



MEMORANDUM

COMMUNITY & ECONOMIC DEVELOPMENT

Date: February 27, 2013
To: Planning Commission Members
From: Mike Scarey, AICP, Senior Planner *MS*
Through: Gary Schenk, Acting Community and Economic Development Director *GS*
Subject: Upcoming Meeting – Tuesday, March 5, 2013

Note: Tuesday's meeting will begin at 6:00 rather than the usual 5:30, to accommodate an Open House on the Comprehensive Plan which will begin at 5:15. Commissioners are welcome to attend.

Agenda items for Tuesday's meeting are as follows:

1) **Draft Minutes of February 19, 2013 Planning Commission Meeting**

Background:

Draft minutes of the previous meeting presented for approval.

Exhibits Associated with this Item:

Exhibit A: City of SeaTac, Planning Commission, Draft Minutes, February 19, 2013

2) **Briefing on Open Public Meetings Act, Conflict of Interest Issues, and Public Records**

Presenter:

Mark Johnsen, Senior Assistant City Attorney

Background:

The Open Public Meetings Act, conflict of interest issues, public records and other laws and ethical standards are important to the conduct of the Commission's business as a public forum. Mr. Johnson will address these issues and respond to any questions Commissioners may have.

Exhibits Associated with this Item:

Exhibit B: Legal Department memo.

Anticipated Schedule for this Item:

There is no schedule associated with this item at this time.

3) 2013 Comprehensive Plan Amendment Process

Presenter:

Mike Scarey, Senior Planner

Background:

As noted above, the regular Planning Commission meeting will be preceded by an Open House, the purpose of which is to provide information to the public about the Comprehensive Plan in general and the 2013 amendment process. Since the deadline for proposing amendments is Friday, March 29, the open house allows time for interested parties to learn about the process, and prepare an application before the application window closes.

For this agenda item, staff will outline the process, describe any amendments that we are aware of at this time and respond to any questions that the Commission may have.

Exhibits Associated with this Item:

Exhibit C: Anticipated schedule for the 2013 Comprehensive Plan Amendment Process.

Anticipated Schedule for this Item:

The schedule is shown on Exhibit C.

4) Update about Major Comprehensive Plan Update

Presenter:

Mike Scarey, Senior Planner

Background:

Staff is working on the major update of the Comprehensive Plan, which is scheduled to be completed by December 1, 2014. Tuesday's presentation will be an update about the process, and progress to date.

Exhibits Associated with this Item:

No exhibit.

Anticipated Schedule for this Item:

A schedule of specific dates has not yet been developed.

5) Review of Draft Letter to the City Council about the City Center Park-and-Fly Code Amendment Process

Presenter:

As this is a discussion item generated by the Commission, there is no presenter.

Background:

At the February 19 Planning Commission meeting, the Commission expressed a desire to

communicate their thoughts to the City Council about improving the review and decision-making process, especially where major policy initiatives are concerned. A letter for this purpose has been drafted, and this agenda item will afford the full Commission a venue to review, discuss and perhaps finalize this communication.

Exhibits Associated with this Item:

No Exhibit

Anticipated Schedule for this Item:

There is no schedule associated with this item at this time.

If you have any questions or comments about Tuesday's meeting, please feel free to call me or Mike Scarey at (206) 973-4750.

**CITY OF SEATAC
PLANNING COMMISSION MEETING**

Tuesday, March 5, 2013

**Council Chambers, SeaTac City Hall, 4800 S. 188th Street
6:00 p.m. to 7:30 p.m.**

MEETING AGENDA

1. Call to Order/Roll Call – 6:00 P.M.
2. Approve Minutes of February 19, 2013 Planning Commission Meeting – 6:00 P.M. to 6:05 P.M.
3. Old Business – None
4. New Business – 6:05 P.M. to 7:15
 - a. Briefing on Open Public Meetings Act, Conflict of Interest Issues, and Public Records
 - b. 2013 Comp Plan Amendment Process
 - c. Update about Major Comprehensive Plan Update
 - d. Review of Draft Letter to the City Council about the City Center Park-and-Fly Code Amendment Process
5. Detailed Commission Liaisons' Reports – 7:15 P.M. to 7:20 P.M.
6. Community & Economic Development Director's Report – 7:20 P.M. to 7:25 P.M.
7. Planning Commission Comments (*including suggestions for next meeting's agenda*) – 7:25 P.M. to 5:30 P.M.
8. Adjournment – 7:30 P.M.

