







## **INFORMATIONAL MEMORANDUM**

**TO: Mayor Haggerton  
City Council**

**FROM: Derek Speck, Economic Development Administrator**

**DATE: June 20, 2012**

**SUBJECT: Tukwila Village Library Proposed Deal Terms**

### **ISSUE**

The City Administration requests Council approval of proposed deal terms with the King County Library System for a new library in Tukwila Village.

### **BACKGROUND**

For a number of years, the City and the King County Library System (KCLS) have expressed a desire for KCLS to open a branch library as part of the City's Tukwila Village development. In late 2010 KCLS began an evaluation of three sites within Tukwila Village that would be suitable for a stand-alone library. KCLS determined that the northeast corner of the intersection of Tukwila International Boulevard and South 144<sup>th</sup> was the best option and presented their analysis to the City Council on February 28, 2011. On March 7, 2011 the City Council approved a strategy for Tukwila Village that started a developer selection process for Tukwila Village and began negotiations with KCLS such that if they could not reach an agreement with the developer they could purchase the property from the City.

On June 6, 2011 the City Council selected Tukwila Village Development Associates, LLC (TVDA) as the developer for Tukwila Village and the next week, City staff met with KCLS and TVDA to begin joint negotiations. Since that time, the three parties (KCLS, TVDA, and the City) have invested a great deal of time and energy refining the Tukwila Village site plan and negotiating key terms for the development to meet everyone's interests. The current proposal is for the City to sell a portion of the lot directly to KCLS. Before the City and KCLS dedicate a significant amount of attorney time to draft the purchase and sale agreement, staff requests Council approval of the main terms to be used in the agreement.

### **DISCUSSION**

City and KCLS staffs have agreed on the main terms that would form the basis for a purchase and sale agreement (see attached term sheet). Following is a summary of the key terms:

#### Price, Lot, and Building Size:

- The City will sell a portion of the Tukwila Village property at the northeast corner of the intersection of Tukwila International Boulevard and South 144<sup>th</sup> Street (see attached conceptual site plan) to KCLS for \$500,000 for a 10,000 square foot library.

#### Coordination with TVDA:

- KCLS will complete a conceptual site plan for their parcel and conceptual architectural design no later than 45 days after TVDA submits a complete design review application for its first development phase.
- The City's agreement with TVDA will ensure that TVDA constructs the shared infrastructure necessary for the library during TVDA's first development phase. KCLS will

pay to TVDA a proportional and reasonable contribution toward the shared infrastructure costs.

Timing:

- KCLS will submit building permit applications within ten months after the date TVDA submits building permit applications for the first development phase.
- KCLS and the City will close escrow (exchanging payment and ownership) after the building permits for the library and the first development phase are ready to be approved.
- If KCLS is unable to close escrow, the City-KCLS agreement terminates.
- If KCLS has not substantially started construction within six months after close of escrow or if KCLS has not completed construction within two years after starting construction, the City may repurchase the parcel for \$500,000 plus the reasonable cost of any improvements.

Design Quality:

- The City's review of the site plan and building design will be handled through the same process as any private development. In addition, KCLS has committed that all facades of the library will be of high quality design consistent with their organization's standards for libraries they've recently built and that the City may use these standards during the design review process.

Price, Lot, and Building Size: The lot is the most visible corner of Tukwila Village. The library is an excellent use for the corner since it will anchor the development as a public space, attract people to the development, and support a positive image. Because KCLS has agreed (see conceptual site plan) to have no parking or road between the library and the plaza, people using the library will be more likely to use the plaza and indoor commons. The \$500,000 price is very fair and appropriate. The City recently completed an appraisal for this corner lot that estimated a value of \$55 per square foot for a business with a drive through (such as fast food), or \$30 per square foot if a drive through is not allowed. Since if the library were not put on this lot it is very unlikely the city would allow a business with a drive through in its place, the lower estimate is more appropriate. The specific lot boundaries are still to be determined but a rough estimate is between 20,000 and 25,000 square feet, resulting in a range of \$600,000 to \$750,000. KCLS has stated that \$500,000 is the maximum they can afford to pay. At the same time, KCLS previously indicated they had funding for an 8,000 square foot building but not the larger 10,000 sought by the City. By agreeing to \$500,000 the City is providing the commitment necessary that enabled KCLS to commit to building a 10,000 square foot building.

