3.1 was assumed.

Floor Area Ratio

3.1

Residential

Affordable: 150 units, 6 floors

Market rate: 170 units, 5 floors

Commercial

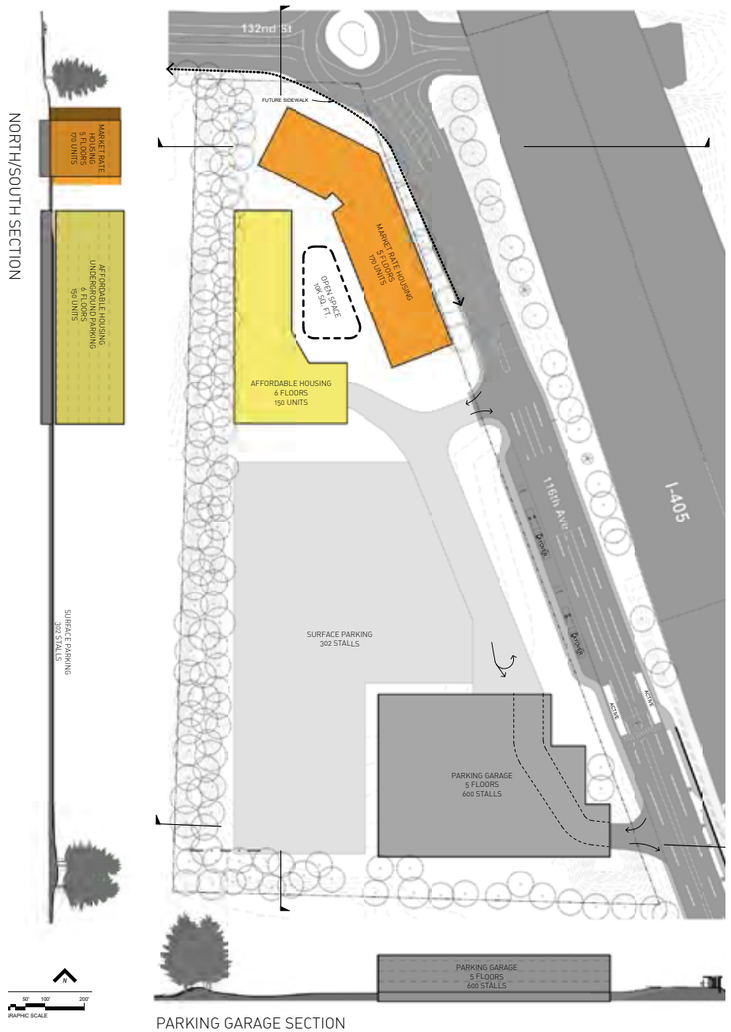
N/A

Park-and-Ride

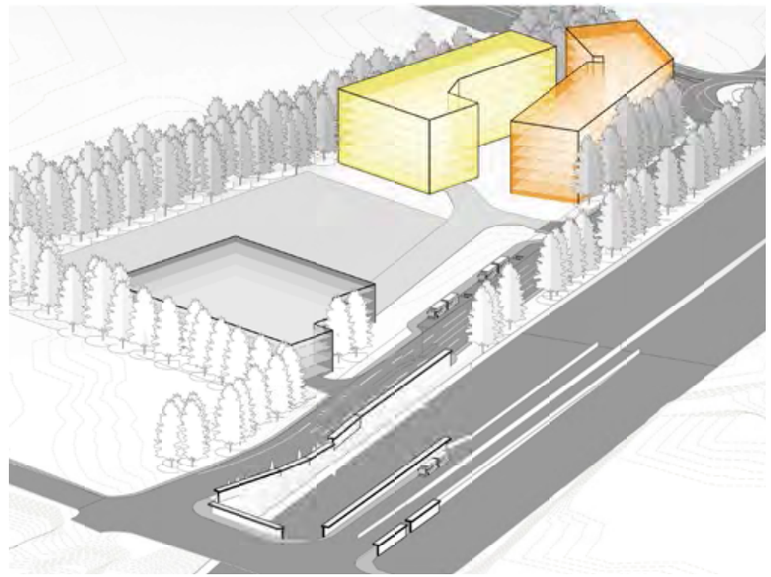
Garage: 600 stalls, 5 floors

Surface: 302 stalls

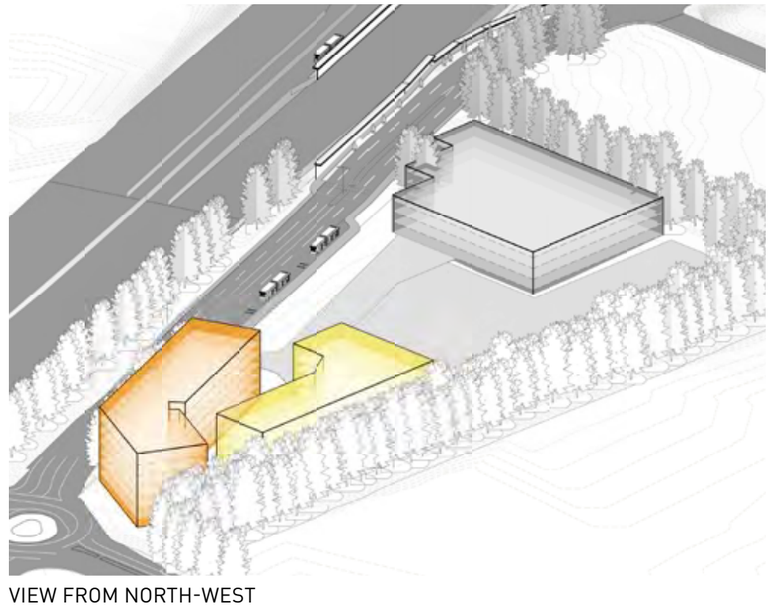
EAST/WEST SECTION



PARKING GARAGE SECTION



VIEW FROM SOUTH-EAST



VIEW FROM NORTH-WEST

CONCEPTUAL SCENARIO 1B

Building Program

Conceptual scenario 1b also provides 600 park-and-ride stalls in a garage and 302 park-and-ride stalls as surface parking, leaving roughly 2 acres for TOD. The TOD uses evaluated includes a hotel with 190 rooms and 170 units of affordable housing. A floor area ratio of 3.1 was assumed.

Floor Area Ratio

3:1

Residential

Affordable: 170 units, 6 floors
Market rate: N/A

Commercial

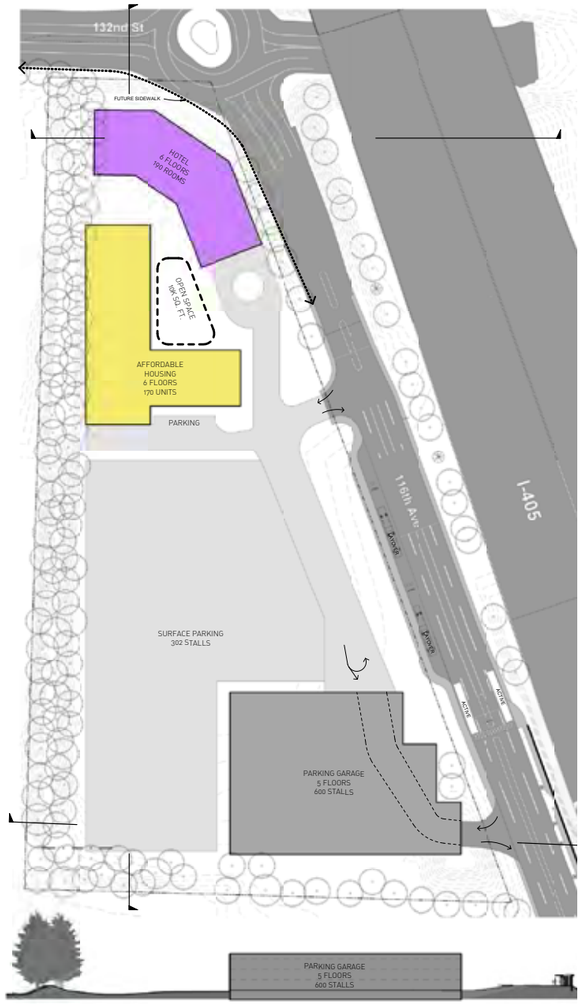
Hotel: 190 rooms, 6 floors

Parking

Garage: 600 stalls, 5 floors
Surface: 302 stalls

EAST/WEST SECTION

NORTH/SOUTH SECTION



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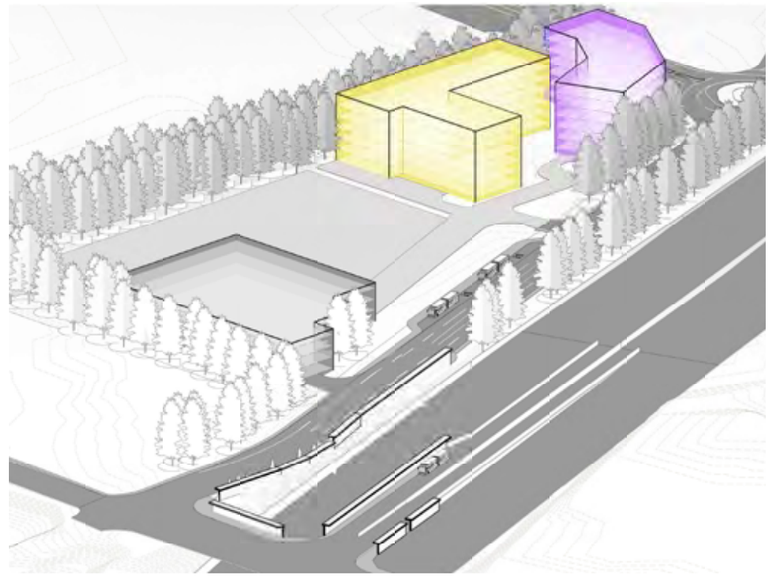
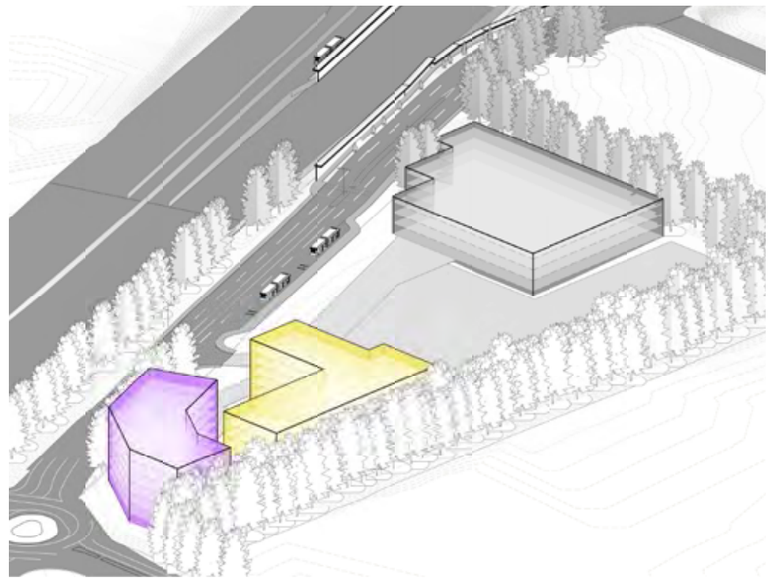


VIEW FROM SOUTH-EAST



VIEW FROM NORTH-WEST

CONCEPTUAL SCENARIO 2A

Building Program

In conceptual scenario 2a, Sound Transit first constructs a 600-stall park-and-ride garage and then WSDOT constructs a second, connected garage with 302 stalls in a 5-story park-and-ride garage. Depending on the timing of decisions, the parking program in these scenarios could be either in two connected garages or consolidated into one larger garage. This conceptual scenario leaves roughly 4 acres of the site for TOD. The TOD uses evaluated in this conceptual scenario include 160 market-rate housing units, 150 units of affordable housing, and 250,000 square feet (sq. ft.) of office space. A floor area ratio of 3.0 was assumed.

