

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

<p>AGENDA TITLE: North Central Interurban Trail DEPARTMENT: City Manager's Office PRESENTED BY: Robert L. Olander, Deputy City Manager</p>

PROBLEM/ISSUE STATEMENT:

The City Council requested additional information on the use permits and tenants located on the Seattle City Light right-of-way from 175th to N183rd. In addition, some Councilmembers requested additional information and discussion on what the City is doing for relocation assistance for property and business owners in this stretch of the Interurban Trail.

BACKGROUND:

Attached is a summary of the key lease provisions and a map and listing of permit holders and businesses. Of particular note are provisions 4, 6 and 7. Under provision 4 permit holders explicitly waive any relocation assistance. Provision 6 provides for a short term 30 day notice (a few are 60 or 90 days) for permit cancellation, while provision 7 provides for removal of all buildings and property by the permit holder. In the past, the City has offered relocation assistance, by making available at no charge the services of a commercial real estate broker. Of the original businesses, one (Key Bank) is receiving direct assistance from our Economic Development Program for relocation (as part of the "wedge" redevelopment effort), 6 have already found places to relocate outside of Shoreline and 2 others have declined services. For the remaining 10 we will be offering expanded assistance as follows and as needed:

1. Relocation assistance pamphlet
2. Needs analysis and identification of possible sites in Shoreline
3. "Brown bag" information sessions
4. On-going professional consultation in relocation planning and real estate brokerage
5. Referral to Community Capital Development (CCD) for business plan assistance and private loan capital.

DISCUSSION:

Staff does not recommend direct cash assistance from the City for the following reasons:

1. Since the permit holders have explicitly waived such assistance, it may be considered "a gift of public funds" to provide direct financial aid.
2. Presumably, the permit fees were set well below market rate to compensate for the short termination provision and the cost of building removal, so the permit holders have already been "compensated" through low rental rates.
3. Any sub-tenants are subject to the basic permit conditions and should be aware of the short term nature of their sub-leases.
4. Most permit holders have held the permits for many years, made a profit from sub-leases, and had adequate time to amortize or set aside funds for eventual demolition.
5. The permit requirements to demolish or remove the structures are as integral a part of the lease as any other provision – such as paying rent and utilities. Therefore, it does not seem appropriate to "subsidize" these lease provisions with public funds.
6. We do not have funds available in the project for such assistance.
7. There are no state or federal requirement for relocation assistance in these circumstances.

The City is committed to working with these businesses to relocate in Shoreline if possible and staff finds the existing and projected technical and professional assistance is a reasonable effort given our economic development goals.

FINANCIAL IMPACT:

We currently have \$10,000 allocated within existing budget toward professional and technical relocation assistance for the N175th to N 183rd Interurban Trail corridor.

RECOMMENDATION

It is recommended that the City continue with the current program for relocation assistance within the North Central Interurban Trail corridor.

Approved By: City Manager  City Attorney _____

Seattle City Light
Conditions and Terms of Right-of-Way Permits - N 175th to N 183rd

Seattle City Light owns a 100-foot wide strip of land that runs north-south through the entire length of the City of Shoreline. The land serves as a corridor for power transmission lines feeding all of north King County.

Over the years of this ownership, Seattle City Light has issued "Permits" for selected individuals to erect buildings on the Seattle City Light right-of-way. These buildings have been used for a variety of business functions, some with short-term uses and others have become commercial fixtures in the Shoreline community, such as Les Schwab Tires and Detroit Auto Works.

Each of the individual building owners have been issued Permits from Seattle City Light that govern the owners uses of his building. The essential condition that governs all Permits is that in return for a modest annual Permit fee for use of the land, building owners are required to remove their buildings and any improvements thereon within 30 days of receipt of formal notice of Permit Termination. There are two exceptions to these conditions; one Permit has a 90-day notification period instead of 30-days and one Permit does not require removal of structures from property.

Key Provisions of Permits:

The key provisions in the list of terms and conditions that govern Seattle City Light Permits are as follows:

1. Permittee shall pay all licensing, excise and occupation taxes concerning the business conducted on said premises.
2. Permittee shall assume all utility services charges in connection with Permittees use of the property.
3. Permittee agrees to assume all liability for any damage caused to the City's transmission line facilities arising out of Permittee's use of said property.
4. Permittee understands and agrees that the Permittees' status under this Permit is only that of an interim tenant...and that cancellation or nonrenewal of the Permit for any reason whatever shall not render the Permittee as "displaced persons" and does not qualify the Permittee to any benefits under present or future relocation assistance laws, rules, or regulations.

