



Tukwila City Council Agenda

❖ COMMITTEE OF THE WHOLE ❖

Jim Haggerton, Mayor Councilmembers: ❖ Joe Duffie ❖ Joan Hernandez
Steve Lancaster, City Administrator ❖ Allan Ekberg ❖ Verna Seal
Dennis Robertson, Council President ❖ Kathy Hougardy ❖ De'Sean Quinn

❖ **To be followed by a Special Meeting** ❖

Monday, August 23, 2010, 7:00 PM

Tukwila City Hall Council Chambers

1. CALL TO ORDER / PLEDGE OF ALLEGIANCE

2. CITIZEN COMMENT

At this time, you are invited to comment on items not included on this agenda (***please limit your comments to five minutes per citizen***). To comment on an item **listed** on this agenda, please save your comments until the issue is presented for discussion.

3. SPECIAL ISSUES



- | | |
|--|--------------|
| a. Recommendation for use of City Property. | Pg.1 |
| b. Tukwila Village—next steps. | Pg.15 |
| c. A Resolution approving and adopting a Voluntary Separation Program. | Pg.23 |
| d. An Ordinance regarding Traffic Concurrency Fees. | Pg.41 |
| e. Microsoft Enterprise Agreement and VoIP (Voice over IP) Telephone System. | Pg.51 |
| f. An ordinance adopting King County Animal Control Regulations. | Pg.61 |

4. REPORTS

- a. Mayor
- b. City Council
- c. Staff
- d. City Attorney
- e. Intergovernmental

5. MISCELLANEOUS

6. EXECUTIVE SESSION

7. ADJOURN TO SPECIAL MEETING

❖ SPECIAL MEETING ❖

❖ Ord #2305 ❖ Res #1723

1. CALL TO ORDER / ROLL CALL

2. CONSENT AGENDA

Approval of vouchers.

3. UNFINISHED BUSINESS

A resolution approving and adopting a Voluntary Separation Program.

Pg.23

4. ADJOURNMENT

Tukwila City Hall is wheelchair accessible.
 Reasonable accommodations are available at public hearings with advance notice to the City Clerk's Office (206-433-1800/TDD 206-248-2933). This notice is available at www.ci.tukwila.wa.us, and in alternate formats with advance notice for those with disabilities.
Tukwila Council meetings are audio taped.

COUNCIL AGENDA SYNOPSIS



-----Initials-----			
Meeting Date	Prepared by	Mayor's review	Council review
08/23/10	DCS	(M)	(WLR)
09/07/10	DCS		

ITEM No.

3.B.

ITEM INFORMATION

CAS NUMBER: **10-093** ORIGINAL AGENDA DATE: **AUGUST 23, 2010**

AGENDA ITEM TITLE **Tukwila Village Next Steps**

CATEGORY Discussion Motion Resolution Ordinance Bid Award Public Hearing Other

Mtg Date 08/23/10 Mtg Date 09/07/10 Mtg Date Mtg Date Mtg Date Mtg Date Mtg Date

SPONSOR Council Mayor Adm Svcs DCD Finance Fire Legal P&R Police PW

SPONSOR'S SUMMARY **The Council is being requested to provide direction on next steps for Tukwila Village.**

REVIEWED BY COW Mtg. CA&P Cmte F&S Cmte Transportation Cmte
 Utilities Cmte Arts Comm. Parks Comm. Planning Comm.

DATE:

RECOMMENDATIONS:

SPONSOR/ADMIN. **Mayor's Office**
COMMITTEE _____

COST IMPACT / FUND SOURCE

EXPENDITURE REQUIRED	AMOUNT BUDGETED	APPROPRIATION REQUIRED
\$	\$	\$

Fund Source:

Comments:

MTG. DATE	RECORD OF COUNCIL ACTION
08/23/10	

MTG. DATE

ATTACHMENTS

MTG. DATE

08/23/10 **Informational Memorandum dated 8/18/10, with attachments**



INFORMATIONAL MEMORANDUM

TO: Mayor Haggerton

FROM: Derek Speck, Economic Development Administrator

DATE: August 18, 2010

SUBJECT: Tukwila Village Next Steps

ISSUE

In June 2010 Tarragon, the City's developer for Tukwila Village, withdrew from the project. This is an appropriate time for the City to determine its next steps.