Floor Area Ratio

3.0

Residential

Affordable: 150 units, 6 floors

Market rate: 160 units, 6 floors

Commercial

Office: 250,000 sq. ft., 6 floors

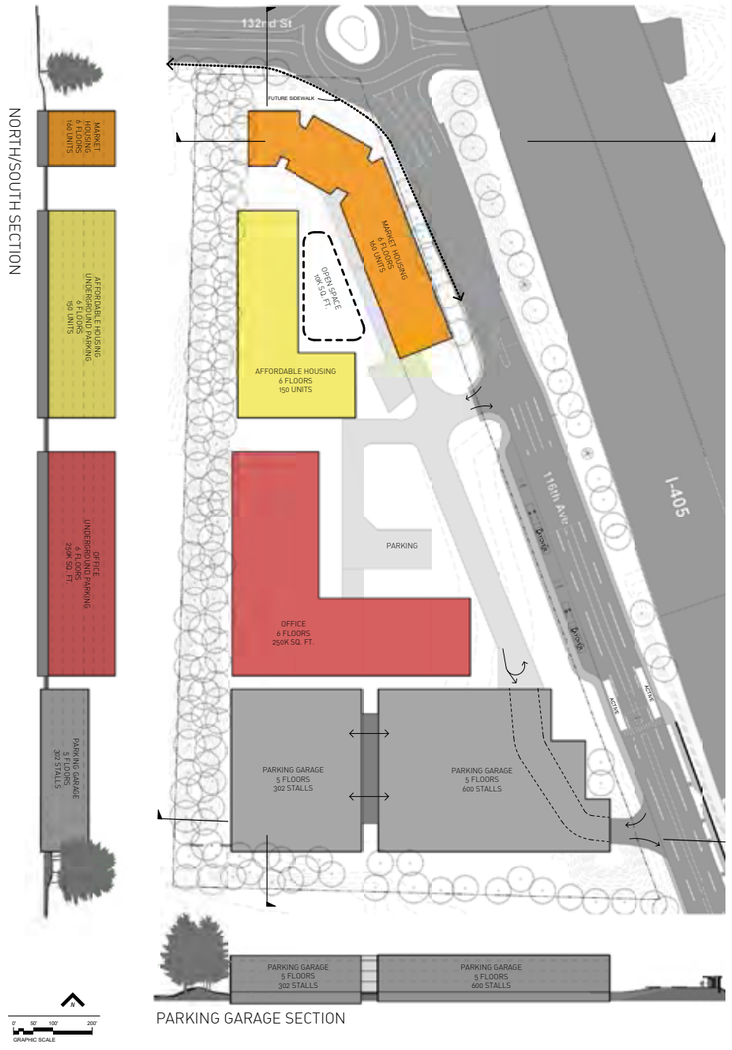
Parking

Garage 1: 600 stalls, 5 floors

Garage 2: 302 stalls, 5 floors

Surface: N/A

EAST/WEST SECTION



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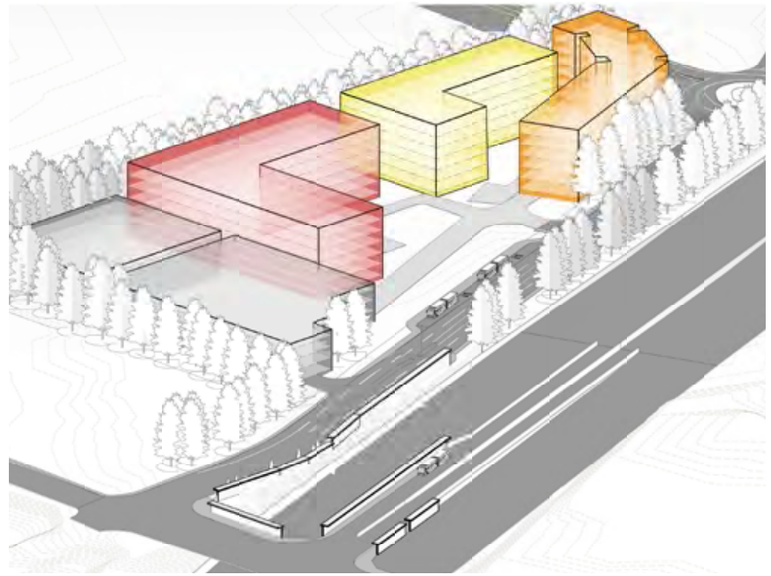
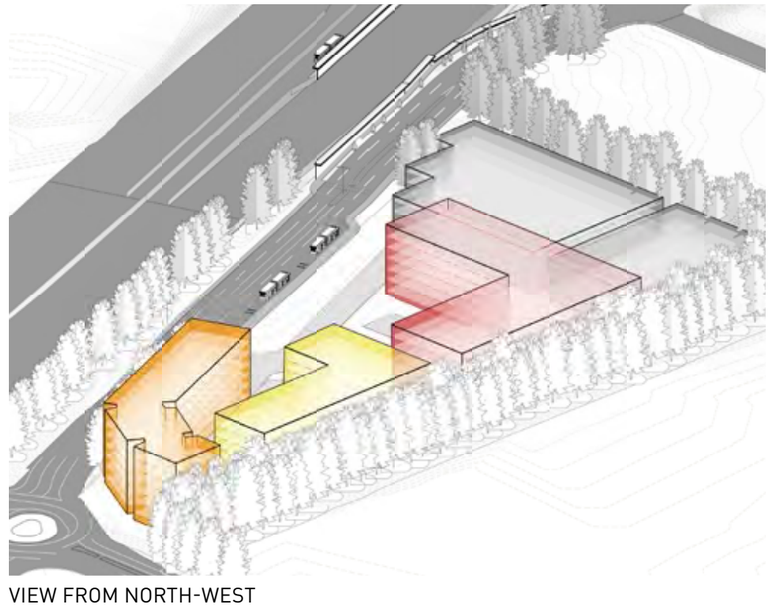


VIEW FROM SOUTH-EAST



VIEW FROM NORTH-WEST

CONCEPTUAL SCENARIO 2B

Building Program

Conceptual scenario 2b also includes the two connected park-and-ride garages with a total of 902 stalls, leaving roughly 4 acres for TOD. Depending on the timing of decisions, the parking program in these scenarios could be either in two connected garages or consolidated into one larger garage. TOD uses evaluated in this conceptual scenario include 150 market-rate housing units, 140 units of affordable housing, and 220,000 sq. ft. of office space. A floor area ratio of 2.71 was assumed.

Floor Area Ratio

2.71

Residential

Affordable: 140 units, 6 floors

Market rate: 150 units, 6 floors

Commercial

Office: 220,000 sq. ft., 6 floors

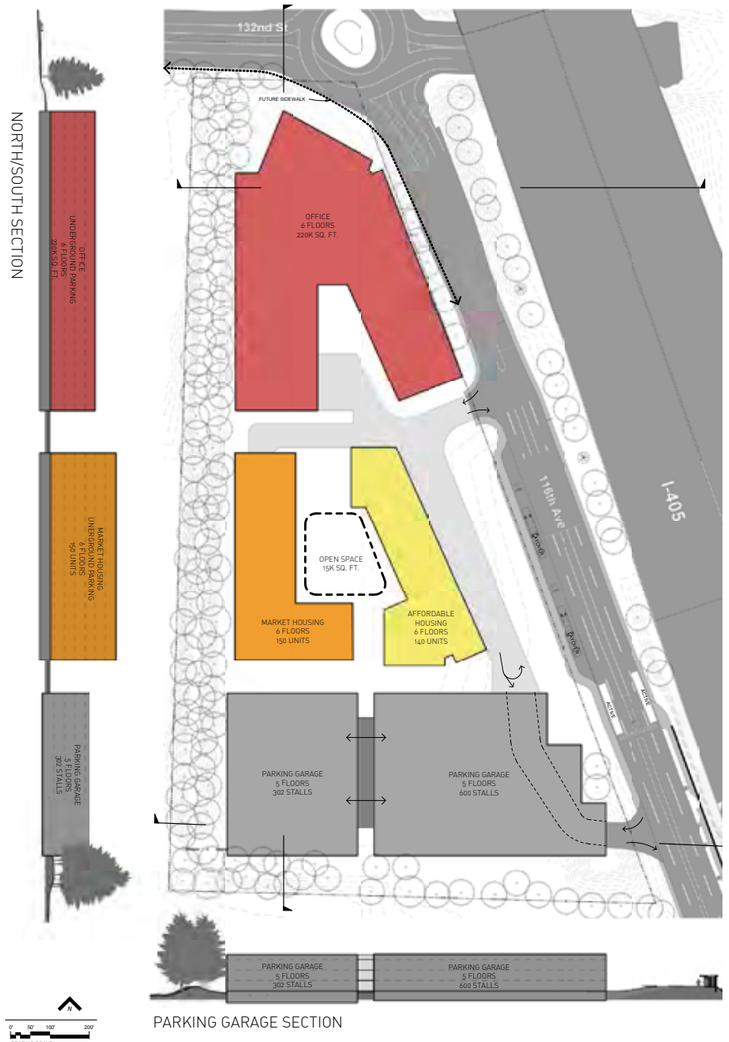
Parking

Garage 1: 600 stalls, 5 floors

Garage 2: 302 stalls, 5 floors

Surface: N/A

EAST/WEST SECTION



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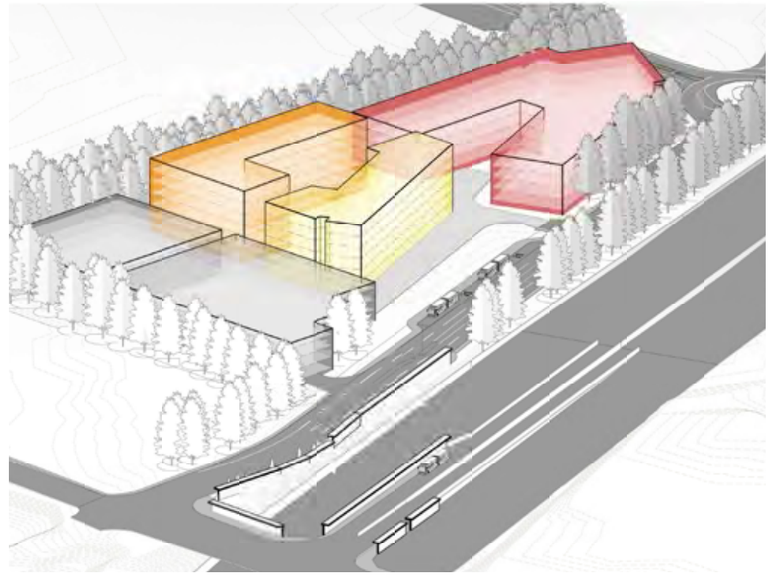
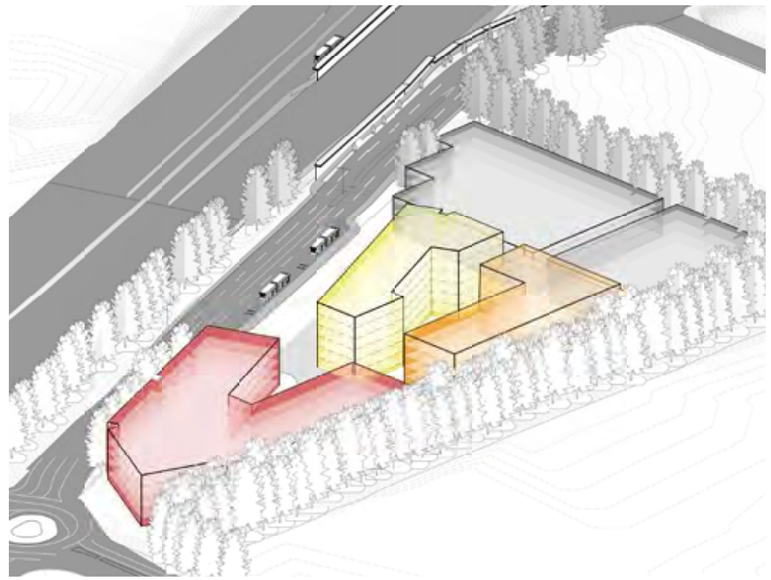


VIEW FROM SOUTH-EAST



VIEW FROM NORTH-WEST

SCENARIO 3

Building Program

Scenario 3 also includes the two connected park-and-ride garages with a total of 902 stalls, leaving roughly 4 acres for TOD. Depending on the timing of decisions, the parking program in these scenarios could be either in two connected garages or consolidated into one larger garage. TOD uses evaluated in this scenario includes 300 market-rate housing units and 300 units of affordable housing. A floor area ratio of 3.0 was assumed.

Floor Area Ratio (FAR)

