FEASIBILITY ANALYSIS CASE STUDY:
SEATTLE CENTRAL COMMUNITY COLLEGE'S DEVELOPMENT IN THE SURPLUS SPACE OF SOUND TRANSIT'S CAPITOL HILL LIGHT RAIL STATION

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ABSTRACT

Feasibility Analysis Case Study:
Seattle Central Community College's Development in the
Surplus Space of Sound Transit's Capitol Hill Light Rail Station

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Chair of the Supervisory Committee:

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This is a case study about Seattle Central Community College's (SCCC) aspirations to expand its campus with the development of the surplus space above Sound Transit's Capitol Hill Station on sites A, B, and C. Scott Kirkpatrick, Transit Oriented Development Manager for Sound Transit, asked me to assist Dr. A. Barretto Ogilvie, with an evaluation of the viability of the development. The Regional Community Health Education Center project consisted of 38% housing, 49% educational facilities for healthcare professionals, and 13% retail.

In March 2009, a preliminary financial feasibility analysis on the housing aspect of the Regional Community Health Education Center project showing positive financial feasibility was prepared and presented to Dr. Ogilvie. His response was to shelve the feasibility analysis and stop the project based on the assumption that the project would be constrained by citizen involvement and objections to SCCC's utilization of so much valuable Broadway street frontage.

At that point, the feasibility task evolved into a case study to identify and examine some of the constraints SCCC would face if the project moved forward. The constraints identified include: 1) uncertainty about the impact of community

involvement; 2) loss of community college capital project funding due to the 2008-2009 recession causing state budget cuts to higher education; 3) time required by SCCC to seek alternative funding sources, accomplish the Major Institution Master Plan process, achieve building zoning changes for consistent heights on the site, and 4) Sound Transit's requirement for timely performance. A review and update on the status of these constraints, both as barriers and opportunities affecting SCCC's project as of December 2011, with an examination of effects on the process, concludes the case study. Thus, the study is a map of a process that moved a valued development site from potential conflict among stakeholders through negotiation, discovery, and mitigation to potential satisfaction, useful for those planning similar development projects.

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ACKNOWLEDGMENTS

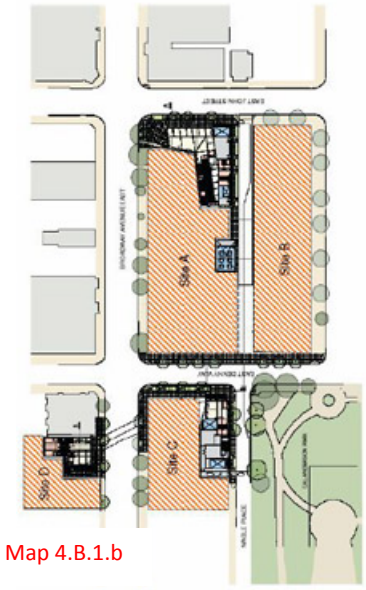
The author wishes to acknowledge several people who have been instrumental in this study's development. First, my dear friend and mentor, Barbara Lundquist (University of Washington Professor Emerita and internationally known author and clinician in multiethnic multicultural music education) for her patience, encouragement, guidance, and expertise shared with me to accomplish this paper. Second, Professor George Rolfe, University of Washington Associate Professor and Thesis Committee Chair, deserves a thank you for providing me with this opportunity to demonstrate my enhanced skills and abilities resulting from the Master's Degree Program and to be honored for giving so many students the boost to achieve greatness through their studies. Third, many thanks go to Scott Kirkpatrick, Sound Transit's Manager of Transit Oriented Development for getting me and other students involved in the study and research of transit oriented developments which the Urban Design Framework (2011) calls the "once-in-a-generation opportunity" (p. 4). Finally, a special thank you goes to Jon Magnussen as he waited for me to finish, prodded my efforts, and helped me with the laborious checking and rechecking as we corrected inconsistencies.

This project is particularly interesting for me as my dad, Bruce Cyphers (1919-2008), was caught in one of these unexpected conflicts between stakeholders and developer shortly after the Roanoke Reef vs. Eastlake Community Council case in 1973. The community wishes are an important consideration in real estate development, a key part of satisfaction when development includes neutralizing the opposing forces. The cost of this process that works to resolve conflict in real estate development is huge. The cost is in terms of time, money, and emotional strain. I'm grateful that this aspect of the development process is being acknowledged and formalized rather than continuing to be a surprise to an unsuspecting developer as I witnessed the pain first hand.