**CITY OF SEATAC
PLANNING COMMISSION**

Minutes of February 19, 2013
Regular Meeting

Members Present: Daryl Tapio, Chairman, Roxie Chapin, Vice-Chair, Jim Todd

Members Absent: Tom Dantzler (excused); Joe Adamack, (excused)

Staff Present: Joe Scorcio, Community and Economic Development Director; Mike Scarey, AICP, Senior Planner; Albert Torrico, Senior Planner; Anita Woodmass, Associate Planner

1. Call to Order:

Chairman Tapio called the meeting to order at 5:35 p.m.

Prior to approval of the minutes, Mr. Scarey introduced new Community and Economic Development Director Joe Scorcio, who had started on the job just that morning. Mr. Scorcio introduced himself to the Commission, and outlined some of the highlights of his 30-plus-year planning career, including his most recent experience managing the development of the Chambers Creek properties in University Place, Pierce County.

Mr. Scarey also reminded the Commission that the March 5 Planning Commission Mtg. will begin at 6:00, not 5:30, to accommodate a Comprehensive Plan Open House from 5:00 to 6:00.

He also noted that the City is looking into posting the audio recordings of Planning Commission meetings on the City's website. Technically, the system to do that is not set up yet, but staff wanted to let the Commission know that this is in the works, and provide the opportunity to express any comments or concerns the Commission might have about that. Staff will notify the Commission before this is implemented.

The Commission asked to be kept informed about when the Urban Land Institute Technical Assistance Panel (ULI TAP) would be presenting its report to the City Council.

2. Approve Minutes of the February 5, 2013 Meeting:

Commission Chair Tapio noted that he had prepared some edits to the draft minutes that were included in the Commissioners' packets, and had emailed them to Mr. Scarey. Mr. Scarey had then created a Revised Draft Minutes which he had emailed to the Commissioners. Those were reviewed and a couple of grammatical and typographic errors were noted. Then on a motion by Chapin, 2nd by Todd, the February 5, 2013 meeting minutes, as amended, were moved and accepted by a 3-0 Commission vote.

3. **Old Business:** None

4. **New Business:**

A. **Discussion to Outline a Letter from the Commission to the City Council about the City Center Park-and-Fly Code**

Chairman Tapio began by stating that he would like to limit the scope of the letter to talking about the process that was used to create the park-and-fly code, ways to improve that process, and for the letter to be respectful and professional.

He then went on to summarize the history of the Zoning Code Update project. As part of describing that history, Councilmember Rick Forschler, who was present at the meeting, Commissioner Chapin and planners Scarey and Woodmass provided some details from their recollections of the process. A summary of that history follows:

- Approximately three years ago the Zoning Code Update Ad Hoc Committee was formed. The committee included business owners, property owners, citizens, and two Councilmembers as co-chairs: Ralph Shape, who was Mayor at that time, and Gene Fisher, who was Deputy Mayor at that time;
- The project initially had a broader scope, covering the update of the entire Zoning Code;
- The Zoning Code had already been rewritten under the direction of former Planning Director, Steve Butler. Then, Council decided to form the Ad Hoc Committee to review the Zoning Code.
- Approximately a year and a half into the project, the focus shifted to the section of the Code regulating park-and-fly development in the City Center. There was some discussion about how that came about, but no firm recollections. [Subsequent to the meeting, staff research confirmed that that shift in focus took place during the time when the Council was reconsidering the vision for the SeaTac/Airport Station Area in a series of “Special LUP Meetings” that were attended by the full Council from June to September, 2010. At that time, Council directed the AD Hoc Committee to narrow their focus to address the City Center park-and-fly regulations.];
- Staff stated that their direction to work on the parking code came from the City Manager;
- When the revised City Center park-and-fly code was initially completed, it contained two models that were addressed in a SEPA determination. That determination was appealed by two parties, one of which had been an Ad Hoc Committee member;
- The Ad Hoc Committee revised their recommendation to remove Model 2 and proceed with Model 1 and the appeals were subsequently dropped;
- That revised proposal was reviewed in a separate SEPA process for which an outside consultant was retained to act as the City’s SEPA Responsible Official for that project.
- Three comment letters were received but no appeals were filed;
- That proposal went forward with a public hearing and then to Council and was presented numerous times at Study Sessions and a special Council Meeting;
- In the final Council Study Session Councilmembers stated that the proposed code was not consistent with their vision. However, the SEPA review found that the code was

consistent with the Comprehensive Plan policies [after the City Center road standards were re-instated].

It was noted here by several speakers that Council had been briefed numerous times at Study Sessions, workshops and special meetings during the course of the park-and-fly code's development, but that there were no indications that the Council was not satisfied with the direction staff, the Ad Hoc Committee, and Planning Commission were taking. There were no suggestions from Council during any of the update meetings that suggested changing the direction of the process, the review or the content. Only at the last meeting after considerable time and effort went into the project did the Council raise objections and decide not to move forward with the draft code.

