

**SOUND TRANSIT
STAFF REPORT**

MOTION NO. M2006-77

**Amendment to the Federal Way Transit Center
Transit-Oriented Development Agreement**

Meeting:	Date:	Type of Action:	Staff Contact:	Phone:
Finance Committee	11/2/06	Discussion/Possible Action to Recommend Board Approval	Agnes Govern, Director Capital Projects	(206) 398-5037
Board	11/9/06	Action	Scott Kirkpatrick, TOD Program Manager	(206)398-5264

Contract/Agreement Type:	<input checked="" type="checkbox"/>	Requested Action:	<input checked="" type="checkbox"/>
Competitive Procurement		Execute New Contract/Agreement	
Sole Source		Amend Existing Contract/Agreement	<input checked="" type="checkbox"/>
Agreement with Other Jurisdiction(s)	<input checked="" type="checkbox"/>	Budget Amendment	
Real Estate		Property Acquisition	

PROJECT NAME

City of Federal Way Transit-Oriented Development Agreement

PROPOSED ACTION

Authorizes the chief executive officer to amend the transit-oriented development agreement with the City of Federal Way by extending the construction start deadline for the East TOD Property located adjacent to the Federal Way Transit Center by two years to 2013.

KEY FEATURES of PROPOSED ACTION

- Amends the transit-oriented development (TOD) agreement by extending the start of construction deadline on the east parcel for two years to 2013 to allow for the Korean Women Association-led development team to successfully compete for project funding.
- Extending the deadline contained in the TOD agreement for construction to begin by 2013 ensures that if there is a funding delay of one year or an unsuccessful second funding round in 2008, Sound Transit has sufficient time to pursue another development proposal.

BUDGET IMPACT SUMMARY

Not applicable for this action.

BUDGET and FINANCIAL PLAN DISCUSSION

No funding authorization is requested at this time.

M/W/DBE – Small Business Participation

Not applicable for this action.

PROJECT DESCRIPTION and BACKGROUND FOR PROPOSED ACTION

Resolution No. R2003-14 provided that an interlocal agreement (“Agreement between Central Puget Sound Regional Transit Authority and the City of Federal Way for Future Development of Transit-Oriented Development at the Federal Way Transit Center” hereafter, TOD Agreement) be executed between Sound Transit and the City of Federal Way, which permitted the Federal Way Transit Center as an essential public facility and provided for a voluntary process for exploring transit oriented development on future surplus property adjacent to the transit center to assist with downtown revitalization.

Resolution No. R2004-13 authorized the chief executive officer to: (1) execute an agreement with the City of Federal Way (City); (2) declare certain real property adjacent to the Federal Way Transit Center as surplus and to dispose of those properties. The resolution also repealed authority granted to the chief executive officer under Resolution No. R2003-14 related to the Federal Way Transit Center project.

Sound Transit and the City of Federal Way entered into the TOD agreement on October 25, 2004. The agreement provides that within 18 months of the Transit Center’s occupancy (February 2006), Sound Transit will select a developer of its choosing for TOD uses on two parcels owned by Sound Transit adjacent to the Federal Way Transit Center. At the City’s request, Sound Transit deferred issuing a request for proposals (RFP) in June 2005 for either parcel while the King County Library System performed its due diligence on both parcels. Following a ten month process, the library board voted in April 2006 not to proceed with a branch library at the transit center. During this period, Sound Transit staff was unable to negotiate a time extension due to the library’s lengthy process.

On June 16, 2006, Sound Transit issued an RFP for developing its TOD parcels at the Federal Way Transit Center. On August 16, 2006 the Korean Women’s Association, the Easter Seals of Washington, and Common Ground responded with a joint proposal. Their proposal - to fund, construct and own a mixed use project - was the only one received. A second RFP for the other parcel has been issued, with responses due December 13, 2006.

Following extensive review of the proposal and discussions with the development team, Sound Transit staff and consultants concluded that there is sufficient merit in the proposed project and experience of the proponents to recommend entering into a purchase and sale agreement for the east TOD property, contingent on several requirements being achieved over the next 24 months. The proposed mixed use concept includes high density residential units for seniors with good potential for transit-dependent residents. The daycare center adjacent to the transit facilities is a national model for desirable transit-oriented use. Office use is expected to benefit from the extensive bus service available at the transit center, potentially further reducing single occupancy auto dependency.