CHAPTER 1: INTRODUCTION

When Sound Transit's (ST) Transit Oriented Development (TOD) Program Manager, Scott Kirkpatrick, requested a study to assist Dr. A. Barretto Ogilvie with evaluating the feasibility of developing the surplus space (SS) above ST's Capitol Hill Station (CHS) for Seattle Central Community College's (SCCC) Regional Community Health Education Center (RCHEC) project, he provided the components needed to do the development or evaluate the feasibility (See map 4.A.3.c on p. 47 and map 4.B.1.b on p. 53). Kirkpatrick provided the space program, a 2007-2008 three-building 424,622 sq. ft. massing design plan for the SS above the CHS on site A, B, and C (See p. 55). In addition, Kirkpatrick suggested using the 63-20 revenue bond funding mechanism. He provided the contact, John Finke, and identified the private company specializing in this type of funding, the National Development Council (NDC). The NDC is a proven source of student housing funding used by the University of Washington (UW). Dr. Ogilvie provided a brochure detailing the RCHEC development space needs of 346,534 sq. ft. using the SS above ST's CHS to be divided among three uses: health education programs (49%), workforce housing (38%) and retail (13%). The remaining 78,088 sq. ft. of the SS above ST's CHS will not be addressed in this study. Financial feasibility was not addressed in the RCHEC brochure.

Map 4.A.3.c



Map 4.B.1.b

Initial Problem of the Study:

The initial problem of this study was a lack of knowledge on unresolved constraints that could affect the SCCC's development of the SS above ST's CHS using the 63-20 revenue bond funding mechanism and the three-building massing design for the SS above the CHS on sites A, B, and C. (Site D was ignored in the 2007-2008 three-building massing design.) The fact that there was a lack of knowledge was due to uncertainty of existing information - the basis for determining assumptions used in financial feasibility analysis - therefore this condition became a barrier to progress on SCCC's RCHEDC project. The theory was that if the gap in knowledge was addressed, then the nature of the project and the situation would be clarified which would provide the project with a way to proceed.

Hypothesis:

The hypothesis of this study is that if certainty in the information could be attained, then gathering and analyzing reliable data given positive results would increase the likelihood that SCCC could proceed with its project of developing the RCHEC. Therefore, the structure of this study becomes clearer.

Structure of the Study:

Following Chapter One's introduction is a review of the literature regarding feasibility that is relevant to this study in Chapter Two. This is followed in Chapter Three with the initial financial feasibility study presented on March 4, 2009 to Dr. Ogilvie of SCCC, its findings, and his reaction to that study. Chapter Four is a detailed examination of the project's context which reveals the constraints affecting SCCC's development of its RCHEC project on the SS above ST's CHS. Chapter Five contains a final review of the constraints that were observed over the course of the study, how they have been resolved, and those that remain to be overcome.

Methodology:

The methodology utilized in this study consists of data-gathering, including conducting interviews, utilizing phone conversations, and taking notes of observations during attendance at public meetings, as well as research done in the University of Washington library and on the Internet. Analysis of the data followed and provides the substance of this study.

Limitations of the Study:

This study is limited to the financial feasibility of SCCC's development of its RCHEC project on ST's SS only above Site A, B, and C, only using the 63-20 revenue bond funding mechanism and only using ST's 2007-2008 three-building design. The barriers to feasibility identified in this study are those observed based on data gathered in the course of the study. There is no attempt in this study to test their validity. This study does not address the feasibility of a project on ST's Site D. The study is limited to information available before December 19th, the end of Autumn Quarter 2011. Therefore, final answers to the questions raised by the problem of this study may take several more years as the project continues to unfold.

Assumptions of the Study:

The study assumes that ST will place non-negotiable restrictive covenants in terms of quality, performance expectations coinciding with the station development schedule, and payoff of ST's underlying financial obligations for the station. SCCC is assumed to be the preferred educational institution for developing the RCHEC. It is also assumed that ST will not build or develop for SCCC.

Significance of the Study:

The study evolves from a feasibility analysis to the identification and examination of the assumed and unrecognized constraints, as both barriers and opportunities, that Dr. Ogilvie of SCCC faced during his attempt at campus expansion in a time when education of healthcare workers is sorely needed.

The next step in this study is to examine the current body of knowledge on feasibility since it provides a background of information for understanding the issues relevant to these constraints. This literature review follows in Chapter Two.