During the discussion recalling the project's history, both Doris Cassan and Earl Gipson interjected comments:

- Doris Cassan: Our representative on the Ad Hoc Committee spent countless hours going through the entire Zoning Code;
- Earl Gipson:
 - There were development projects pending, which is why the focus shifted to the park-and-fly code.
 - Airport Manager Mark Reiss recently stated at a chamber of commerce meeting that the Port was opposed to the proposed City Center park-and-fly code, and noted that the Port is a direct competitor with the City for park-and-fly business. Mr. Gipson feels that, as a Port employee, Mayor Anderson has a conflict of interest and should recuse himself from discussions about the park-and-fly code.
 - The project was sidetracked when one of the members of the Ad Hoc Committee disagreed with the majority decision of the committee and appealed the first SEPA determination.

Mr. Todd stated that we should ask for better guidance for major projects next time from Council.

Councilmember Forschler stated that he knew of at least two projects that were stalled due to Council decisions. One involved uncertainty over the road layout on the Gordon Tang property, which resulted in the hotel operator pulling out of the project. Another involved the Cassan mixed-use project, which resulted in several lost hotel companies. With the uncertainty the companies can't wait and move on to other opportunities. He also stated that the stalled projects have led to poor relations between the City and developers.

Mr. Tapio stated that a broader issue is the Council may have an idealistic and vague vision of Transit Oriented Development (TOD) in the City Center and that a property owner along with their lender may not be able to reach agreement with the Council. It may be that this area is not like other potential TOD areas, being next to a major international airport. He referenced the Street Sense study that was done a few years ago, which found that the area's potential for retail and residential uses was much less than what the City expected to find along with other major obstacles. A property owner may enter into an expensive and time-consuming Development Agreement negotiation process ultimately unable reach agreement with the Council.

Councilmember Forschler recalled the experience several developers have had trying to negotiate with the Tukwila City Council for the Tukwila Village project at IB/144th. Sabey Corp. spent significant time and energy, prepared architectural plans and were ultimately unable to reach agreement with the Council. He stated that the market should likely be the driver for development.

Several speakers commented that discussion and decisions on significant issues should be held in the council chambers. If private meetings are held by councilmembers the information and arguments should be brought back to the council chambers and discussed in an open public meeting. Opportunity for discussion should be allowed to consider any new information.

It was decided by consensus of the Commissioners present to go forward with drafting a letter to Council, and that Commissioner Adamack, having volunteered to do so, would work with Commission Chair Tapio to draft the letter. Mr. Scarey confirmed that only two Commissioners would be able to work on drafting the letter without violating the Open Public Meeting requirements.

For the remaining Zoning Code review going forward there was discussion that there are over 1000 comments from the Ad Hoc Committee, staff, and citizens. Planning this effort will be project in itself. Breaking this into manageable chapters and starting with less controversial sections may build momentum for the project.

5. Detailed Commission Liaison's Report:

None

6. Community & Economic Development Director's Report:

See notes prior to approval of the minutes, above.

7. Planning Commission Comments (including suggestions for next meeting's agenda)

None

8. Adjournment:

By the consensus of the Commission, the meeting was adjourned at 6:43 p.m.

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LEGAL DEPARTMENT MEMORANDUM

TO: Planning Commission
FROM: Mark S. Johnsen, Senior Assistant City Attorney *MSJ*
DATE: January 9, 2013
SUBJECT: Open Public Meetings Act ("OPMA") and Appearance of Fairness

With the beginning of a new year and the addition of a new Planning Commissioner, it was suggested that I (again) provide the Planning Commission with a memo pertaining to the Open Public Meetings Act ("OPMA") and the Appearance of Fairness Doctrine. I plan on attending the February 5, 2013 Planning Commission meeting to answer any questions regarding the information contained in this memo or discuss any other legal questions that the Commission would like to address. If there are specific issues you would like to bring to my attention in advance of the February 5, 2013 meeting, feel free to email me at mjohnsen@ci.seatac.wa.us or call me at 206.973.4635.

Open Public Meetings Act.

To whom does the OPMA apply?

The basic mandate of the Open Public Meetings Act is as follows:

"All meetings of the governing body of a public agency shall be open and public and all persons shall be permitted to attend any meeting of the governing body of a public agency, except as otherwise provided in this chapter."