3.0

Residential

Affordable: 300 units, 6 floors

Market rate: 300 units, 6 floors

Commercial

N/A

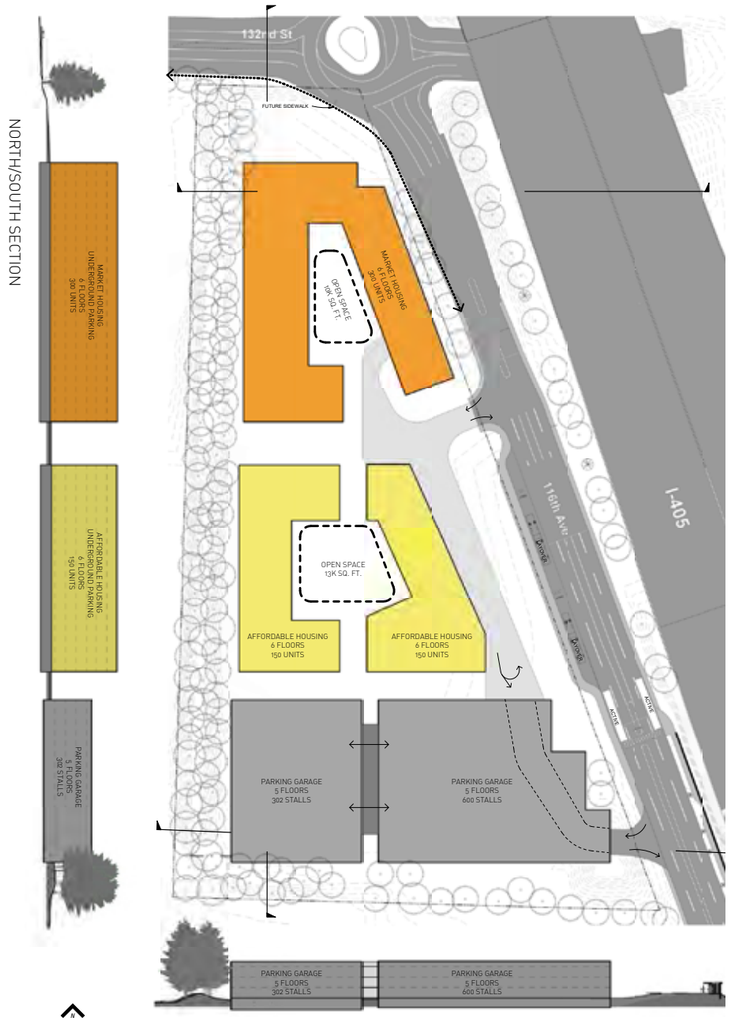
Parking

Garage 1: 600 stalls, 5 floors

Garage 2: 302 stalls, 5 floors

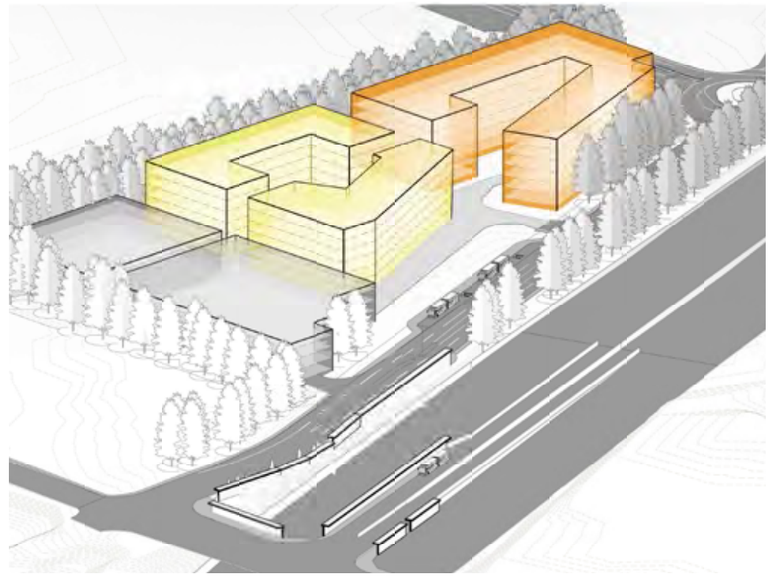
Surface: N/A

EAST/WEST SECTION

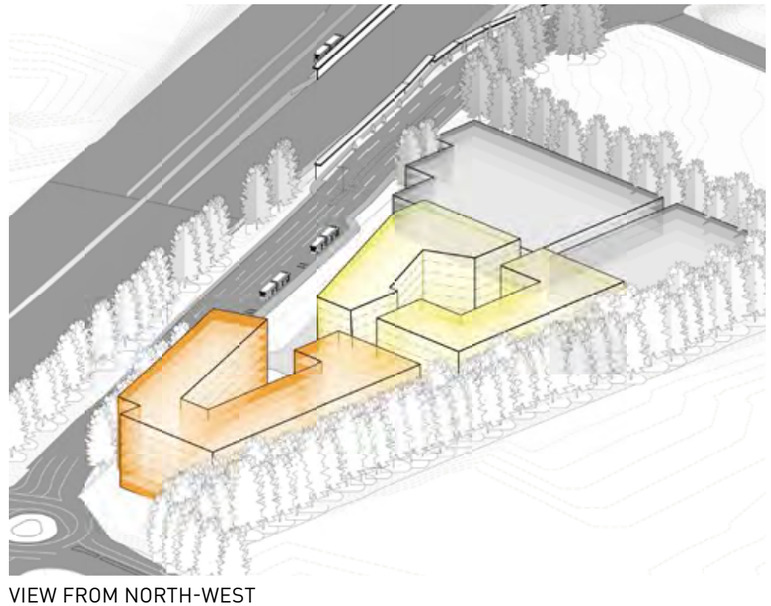


PARKING GARAGE SECTION

NORTH/SOUTH SECTION



VIEW FROM SOUTH-EAST



VIEW FROM NORTH-WEST

FINANCIAL FEASIBILITY

The outcomes from the physical feasibility analysis (the conceptual development scenarios) were used to inform the financial feasibility analysis. The financial feasibility analysis consists of two components.

The first component is the sources and uses of funds analysis that explored the potential revenues that could be generated, such as by property disposition, and uses of the revenues to pay for unfunded public capital costs. The sources and uses of funds analysis for this Study demonstrated that there are TOD development scenarios that would be feasible, subject to market demand and the resolution of policy issues.

The second component of the financial feasibility analysis explored individual scenario feasibility with a focus on the financial returns from the perspective of the TOD developer. The findings from the Study will be used to help decision makers determine if a potential TOD Pilot Project is feasible from a policy perspective.

SOURCES AND USES

The following table shows the potential sources and uses of funds for each conceptual scenario and the resulting cash surpluses. The results show that the potential cash surpluses range from a low of $5.5 million to a high of $13.1 million, based on a range of assumed land values from the sale of the land, not leasing. In addition, under existing law, the proceeds from the sale of this site would be deposited in the federal Motor Vehicle Fund. Additional policy review outside the scope of this Study will need to be conducted by WSDOT, the State Legislature, and FHWA to determine how funds can currently be used and what new policy direction may be required to use funds to pursue a potential TOD Pilot Project, such as those illustrated in the conceptual scenarios in this Study. It should be assumed that federal Motor Vehicle Funds cannot be spent on transit facilities, so an alternative funding source will be needed for the reconstruction of the transit center.

Land Value Sensitivity Analysis	CONCEPTUAL SCENARIO 1a	1b	2a	2b	3	Land Value Range
High ($ millions)	$12.6	$12.6	$12.8	$10.6	$13.1	$40,000/unit and $45/sq. ft. of floor area
Likely ($ millions)	$9.4	$10.8	$10.0	$8.1	$10.1	$35,000/unit and $40/sq. ft. of floor area
Low ($ millions)	$7.8	$9.0	$7.2	$5.5	$7.1	$30,000/unit and $35/sq. ft. of floor area

Market Inputs

The following market assumptions/inputs are used in the analysis:

- Land value is equal to $35,000 per unit for residential and hotel uses
- Land value is equal to $40 per square foot of building area for office uses
- The cost to build above-grade structured parking is $40,250 per garage stall
- The cost to reconfigure surface parking is $10,000 per space
- Land to support TOD is sold, not leased, at fair market value

Affordable Housing

As a part of this Study, project partners identified their interest in affordable housing objectives being set locally. This would allow flexibility on a project-by-project basis and provide an opportunity for the State to work with local, site-specific regulations. Once local project stakeholders establish affordable housing objectives, additional analysis would be required to understand project feasibility. This analysis is beyond the scope of this Study. Considerations include, but are not limited to, the following:

- Number and/or percentage of affordable housing units required by City of Kirkland
- Level of income and/or rent restriction required
- Length/term of affordability requirement
- Any other requirements, such as target demographics, unit design, unit mix, project quality, etc.
- The availability of funding, bonus incentives, tax abatements, and land write-downs

Key Findings

The potential for revenue from land sales was assessed by testing performance of three generic conceptual development scenarios. Each conceptual scenario represents a different development density and mix of uses. After accounting for the cost to provide the transit and park-and-ride requirements and assuming fair market value is paid for land to support TOD, the conceptual scenarios generate a cash surplus between $5.5 million and $13.1 million.

The sources and uses for analysis for each of the development scenarios is presented on the following pages. The sources and uses analysis is presented from WSDOT's perspective since it owns the Kingsgate site. It should be assumed that federal Motor Vehicle Funds cannot be spent on transit facilities, so an alternative funding source will be needed for the reconstruction of the transit center.

Conceptual Scenario 1a

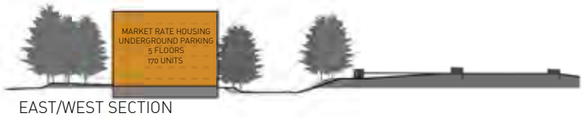
Conceptual scenario 1a provides WSDOT's 302-surface park-and-ride stalls in a reconfigured surface parking lot, leaving roughly 2 acres for TOD. The TOD uses evaluated in this conceptual scenario include 170 market-rate housing units and 150 units of affordable housing. This conceptual scenario generates a cash surplus of approximately $9.4 million for WSDOT. Sound Transit developed conceptual costs for ST3 for the I-405 BRT project. Sound Transit will be refining costs as design of the park-and-ride garage is further defined. Real property cost estimates are in 2014 dollars and do not reflect appraisals of current property value.

	UNITS	TOTAL	COMMENTS
Uses of Funds			
Reconfigured surface park-and-ride	302	$3,020,000*	$10,000 per reconfigured space
Transit center		$1,988,057**	Per consultant estimate
		$5,008,057	
Sources of Funds (Land Sale)			
Sound Transit garage footprint		$3,250,000***	Per ST3 budget estimate
Market-rate apartments	170	$5,950,000	Land value estimated at $35,000 per unit
Affordable apartments	150	$5,250,000	Land value estimated at $35,000 per unit
	320	**$14,450,000**	3.1 FAR (TOD area only)
WSDOT Surplus/Deficit		**$9,441,943**	

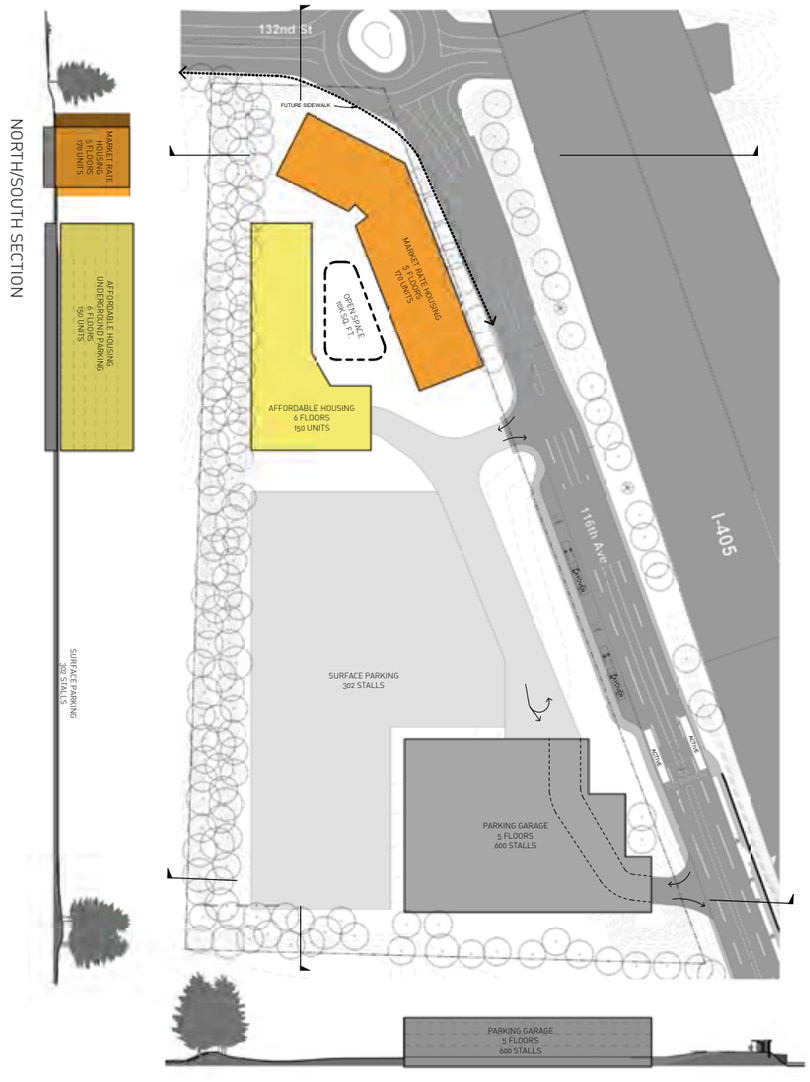
* This cost would be incurred only if a potential TOD pilot project was advanced.

** Currently, it is assumed that federal Motor Vehicle Funds cannot be spent on transit facilities, so an alternative funding source will be needed for the reconstruction of the transit center.

*** 2014 dollars.



EAST/WEST SECTION



PARKING GARAGE SECTION

Conceptual Scenario 1b

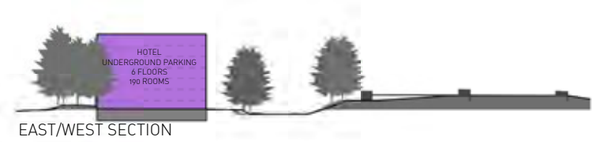
Conceptual scenario 1b provides WSDOT's 302 surface park-and-ride stalls in a reconfigured surface parking lot, leaving roughly 2 acres for TOD. The TOD uses evaluated in this conceptual scenario include 190 hotel rooms and 170 units of affordable housing. This conceptual scenario generates a cash surplus of approximately $10.8 million. Sound Transit developed conceptual costs for ST3 for the I-405 BRT project. Sound Transit will be refining costs as design of the park-and-ride garage is further defined. Real property cost estimates are in 2014 dollars and do not reflect appraisals of current property value.

	UNITS	TOTAL	COMMENTS
Uses of Funds			
Reconfigured surface park-and-ride	302	$3,020,000*	$10,000 per reconfigured space
Transit center		$1,988,057**	Per consultant estimate
		$5,008,057	
Sources of Funds (Land Sale)			
Sound Transit garage footprint		$3,250,000***	Per ST3 budget estimate
Hotel rooms	190	$6,650,000	Land value estimated at $35,000 per unit
Affordable apartments	170	$5,950,000	Land value estimated at $35,000 per unit
	360	**$15,850,000**	3.1 FAR (TOD area only)
WSDOT Surplus/Deficit		**$10,841,943**	

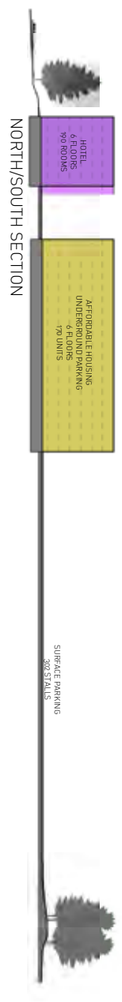
* This cost would be incurred only if a potential TOD pilot project was advanced.

** Currently, it is assumed that federal Motor Vehicle Funds cannot be spent on transit facilities, so an alternative funding source will be needed for the reconstruction of the transit center.