CHAPTER 2: LITERATURE REVIEW

The current body of knowledge on feasibility analysis provides background information for understanding issues relevant to the real estate development (RED) process.

Real Estate Development Process:

Feasibility analysis occurs early in the RED process. The stages differ depending on who is preparing the list. Textbook authors, Miles et al. (2007) and Ling and Archer (2010), use slightly different variations of an eight-stage RED process (see Table 2.0).

Table 2.0

Eight Stages of the Real Estate Development Process		
Stages	**RE Development Principles & Process 4th Edition (Miles [et. al.], 2007)**	**RE Principles A Value Approach 3rd Edition (Ling & Archer, 2010)**
1	Inception of Idea	Establishing Site Control
2	Refinement of the Idea	Feasibility Analysis, Refinement, & Testing
3	Feasibility	Obtaining Permits
4	Contract Negotiations	Design
5	Formal Commitment	Financing
6	Construction	Construction
7	Completion and Formal Opening	Marketing & Leasing
8	Property, Asset, & Portfolio Management	Operation

The eight stages of RED in Table 2.0 above don't quite capture the unique features of what is going on in current large scale multi-year public RED's. David E. Dowall, an associate professor for the Institute of Urban and Regional Development (IURD) at the University of California in Berkeley published articles addressing transit district redevelopment (TDR). He commented that TDRs create significant economic value for a neighborhood and have resulted in a virtual explosion of joint public/private real estate ventures across the United States (Dowell, 1987). Dowall lists the steps of the Joint Development Process in a longer more comprehensive list

of steps from one of his 1990 publications and a shorter list from one of his 1987 publications, which follows in the Table 2.1.

Table 2.1

Joint Development Process According to David E. Dowall		
Steps	**How to Structure Joint Development 1990**	**Work Plan for Joint Development 1987**
1	Set Goals & Objectives	Assess Resources & Opportunities
2	Establish the Program – Organization	Feasibility Analysis & Method of Developing
3	Evaluate Site Inventory	Solicit Developer Proposals
4	Market, Site, Use, & Economic Potential	Evaluate Proposals & Select Developer
5	Package Sites for Development	Negotiate Joint Development Agreements
6	Find & Select a Developer	Monitor Development
7	Negotiate the Joint Venture	
8	Monitor Project Development & Performance	
9	Ongoing Asset Management	

Whether in textbook discussions on the RED process or Dowall's publications on the public/private Joint Development Process, feasibility analysis is considered an early step in the RED process because RED involves commitment of large amounts of capital and expertise from numerous professional resources; therefore, knowledge about markets, legal regulations, physical constraints, political attitudes, and financial feasibility are important in forecasting whether a project is viable. Knowledge forecasting a feasible RED is important for getting financing commitments, establishing developer credibility, as well as reducing risk.

The IURD has conducted research into public policy and the consequences that alternative styles of governance have on patterns of development. Governance is a significant element of this study and is discussed in detail later in the chapter on Context (Chapter 4). Governance includes the processes and systems administrated by an authority or government that determines policy, the basis for decision making. Governing policies of Sound Transit (ST) come from the Regional Transit Authority (RTA) and Federal Transit Administration (FTA). Governing policies of SCCC come from the State Board of Community and Technical Colleges

(SBCTC), the City of Seattle policies governing Station Area Planning (SAP), Station Area Advisory Committees (SAAC), and Major Institution Overlay (MIO) zoning policy. Examination of the above governing policies discovered that all these entities required citizen involvement to be included as part of the development processes that affected (SCCC) ability to develop the SS above ST's CHS.

Additionally, Dowall (1987) identifies six typical differences unique to the Joint Development Process found in public/private RED. All of the following six items are found in this study. They are:

1. *Access to lower cost funds. . . .*
2. *Risk sharing* – further defined as Dowall comments that "many of today's large scale multi-year projects are extremely risky. . . governments can frustrate citizen pressures to stop projects more effectively than can private developers. . . large projects are often difficult and risky to complete because the actual net operating income that will be generated is unknown or impossible to forecast. . . ."
3. *Zoning concessions* – Dowall says "If the project is jointly sponsored, rezoning is easier to obtain. However, more often than not, there are multiple governmental agencies involved in the approval of projects and it is not always the case that a developer's public partner can effortlessly 'deliver' the rezoning. . . ."
4. *Access to large parcels* – Dowall comments that "Quite often the public sector is in control of large parcels of large assemblies of parcels that offer much development potential. . . ."
5. *Financial gains* – [Dowall adds that joint development on ground leases and participations in the net operating income of projects will have significant cash flow gains]. . . .
6. *Development of public spaces* – Dowall further states that "In a joint development project it is often possible, through negotiation, to convince the developer to construct new public spaces, such as plazas or parks . . . ."(p. 21)