The OPMA applies to "meetings" of a "governing body" of a public agency. A "governing body" is defined in the OPMA as follows:

"Governing body" means the multimember board, commission, committee, council, or other policy or rule-making body of a public agency, or any committee thereof when the committee acts on behalf of the governing body, conducts hearings, or takes testimony or public comment."

Therefore, the OPMA applies to more than just meetings of the whole Council. It also applies to committee meetings and meetings of other boards such as the Planning Commission.

When does the OPMA apply?

In order for the OPMA to apply, there must be a "meeting" of a governing body. Sometimes it is very clear that a "meeting" is being held that must be open to the public, but other times it isn't. To determine whether a governing body is having a "meeting" that must be open, it is necessary to look at the OPMA's definitions. The OPMA defines "meeting" as follows:

"Meeting" means meetings at which action is taken."

"Action," as referred to in the above definition of "meeting," is defined as follows:

"Action" means the transaction of the official business of a public agency by a governing body including but not limited to receipt of public testimony, deliberations, discussions, considerations, reviews, evaluations, and final actions. "Final action" means a collective positive or negative decision, or an actual vote by a majority of the members of a governing body when sitting as a body or entity, upon a motion, proposal, resolution, order, or ordinance."

Since the Planning Commission can transact business when a quorum (majority) of its members are present, it is conducting a meeting subject to the requirements of the OPMA whenever a majority of its members¹ meet together and deal in any way with City business. This includes formal discussions or simply discussing some matter having to do with City business.

Must meetings be held in person in order for the OPMA to apply?

No. Because members of a governing body may discuss the business of that body by telephone or e-mail, it is not necessary that the members be in the physical presence of each other for there to be a meeting subject to the Act. Issues related to email communication as it relates to the OPMA are discussed below.

What is a regular meeting?

A regular meeting is one that requires notice by adopting an Ordinance or Resolution according to a schedule adopted by Ordinance or Resolution. Currently, Planning Commission meetings held on the first and third Mondays of each month are regular meetings.

What is a special meeting?

A special meeting is any meeting that is not a regular meeting. In other words, special meetings are not held according to a fixed schedule. This includes retreats which are not held at the regularly scheduled time. Under the OPMA, special meetings have specific notice requirements. Planning Commissions can hold special meetings similar to the City Council.

¹ In the case of the City Council, a quorum would mean four or more Councilmembers. In the case of the five-member Planning Commission, a quorum would be three members.

What notice requirements are required for a Special Meeting?

Notice of special meetings of the public agency must be accomplished by providing notice to each Commission Member and providing 24 hours notice to a local newspaper of general circulation and posting the notice and the agenda at established public places (such as City Hall and the fire Stations).

A special meeting may be called by the presiding officer of the Commission or a majority of the whole Commission, provided that the notice requirements listed above are met.

What about emergency situations when there is no time for notice to be given before a meeting?

An emergency suspends the notice requirements under the OPMA.

At a special meeting, can topics not on the agenda be discussed?

Generally, no. The purpose of the notice requirement is to advise interested parties what action a governing body will be taking so that they may make a decision as to whether they should attend the meeting. Due to the broad definition of "action" under the statute, discussions are likely "action" under the statute. It should be noted that this requirement only applies to special meetings. Agendas for regular meetings can be changed, and topics not on the agenda can be discussed.

Must meetings be held in a specific place?

No. As far as the Open Public Meetings Act is concerned, the meeting may be held at any place inside or outside the territorial jurisdiction of the City. However, no final action may be taken on an Ordinance or Resolution if the meeting is held outside the corporate limits of the municipality.

Would discussions of city business between only two Commissioners be considered a council meeting subject to the Open Public Meetings Act?

No. Because less than a quorum of the Commission is present, it would not be considered a meeting subject to the OPMA.

Are social gatherings covered by the OPMA?

No. Social gatherings are not subject to the OPMA, unless official business is discussed or transacted at the gatherings.

Is it possible to hold a meeting by e-mail?

Yes. Due to the ability of email to link people together and allow them to share and respond to ideas almost immediately, it is possible for members of the Commission to join one another in a

meeting, even though the members of the body are in different locations. These inadvertent meetings would not comply with the OPMA.

In a recent Court of Appeals case, the Court stated:

“In light of the OPMA’s broad definition of “meeting” and its broad purpose, and considering the mandate to liberally construe this statute in favor of coverage, we conclude that the exchange of e-mails can constitute a “meeting.” In doing so, we also recognize the need for balance between the right of the public to have its business conducted in the open and the need for members of governing bodies to obtain information and communicate in order to function effectively. Thus, we emphasize that the mere use or passive receipt of e-mail does not automatically constitute a “meeting”.”

May an unlawful meeting by e-mail be cured by making the meeting public?