BACKGROUND

At the City Council meeting on May 17, 2010 City staff presented an update on the status of Tukwila Village and explained that economy had affected the timeline for the project. The timeline for the original vision in which the library, retail, plaza, and residential were all built at the same time anticipated completing our legal agreements with Tarragon in 2010. In preparation for the May update, Tarragon continued to express interest in developing the project. However, Tarragon said they would wait to start design until the economy and credit markets have improved. It was staff's prediction that Tarragon would complete design in 2012 and complete the first phase of construction in 2015.

Due to this extended time frame, at the May 17th Council meeting there was discussion about moving forward with the library portion of the project to "get the ball rolling" and then develop the retail and residential portions as the economy improves. Council asked staff to return with some options.

Since that meeting, staff checked with Tarragon to see what initial portion of the development they would like to do. They considered all imaginable options, even just building the library by itself. After much thought, they determined that constructing just one building is not the type of business they want to be in and they don't see market demand or financing for a larger development in the near future. This extra scrutiny prompted them to assess their general business model and they determined that building a mixed-use neighborhood development is no longer a good fit with their business model and they don't anticipate that model changing in the next few years. Thus, they said they are no longer interested in developing Tukwila Village and have withdrawn their proposal.

After hearing that decision from Tarragon, we contacted Legacy since they were the alternate developer. We had a good conversation but the markets have changed and Legacy is also not interested in developing Tukwila Village at this time.

We also contacted Legacy's partner in its development proposal, the Low Income Housing Institute. LIHI had proposed the 50 units of affordable senior housing and some affordable townhouses. They still have a passion for providing this sort of housing but after some analysis,

they decided that without being part of the entire development, and given some changes in Washington State's affordable housing finance programs, they would need a considerable subsidy from the City to be able to construct affordable housing at this time. Since the City is facing significant budget challenges, staff explained that it is unlikely we could provide a large subsidy and so they declined to participate at this time.

The King County Library System has stood with us throughout these discussions and they remain interested and have funding. They have started their process to hire an architect to look at the Tukwila Village site and determine the optimal location and amount of space on the property if they were to construct the library as a stand-alone building. Before we move too far down this path, we would like to better understand the Council's level of interest in this option.

DISCUSSION

At this stage, the City has five basic options for next steps:

- (1) **Issue a new Request for Qualifications (RFQ):** The City could start a traditional process to seek qualifications packages from interested developers.
- (2) **"Softly market" the property:** The City could continue to invest staff time and resources into discussions with potential developers and commercial tenants.
- (3) **Hold:** The City could reduce the staff time and other resources being dedicated to Tukwila Village and just hold the property for some period of time until the economy improves.
- (4) **Explore a "Library Stand-Alone" option:** The City and Library could explore whether the Library could lease or purchase a portion of the Tukwila Village land in order to construct their own building even before another developer is selected.
- (5) **Sell the land:** The City could decide to not continue with the Tukwila Village vision and could surplus the property.

Following is a more detailed explanation of the options:

- (1) **Issue New RFQ:** In 2008 the City issued a Request for Qualifications to seek letters of interest from developers. The City then solicited proposals from the top three developers and then selected one developer for the project. The City could restart that entire process. A full process that tries to get interest from developers across the U.S. takes significant staff time and many months to complete. We are currently in a national recession that is compounded by a severe lack of commercial credit for new development. It difficult to predict how long this situation will last but it could significantly hinder a developer's ability to get commercial tenants and financing for Tukwila Village which means it could be years until the project is financially feasible. In this economic environment, it is unpredictable how many qualified developers would be interested.
- (2) **Softly Market:** City staff is always in conversations with developers and commercial tenants about opportunities in Tukwila, including Tukwila Village. We can continue to talk with developers and tenants to explore possibilities. After we have a sense of developer interest, we can decide whether to issue an RFQ. Currently Staff is in exploratory discussions with a senior housing developer and another mixed-use residential developer.