Definition of Feasibility Analysis:

James A. Graaskamp is a highly respected and frequently quoted source in RED and feasibility analysis textbooks and publications. Textbook authors, David C. Ling and Wayne R. Archer, refer to Graaskamp as the "brilliant real estate academic and analyst" (Ling & Archer, 2010, p. 133). Graaskamp's definition of feasibility analysis is that "a real estate project is 'feasible' when the real estate analyst determines that there is a reasonable likelihood of satisfying explicit objectives when a selected course of action is tested for fit to a context of specific constraints and limited resources" (Graaskamp, 1973, p. 4; See also Miles et al., 2007, p. 242 and p. 392).

Bisecting Graaskamp's definition into key terms and linking those terms to the study clarifies what is meant by feasibility analysis as well as applies those key terms to a real world situation. Key terms discussed in what follows are: explicit objectives, likelihood, satisfying, context, and limited resources.

The first key term in the definition of feasibility is "explicit objectives". Explicit objectives as Graaskamp (1973) explained is that the "Client objectives are unique and a major function, perhaps the primary function of a feasibility analyst, [and the importance] is to seek a correct statement of the problem in order to evaluate the fit of a proposed solution to that problem" (p. 4).

The cover of the RCHEC brochure states that the purpose of the presentation is as "An invitation to government, private foundations and private sector medical entities to PARTNER in the realization of this timely vision for SEATTLE CENTRAL COMMUNITY COLLEGE, the Community, City and the Region" (Ogilvie, 2009A). The RCHEC brochure explains the importance of this development to "strengthening the healthcare sector in our region", development of SCCC's "allied health programs", "increasing the number of healthcare professionals", and address "A shortage Crisis of Healthcare Professionals" (RCHEC, 2009A, p. 2-6).

SCCC wants help in growing its campus and expanding its education programs for healthcare professionals. Speculation on possible reasons for SCCC's seeking of a partner might be: 1) project size ($116,000,000), 2) SCCC's development experience and expertise, 3) available funding, 4) political issues regarding community preferred uses other than the RCHEC on the SS above ST's CHS, or all of the above.

The second key term in the definition of feasibility is "likelihood". Likelihood, according to Graaskamp (1973) "implies explicit recognition that forecasting results involve the use of many variables about which subjective risk judgments must be made. . ." (p. 4). Graaskamp is quoted as saying "when you buy real estate you are buying a set of assumptions about the future. And all assumptions can be wrong" (Link & Archer, 2010, p.152). Lawrence S. Thal (1982), author and teacher of real estate finance in the Graduate School of Banking and Finance at the Golden Gate University in San Francisco, in an article entitled *Sensitivity Analysis – A Way to make Feasibility Analyses Work* discusses the risk of selecting and applying optimistic variables when an eager developer is encountered who is anticipating a special project to be realized (Thal, p. 57). Thal (1982) comments that "very precise methods of calculating discounted returns have been developed, but the sophisticated investor knows that behind these precise calculations are data that are not so precise" (Thal, p. 58). He discusses the Best-Worst-Average approach as an alternative to the Optimistic Approach because it provides a range of guesses.

The Best-Worst-Average Approach is an attempt to reduce subjective risks by providing information on the extremes, but does not answer probability of a given case occurring or show which result is most likely to occur. Thal recommends Sensitivity Analysis (SA), which is a two-step process repeated many times. There are millions of possible value combinations in the two-step process. The goal of the process is to create as many combinations as possible in order to identify the combinations with the highest yield at a given rate, as this increase the chances of achieving that rate. The two steps are: 1) estimate the range of values for each of

the various factors and within these ranges the likelihood of occurrence of each value, 2) select at random one value from the distribution of values for each factor and then combine the values for all of the factors to compute the rate of return from that combination, then repeat over and over again to define and evaluate the statistical probability of the occurrence of each possible rate of return. Thal notes that SA doesn't eliminate risk, yet it is better assurance that available information has been used with maximum efficiency and the mere process of assigning confidence levels to available data and projections will help to improve the quality of the information.