No. The problem with an inadvertent and, therefore, unlawful meeting is that it is inherently unlawful. It is not scheduled, written notice has not been given, and the public is excluded. There is no way that the “unlawfulness” can be cured.

Does this mean that Commissioners cannot receive or share information by e-mail?

No. However, it does mean that Commissioners may not use e-mail to “meet” and take action with other Commissioners. Receiving or sending out information would not violate the OPMA, but *replies and comments* shared with a majority of the Commission, or decisions made and shared on-line as result of an e-mail could be in violation. In order to avoid a potential OPMA violation, it is advised that one Commissioner should refrain from sending an email to more than two other Commissioners at one time.

Furthermore, the OPMA does not preclude email communication with constituents. However, Commissioners should remain aware that any email communication is subject to public disclosure.

Is there a problem if a member of the public or a staff member e-mails information to all of the elected officials?

No. Passive receipt of information from members of the public or City staff is not a violation. However, if the information received is discussed with other Commissioners via email, there may be a violation.

Appearance of Fairness Doctrine.

What is the Appearance of Fairness Doctrine (RCW 42.36)?

The Appearance of Fairness doctrine requires government decision-makers to conduct non-court land use hearings and proceedings in a way that is fair and unbiased in both appearance and fact.

It was developed as a method of assuring that due process protections, which normally apply in courtroom settings, extend to certain types of administrative decision-making hearings, such as rezones of specific property.

Why is the Appearance of Fairness Doctrine important?

The Appearance of Fairness doctrine is intended to protect against actual bias, prejudice, improper influence, or favoritism. It is also aimed at curbing conditions that create suspicion, misinterpretation, prejudgment, partiality, and conflicts of interest. The Appearance of Fairness doctrine is designed to guarantee that strict procedural requirements are followed so that land use hearings are not only fair, but also appear to be fair. The goal of the doctrine is to instill and maintain confidence in the fairness of government proceedings.

Public officials act more like judges than administrators or legislators when they participate in hearings subject to the Appearance of Fairness doctrine. This means that they must listen to and evaluate testimony and evidence presented at a hearing; they must determine the existence of facts; they must draw conclusions from facts presented and then decide whether the law allows the requested action.

When does the Appearance of Fairness Doctrine apply?

The Appearance of Fairness doctrine applies to local land use decisions and shall be limited to the *quasi-judicial actions* of local decision-making bodies.

What is a quasi-judicial action?

A quasi-judicial action of a local decision-making body includes actions by the legislative body, planning commission, hearing examiner, zoning adjuster, board of adjustment, or boards which determine the legal rights, duties, or privileges of specific parties in a public hearing or other contested case proceeding.

Some principle characteristics of quasi-judicial proceedings are:

- Quasi-judicial proceedings generally have a greater impact on specific individuals than on the entire community.
- The proceedings are aimed at arriving at a fact-based decision between two distinct alternatives, i.e., pro or con.

Are there specific times when the Appearance of Fairness doctrine does not apply?

The doctrine *does not* apply to local legislative policy-making actions of the type which adopt, amend, or revise comprehensive, community, or neighborhood plans, street vacations, or other

land use planning documents. It also does not apply to the passage of area-wide zoning ordinances, or to the adoption of zoning amendments which are of area-wide significance².

Quasi-Judicial Proceedings	Not Quasi-Judicial Proceedings
Conditional Use Permits	Comprehensive Plan amendments
Subdivisions	Street Vacations
Variances	Area-wide zoning ordinances
Rezoning a specific site	Annexation
Preliminary plat approval	
Appeal of a decision of the Hearing Examiner	

What are the rules related to ex parte contact?

A basic principle of fair hearings is that decisions are made entirely on the basis of evidence presented at the proceedings. All parties to a conflict should be allowed to respond and state their case. Consequently, while a quasi-judicial proceeding is pending, no member of a decision-making body is allowed to engage in *ex parte* (one-sided or outside the record of the hearing) communications with either proponents or opponents of a pending proceeding.

However, a decision-maker may cure a violation caused by an ex parte communication by:

- Placing the substance of any oral or written communications or contact on the record; and
- *At each hearing* where action is taken or considered on the subject, (1) making a public announcement of the content of the communication, and (2) allowing involved parties to rebut the substance of the communication.

This rule does not prohibit written correspondence between a citizen and a decision-maker on the subject matter of a pending quasi-judicial matter if the correspondence is *made a part of the record of the proceedings*.

What are the potential consequences to the underlying action if the Appearance of Fairness Doctrine is violated?