- (3) **Hold:** Given the economy and commercial credit crunch, it is difficult to predict whether other developers would be interested in Tukwila Village. Actively working on the project requires staff time and resources. We could decide to put the project "on hold" for a year or two until the economy improves before making any major changes to the project's vision. This option would allow staff time to be spent on other projects.
- (4) **Library Stand-Alone:** The King County Library System has expressed a preference to be an integrated part of the Tukwila Village development. However, since it is now unknown how long it will be until the development starts, the Library would like to explore constructing their own stand-alone building on a portion of the site. The benefits of building a library now is that KCLS has funding and the longer the project takes, the more possible it is that the Library would lose the funding. Also, getting some new construction on the Boulevard sooner rather than later can boost the community's spirits and send a positive message to other property owners and developers. The risk is that constructing a stand-alone building could be a less efficient use of space which could reduce the City's land value and could make it harder to get a developer for the whole project. It also could also reduce the amount of synergy between the library and the rest of the development in terms of creating a "public gathering space".

How much a Library stand alone building would affect future development potential depends on which portion of the site and how much of the site the Library would need. The Library has started a process to hire an architect to help them answer those questions. It will take the Library a few months to work through that process. At this time, the City does not need to agree to definitely support a stand-alone building; however, if we are clearly not open to this option, we can save the Library and City some time and money by not exploring it.

- (5) **Sell The Land:** Now that we no longer have a developer for Tukwila Village, this is a good time for the Council to decide if it still has the same vision for the project are willing to wait.

If the Council continues to support the vision for Tukwila Village and is willing to wait for a better development environment while continuing to invest resources in the project, then Option 5 can be ruled out. Between options 1, 2 and 3, Staff recommends Option 2. We gain a lot of valuable information by talking with developers that will help us bring the property to market in the future. Option 1 is too unpredictable and it is better to wait to issue an RFQ until after we have a much better sense of interest from at least one or two developers.

If the Council continues to support the vision for Tukwila Village, and if the Council is open to selling or leasing a portion of the site, then Option 4 also makes sense. The City can pursue Options 2 and 4 at the same time.

If the Council selects Option 2 "Softly Market" the site, Staff would appreciate Council direction on:

- (1) Is the City willing to consider selling or leasing a portion of the site as long as it fits the vision? For instance, if a developer wanted to construct an office building or senior housing on the two acres south of S. 144th Street but does not want the rest of the site, are we open to that?
- (2) There are certain types of commercial tenants that are more likely to seek space in this economic climate as compared to traditional retail. Some examples are in the

healthcare field such as medical offices and non-profit clinics. Other examples are non-profits or businesses that provide adult education classes. Are we open to these types of uses?

If the Council selects Option 4 to explore a stand-alone building for the Library, Staff would appreciate Council direction on:

- (1) Are there certain portions of the site the Council already knows should not be considered?
- (2) Does the Council want any special requirements? For example, does the building have to integrate to the future public plaza? Are there other uses must be included at the same time such as a coffee shop or community meeting rooms?

RECOMMENDATION

The Council is being asked to approve a motion in support of one of the options and consider this item at the August 23, 2010 Committee of the Whole Meeting and subsequent September 7, 2010 Regular Meeting.