This study does not get into sensitivity analysis, however, it presents a very basic comparison of cost to revenue and covers the housing portion of the RCHEC as this use has the most relevant as well as readily available data (See Chapter 3). This simplified approach to financial feasibility analysis was prepared for the purpose of obtaining a second meeting with Dr. Ogilvie to ask for community college specific classroom and lab construction data and revenue source information that was needed for a more complete financial feasibility analysis. Miles et al. (2007) calls this a "back-of-the-envelope pro forma – a simple comparison of value and cost" and that "most ideas generated at this stage are never carried out," (p. 239).

The third key term in the definition of feasibility is "satisfying". Graaskamp (1973) defines the term as the "concept of 'satisfying' [that] must be organized to deal both with intangible requirements of social planning and real estate 'amenities,' and with the more tangible decision points of financial ratios and dollar profits" (p. 4). He further states that the "Context of special constraints requires research of limitations not only in zoning or soils or structural layout but in the politics and preferred transaction styles of consumers which may rule out certain courses of action" (p. 4).

Graaskamp (1973) lists four parties, whose well-being needs to be considered when satisfying the ethical factors in a real estate project context, which

are 1) relationship of the project to the community and the environment as the community sees its own interests, 2) relationship of the project to the self-interest of those who will occupy the project as tenants or as employees, 3) relationship of the project to the self-interest of the many subcontractors, and 4) the relationship of the project to personal obligations of the client relative to his own self-image (p. 64). The importance of community views on a project as an important factor of feasibility analysis was recognized by Graaskamp in the 1970's.

Dowall (1990) discusses politics as found in public/private RED in the second item of the six typical differences unique to the Joint Development Process list entitled risk sharing (See Table 2.1, p. 5). He says that "Citizen opposition can develop quickly and pressure to kill projects can surface almost overnight. . . . Short of obtaining vested rights or early project approval, governments can frustrate citizen pressures to stop projects more effectively than can private developers" (p. 21). As an example, ST neutralized frustrated citizen opposition pressure to its CHS during the 2008-2011 outreach events, but community recommendations did not include SCCC's use of the SS above ST's CHS.

Miles et al. (2007) suggests that the "Real Estate Game" is played at two levels. "Level one of the game is about valuing the productive capacity of the property itself. . . at level two, we look at the many individual players of the game and evaluate the revenue – not only to the project but also to the individual players" (p. 623). Revenue in business is measured in terms of monetary rewards, whereas revenue when community involvement is required might be measured in terms of preferences (including public goods) when a large scale multi-year public RED intrudes upon the community. Accommodating community preferences might be a step to achieve a frictionless fit for a RED project over and above the "significant economic value added to the neighborhood" (Dowall, 1987, p. 20). This was found to be accurate in relation to SCCC's project as will be discussed in Chapter Four.

Miles et al. (2007) further states that “when conflicting goals drive different players, the system can go haywire” (p. 623). Land use regulations do not require mid-block crossings, plaza public spaces, or uses limited to what the community will not object to or what the community prefers. Whether this is haywire or part of a new planning process might depend on who you are talking to or what literature you are studying.

Theresa Doherty, Director of the Office of Regional & Community Relations (RCR) at the University of Washington (UW), discussed a new approach to planning since 1999 that requires lots of conversations, lots of different meetings, and expected disagreements or differences of opinions when a major institution undertakes expansion into a community (personal communication, October 7, 2011).

Graaskamp’s key term, “satisfying”, by definition is that satisfying the individual players of a RED or at least neutralizing the opposing forces is a necessary component of determining a real estate project to be feasible.

The fourth term is context. This will be examined in Chapter Four of this study.

The final key term in Graaskamp’s definition of feasibility is “limited resources”. “Limited resources” according to Graaskamp “relates to all of the financial, talent, good will, and time tools which may be tapped by the decision-maker while providing acceptable alternative courses of action” (1973, p. 5). SCCC’s limited resources are discussed in great detail in the examination of Context (See Chapter 4).

In addition, clarifications on two notions that are part of feasibility analysis are needed. First, feasibility analysis activity is an iterative process; and second, the notion of highest and best use (HBU) applicable to this study is the restricted qualification of highest and best transit use (HBTU).