The remedy for an Appearance of Fairness violation is to invalidate the local land use decision, and the matter would need to be reheard. Damages, however, cannot be imposed for a violation of the doctrine. Any new hearing must be conducted without the participation of any disqualified decision-maker.

² Even though a zoning amendment might affect specific individuals, if it applies to an entire zoning district, it will be considered legislative.



City of SeaTac 2013 Comprehensive Plan Amendment Process

Schedule*

(January 3, 2013)

Informational Open House.....	March 5
Application Submittal Deadline.....	March 29
Planning Commission Review	May 7
Planning Commission Recommendation - Proposals to include in Final Docket ...	May 21
City Council Review of all Amendment Proposals	June 11
City Council Establishes Final Docket	June 25
Public Hearing w/Open House	October 15
Planning Commission Recommendation to City Council	November 5
City Council Review.....	November 12
City Council Action to Adopt or Reject Proposals.....	November 26

Planning Commission meetings are scheduled for the first and third Tuesdays of each month beginning at 5:30 p.m.

City Council meetings are scheduled for the second and fourth Tuesdays of each month beginning at 6:00 p.m., with a Study Session from 4:00 p.m. to 6:00 p.m. preceding each Regular Council Meeting.

Both City Council and Planning Commission meetings are open to the public, and are held in the Council Chamber on the first floor of SeaTac City Hall, 4800 S. 188th St. SeaTac, WA 98188.

* Meeting dates and times are subject to change, so please check the City calendar on the City's website (www.ci.seatac.wa.us), or call the Department of Community and Economic Development at (206) 973-4750 to confirm details for a specific meeting. Meeting agendas are typically available on the website by the Friday preceding the scheduled meeting date.

South 200th Station Area Market Report
RTA/AE 0017-11 Task Order 10



Presented to

Sound Transit

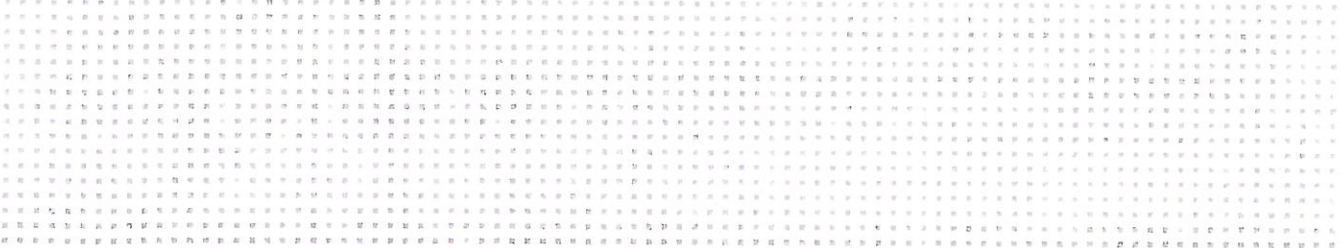
Mr. Miles Haupt
South Link Project Manager
c/o KPFF Consulting Engineers
1601 Fifth Avenue, Suite 1600
Seattle, WA 98101
Attn: Ms. Sara Roberts

Presented by

Kidder Mathews

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November 7, 2012



South 200th Station Area Market Report

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Nature of the Assignment

The information supplied herein is from sources we deem reliable. It is provided without any representation, warranty or guarantee, expressed or implied as to its accuracy. Prospective Owner, Buyer or Tenant should conduct an independent investigation and verification of all matters deemed to be material, including, but not limited to, statements of value, income, and expenses. CONSULT YOUR ATTORNEY, ACCOUNTANT, OR OTHER PROFESSIONAL ADVISOR.

South 200th Station Area Market Report

Executive Summary

PURPOSE

Sound Transit will be providing park and ride parking capacity at the South 220th Light Rail Station. The agency has acquired land adjacent to the station and is evaluating a range of project delivery approaches, including the use of public private partnership. Sound Transit has contracted with KPFF to evaluate the real estate development potential at the future South 200th Link Light Rail Station Area. Kidder Mathews is providing real estate consulting services in support of KPFF's work.

Kidder Mathews' assignment is to assess the relevant real estate segments including the lodging, office, retail, apartment, affordable housing, and park-and-fly markets.

SUMMARY FINDINGS

Station Area Description

The subject of this analysis, shown in the map below, is the half-mile area surrounding the future South 200th Street Link Light Rail Station. The entire Station Area is located within the City of SeaTac and consists of

South 200th Street - Half Mile Station Area



approximately 500 acres of land area. Existing uses include a mix of both commercial and residential development. The most intense development is located within close proximity to International Boulevard.