The Korean Women’s Association plans to apply for federal funds needed to build its proposed 60-unit senior residential building in June 2007. In order to have a fully competitive application, the proposal will need to complete the City’s pre-application process by May 2007. Upon successful completion of that process, a number of discretionary code issues will have been resolved prior to submitting the federal application. The certainty provided by completing this

City process will also facilitate the development team's pursuit of other housing and capital funding from local, state and private sources, and expedite subsequent application for a building permit.

The purchase and sale agreement being negotiated with the Korean Women's Association includes contingencies that provide certainty for all parties. The contingencies begin with amending the TOD Agreement to allow sufficient time for a 2013 construction start at the latest, and end with the project receiving a building permit. An amended TOD agreement, a purchase and sale agreement, and a completed pre-application process will signal to potential funders that all significant risks for a successful project have been eliminated prior to a funding award. The City of Federal Way is assured that a highly desirable, quality development is in process on a known timeline, and Sound Transit meets its good faith responsibilities under the TOD agreement.

Prior environmental documentation and determinations by Sound Transit for the Federal Way Transit Center/Parking Structure and HOV Direct Access Ramp consisted of a NEPA Environmental Assessment (2001) and a Determination of Nonsignificance (DNS) under SEPA. A NEPA Finding of No Significant Impact (FONSI) was made by FTA and FHWA (2002). This environmental documentation anticipated future development of TOD at the Transit Center on the east and west parcels. The City subsequently adopted a planned action SEPA for its downtown which includes the TOD parcels. Any future additional environmental documentation that may be required to implement the TOD proposal, including SEPA and NEPA, will be the responsibility of the project developer and not Sound Transit.

Prior Board/Committee Actions on this Project

Motion/Resolution Number and Date	Summary of Action
R2004-13 9/23/04	(1) Repealed authority granted the Chief Executive Officer under Resolution No. R2003-14 related to the Federal Way Transit Center project; and (2) authorized the Chief Executive Officer to execute an agreement with the City of Federal Way, and (3) authorized the Chief Executive Officer to declare, in the future, certain real property adjacent to Sound Transit's Federal Way Transit Center project as surplus and to dispose of those properties.
R2003-14 7/10/03	Established an agreement for development the Federal Way Transit Center and the possible disposition of two parcels of land adjacent to the Federal Way Transit Center.
M2001-28 4/21/01	Entered into an agreement describing roles and responsibilities for development of the transit center and parking facility.
M99-60 9/23/99	Established criteria for evaluation of Transit Oriented Development (TOD).
Motion No. 45 11/13/97	Established a mission statement to guide the Transit Oriented Development (TOD) work program and setting forth principles related to land use and transit work activities of the RTA.

CONSEQUENCES OF DELAY

A delay in executing the proposed amendment beyond December 2006 will compress the schedule for the development team's ability to meet all contingencies leading to a June 2007 federal funding application, which if not made, could require Sound Transit to dispose of the parcel to the City of Federal Way, as provided in the TOD agreement.

PUBLIC INVOLVEMENT

Not applicable to this action.

ENVIRONMENTAL COMPLIANCE

SSK 10/26/06

LEGAL REVIEW

SS 10/27/06

SOUND TRANSIT

MOTION NO. M2006-77

A motion of the Board of the Central Puget Sound Regional Transit Authority authorizing the chief executive officer to amend the transit-oriented development agreement with the City of Federal Way by extending the construction start deadline for the East TOD Property located adjacent to the Federal Way Transit Center by two years to 2013.

Background:

Resolution No. R2003-14 provided that an interlocal agreement ("Agreement between Central Puget Sound Regional Transit Authority and the City of Federal Way for Future Development of Transit-Oriented Development at the Federal Way Transit Center" hereafter, TOD Agreement) be executed between Sound Transit and the City of Federal Way, which permitted the Federal Way Transit Center as an essential public facility and provided for a voluntary process for exploring transit oriented development on future surplus property adjacent to the transit center to assist with downtown revitalization.

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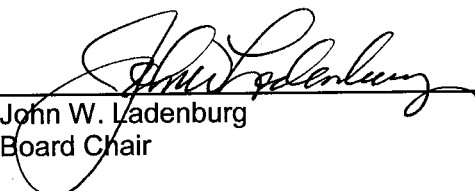
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Motion:

It is hereby moved by the Board of the Central Puget Sound Regional Transit Authority that the chief executive officer is authorized to amend the transit-oriented development agreement with the City of Federal Way by extending the construction start deadline for the East TOD Property located adjacent to the Federal Way Transit Center by two years to 2013.

APPROVED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on November 9, 2006.


John W. Ladenburg
Board Chair

ATTEST:


Marcia Walker
Board Administrator