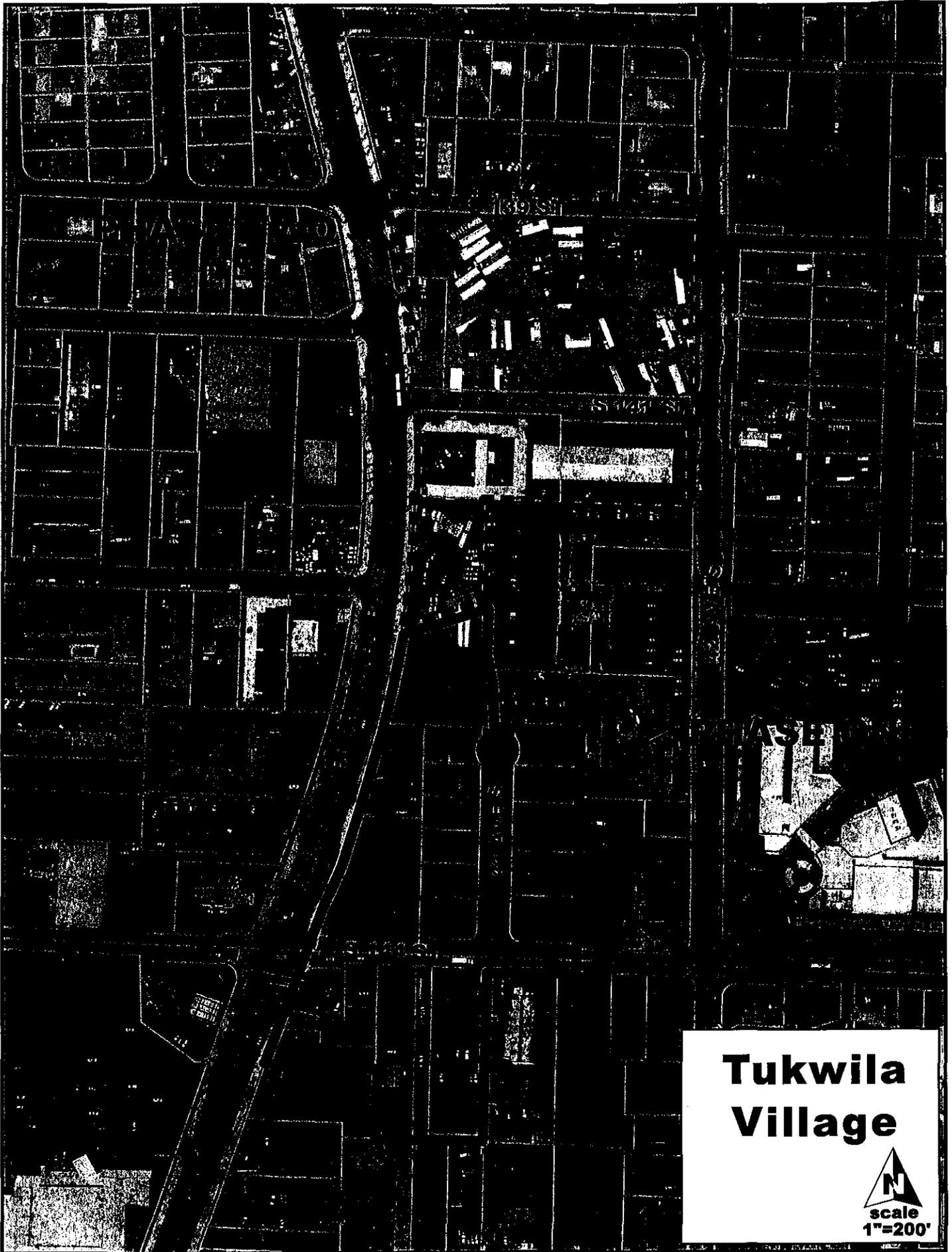
ATTACHMENTS

Tukwila Village Adopted Vision Statement
Tukwila Village Aerial Photo

Vision for Tukwila Village

Approved 9/17/07

Tukwila Village will be a welcoming place where all residents can gather and connect with each other. This mixed-use development will draw upon Tukwila's strengths and include a library, a neighborhood police resource center, retail, restaurants, public meeting space, and an outdoor plaza. The Village may also include office, live/work, and residential space. This active, vibrant place will set high standards for quality and foster additional neighborhood revitalization and civic pride.



Tukwila Village

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scale
1"=200'