Lodging Market

The SeaTac lodging market is highly complex, with a mix of convention hotels, midprice full service and limited service hotels, and hard budget properties. Excluding independent strip motels, the overall market supply consists of 30 properties and 5,180 guestrooms. There are also three hotels consisting of an additional 410 guestrooms currently proposed within the SeaTac Market.

In 2011, the overall market generated an occupancy rate of 72.4%, an average room rate of \$101, and a Daily Revenue Per Available Room (RevPAR) of \$73. In the absence of further additions to supply, occupancy is expected to stabilize at 75% by 2016. Room prices are projected to increase in real terms over the next three years.

The market data suggests that there is demand for additional lodging space, particularly for a select service or extended stay hotel with between 120 and 150 rooms. Close attention should be paid to other competing projects as there is a limit to the number of rooms that the SeaTac market will support.

Office Market

The SeaTac-Burien submarket contains 2.4 million square feet of office space, of which 20% is vacant. The average asking rental rate is currently \$19.25 per square foot, full service.

There are 12 office buildings representing 294,000 square feet of space within the half-mile Station Area. According to Costar.com, there has been no new office space built within the Station Area over the last 25 years.

South 200th Station Area Market Report

Approximately 8.1% of this space is currently vacant, with an average asking rental rate of \$19.95 per square foot. This is similar to the SeaTac-Burien submarket as a whole, and down from the ten year peak of \$24.27 per square foot, reached in 2005.

What the available data does not indicate, and cannot predict, is the possibility that a large office user may choose to locate or significantly expand existing operations in the Station Area. Historically, demand for owner/user space has been weak; however, both the Federal Aviation Administration and Puget Sound Energy have discussed the possibility of locating a regional headquarters in this market.

There has been little demand for new office space in SeaTac-Burien submarket, and even less demand within the Station Area over the last two decades. Furthermore, unless a large office user locates within the Station Area and catalyzes the market there is insufficient demand to support office development over the next five years.

Retail Market

The SeaTac-Burien submarket contains 5.4 million square feet of retail space, of which 7.6% is vacant. The average asking rental rate is currently \$16.24 per square foot, triple net.

The Station Area contains 20 retail buildings, representing 98,000 square feet of space. Vacancy is currently only 2.4% and net absorption has totaled 11,000 square feet over the last 12 months. Similar to the SeaTac-Burien submarket as a whole, rental rates currently average \$16.62 per square foot. Of the 20 existing retail buildings, 19 are located along International Boulevard and its substantial daily traffic volume.

The most attractive retail sites within the Station Area are corner parcels along International Boulevard. The types of retailers attracted to these sites are auto-oriented drive-up

businesses like gas stations and drug stores. If employment increases significantly, it is also reasonable to believe that a limited amount of demand for service retail will be created.

Apartment Market

The SeaTac apartment market totals approximately 3,000 units. Vacancy currently stands at slightly more than 4.4%. Rental rates range from \$1.10 to \$1.45 per square foot for buildings constructed since 2000. Since 2002, two projects totaling 145 new units have been constructed in the market. One of the projects, consisting of 55 units completed in 2008, had been struggling and recently went through foreclosure. The other project, consisting of 90 units, was purchased out of foreclosure and then completed in 2011.

Location is important to consider when contemplating apartment development. Within the Station Area, the apartment market is strongest east of International Boulevard on sites with views of Angle Lake and proximity to existing apartments

Affordable Housing Market

Affordable housing specifically refers to income restricted housing that requires potential occupants to have a yearly income at, or below, a predetermined level.

The Station Area is not currently an attractive location for affordable housing. Light rail will improve the desirability of this area especially in combination with other public infrastructure investments.

According to King County Housing Authority representatives, the proximity of the Station Area to the SeaTac Airport and its employment base increases the desirability of this area relative to some other locations. Relative to other light rail station areas, along the East Link for example, the South 200th Station Area is arguably a less attractive location for affordable housing.

South 200th Station Area Market Report

Park and Fly Market

It is estimated that 30,000 Park and Fly (P&F) spaces currently serve the SeaTac Airport. According to a report put out by the Port of Seattle in October of 2011, there is demand for between 22,000 and 27,000 P&F spaces. The report also forecasts an annual increase in P&F demand of approximately 600 spaces through 2020.

The Station Area is considered a fringe P&F market. This has a negative effect on the rate that can be charged for parking relative to P&F operations with more immediate access to the SeaTac Airport. The presence of light rail is significant and gives the Station Area an advantage over other locations. Light rail service minimizes the need for shuttle service, which is typically the largest expense a P&F operator faces. In order to benefit from light rail service, P&F must be located immediately adjacent to the station.

