

SPECIAL CHARTER DISCLOSURE & REVIEW PROCESS FOR PC1N/MARKETFRONT REDEVELOPMENT AND FINANCING PLANS

Article XV of the Pike Place Market Preservation and Development Authority (PDA) Charter (Charter) requires a Special Disclosure and Review process for “actions that may have substantial effect on the merchants, tenants, residents, lessees, licensees, and social organizations in the Market Historical district. “The Program”, Redevelopment of PC1N (MarketFront) and project financing plans, includes actions mandating PDA Special Disclosure and Review process which included the following:

- Encumbrance of any PDA interest (excluding individual tenant leases) in any property in the Market Historical District;
- A change in the established primary use of a main arcade, building, or major section of a building other than an individual tenant space within PDA-owned properties in the Market Historical District;
- Demolition, substantial alteration, or construction of a major addition (excluding individual tenant improvements and like-kind building repairs or replacements) to a building within the Market Historical District;
- Entering into a real property lease agreement (excluding individual Market tenant leases) for a term longer than one year.

The PDA Council will consider the actions listed above that are necessary components of the Program. The PDA Special Disclosure and Review process requires the following:

- A 45-day community notification prior to any vote of the PDA Council on each proposal of the type described above;
- A written analysis of the possible impacts of the proposal on the merchants, tenants, residents, lessees, licensees, and social organizations made available at the PDA office, as well as written summary sent to each community group, at least 31 days in advance; and
- A compilation of public comments received and a written report responding to comments made, at least 5 days in advance.

The full written analysis includes the following components; A complete description of the Program, a description of the anticipated financial impacts of the proposal and the financial effect, if any, upon tenants in the Market, An explanation of the reasons for the proposal as they relate to the general purposes and responsibilities of the PDA as described in Article IV of the Charter, a review of how the Program complies with applicable state and local laws and deed restrictions that govern uses of PDA properties in the Market Historical district, a discussion of possible alternatives and options, and a schedule of opportunities for public response and expected timing of the PDA decision.

The full written analysis including all exhibits is available for review at the PDA Office located at 85 Pike Street, Room 500 and published on the Pike Place Market website at: <http://pikeplacemarket.herokuapp.com/marketfront-documents>

Summary of Written Analysis for the MarketFront and Financing Plans

Ownership Changes and Restrictive Covenants

The project proposes the transfer of ownership of the PC1N parcel from the City of Seattle to the PDA. MarketFront development may also include subsequent transactions that include changes in ownership structure for financing purposes. The intent to transfer ownership is described in the Development Agreement with the City of Seattle and is dependent on the PDA performance consistent with the conditions outlined in the Development Agreement.

Aspects of the MarketFront project will involve restrictive covenants for use of the PC1N parcel as well as operational covenants and restrictions for the MarketFront development for general public benefit as required by the City of Seattle. Initial restrictive covenants for the current PC1S Market Parking garage were part a prior agreement with WSDOT to provide \$3.5 million in funding for the project. A subsequent agreement with WSDOT for an additional \$2.5 million in funding will be included for the new parking garage included in the MarketFront development.

Project Overview

The PC1N site, bordered by Victor Steinbrueck Park to the north, the Market Parking Garage and Heritage house to south, Western Avenue to the east and the Alaskan Way Viaduct to the west, is the last developable parcel in the Market Historic District. The project site has been the subject of numerous studies and charrettes over the last 40 years, however never advanced beyond rough concept sketches due to lack of adequate funding sources. Committed dollars from the City of Seattle through an MOU adopted on Feb. 25, 2013 combined with funding available pending approval of a WSDOT Parking Mitigation agreement and contributions from PDA reserves provided funding for the project to advance beyond concept design, through schematic design development, through design development and into final construction documents. The project is consistent with uses established for the site when the Municipal Market was constructed in 1921 and meets the goals outlined in the Urban Renewal Plan established in 1974 and builds on the multiple studies conducted over the last four decades. The project schedule calls for construction to commence in spring 2015 and be largely completed in December 2016.

Key Project elements include:

- Substructure and Foundation that straddles the Burlington Northern Train Tunnel that bisects the site - The substructure and foundation for the Project has been designed to isolate the Burlington Northern tunnel from any Project impacts and ensure that tunnel operations, tunnel structure and integrity are unimpeded by the MarketFront Project.
- Construction of Below Grade Parking – approximately 300 below grade parking spaces that are accessible from Western Avenue and a future Alaskan Way/Elliott

connector road and tie into the current Market Parking Garage on PC1S with an internal floor connection.

- Retail Space – approximately 12,000 sq/ft of potential retail space is included in the Project. Potential retail uses include 1- 2 restaurants including outdoor dining space, as well as 3-5 smaller retail spaces.
- Residential Units - low-income senior housing with a total of 40 units which include seven live/work spaces for low-income senior artists. 20 units are designated at 50% AMI and 20 units designated at 30% AMI. Affirmative marketing for the 30% AMI units will be conducted for Native Peoples.
- Public Space Connections between the Market and the new Overlook Walk and new Central Waterfront – approximately 30,000 sq/ft of public open space connecting the Desimone Bridge to Steinbrueck Park, Western Avenue and to the Overlook Walk leading down to the Aquarium and new Central Waterfront.
- New Weather Protected Daystall/FarmTable and Event Space – A plaza canopy with roll-up glass garage doors provides flexible weather protected space that can accommodate up to 47 new daystall and farm tables as well as special events.