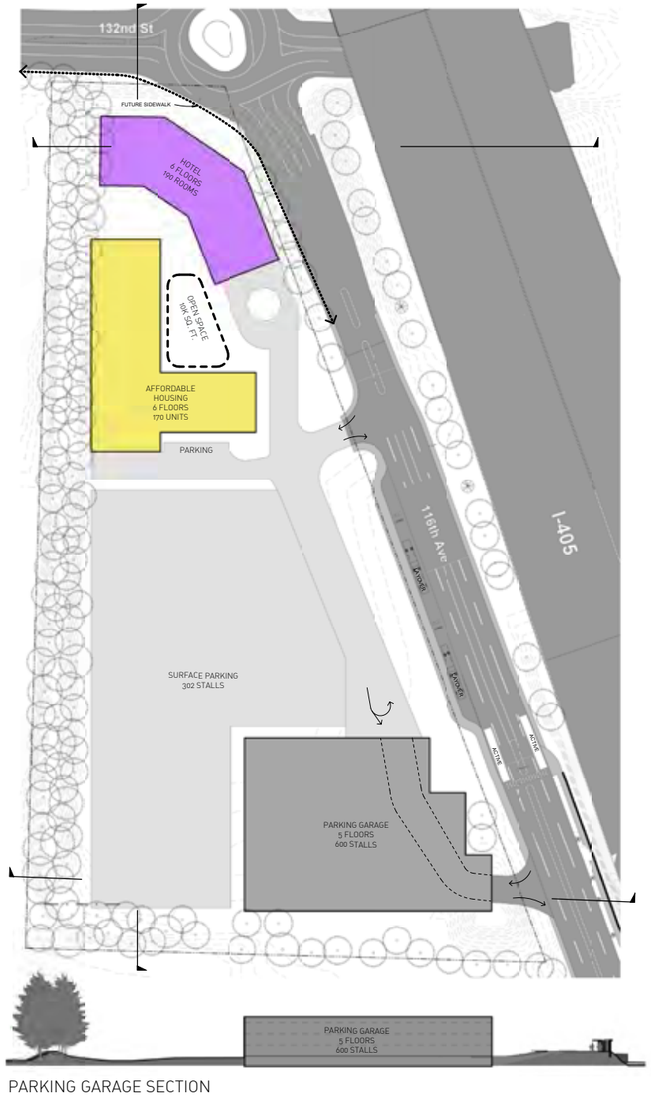
*** 2014 dollars.



EAST/WEST SECTION



NORTH/SOUTH SECTION



PARKING GARAGE SECTION

Conceptual Scenario 2a

Conceptual scenario 2a provides WSDOT's 302 park-and-ride stalls in an above-grade parking garage, leaving roughly 4 acres for TOD. The TOD uses evaluated in this conceptual scenario include 160 market-rate housing units, 150 units of affordable housing, and 250,000 square feet of office space. This conceptual scenario generates a cash surplus of approximately $10 million. Sound Transit developed conceptual costs for ST3 for the I-405 BRT project. Sound Transit will be refining costs as design of the park-and-ride garage is further defined. Real property cost estimates are in 2014 dollars and do not reflect appraisals of current property value.

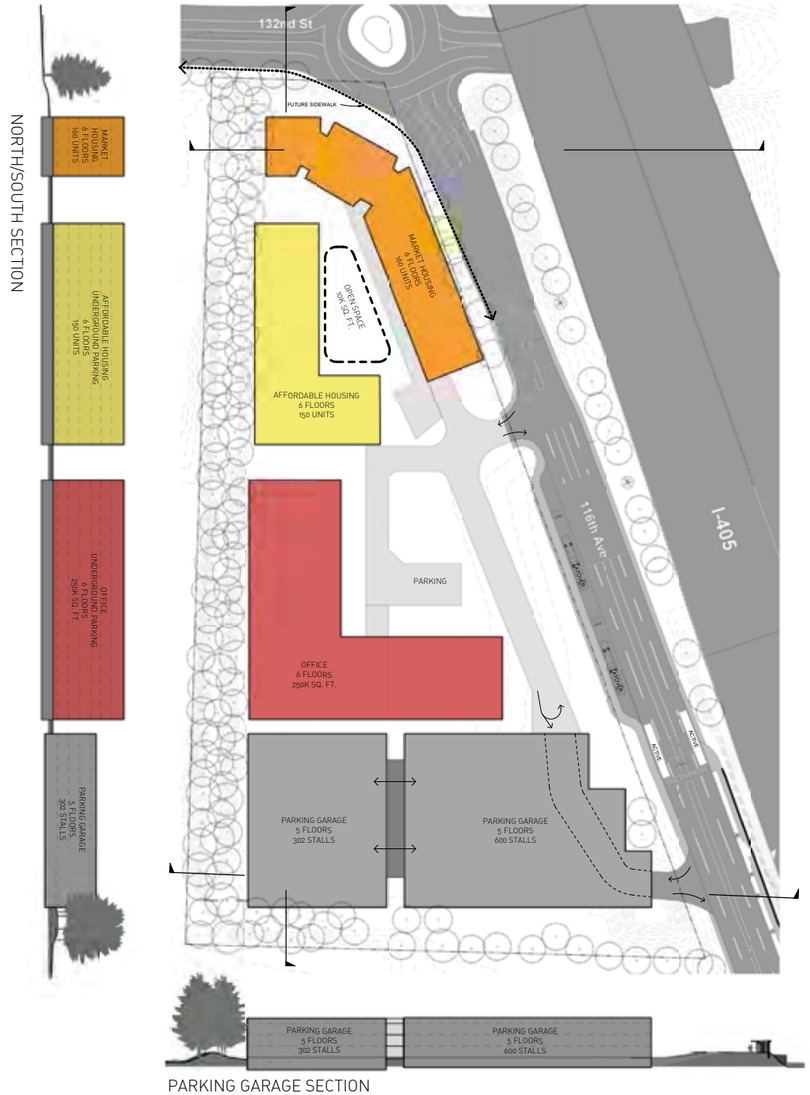
	UNITS	TOTAL	COMMENTS
Uses of Funds			
Park-and-ride garage	302	$12,155,500*	$40,250 per garage stall
Transit center		$1,988,057**	Per consultant estimate
		$14,143,557	
Sources of Funds (Land Sale)			
Sound Transit garage footprint		$3,250,000***	Per ST3 budget estimate
Office space (sq. ft.)	250,000	$10,000,000	Land value estimated at $40 per FAR ft
Market-rate apartments	160	$5,600,000	Land value estimated at $35,000 per unit
Affordable apartments	150	$5,250,000	Land value estimated at $35,000 per unit
		$24,100,000	3.0 FAR (TOD area only)
WSDOT Surplus/Deficit		**$9,956,443**	

* This cost would be incurred only if a potential TOD pilot project was advanced.

** Currently, it is assumed that federal Motor Vehicle Funds cannot be spent on transit facilities, so an alternative funding source will be needed for the reconstruction of the transit center.

*** 2014 dollars.

EAST/WEST SECTION



PARKING GARAGE SECTION

Conceptual Scenario 2b

Conceptual scenario 2b provides WSDOT's 302 park-and-ride stalls in an above-grade parking garage, leaving roughly 4 acres for TOD. The TOD uses evaluated in this conceptual scenario include 150 market-rate housing units, 140 units of affordable housing, and 220,000 square feet of office space. This conceptual scenario generates a cash surplus of approximately $8.0 million. Sound Transit developed conceptual costs for ST3 for the I-405 BRT project. Sound Transit will be refining costs as design of the park-and-ride garage is further defined. Real property cost estimates are in 2014 dollars and do not reflect appraisals of current property value.

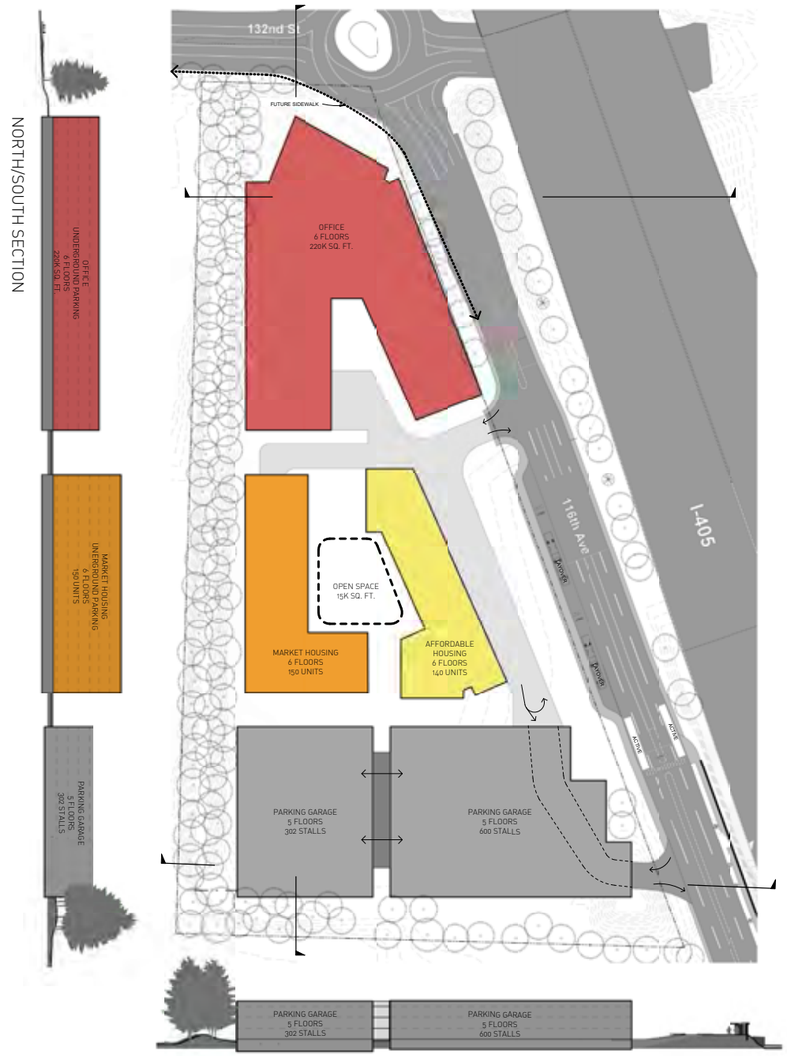
	UNITS	TOTAL	COMMENTS
Uses of Funds			
Park-and-ride garage	302	$12,155,500*	$40,250 per garage stall
Transit center		$1,988,057**	Per consultant estimate
		$14,143,557	
Sources of Funds (Land Sale)			
Sound Transit garage footprint		$3,250,000***	Per ST3 budget estimate
Office space (sq. ft.)	220,000	$8,800,000	Land value estimated at $40 per FAR ft
Market-rate apartments	150	$5,250,000	Land value estimated at $35,000 per unit
Affordable apartments	140	$4,900,000	Land value estimated at $35,000 per unit
		$22,200,000	2.71 FAR (TOD area only)
WSDOT Surplus/Deficit		**$8,056,443**	

* This cost would be incurred only if a potential TOD pilot project was advanced.

** Currently, it is assumed that federal Motor Vehicle Funds cannot be spent on transit facilities, so an alternative funding source will be needed for the reconstruction of the transit center.

*** 2014 dollars.

EAST/WEST SECTION



PARKING GARAGE SECTION

Conceptual Scenario 3

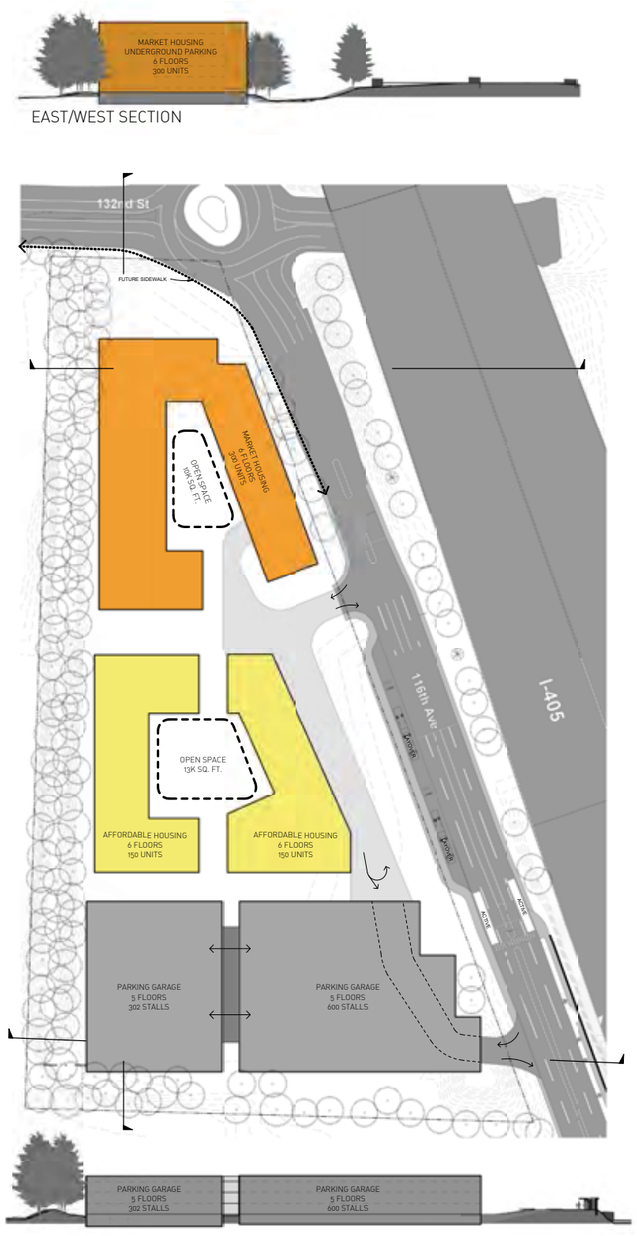
Conceptual scenario 3 provides WSDOT's 302 park-and-ride stalls in an above-grade parking garage, leaving roughly 4 acres for TOD. The TOD uses evaluated in this conceptual scenario include 300 market-rate housing units and 300 units of affordable housing. This conceptual scenario generates approximately $10.1 million in surplus cash. Sound Transit developed conceptual costs for ST3 for the I-405 BRT project. Sound Transit will be refining costs as design of the park-and-ride garage is further defined. Real property cost estimates are in 2014 dollars and do not reflect appraisals of current property value.