Iterative Process

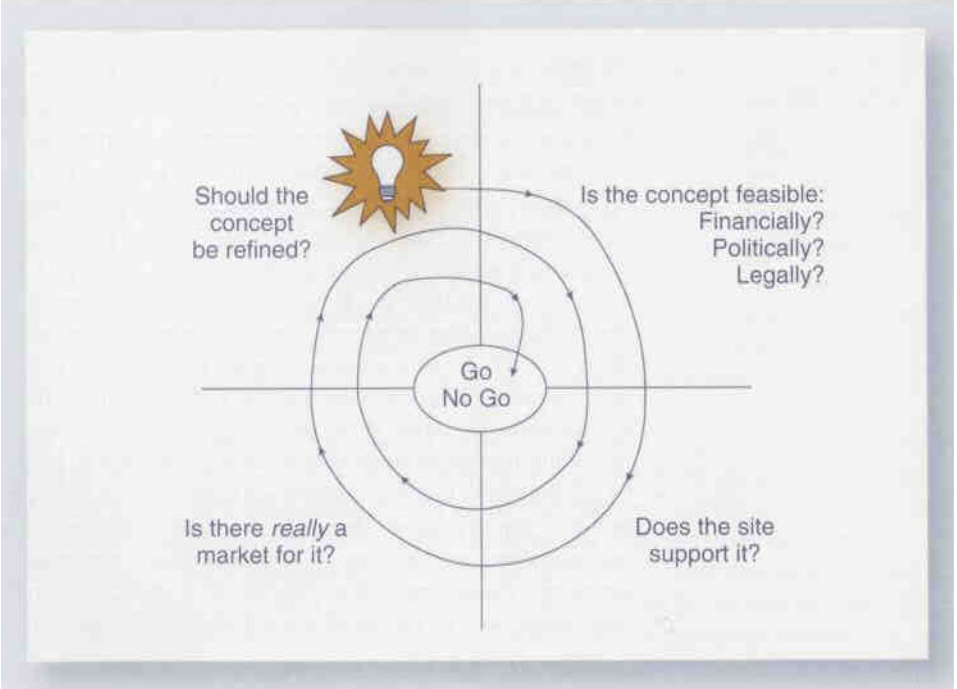
Graaskamp (1973) writes about the feasibility testing process as "a cycle of 'stop-and-go' thinking. First, someone brainstorms an idea, attempting to remain free of as many premature criticisms and conventional wisdoms as possible, which is the 'go' process of creativity. Then at a certain point it is necessary to review and judge what is being proposed against some context of objectives and constraints, and this is the 'stop' process" (Preface). SCCC's Dr. Ogilvie did both the "go" and the "stop" phases.

University of Washington Professor J. R. DeLisle in his soon-to-be-published book on feasibility discusses Feasibility Dimensions as being examined in terms of tests of: "legality of use, physical possibility of construction/design, marketability of final product, financial viability of investment, and capital capture potential" (Delisle, 2010, p.5 of Version 8). As each test is evaluated, there is the need for a decision to go forward or stop.

Authors Ling and Archer (2010) say "the tests of fitness often identify hurdles that require problem solving so the feasibility analysis process is iterative with an evolutionary nature and must cycle through several dimensions as additional information from each dimension of the process is refined toward a decision" (p. 615-616).

The following figure captures this continuous testing regarding the fitness process with "Go or No Go" decision making that occurs in the feasibility analysis process and as a RED evolves and becomes realized.

Figure 2.3 Iterative Process



SOURCE: Ling & Archer, 2010, p. 615)

The final relevant notion reviewed in this search of the literature is the restricted definition of highest and best use as it applies to a transit district redevelopment project. This is the highest and best transit use (HBTU).

Highest and Best Transit Use:

James DeLisle and Elaine Worzala (2000), authors of *Essays in Honor of James A. Graaskamp: Ten Years After*, review Graaskamp's notion about "problems with the appraisers' definition of HBU. The concept failed to take into consideration many facets of the real estate process and the interaction of the groups and subgroups involved. This was especially true in modern times, when the public was gaining increasing control over land use (Graaskamp, 1972, p. 519): 'The concept that whoever can pay the highest price for a particular site is the most appropriate user of that site represented an era of Laissez-faire land economics, and becomes *obsolete* in a decade when the public is reestablishing its control of land use' (p. 311). DeLisle and Worzala continue quoting Graaskamp on highest and best use (HBU)

with “not only should ‘benefits and costs to the society’ be considered, but also ‘aesthetic and ethical questions’ (Graaskamp, 1972, p.519)” (p. 311).