There is a moderate amount of demand for P&F within the Station Area. In order to capture this demand, sites must be located adjacent to the light rail station.

CONCLUSION

- Market data suggests that there is demand for additional lodging space within the Station Area, particularly for a select service or extended stay hotel sized between 120 and 150 rooms.
 - Unless a large office user locates within the Station Area and catalyzes the market there is insufficient demand to support office development over the next five years.
 - There is moderate demand for auto-oriented retail space along International Boulevard. If employment increases significantly, there may also be demand for a very limited amount of service retail.
- Within the Station Area, the apartment market is strongest east of International Boulevard on sites with views of Angle Lake and proximity to existing apartments.
 - The Station Area is not currently an attractive location for affordable housing. Light rail will improve the desirability of this area especially in combination with other public infrastructure investments.
 - There is a moderate amount of demand for P&F within the Station Area. In order to capture this demand, sites must be located adjacent to the light rail station.
 - In the near term, the market analysis suggests the subject location is best suited for lodging space. Further, retail space should be limited given the sites lack of exposure to International Boulevard.
 - Sound Transit's property at the South 200th Street Station currently lacks the neighborhood services to attract speculative apartment and office development.

Introduction

PURPOSE OF THE ASSIGNMENT

Sound Transit has contracted with KPFF to evaluate the real estate development potential at the future South 200th Link Light Rail Station Area. Kidder Mathews is providing real estate consulting services in support of KPFF's work.

Kidder Mathews' assignment is to assess the demand in the relevant real estate market segments including the lodging, office, retail apartment, affordable housing, and park-and-fly markets.

METHODOLOGY

The assignment is a detailed study of the potential for hospitality, office, and retail within the station area. The work is intended to assess the current supply and demand characteristics of each of these markets and project future demand. As part of this study, Kidder Mathews analyzed data from a variety of sources, reviewed past work, and interviewed relevant market participants.

In addition to three markets mentioned above, preliminary research was conducted and basic market statistics gathered for the apartment, affordable housing, and park-and-fly markets. The methodology followed for this part of the assignment is best described as an "expert opinion survey" combined with a review of past work.

Representatives from the following organizations were interviewed as part of this study: Kidder Mathews Brokerage, Kidder Mathews Appraisal, the Port of Seattle, the King County Housing Authority, and the City of SeaTac.

The study does not address the demand for civic amenities such as parks, community spaces, and other uses not supported by market fundamentals.

SUBJECT DESCRIPTION

Existing Conditions

The subject of this analysis, shown in Exhibit I1, is the half-mile area surrounding the future South 200th Street (S. 200th St) Link Light Rail Station. The entire station area is located within the City of SeaTac and consists of approximately 500 acres of land area. The future station will be located at the intersection of S. 200th St. & 28th Ave. S. According to Sound Transit, light rail is scheduled to begin service at this station in 2016.

Exhibit I1 - Subject Station Area



The best way to describe this station area, which contains a mix of existing uses including office, retail, hospitality, multi-family, institutional, and single family residential development, is to split it into two East/West halves along 28th Ave. S.

South 200th Station Area Market Report

The eastern half of the station area contains a number of older auto-oriented retail spaces, and low to mid rise office buildings along International Boulevard South. Further east, the station area transitions to single and multi-family residential development. Interstate-5 (I-5) grazes the eastern edge of the station area and is connected to S. 200th St. via a freeway interchange.

The western half of the station area consists of a mix of industrial and institutional uses including a federal detention center built in 1997. The Port of Seattle, which operates the SeaTac International Airport located directly to the northwest of the station area, owns the few large vacant commercial parcels within this half of the station area.

Subject Location

The Subject is located to the south of the SeaTac Airport, to the west of I-5, and to the east of the Normandy Park Neighborhood. International Blvd. is the main north-south thoroughfare, and S. 200th St. is the main east-west thoroughfare. S. 200th St. is connected to I-5 via a freeway interchange at the eastern edge of the station area.

Geographic Barriers

As shown in Exhibit I2, a number of geographic barriers make it difficult to access the station area from certain directions. The following section describes the most significant barriers:

- Both the SeaTac Airport and the Tye Valley Golf Course make accessing the station area from the northwest difficult, if not impossible. The Des Moines Creek and associated wetland areas also present access issues from the northwest.

- Access from the southwest is impeded by the Des Moines Creek and associated Des Moines Creek Park. Undeveloped parcels lacking through streets also impede access from the southwest.
- Angle Lake and Angle Lake Park greatly limit access from the northeast.
- I-5, in combination with steeply sloping topography, prevents direct access from many areas east of the interstate.

Exhibit I2 - Location Analysis