	UNITS	TOTAL	COMMENTS
Uses of Funds			
Park-and-ride garage	302	$12,155,500*	$40,250 per garage stall
Transit center		$1,988,057**	Per consultant estimate
		$14,143,557	
Sources of Funds (Land Sale)			
Sound Transit garage footprint		$3,250,000***	Per ST3 budget estimate
Market-rate apartments	300	$10,500,000	Land value estimated at $35,000 per unit
Affordable apartments	300	$10,500,000	Land value estimated at $35,000 per unit
		$24,250,000	3.0 FAR (TOD area only)
WSDOT Surplus/Deficit		**$10,106,443**	

* This cost would be incurred only if a potential TOD pilot project was advanced.

** Currently, it is assumed that federal Motor Vehicle Funds cannot be spent on transit facilities, so an alternative funding source will be needed for the reconstruction of the transit center.

*** 2014 dollars.



MARKET OVERVIEW AND PROJECT FEASIBILITY

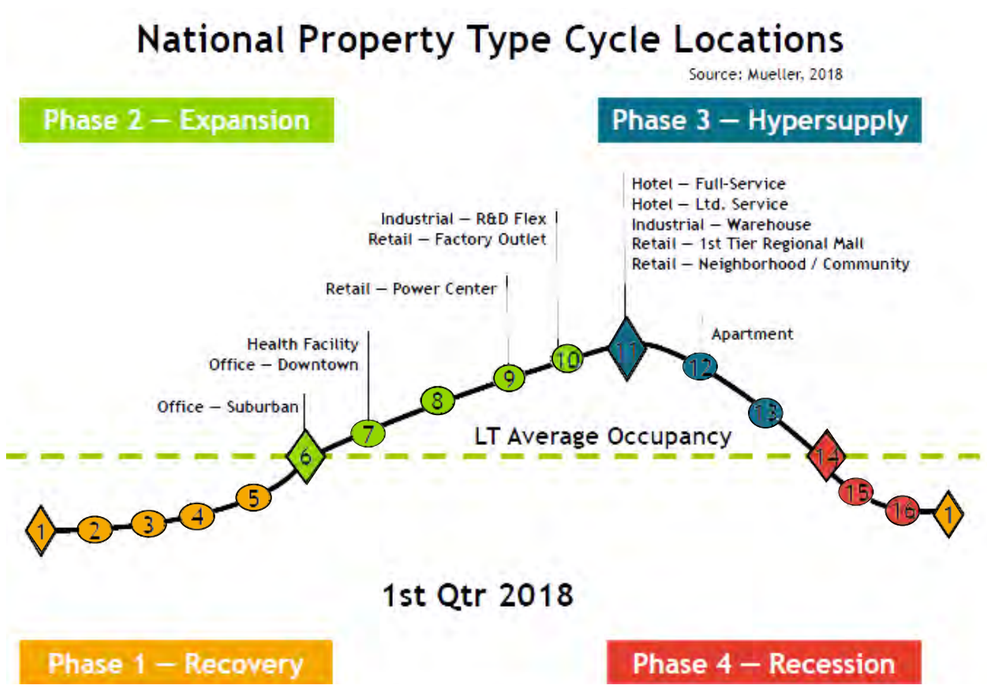
To study the feasibility of TOD at the Kingsgate site, each of the identified commodity real estate product types are evaluated. These include affordable and market rate apartments, office, medical office, hotel, and pedestrian-oriented retail. The Market Overview provides perspective on the national real estate marketplace and the Local Market Conditions provide perspective about supply and demand in the immediate area. These and other market inputs support financial proforma assessments for generic buildings, representing each product type.

MARKET OVERVIEW

National Market Perspective

Real estate markets are dynamic and cyclical in nature. Black Creek Group, a Real Estate Investment Trust, tracks real estate market cycles in the U.S. The graphic below shows Black Creek's estimate of where each major real estate product type is in the current cycle. Nationally, hotel, industrial, retail, and apartments are near the top of the market. The office market is still expanding.

With slight differences, the Seattle area markets mirror the national markets. For development that relies on market demand, the timing and delivery of new product to the market requires careful consideration.



Local Market Conditions

The Kingsgate Park-and-Ride site is large and can support a significant amount of development. The site's major strengths include its proximity to the Evergreen Medical Center Campus and the Village at Totem Lake. The site also offers excellent access and visibility to I-405. The site's main weakness is the lack of access to and from the immediate neighborhood, which leaves it somewhat isolated.

Apartment

Demand for market-rate apartments in Kirkland is strong. However, there are an unprecedented number of projects recently completed and under construction. The new supply will likely moderate demand for additional apartments in the near term. Long term, projections support demand for a significant number of new apartment units in the area. Both standard and senior apartment projects warrant additional consideration.

Office

Demand for new conventional office space in Totem Lake is currently limited. Rental rates are not high enough to support new construction and would need to increase substantially to make projects feasible over the long term. Speculative development would be risky under current market conditions. However, the data does not capture the possibility of large users being attracted to and moving to the area.

The Evergreen Medical Center is a demand generator for medical office space. Existing inventory and space that can be delivered quickly is available to meet anticipated demand. Additionally, locations closest to the hospital are the most desirable. While no evidence exists in the market, future interest in the property could come from medical office space users unrelated to the Evergreen Medical Center.

Hotel

Demand for hotel rooms in the Totem Lake market is steady and the demand for new hotels is limited. However, the Kingsgate Park-and-Ride site is a unique opportunity for hotel development given its soon-to-be improved freeway access and visibility. The data suggests that enough demand exists to support a new moderate-sized hotel targeting the select service market. Other new development in the area may affect demand for a new hotel on the Kingsgate site.

Retail

The demand for retail in the Totem Lake market is strong – led by the redevelopment of the Village at Totem Lake. Except for the Village at Totem Lake, retail demand is auto-oriented and inconsistent with TOD principles. Accordingly, retail was identified as an auxiliary use at the Kingsgate Park-and-Ride site and was assumed to be best incorporated as ground space within a mixed-use building. Ground-floor retail space would be competing with auto-oriented retail buildings with ample free surface parking.

SCENARIO FEASIBILITY

The scenario feasibility analysis is presented from a developer's perspective. The financial proformas (included in Appendix D) demonstrate the current financial feasibility of developing generic apartment, office, hotel, and ground-floor retail space on the Kingsgate site. The table below summarizes the findings.

FINANCIAL FEASIBILITY—SUMMARY OF FINDINGS	
Affordable housing	Feasible subject to availability of funding
Market-rate apartments	Feasible with cost reductions
Office	Not feasible at this time
Medical office	Not feasible at this time
Hotel	Not feasible at this time
Pedestrian-oriented retail	Not feasible at this time
Note: When a financial feasibility analysis results in a positive yield on cost, it is reasonable to discuss advancing design to the next level and further refining the analysis.	

Affordable housing is feasible subject to the availability of funding subsidies. In addition, a zoning reclassification is being considered for the property. Consistent with other Kirkland zones, it will likely include inclusionary affordable housing provisions for market rate projects.

Apartment development may be feasible with design refinements, such as by providing parking that is tucked under the first floor of the building or using types of building materials that focus on cost reductions. Office development does not currently generate sufficient returns to support the risk of speculative development. Hotel development is not feasible unless substantial cost reductions are identified. Incorporating ground-floor retail into a larger mixed-use project generates negative returns and would likely have a negative impact on overall project returns.

The financial feasibility analysis demonstrates the challenges developers face in bringing projects online when the real estate markets have been expanding for many years; interest rates and construction costs are increasing; and some investors have adopted a wait-and-see attitude.

The overall implications for TOD on the Kingsgate Park-and-Ride site are that real estate markets are cyclical, and while future market conditions are unknown, it is reasonable to lay the groundwork for a disposition and development offering now in anticipation that the market would support new development in the future. If the market adjusts in the future, consistent with historical trends, the Kingsgate Park-and-Ride site is well located and is nicely positioned to capture demand during the next market expansion.

Financial Analysis

The following pages provide a summary of the development programs, costs, revenues, and financial returns evaluated in this Study and presented in the proformas in Appendix D.

Apartment

The generic apartment project is five stories of wood frame over one floor of concrete construction and below-grade parking. The project contains 170 apartment units, in a building that measures 144,000 gross square feet, and 119 parking spaces. The building cost $52.7 million to develop and has a completed value of $55.4 million. It generates $2.8 million in net operating income and $1.6 million in profit. The project's yield on cost is 2 percent. To increase profitability of the project, the following could be considered:

- Use at-grade, below building parking to reduce the cost
- Reduce unit sizes and mix, with more smaller units
- Increase site coverage and density

APARTMENT DEVELOPMENT SUMMARY	
Construction type	Wood/concrete
Building height	6 stories
Building size (sq. ft.)	144,000
Number of units	170
Land acquisition	$6,000,000
Hard costs	$35,180,000
Soft costs	$11,500,000
Total	**$52,680,000**
Net operating income	$2,770,000
Completed value	$55,380,000
Profit	$1,160,000
Yield on cost	2%

Office

The generic office project is six stories of steel and concrete construction over below-grade parking. The project contains 200,000 gross square feet and 360 parking spaces. The building costs $98.0 million to develop and has a completed value of $83.7 million. It generates $4.6 million in net operating income and no profit. The project yield on cost is negative (-) 17 percent.

To achieve profitability, rental rates need to rise by approximately $8 per square foot per year. Although hard to predict, if a large user was committed to the area and was willing to pay above-market rental rates, the project could be viable.

OFFICE DEVELOPMENT SUMMARY	
Construction type	Steel/concrete
Building height	6 stories
Building size (sq. ft.)	200,000
Land acquisition	$8,330,000
Hard costs	$70,160,000
Soft costs	$11,500,000
Total	**$97,980,000**
Net operating income	$4,600,000
Capitalized value	$83,700,000
Profit	$(16,610,000)
Yield on cost	-17%

Medical Office

The generic medical office project is six stories of steel and concrete construction over below-grade parking. The project contains 132,000 gross square feet and 356 parking spaces. The building costs $77.4 million to develop and has a completed value of $61.3 million. It generates $3.4 million in net operating income and no profit. The project yield on cost is (-) 23 percent.

To achieve profitability, rental rates need to rise by approximately $12 per square foot per year. The analysis demonstrates that the Evergreen Medical Center is not currently creating new inventory in the market. If a medical office space user not affiliated or dependent on the Evergreen Medical Center entered the market, it may be willing to pay above-market rental rates for a new facility.

MEDICAL OFFICE DEVELOPMENT SUMMARY	
Construction type	Steel/Concrete
Building height	6 stories
Building size (sq. ft.)	132,000
Land acquisition	$5,500,000
Hard costs	$55,260,000
Soft costs	$16,620,000
Total	**$77,370,000**
Net operating income	$3,370,000
Capitalized value	$61,310,000
Profit	$(17,760,000)
Yield on cost	-23%

Hotel

The generic hotel project is five stories of wood frame over one floor of concrete construction and below-grade parking. The project contains 66,000 gross square feet, 120 rooms and approximately 84 dedicated unit parking spaces. The building costs $25.1 million to develop and has a completed value of $22.9 million. It generates $1.8 million in net operating income and no profit. The project yield on cost is negative (-) 45 percent.

To achieve profitability, the average daily room rate would need to rise from $156 to $170. To increase profitability of the project, certain design assumptions warrant additional investigation:

- Considering at-grade, below building, or surface parking to reduce the cost of parking
- Reducing the average room size
- Increasing the site coverage assumptions

HOTEL DEVELOPMENT SUMMARY	
Construction type	Wood/concrete
Building height	6 stories
Building size (sq. ft.)	66,000
Room count	120
Land acquisition	$2,750,000
Hard costs	$17,070,000
Soft costs	$5,320,000
Total project cost	**$25,140,000**
Net operating income	$1,770,000
Capitalized value	$22,860,000
Profit	$(2,690,000)
Yield on cost	-45%

Retail

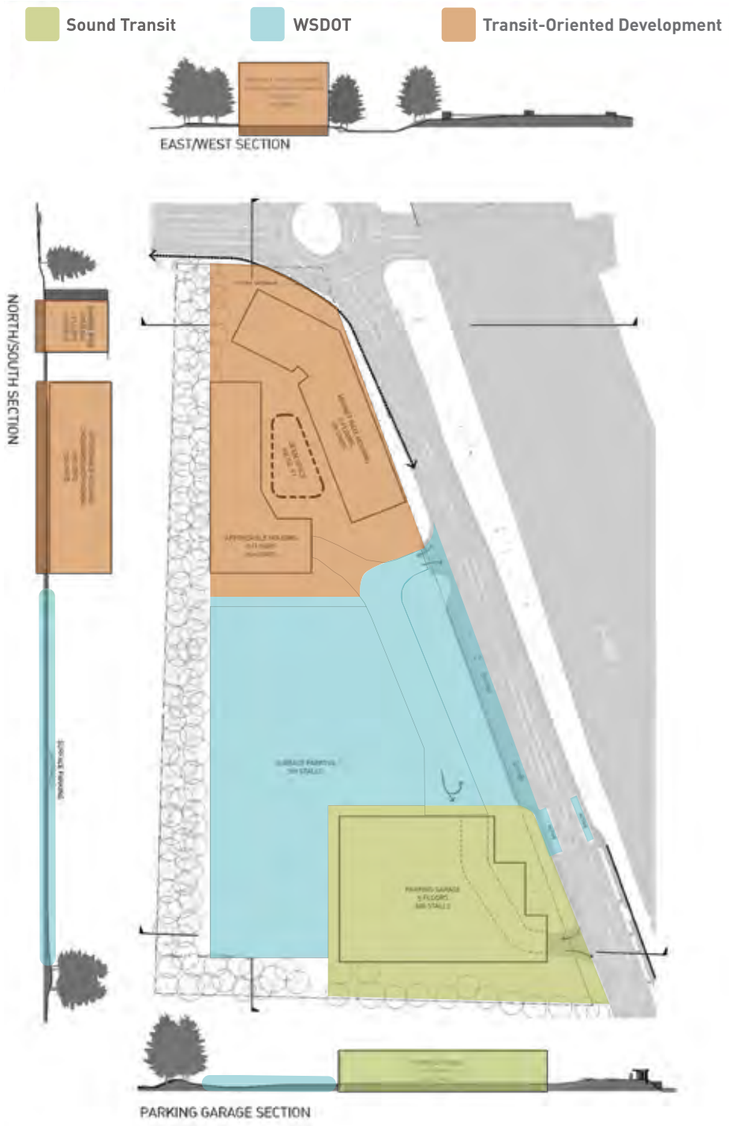
To understand the viability of ground-floor retail in a mixed-use building, the retail component of the building is evaluated separately. The program includes 20,000 square feet of retail space of concrete construction over 36 spaces of below-grade parking. The cost to develop the space is $10.3 million and it has a completed value of $9.6 million. It generates $0.5 million in net operating income and no profit. The project yield on cost is (-) 38 percent. The analysis assumes the space is rented for $29 per square foot per year, triple net. To achieve feasibility, market rental rates need to increase by $4 per square foot, per year.