5. Permittee must maintain liability and property damage insurance (with City of Seattle as additional insured) with minimum limits of \$500,000 liability and \$250,000 property damage.
6. This Permit is subject to cancellation at any time upon 30-days written notice by the Superintendent of City Light.
7. The Permittee shall remove all its personal property (including buildings) from said premises on or before the termination date of the Permit.

RENTS:

The majority of Permits for use of Seattle City Light right-of-way land date back to the late 1970's and early 1980's. Monthly rents paid by Permit holders to Seattle City Light were established at the time the Permits were first executed and occasional adjustments have occurred in the intervening years. The City of Shoreline has no information about current annual rates for Permits.

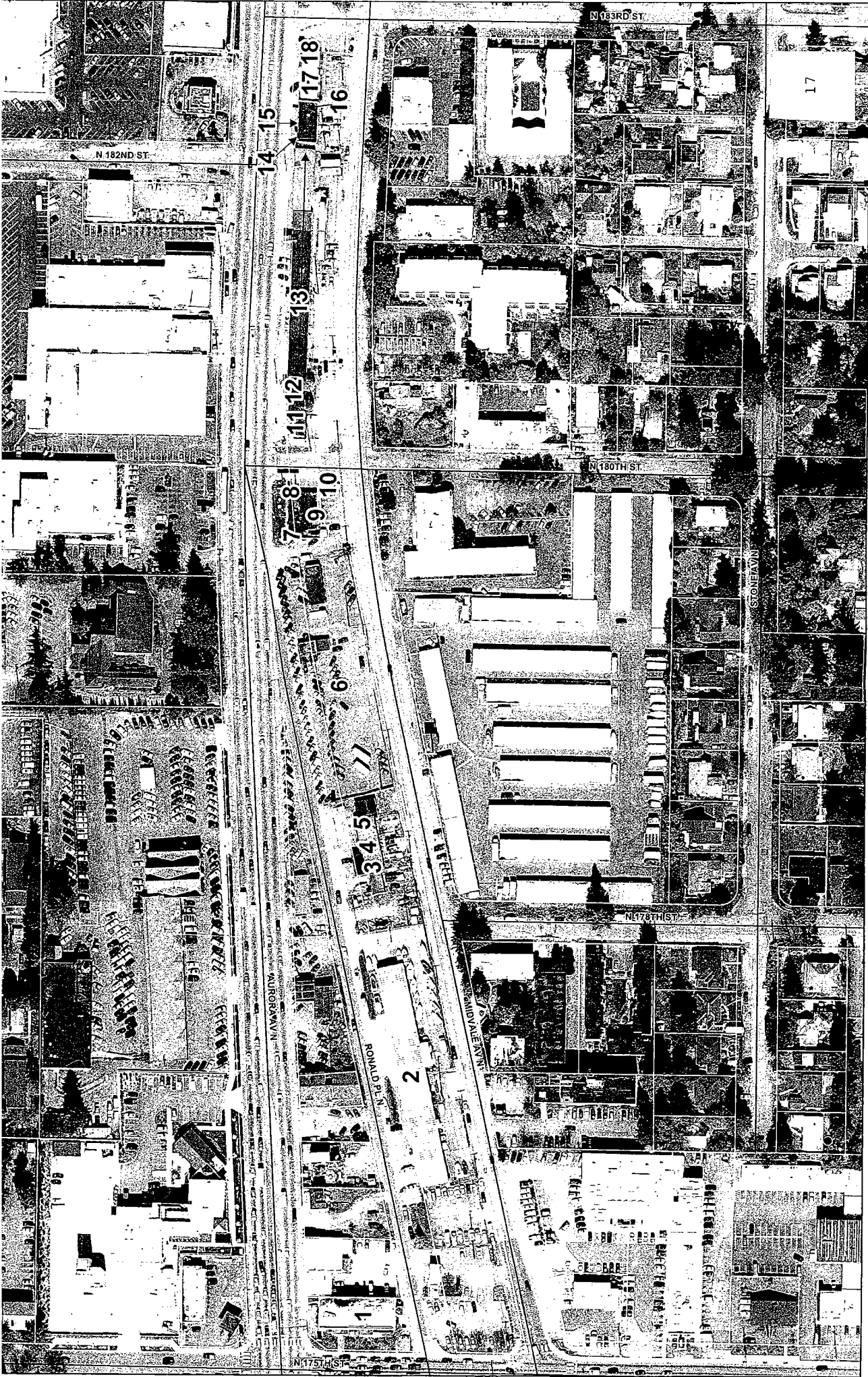
Permit rates at their inception varied significantly based on square footage and locations of the parcels. The following are excerpts from typical Permits:

- . \$28.00 for an initial three year period
- . \$1,920 per year for four separate business establishments within a single building.
- . \$9,372 per year for a half-block parcel
- . \$3,096 per year for a 3,000 square foot building
- . \$11,616 per year for large auto-related parcel

SUB-LEASES:

Over the years Seattle City Light has granted eleven Permits for use of the land within its right-of-way between N 175th and N 183rd. Permit holders constructed a variety of buildings on the City Light land to serve their commercial interests. Two of these Permits represent established companies that have had a long-standing presence in Shoreline. The remaining Permit-holders have chosen to sub-lease their buildings for a variety of business uses. Many of these uses have been start-up businesses that have lasted a relatively short time. Other sub-lessees have had a long tenure as a tenant.

A number of Permit holders have reconfigured their buildings to accommodate more than one business, with some as many as four separate tenancies operating from one Permit. There are currently sixteen (16) separate businesses operating under sub-leases from the existing Permit holders. The City of Shoreline has no official information as to the rental rates charged to individual tenants in these buildings, but anecdotally it is clear that many of these tenants are paying market rate for their business spaces.



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16

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City of Shoreline
North Central Segment of Interurban Trail

Listing of Current tenants in Seattle City Light right-of-way - North 175th Street to North 183rd Street

Current Business Name	Address	SCL Permit No.	Issued to:	Comments
1. KeyBank	17500 Aurora	#260407-1-416	Key Bank	ROW used for bank parking
2. Olympic Boat Center	17545 Midvale	#260407-1-410	Olympic Sales 6/14/72	Boat repair/maintenance facility
3. Hillside Roofing Co.	17818 Aurora	#260407-1-433	Mr./Mrs. Penning	Assumed sublet to Hillside
4. ABB Costumes	17818 Aurora	#260407-1-433	Mr./Mrs. Penning	Current tenant is assumed to be sublet
5. Shine Custom Wheels	17818 Aurora.	#260407-1-433	Mr./Mrs. Penning	Current tenant assumed to be sublet
6. Detroit Auto Works	17958 Aurora	#260407-1-438	Randy Lindquist 9/5/88	Assumed active
7. Salon De Belleza	17960 Aurora	#260407-1-440	Mr. Lindell 4/9/85	Sublet to Dean Pittinger. Current tenant assumed to be sublet
8. Lavender Café	17960 Aurora	#260407-1-440	Mr. Lindell 4/9/85	Sublet to Dean Pittinger. Cafe no longer in business. Store vacated.

9. Plaza Latino	17964 Aurora	#260407-1-444	Mr. Hendrickson 2/6/92 dba Town and Country	Current tenant assumed to be sublet
10. LaTraila Mexican Food	17964 Aurora	#260407-1-444	Mr. Hendrickson 2/6/92	Current tenant assumed to be sublet
11. Master Hair	18000 Aurora	#260407-1-439	Mr. Lindell 12/21/84	Current tenant assumed to be sublet
12. Perales Real Estate	18002 Aurora	#260407-1-439	Mr. Lindell 12/21/84	New tenant within past 3 weeks.
13. Les Schwab Tires	18030 Aurora	#260407-1-431	Gordon Grimes dba OK Tire Store 11/18/80	Now operates as Les Schwab Tires with same Permit holder
14. One-Hour Photo	18040 Aurora	#260407-1-436	Mr. Koo 12/21/83 dba VideoMart	Current tenant is assumed to be sublet
15. 99 Nails	18040 Aurora "B"	same as above	Mr. Koo 12/21/83	Current tenant assumed to be sublet. Space reconfigured from original
16. Buen Gusto Restaurant	18040 Aurora "C"	same as above	Mr. Koo 12/21/83	Current tenant assumed to be sublet
17. All Pro Real Estate	18042 Aurora	#260407-1-435	Mr./Mrs. Ellison 4/23/83	Assumed sublet
18. All Pro Mortgage (revised 3/21/05 by D. Buchan)	18044 Aurora	#260407-1-435	Mr./Mrs. Ellison 4/23/83	Assumed reconfiguration of space with new subtenants