The traditional definition of HBU is the use that generates the most revenue. According to Policy Link, HBU ”that generates the most revenue . . . limits the ability to plan for mixed-income transit oriented developments (Policy Link).” The U. S. Department of Transportation agrees saying that “In some circumstances, the highest and best use for a property, i.e., that use resulting in the greatest cash price for the property, may not be transit-oriented.” (Steinmann, 1997)

HBTU is an FTA requirement for transit agencies when land has been purchased using federal funds. Since 1997, a more broad definition of HBTU is “a project that benefits the transit agency through a combination of program revenues and increased ridership” according to Policy Link. This includes low-income residents who use transit more than higher-income residents; therefore development of affordable homes near transit stations can generate ridership. In addition, regional and community benefits can and should be considered elements of HBTU (Policy Link).

Policy on Transit Joint Development by the U.S. Department of Transportation situates and then defines HBTU in the Federal Register (March 14, 1997, Volume 62, Number 30, Notices) “In determining the fair market value, FTA will consider appraisal methods which factor in the ‘highest and best transit use’ of property as defined in the body of this notice. . . . the highest and best transit use value varies from the traditional highest and best use assessment . . . the highest and best transit use is that combination of residential, retail, commercial and parking space that results in the highest level of transit support from a combination of project revenues and increased ridership” (p. 12266-12269). The Notice provides an example to illustrate a preferred HBTU as follows ‘Highest and best transit use’ of a property for a day care center produces less income than ‘highest and best use’ as a coin-operated laundry, but market surveys show it would attract and serve a greater

number of transit riders and is better suited to the overall plan for the area. This would be an appropriate trade-off." (p. 12305-4705)

In concluding the literature review chapter, feasibility analysis is a matter of gaining sufficiently precise and unbiased information to increase the likelihood that a development project like SCCC's RCHEC project would meet the client's explicit objectives. Since feasibility analysis is an iterative process that occurs early in the development process a minimum expectation in the first few steps of the process is that this information has reasonable certainty. The literature review revealed that there are differences between the RED processes portrayed in textbooks and the Joint Development Process found in large scale multi-year TDR projects. One such difference is that developers can be convinced to acknowledge and undertake providing for community amenities and objectives in their projects. Developers of large scale multi-year RED are allowing the community a seat at the design table along with local jurisdictions, which adds uncertainty, as these negotiations could change the site development potential. An important point of feasibility analysis is satisfying or neutralizing the opposing forces, which can be achieved through negotiations to find resolutions with external stakeholders which provide certainty so developers can proceed with the RED process. Removing frustrated citizen pressure constraints is becoming an essential piece of the Joint Development Process to enable development projects to move forward. This has particular relevance for what follows in Chapter Three, the initial feasibility analysis of SCCC's development project presented to Dr. Ogilvie for purpose of getting a second meeting with him.

CHAPTER 3: THE FEASIBILITY PRESENTATION TO DR. A. BARRETTO OGILVIE

The study initial task was to assist Dr. Ogilvie with evaluating the feasibility of developing the SS above ST's CHS on sites A, B, and C for the college's RCHEC project. The study problem was to provide knowledge regarding financial feasibility using the 63-20 revenue bond funding mechanism and the 2007-2008 ST massing design plans (p. 56). The literature review indicates that feasibility analysis is an early step in the RED process regardless of which process is used. Ling and Archer (2010) expect a developer to establish site control (Ling and Archer, p. 5), and then the developer "normally will perform a financial feasibility analysis first. . . . Deriving the value of the project may be very informal. . ." (Ling and Archer, p. 614). If the project's basic space requirement costs are not covered by the revenue generated from the space, then the work of gathering information for a comprehensive feasibility analysis is not warranted.

A preliminary feasibility analysis was prepared and delivered to Dr. A. Barretto Ogilvie, Manager for Planning and Development of the RCHEC at SCCC, on March 4, 2009 and is presented, in its entirety, in this chapter. The analysis was a simple financial feasibility comparison of cost to revenue based on one of the RCHEC's uses, housing. Market rate multifamily housing data is relatively easy to obtain. This preliminary feasibility analysis was quickly prepared for the purpose of getting a second meeting with Dr. Ogilvie to ask for college proprietary data on classroom and lab construction costs and sources of revenue. Dr. Ogilvie made an announcement at this second meeting, that the project was stopped because it was too risky as determined by his discussions with ST's architect, David Hewitt of Hewitt Architects. His reasoning was that community involvement and anticipated objections to SCCC's RCHEC could delay the permitting process, therefore efforts to proceed with the project of developing the SS above ST's CHS might end up in a battle between the community and the college.