Coordination with TVDA: These proposed terms strike a balance to enable KCLS and TVDA to move forward on their own schedules while requiring the minimum necessary coordination. These terms will not require the library and TVDA's architectural styles to match but will ensure the general style concepts are developed at the same time, which ensure an opportunity for the two organizations to coordinate. These terms will ensure that the site plan elements (grading, pedestrian access, vehicle access, parking, etc.) will be integrated.

Timing: The proposed terms are structured to allow KCLS plenty of time to accomplish its commitments while giving the City the ability to either terminate the agreement or purchase the property back if the library is not moving forward to completion.

Design: The proposed terms are intended to give the City the assurance that KCLS will build the library with a high quality design and materials consistent with the libraries that KCLS has

recently built. The City's control over design would be similar to its ability with any private development with the additional assurance of meeting KCLS standards.

It is important to note that the Council's vote on this proposed deal terms does not bind the City. This vote is not a legal requirement but is a staff request to publicly document the main terms to ensure staff is moving forward on the right path.

Next steps: If Council approves the proposed terms, staff will work with KCLS to draft the full purchase and sale agreements with the intent of returning to Council for approval of those agreements in July.

**FINANCIAL IMPACT**

No additional budget is necessary for this action.

**RECOMMENDATION**

The Council is being asked to approve the proposed term sheet and consider this item at the June 25, 2012 Committee of the Whole meeting and subsequent June 25, 2012 Special Meeting.

**ATTACHMENTS**

Proposed Term Sheet  
Conceptual Site Plan



## PROPOSED TERM SHEET

6/20/12

1. The City will sell the King County Library System (KCLS) a legal lot consisting of a portion of the northeast corner of the intersection of Tukwila International Boulevard and South 144<sup>th</sup> Street to KCLS for a 10,000 square foot library for a price of \$500,000. The lot boundaries shall be mutually agreeable to KCLS, the Developer, and the City.
2. KCLS shall submit a conceptual site plan for the library parcel and a conceptual architectural design for the library building no later than 45 days following the date that Tukwila Village Development Associates LLC (the "Developer") submits a complete design review application for the first phase of the Tukwila Village development. The conceptual site plan for the library parcel must be mutually agreed upon by KCLS and the Developer.
3. City shall ensure the Developer's first phase shall include the shared infrastructure needed to operate a library on the library parcel such as roads, shared utilities, shared parking areas and storm water/water quality detention system.
3. KCLS will submit building permit applications within ten months after the date the Developer submits building permit applications for the first phase.
4. KCLS and the City will close escrow after the KCLS building permit for the library and the Developer's building permits for the first phase are ready to be approved. If KCLS is unable to close escrow within 30 days from when its building permits are ready to be approved, the agreement terminates.
5. If KCLS has not substantially commenced construction of its branch library on the library parcel within six months from close of escrow or if KCLS has not completed construction within two years from substantially commencing construction (unless such failure to commence construction arises from any delay in construction or completion of the first phase of the Tukwila Village project or force majeure events), the City may re-purchase the Tukwila Library parcel at the same purchase price plus the reasonable cost of any improvements.
6. All facades of the library shall be of high quality design consistent with the Library System's standards for libraries recently built by KCLS. The City may use these standards during the design review process.
7. KCLS will pay to Developer a proportionate and reasonable contribution towards shared infrastructure costs that benefit the library branch and will agree to enter into reciprocal easements for shared utilities, vehicular and pedestrian access, parking, drainage, water quality treatment and detention systems, including shared maintenance costs. KCLS will not be required to pay a parking management fee.



**Legend**

- I - Focal Point / Meeting Place
- J - General Use Parking
- K - On-Street Parking
- L - Plaza Extension Across S 144th St, with Median / Pedestrian Refuge Island
- M - Existing Metro Bus Stop
- N - Library Monument Sign
- O - Relocated Crosswalk
- P - Plaza
- A - Indoor Commons (2,000 SF)
- B - Potential Cafe/Coffee Shop with Outdoor Seating
- C - Commercial / Retail
- D - "Village Green"
- E - Village Green Entry
- F - Promenade
- G - Library Plaza and Main Public Entrance
- H - Restaurant / Coffee Shop with Outdoor Seating

**TUKWILA VILLAGE**

Tukwila Village Development Associates, LLC

**Concept Site Plan**



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 Land planning  
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**General location of proposed parcel to sell to King County Library System**

March 19, 2012