



Planning and Economic Development Committee Minutes

Monday, December 3, 2018

5:30 PM

SeaTac City Hall – Council Chambers

Members:	Present:	Absent:	Commence:	5:35 P.M.
			Adjourn:	7:13 P.M.

Rick Forschler, Chair	X
Peter Kwon	X
Joel Wachtel	X

Other Councilmembers: Pam Fernald, Mayor Erin Sitterley, Deputy Mayor Clyde Hill, Amina Ahmed

Staff Present: City Manager Joseph Scorcio; Steve Pilcher, CED Director; Aleksandr Yeremeyev, Economic Development Strategist; Mark Johnson, Sr. Assistant City Attorney; Gwen Pilo, Finance Director; Lawrence Ellis, Parks & Recreation Director

<p>1. Public Comment</p>	<p>Chair Forschler clarified the reason for the change in the meeting location and the roles of the Council members in attendance.</p> <p>Roger Kadeg spoke regarding the potential sale of the former Fire Station 47 site to LIHI, expressing his concern about the potential purchaser and the lack of need for additional low income housing.</p> <p>Abdulhakim Hashi spoke in regards to potential sale of SeaTac Center properties and its impact on family run businesses.</p> <p>Abshir Mohammed spoke in opposition to the sale of SeaTac Center; he indicated they are in discussions with Mr. James of the Inland Group.</p> <p>An unidentified individual representing the Bakaro Mall, spoke of their history and the impact the potential sale will make to the family businesses located there. They need more time to explore options.</p> <p>Cheryl Ford, formerly of the City’s Human Services Committee, spoke of the need for affordable housing in the city and all of south King</p>
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	<p>County.</p> <p>Aneelha Aflazi spoke in regards to the SeaTac Center. She emphasized the Council's stated support for the immigrant community. She does not see where the PSA addresses the business community.</p>
<p>2. Minutes of 11/1/18 Meeting</p>	<p>Moved and seconded to approve. Approved 3-0.</p>
<p>3. PSA for SeaTac Center properties</p>	<p><u>X</u> Recommendation</p> <p>City Manager Joseph Scorcio provided background information, noting the Council had asked the staff to begin negotiations to sell this site. He stated a Development Agreement is also anticipated. He explained the nature of the PSA and some of its details. Mr. Scorcio noted the importance of the Inland Group performing its due diligence.</p> <p>Sr. Asst. City Attorney Mark Johnsen outlined some of the details of the process included in the PSA. There is an initial 90-day feasibility contingency period, followed by a 60-day financing contingency period. After this initial 150 day period, there are options to extend by 30 day increments, a total of 4 times. Each extension requires the payment of additional funds into escrow, which the City would receive in the event the transaction does not move forward. A Development Agreement must be negotiated in order for the transaction to close. That process has yet to begin.</p> <p>Chair Forschler stated that he believes this process is moving too quickly and the City should wait until the convention center study is completed. He stated more information is needed before making a decision.</p> <p>CM Scorcio noted that both parties have been moving forward in good faith, per the decisions and direction of the Council. He noted that the results of the convention center study could result in a determination that one is not feasible in SeaTac, let alone at this site.</p> <p>CM Wachtel stated his concern that the SeaTac Center site is not a good location for a conference center. He is opposed to considering this as a possible site for a convention center.</p> <p>CM Kwon asked if the City could back out of the PSA in the future. Mr. Johnsen stated that is not an option. He noted there is a default clause in the agreement that leaves the City liable for damages in the event it backs out of the deal.</p> <p>Mayor Sitterley spoke in favor of providing more housing in the city in order to support businesses. She advocated moving forward at this time, rather than delaying for a convention center study and its results.</p>

	<p>CM Fernald spoke of the need to move forward in good faith with the Inland Group. Delaying for a convention center study is too much speculation.</p> <p>CM Ahmed asked if there is a way for the agreement to include any language about the Inland Group negotiating with the tenants of the SeaTac Center. Mr. Scorcio and Mr. Johnsen both addressed the challenges of the City taking any role in these discussions. It would be difficult to make this a part of the PSA.</p> <p>CM Hill notes the PSA does not address social feasibility of the projects and questioned whether it could be addressed here or in the Development Agreement. Mr. Scorcio indicated this would not be appropriate in the PSA, but could potentially be addressed in the DA. However, it is difficult to make this an issue in the agreement.</p> <p>CM Fernald and CM Ahmed both spoke in favor of moving forward with the PSA.</p> <p>Keith James, Inland Group, spoke of the desire to move forward quickly with the PSA and their plans for development. He addressed their efforts to work with the tenants and to provide financial incentives for them to stay. There have been four meetings with the tenants so far. The Inland Group explored a phased building solution, but it did not approve to be viable. They are working with a real estate broker to help find potential locations for the businesses to relocate to while property redevelopment occurs.</p> <p>A SeaTac Center Coalition representative brought the committee's attention to a letter just sent from their legal counsel.</p> <p>Aneelha Aflazi stated the City is abrogating its responsibilities by not negotiating directly with the Coalition and instead, leaving it up to the Inland Group. There would be no harm in waiting to make a decision.</p> <p>Earl Gipson discussed the City's problem with real estate transactions and questioned whether individual council members are allowed to talk to the Inland Group while negotiations are underway.</p> <p>Moved to recommend approval of the PSA to the full Council; seconded. Passed 2-1.</p>
<p>4. PSA for former Fire Station 47 site</p>	<p><u>X</u> Recommendation</p> <p>City Manager Scorcio gave an introduction to the LIHI PSA. He explained some of the differences between it and the SeaTac Center proposal. For one, a development agreement is not anticipated.</p> <p>CM Kwon expressed his desire that the provision of ground floor commercial be addressed in the agreement.</p>

	<p>CM Wachtel expressed significant concerns regarding LIHI and suggested delaying discussion to a future date when there is more time. Chair Forschler agreed that a delay would be beneficial.</p> <p>Moved to not approve the PSA; seconded. Passed 3-0 to move forward to full Council, with direction to send back to the staff and Committee.</p>
5. Convention Center	<p>CED Director Steve Pilcher provided a brief report on staff's discussion with a consultant to perform the study. Staff anticipates entering into a contract before the end of this week or the week of December 17th.</p>
6. Adjourn	<p>The meeting was adjourned at 7:13 p.m.</p>