A detailed concept document outlining the project components is included as an exhibit to the full written analysis.

Project Cost and Financing

The cost of the Project described above is approximately \$73 million. Project funding comes from multiple sources including \$3 million in PDA equity, \$6 million in WSDOT Parking Mitigation funds, \$34 million in funding from the City of Seattle, \$9.2 million in grants and financing for the low-income housing, up to \$6 million in philanthropy and remaining balance of \$2-\$2.5 million in State grants, \$4 million in New Market Tax Credits (NMTC) and the remaining balance of \$8.5-18 million in debt through either loans or bond issuance which will include short term debt to bridge funding sources secured after construction commencement including remaining philanthropy, NMTC and grants.

A detailed analysis of the project costs, sources, uses and debt capacity is included as an exhibit to the full written analysis.

Reasons for the Program

The primary reason for the Program is to fulfill the PDA's Charter mandates, specifically to preserve and rehabilitate the properties in the Pike Place Market Historic District. PC1N represents the last developable parcel in the Historic District as conceived of in the Urban Renewal Plan. In addition this project provides additional low-income housing, and programs for food and farm products including additional farm sales space and daystalls and expansion of vital social services with in the Market including a new partnership with the Chief Seattle Club.

Once the viaduct is removed and the new waterfront built, a major change in the physical landscaped in around this parcel is unlikely for a period of at least 50 years. By utilizing multiple sources of external funding including the WSDOT AWW Parking Mitigation funds, City Funds, Low-Income Housing funding sources, grants and New Market Tax Credits the PDA will minimize the amount of debt and limit the potential burden incurred by the PDA Market in realizing the long-held vision for PC1N.

The project design, materials and construction methods employed will be such that new development will continue to serve the public well for the foreseeable future, without changing the uses and character of the Market that have made it such a treasure in the City. Over the course of the last three years the Market Historic Commission received 24 briefs regarding the PC1N design evolution and approved the general project design and uses (subject to future approval of specific commercial space uses) on January 14, 2015.

Legal Compliance

The Program will comply with all generally applicable Federal, State and City laws as described in the full written analysis. The PDA will comply with all applicable land use, building, and construction code requirements, including obtaining all permits required for the Program.

The PDA is governed by the terms of its Charter and will develop the Program in compliance with all terms and conditions of the Charter. In addition to the Special Disclosure and Review Process required by the Charter (“Charter Notice”), RCW 35.21.747 (Public Corporations Act) requires the PDA to provide certain statutory notices, including notice pursuant to RCW 42.30.080 (Open Public Meetings Act), (collectively, “Statutory Notice”) before selling or encumbering property obtained from the City of Seattle. Since the Program involves a number of actions requiring notice, the PDA is providing the Statutory Notice and the Charter Notice for the entire Project (including all actions described herein) through a consolidated notice process (collectively, “Consolidated Notice Process”).

Impacts on Existing Tenants

The desire of this Project is to maintain all of the existing uses and businesses in the buildings as they are today. However, due to the nature of the proposed work, changes to the use of some areas are required and may include impacts such as the following:

- The Desimone Parking lot will be closed for parking from mid-2015 through the end of 2016.
- No impacts are foreseen on Pike Place or to utility service to existing Market buildings due to MarketFront construction.
- Western Avenue will see increased traffic, noise, and additional truck traffic due to construction on the PC1N site and may be closed for short periods of time related to construction and construction-related deliveries.

- Truck and delivery access to the Foodbank currently provided through the Desimone Lot will be relocated. Alternative delivery and loading areas will be moved to the south portion of the Market Parking Garage on Western Avenue.
- The entrance to the Market Parking Garage on PC1S will be reconfigured and the open deck parking on the top floor restriped to accommodate delivery trucks supporting the Foodbank and Market businesses.
- There will be extensive construction on the west side of Desimone Bridge which may prevent retail availability for periods of time during construction for safety reasons.
- The stairs and western access to the Desimone Bridge will be closed during the duration of demolition and construction.
- Pedestrian access, as well as meter parking and bus parking along the west side of Western Avenue, will not be available during demolition and construction.
- Completion of the project will improve accessibility to the Market from the west side, increase parking availability including covered bicycle parking, and provide new public space, additional retail opportunities and low-income senior housing.

Project Alternatives and Options

The full written analysis also includes discussion of alternatives and options including; Scope scaled to meet available funding, Changes in the development program to increase potential for debt financing from project revenues for full project, Project proceeds without PDA involvement or the PDA Undertakes an alternate project.

Special Meetings and Public Comment

The PDA Council will accept public comments on the proposed actions at a special meeting on March 9th at 4:00 p.m. in the Elliott Bay Room on the top floor of the Economy Building. Community written questions and comments will be accepted until March 13th, 2015 at 5:00 p.m. in order to be included in the PDA written response to any such comments. The PDA's written responses to community questions and comments will be available at the PDA offices no later than March 20th, 2015.

The PDA Council will consider the written response to written questions and comments prior to taking action on the proposed actions at a special meeting on March 26th, 2015 at 4:00 p.m. in the Classroom on the top floor of the Economy Building. The PDA Council will take action to approve or disapprove the proposed actions at this meeting.

Subsequent action specific to NMTC and Low-Income Housing Tax Credits in anticipated between June 2015 and October 2015 and will be subject to additional notice consistent with RCW 39.33.010 and RCW 39.33.020.