It is not unreasonable to suggest that tenants in the market would pay this amount; however, this site is challenging because it competes with existing retail space served by convenient front-of-store surface parking. For this reason, the amount of retail space planned at the Kingsgate Park-and-Ride should be minimized.

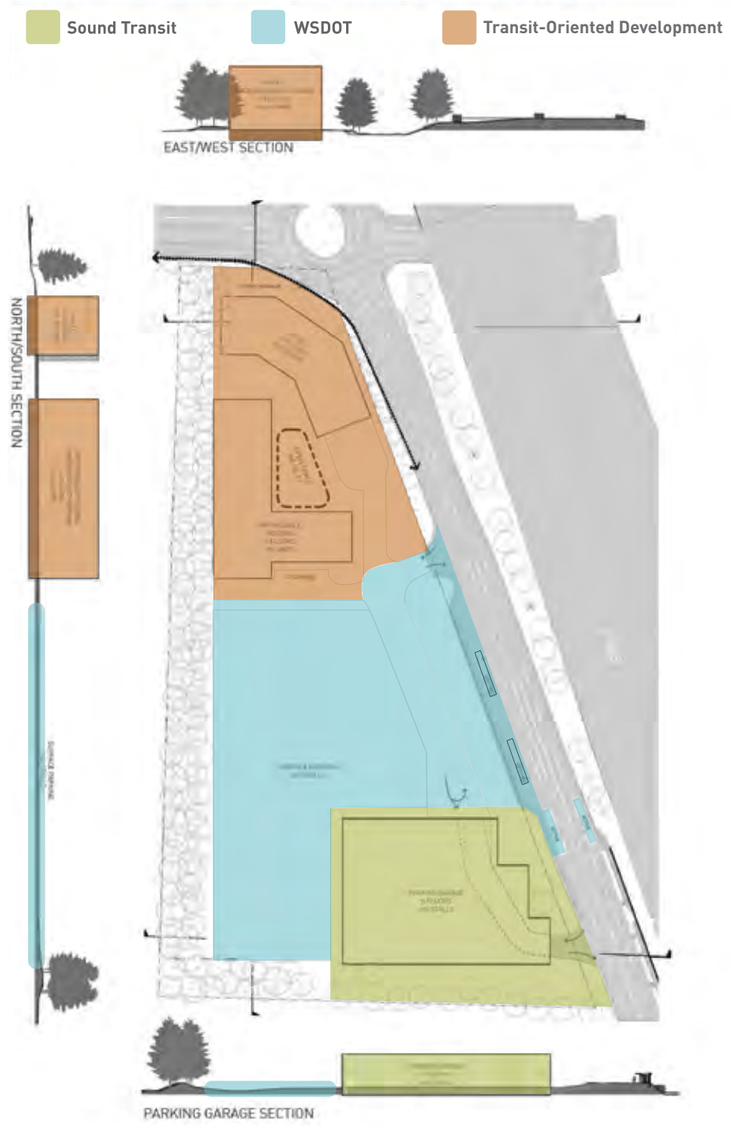
RETAIL DEVELOPMENT SUMMARY	
Construction type	Steel/concrete
Building height	1 story
Building size (sq. ft.)	20,000
Rentable area (sq. ft.)	18,000
Land acquisition	$830,000
Hard costs	$7,020,000
Soft costs	$5,320,000
Total	**$10,250,000**
Net operating income	$530,000
Capitalized value	$9,610,000
Profit	$(900,000)
Yield on cost	-38%

ZONES OF RESPONSIBILITY

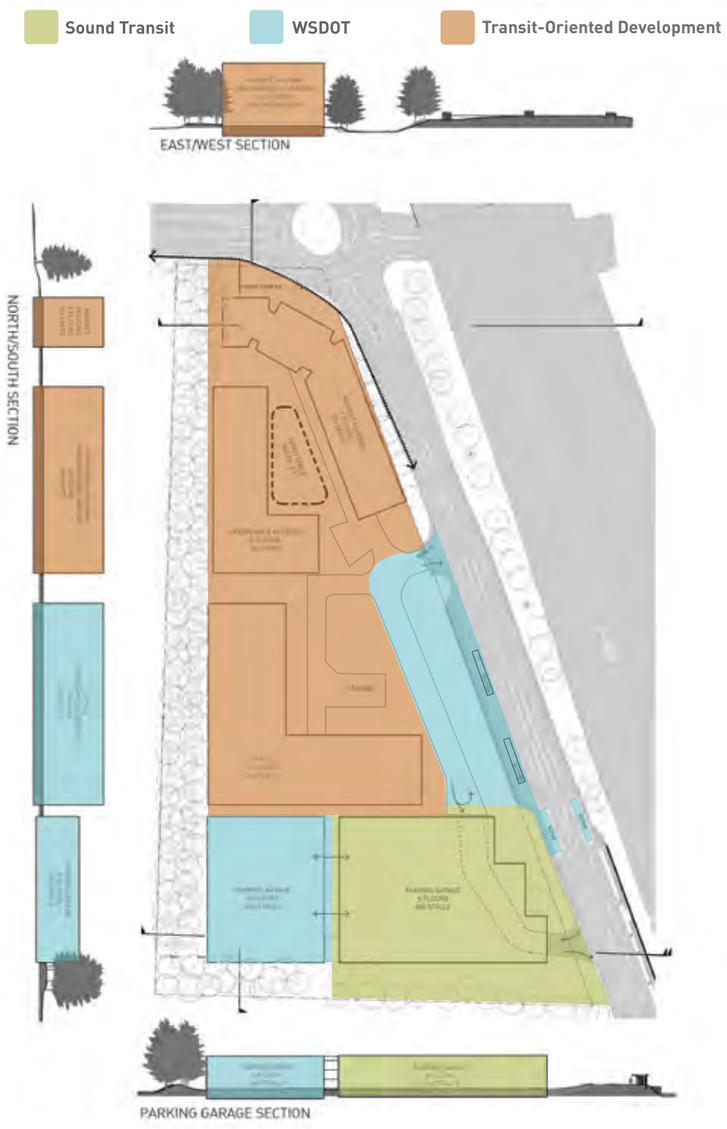
An important step in implementing TOD on the project site is to identify which agencies would be responsible for developing certain areas. The following graphics divide the conceptual development scenarios evaluated in this Study into zones of responsibility for the purposes of facilitating conversations about future ownership and operations. As owner of the site, WSDOT would need to coordinate with King County Metro, who operates and maintains the site, on any scenario that alters Metro's transit facilities and operations. Funding for the conceptual capital improvements would need to be identified. (Note: Roadway improvements to 116th Avenue NE are undetermined and could be analyzed in a separate traffic analysis by the responsible parties.)



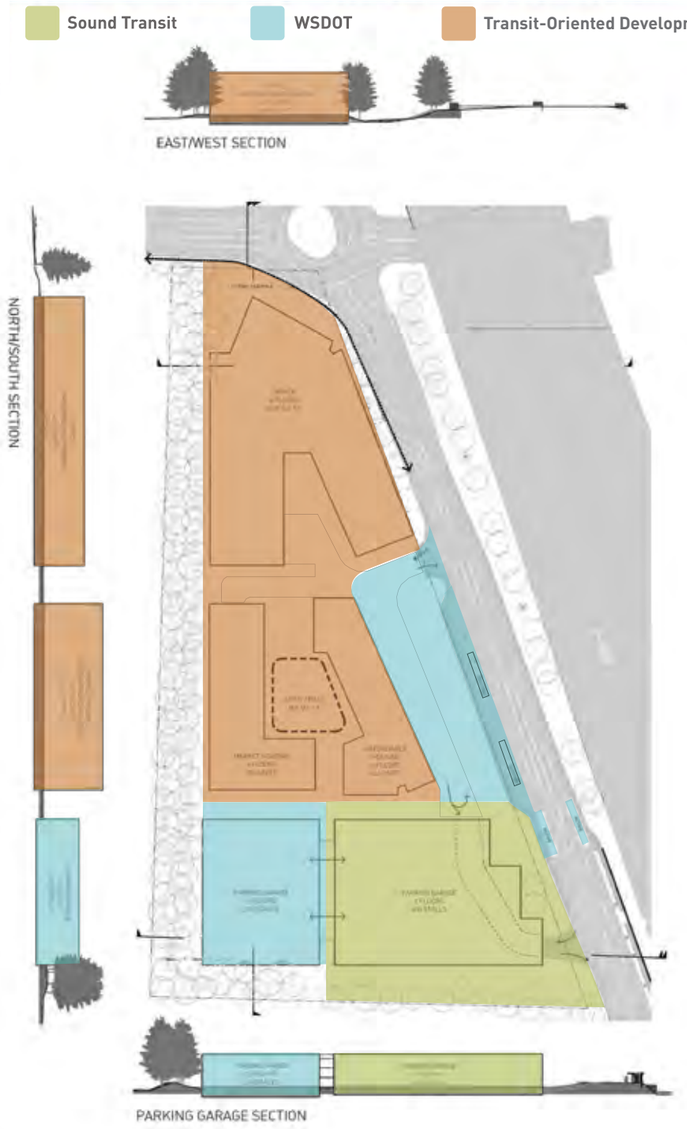
Conceptual Scenario 1a



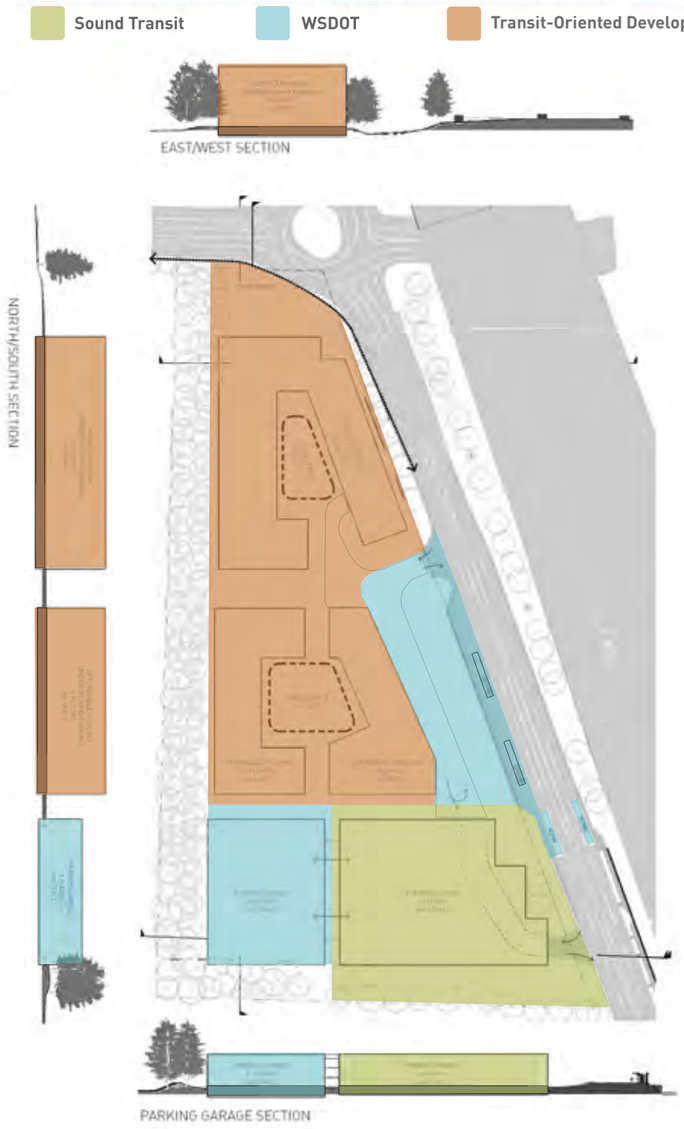
Conceptual Scenario 1b



Conceptual Scenario 2a



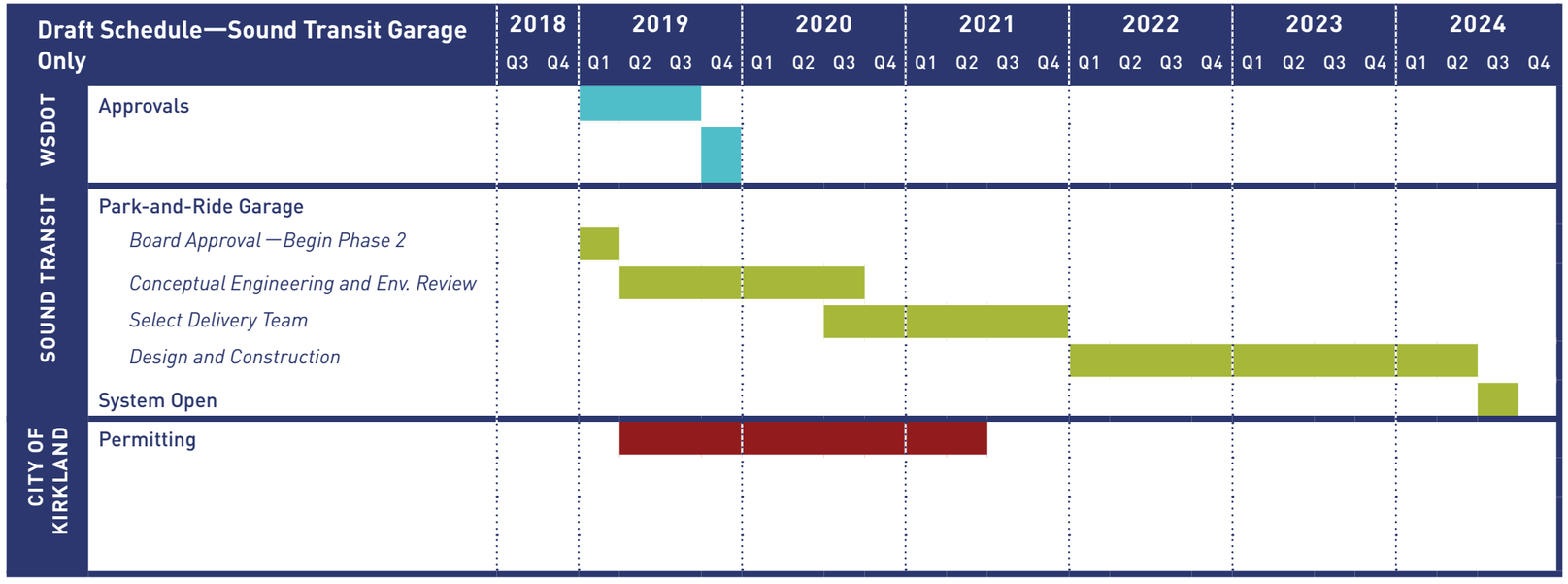
Conceptual Scenario 2b



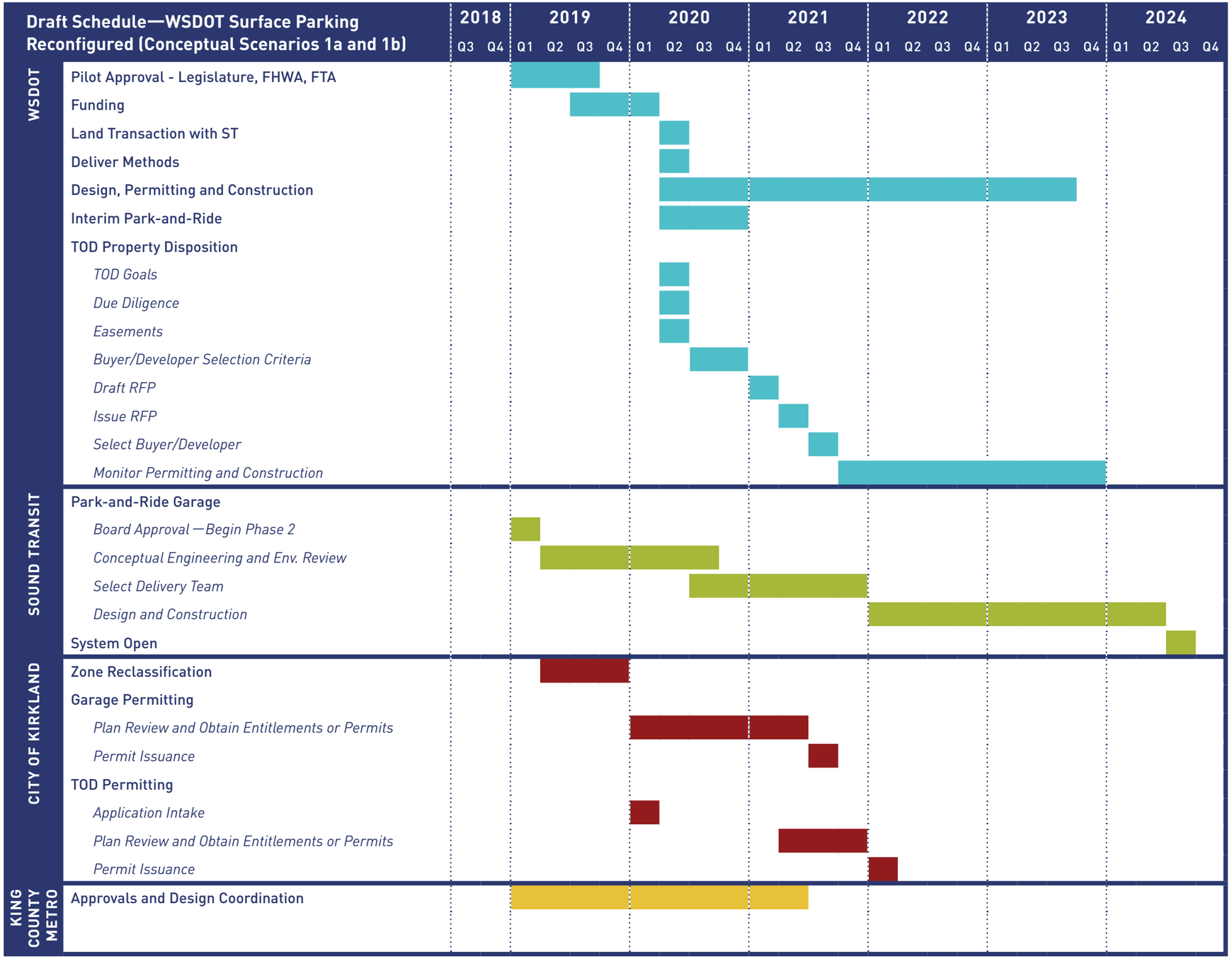
Conceptual Scenario 3

DRAFT SCHEDULES

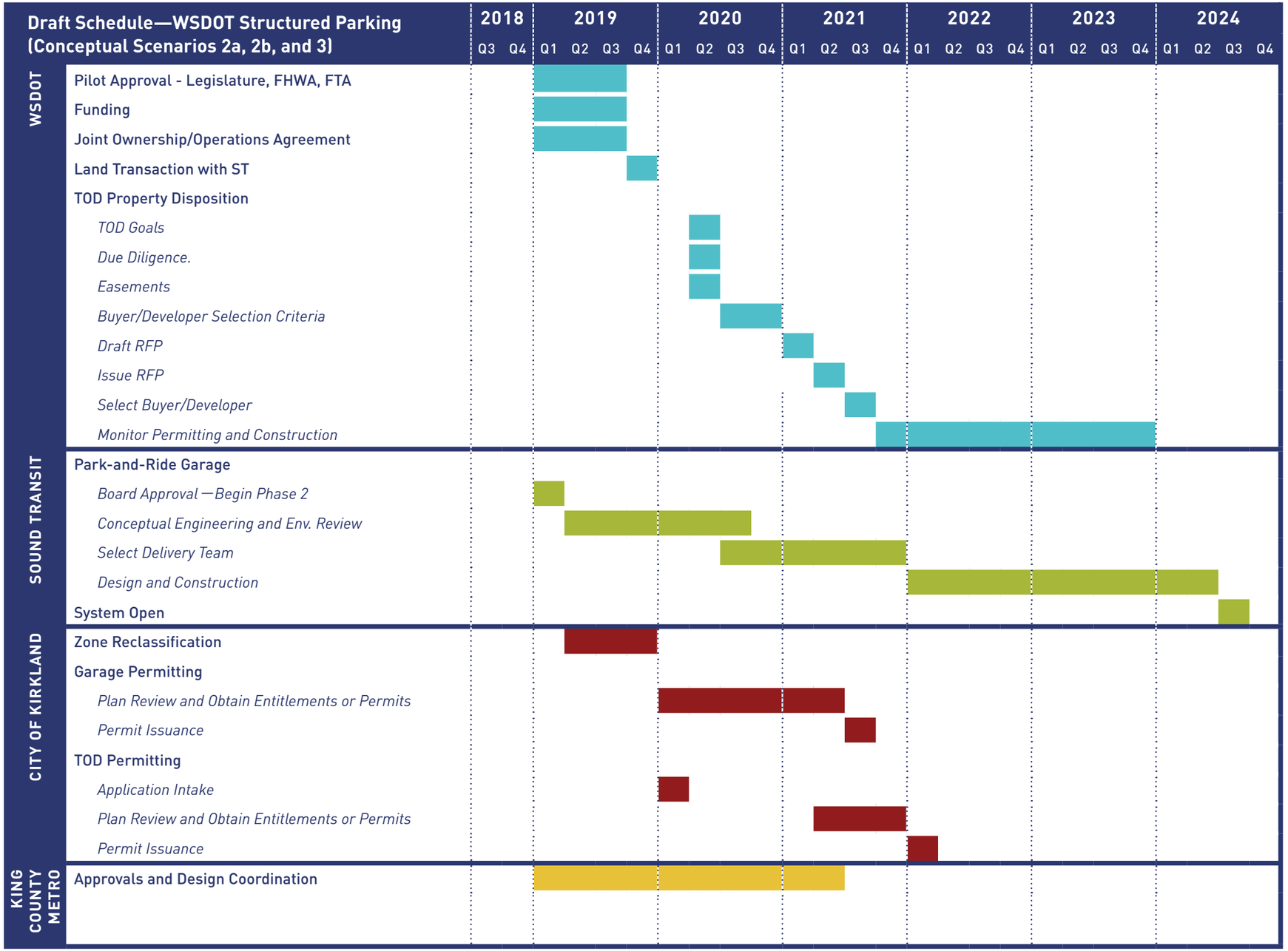
The draft development schedules on the following three pages provide a general overview for constructing the park-and-ride garage as shown in the ST3 I-405 BRT representative project and for the conceptual development scenarios analyzed in this Study. Each partner agency will be responsible for confirming their own schedule.



Draft Schedule—WSDOT Surface Parking Reconfigured (Conceptual Scenarios 1a and 1b)



Draft Schedule—WSDOT Structured Parking (Conceptual Scenarios 2a, 2b, and 3)



IMPLEMENTATION

The I-405 BRT Project creates an opportunity for the project partners (WSDOT, Sound Transit, King County Metro, and the City of Kirkland) to explore TOD on the Kingsgate Park-and-Ride site. This Study looks at a range of conceptual development scenarios that were created and used to evaluate the physical and financial feasibility of TOD on the site. To advance a potential TOD Pilot Project, a number of decisions are needed about ownership, project delivery, operations and maintenance, scheduling, and financing. These decisions also require action by the State Legislature, WSDOT, Sound Transit, King County, and the City of Kirkland.

SUMMARY OF FINDINGS

The following are the major actions needed to implement TOD at the Kingsgate Park-and-Ride site:

- Legislature approves a TOD Pilot Project
- WSDOT and Sound Transit agree upon project funding and the preferred configuration, project delivery method, schedule, ownership, and operations and maintenance of the park-and-ride facilities
- City of Kirkland completes a zoning code amendment
- WSDOT identifies a TOD development

OWNERSHIP

WSDOT is the owner of the Kingsgate site, which is currently required to maintain a use of 502 park-and-ride stalls. Federal funds from the Federal Highway Administration were used to purchase the site. Because the park-and-ride site is consistently at or over capacity, the property would not be declared surplus under WSDOT's surplus regulations. If WSDOT were to sell the property through a different process, the Federal Highway Administration would need to approve the request and the requirement to retain 502 park-and-ride stalls may be written into the deed. WSDOT has indicated its interest in retaining ownership of the site, utilizing long-term leasing for planned site improvements and potential TOD. As part of the ST3 I-405 BRT representative project, Sound Transit's commitment is to add a net new 400 park-and-ride stalls onsite in a 600-stall park-and-ride garage.

If a potential TOD Pilot Project for the site is to advance, the parties likely involved in creating the new transit facilities and TOD include, but are not limited to, WSDOT, Sound Transit, King County Metro, the City of Kirkland, private and non-profit developers, and/or a large institution. Ownership of the land and improvements could be vested in some or all of these entities. The following describes possible ownership arrangements for the various project elements.

Transit Facilities Ownership

The existing and proposed transit facilities could be owned exclusively by WSDOT, Sound Transit, King County Metro, or ownership could be shared. The I-405 BRT ST3 representative project assumed that Sound Transit would acquire the land from WSDOT on which to construct the 600-stall park-and-ride garage.

TOD Ownership

The ownership of TOD can take many forms. Examples exist where the public agency delivers and retains ownership of the improvements. Public-private partnerships are more common, whereby the transit agency disposes of property rights, by sale or lease, for development by the private sector, non-profit or public-sector parties.

Decisions

WSDOT

- What is the extent of WSDOT's ownership of the on-site transit facilities?
  - All?
  - The surface park-and-ride facilities?
  - The transit center?
  - The new park-and-ride garage(s)?
  - None?
- What ownership role would WSDOT have for TOD on the Kingsgate site?
  - None?
  - Seller of land for TOD?
  - Lessor of land for TOD?
  - Owner and operator of TOD?
- If WSDOT is the seller/lessor of land, how could the proceeds of the sale/lease be prioritized to implement a potential TOD Pilot Project?
  - To construct additional structured park-and-ride stalls to reduce the land needed to provide the 902 stalls and make land available for TOD?
  - Other uses that would support TOD?

Sound Transit

» To what extent does Sound Transit own transit facilities on the site?
  – None?
  – The planned 600-stall park-and-ride garage?
  – A larger 902-stall park-and-ride garage?

» What role does Sound Transit want to play in the TOD?
  – None?
  – Seller/lessor of any agency-owned land no longer needed for transit purposes?

PROJECT DELIVERY

For discussion purposes, the TOD scenarios in this Study could be delivered using the following three methods (or a combination thereof): design-bid-build, design-build, or master developer. The public elements of the scenarios could be delivered by any of the parties involved; however, TOD is more conventionally delivered by a private sector or non-profit developer.

Design–Bid–Build

Design–bid–build is a traditional project delivery method by which the agency or owner contracts with separate entities for the design and construction of a project. The advantages and disadvantages of the method include the following:

Advantages

» The design team represents the interests of the owner.

» The design team prepares documents on which all general contractors place bids. With this in mind, the "cheaper is better" argument is rendered invalid since the bids are based on complete documents. Incomplete, incorrect, or missed items are usually discovered and addressed during the bid process in the form of addenda.

» By providing a range of potential options, fairness to potential bidders is ensured and decision making by the owner is improved. It also identifies new potential contractors.

» This method assists the owner in establishing reasonable prices for the project.

» Competition both in the selection of the architect and the contractor improves the efficiency and quality for owners.

Disadvantages

» Failure of the design team to be current with construction costs and any potential cost increases during the design phase could cause rework and project delays.

» Redesign expenses can be disputed should the architect's contract not specifically address the issue of revisions required to reduce costs.

» A "cheaper is better" mentality can develop among the general contractors bidding on the project so there is the tendency to use the lowest-cost subcontractors in a given market. In strong markets, general contractors can be selective about which projects to bid, but in lean times, the desire for work usually forces the low bidder of each trade to be selected. This usually results in increased risk (for the general contractor) but can also compromise the quality of construction. In the extreme, it can lead to serious disputes involving quality of the final product or bankruptcy of a subcontractor who was on the brink of insolvency and desperate for work.

» As the general contractor is brought to the team post-design, there is little opportunity for the contractor to provide input on effective alternatives.

» Pressures may be exerted on the design and construction teams due to competing interests (e.g., economy versus acceptable quality), which may lead to disputes between the architect and the general contractor and associated construction delays.

Any individual or combination of project partners could procure the public improvements, the park-and-ride parking, and the transit center using the conventional design-bid-build method as shown in the conceptual scenarios.

Design–Build

Any individual or combination of project partners could procure the public improvements, the park-and-ride parking, and the transit center using the design-build method.

Design–build is a project delivery system used in the construction industry. It is a method to deliver a project in which the design and construction services are contracted by a single entity known as the design–builder or design–build contractor. In contrast to "design–bid–build" (or "design–tender"), design–build relies on a single point of responsibility contract and is used to minimize risks for the project owner and to reduce the delivery schedule by overlapping the design phase and construction phase of a project.

Design-build, with its single point responsibility, carries the clearest contractual remedies for clients because the design-build contractor is responsible for all of the work on the project regardless of the nature of the fault. The design–builder is often a general contractor, but in many cases a project is led by a design professional (architect, engineer, architectural technologist, or

other professional designers). Some design–build firms employ professionals from both the design and construction sector. Where the design–builder is a general contractor, the designers are typically retained directly by the contractor. Partnership or a joint venture between a design firm and a construction firm may be created on a long-term basis or for one project only.

Advantages

» Design–build has evolved as an efficient way to deliver projects primarily where the building project goals are straightforward, such as constrained by budget or the outcome is prescribed by functional requirements (for example, a highway, sports facility, or brewery). The construction industry describes design–build as a high performance construction project delivery system using a dynamic approach to building that presents an alternative to the traditional design-bid-build approach.

» Design–build is becoming more common because of the advantages of single-source management. Unlike traditional design-bid-build, it allows for the owner to contract with just one party who acts as a single point of contact, who is responsible for delivering the project, and who coordinates with the rest of the team. Depending on the phasing of the project, there may be multiple sequential contracts between the owner and the design–builder. The owner benefits because a single entity is responsible for fixing project errors rather than a separate designer and constructor having to determine blame.

Disadvantages

» During the design–build process, the contractor decides on design issues and issues related to cost, profits, and time exigencies. While the design-bid-build construction method separates the designers' interests from the contractors' interests, design–build does not. On these grounds, design–build may not be appropriate for projects that require complex designs for technical, programmatic, or aesthetic purposes. If the contractor is also the designer/architect, they may never push the envelope as to what might be possible.

» Design–build does not use traditional competitive bidding where prospective builders submit bids on the same design.

» Criteria to select the contractor can be subjective, which could be difficult to evaluate and justify.

» The design requirements are subject to different interpretations from the client and contractor, which may create a conflict of interest.

Master Developer

The master developer project delivery method involves a single entity, typically a private-sector real estate developer or general contractor, that takes responsibility for and coordinates all aspects of the project. The master developer carries out the overall planning for the project, acquires and disposes of land as appropriate, and is responsible for the permitting and construction of the entire project. Master developers are typically responsible for all aspects of the project, regardless of who has acquired the property or who is performing the work. The master developer contracts with the owner to complete the project in a manner consistent with the owner's project objectives and project requirements.

Advantages

» The master developer assumes the development and construction risk.

» This method can provide significant flexibility to respond to changes in market conditions and opportunities.

» This method harnesses experts with significant experience executing similar projects.

» The procurement of the project is competitive with developers competing on project scope, schedule, and budget.

Master Developer Example

King County Metro owns and operates the South Kirkland Park-and-Ride. The County's objectives for the future use of the property were to increase park-and-ride capacity and create a TOD. The County developed a plan to retain a portion of the property for park-and-ride purposes and surplus a portion for TOD. The County elected to procure a master developer to deliver on its objectives. Competitive proposals from developers were sought to deliver additional park-and-ride capacity and provide market-rate and affordable housing.

The proposal requirements called for a conceptual development plan, financing plan, delivery schedule, and a fixed price to acquire the land and deliver completed additional park-and-ride capacity. The resulting project is situated on 7.5 acres under both public and private ownership. Park-and-ride parking is available in a 530-stall parking garage and a 323-stall surface lot. The TOD area is approximately 2 acres and includes a 184-unit market-rate apartment building, the Kirkland Crossing, and a 58-unit affordable housing project, the Velocity. The project also contains 6,767 square feet of retail space.

Disadvantages

» If the project encounters difficulty, the owner may become entwined in the problems.

» Owners may feel a loss of control, even when the project is carefully defined.

» This method is less well known.

A significant amount of variability in how the method is applied exists based on the nature of the project and the objectives of the owner. An example helps to describe how the master developer approach could be used to complete a project at the Kingsgate Park-and-Ride (refer to "Master Developer Example" in blue box).

Decisions

Ownership plays an important role in how projects are delivered, and clarity about ownership will inform project delivery. WSDOT and Sound Transit agreement about who will deliver which project elements will inform project delivery.

WSDOT

» Is WSDOT required by law to deliver its projects using a specific method?

» Does WSDOT want to deliver all park-and-ride and transit facilities?

Sound Transit

» Does Sound Transit have a preferred delivery method?

» How will environmental review requirements affect project delivery?

OPERATIONS AND MAINTENANCE

To implement TOD on the site, consistent with the conceptual development scenarios, agreements about responsibilities for ongoing facilities operations and maintenance are needed. In conceptual scenarios that involve mixed ownership (WSDOT, Sound Transit, King County Metro, private party), a single party could assume responsibility for operations and maintenance. Alternatively, each party could be responsible for its facility. In either approach, economies of scale may be achieved in optimizing contracting for services. As a preferred development scenario emerges, the parties can develop an approach.

The operations and maintenance considerations include, but are not limited to, the following:

» Interim park-and-ride parking and transit access during construction

» Budgeting/funding

» General upkeep (general cleaning, floor wash, expansion joint and control joint cleaning, painting, landscaping, doors and hardware, striping and graphics, lighting, elevator, signs, graffiti, and janitorial)

» Security and systems

» Snow and ice control

» Preventative maintenance

» Structural audits

» Structural repairs

» Equipment and revenue control systems

» Labor/contracting requirements

» Capital improvements

Decisions

WSDOT and Sound Transit

» Agreement on responsibilities for capital improvements

» Agreement on operations and maintenance responsibilities

» Ability to and interest in managing parking demand and access

» Ability to and interest in generating revenue from park-and-ride operations

King County Metro

» Approval of proposed transit center configuration and operations plan

» Research current agreements and explore how future agreements may support a potential TOD Pilot Project

» Review timing of service changes to align with garage/transit center/TOD timelines

» Work with the I-405 - NE 132nd Street Interchange Improvements team to evaluate the feasibility of turning buses around at the proposed roundabout at NE 132nd Street and 116th Avenue NE

City of Kirkland

» Determine if roadway improvements would be required for 116th Avenue NE

FINANCING

In the conceptual development scenarios discussed, Sound Transit would fund delivery of 600 park-and-ride stalls in a structured parking garage as approved by voters in ST3. WSDOT would continue to own the surface park-and-ride stalls or would partner with Sound Transit or others to develop a second garage or a larger, consolidated garage. Under the TOD conceptual development scenarios, the feasibility analysis shows that the public park-and-ride facilities not funded by Sound Transit could be paid for out of the proceeds of land sales. WSDOT has indicated its interest in retaining ownership of the site, utilizing long-term leasing for planned site improvements and potential TOD. The project delivery method chosen and the timing of project delivery would influence the funding requirements for WSDOT. Under the conceptual scenarios where the 302 park-and-ride spaces are reconfigured or structured and a new transit facility and the TOD occurs at a later date, interim funding sources may need to be identified.

Decisions

WSDOT

» What funds or agreements could bridge short-term funding gaps?

ACTIONS—STATE LEGISLATURE, WSDOT, SOUND TRANSIT, AND CITY OF KIRKLAND

The following are the major actions needed to advance TOD at the Kingsgate Park-and-Ride site:

- Legislature to approve a TOD Pilot Project
- WSDOT to develop a preferred TOD scenario
- WSDOT and Sound Transit to agree on a preferred project delivery method, schedule, ownership, and operations and maintenance of the park-and-ride garage
- City of Kirkland to complete zoning code reclassification

CRITICAL PATH, DEPENDENCIES, AND RISK

The generalized schedule on the next page shows the critical path and dependencies associated with the action items.

To implement TOD on the property, the Legislature must approve moving forward with the potential TOD Pilot Project. This is the first action needed before the other actions are pursued.

WSDOT, Sound Transit, King County Metro, and the City of Kirkland could work together concurrently to select a preferred development scenario for the parking facility to set the stage for making decisions about the next actions. With the preferred scenario or generalized scope of the project identified, WSDOT and Sound Transit can reach agreement on the project delivery method, establish a procurement schedule, determine the nature of future ownership, and resolve operations and maintenance responsibilities.

Once the preferred scenario is identified, the City of Kirkland can work to complete the zoning reclassification of the property. When these actions are complete, the work to procure a developer to plan, permit, finance, and construct TOD on the property can begin. The significant risks to creating TOD on the Kingsgate Park-and-Ride site are as follows:

- Failure of the Legislature to approve the potential TOD Pilot Project
- Lack of funding availability by project delivery milestones
- Lack of agreement between Sound Transit and WSDOT about project delivery timing
- City of Kirkland zoning code reclassification barriers
- Unfavorable market conditions
- Timing of Legislative approval and funding as it relates to scenarios involving larger parking facilities beyond ST3
- Funding for transit facilities, structured parking and affordable housing

NEXT STEPS TO ADVANCE A TOD PROJECT

The agency partner representatives identified the next steps for their respective agency to be able to advance a TOD project on the Kingsgate Park-and-Ride site. The table below identifies actions in 2019 for each responsible party.

RESPONSIBLE PARTY	ACTION	2019 Q1	Q2	Q3	Q4
Legislature	TOD Pilot Project approval	—			
WSDOT	Development of preferred TOD scenario				→
WSDOT/ Sound Transit	Agreement on project delivery method, schedule, ownership, operations and maintenance				→
City of Kirkland	Completion of zoning code reclassification				→

SOUND TRANSIT

- Update Sound Transit management on the Study outcomes
- Discuss the implications of leasing or owning the portion of the Kingsgate site for the Sound Transit park-and-ride garage
- Continue to coordinate with agency partners on issues such as the delivery method for the Sound Transit park-and-ride garage and Sound Transit's involvement is WSDOT's potential TOD project
- Coordinate with WSDOT on the next steps for the Kingsgate Working Group
- Work with the agency partners to prepare for the 2019 state legislative session

WSDOT

- Discuss outcomes of the Study and next steps with agency staff
- Discuss the park-and-ride garage design with Sound Transit (such as one combined garage or two,separate garages)
- Work with agency partners to prepare for the 2019 state legislative session
- Gather legal information from the Attorney General's Office and the Federal Highway Administration
- Stay engaged with the I-405 - NE 132nd Street Interchange project team to ensure integration
- Determine feasibility of options to sell the land for TOD or enter into a long-term lease
- Conduct a developer's forum to obtain initial feedback on the Study's scenarios and financial feasibility assumptions

KING COUNTY METRO

- Work with agency partners to prepare for the 2019 state legislative session
- Clarify King County Metro's transit facility needs to maintain the current site function
- Clarify potential changes to site agreements, including operations and maintenance of the site
- Provide guidance to partner agencies on design requirements and approval processes related to reconfiguration of transit facilities and operations

CITY OF KIRKLAND

- Gain a clearer understanding of the status of the Kingsgate site, as right-of-way or a parcel, and how it affects future development
- Work with agency partners to prepare for the 2019 state legislative session
- Start briefing the City Council once additional information from the developers forum is available, the schedule is better defined, and site access restrictions or limitations are better understood

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soundtransit.org/i405brt

brt@soundtransit.org
206-398-5470

SOUNDTRANSIT