The preliminary feasibility analysis document, as presented to Dr. Ogilvie on March 4, 2009, is included on the following page (See p. 18).

The outcome of the preliminary feasibility analysis was a “No Go” in 2009 because of too much risk, so this study was temporarily suspended. At this point, the study evolved from a stalled feasibility analysis into a case study that investigated the context surrounding the site of ST’s CHS, the governance of the stakeholders, and community’s preferences that revealed several constraints which eventually became a map of the constraints that SCCC faced during its attempt at campus expansion. Also, investigation revealed an opportunity for SCCC to develop a downsized version of the RCHEC.

The significance of this study’s investigation is the identification and examination of the constraints that SCCC faced during its attempt at campus expansion. Those constraints will be revealed in Chapter Four. The constraints are reviewed and synthesized in the concluding Chapter Five.

PRELIMINARY FEASIBLITY ANALYSIS

for

DR. A. BARRETTO OGILVIE

on

MARCH 4, 2009

March 4, 2009

A. Barretto Ogilvie, Ed. D.
Planning and Development
Seattle Central Community College (SCCC)
1701 Broadway BE 4180J
Seattle, WA 98122

RE: SCCC Need for Student Housing

Dear Dean Ogilvie,

The following information is my preliminary recommendation to SCCC on how to provide student housing as part of the College Vision to develop a Regional Community Health Education Complex.

My recommendation is for one building on each of the Sound Transit (ST) Capitol Hill Light Rail Station Sites A, B, and C. The space program is for three buildings using the ST design which will produce 319 apartment units (700-768sf/unit), 335 parking stalls, and 38,301sf of street level retail space.

My further recommendation is to use the 63-20 Nonprofit Corporation Financing Model for the $72,000,000 costs of construction.

This preliminary recommendation will be followed by a more in depth financial analysis of the project by the 1st of June 2009.

Sincerely,

Janice R. Jarman
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Master Degree Student
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Stakeholders

There are several stakeholders with respect to the Capitol Hill Light Rail Station Site. The two I will discuss at this time are SCCC and Sound Transit.

SCCC - The "Perfect Storm" for Health Care in Washington

SCCC has invited government, private foundations, and the private sector medical entities to PARTNER in the realization of a timely vision for Seattle Central Community College, the Community, the City of Seattle and the Puget Sound Region.

SCCC defines the problem as:

- Shortage Crisis of Healthcare Professionals
- Gaps in Culturally-Competent Healthcare Service Delivery
- Need for Student Supportive Services/Housing/Travel Reduction
- Insufficient Allied Health Program Educational Space

The Health Education Complex Partnership – SCCC proposes the construction of a multi-building Regional Community Health Education Complex (RCHEC), to be built on existing SCCC property, NEXT TO or near private AND PUBLIC property, and adjacent and near Sound Transit property. (A. Barretto Ogilvie)

Source: SCCC Regional Community Health Education Complex Brochure 2009

Sound Transit (ST) Transit-Oriented Development Policies

Motion No. 98-25

TOD Definition

Transit-Oriented Development (TOD) can be defined as compact public and private development that supports transit use by emphasizing pedestrian and transit access, clustering development and mixing land uses and activities at and around transit facilities.

Sound Transit TOD Policies

Sound Transit should use all its own sites to demonstrate good transit-oriented design and land use mixes that are appropriate to their setting, transit mode, and market conditions. To accomplish this, Sound Transit should:

- Should preserve options for future TOD projects in its facility plans and environmental work
- Additional resources should be focused to determine what TOD projects would bring the greatest return to Sound Transit and the local community
- Should place deed restrictions or other restrictions on surplused land, specifying that it must be used for transit-oriented development that complies with local plans and codes
- Should consider providing incentives to assure that desired types of development are built on its surplused land
- Could maintain ownership of some of this land and undertake development of the site itself or under contract
- Involvement should reflect the local community's participation, its needs and interests, as well as Sound Transit's own priorities and resource availability
- Should work with its partners to encourage the creation of a TOD pilot program to help demonstrate the highest quality TOD principles
- To the extent allowed by state law, the Sound Transit Board should explore use of creative financing opportunities such as grant funds to support pilot development projects that meet Sound Transit and local station area development goals (Bob Drewel)

Site Context

SCCC is located on Capitol Hill adjacent to downtown Seattle, First Hill with a concentration of medical facilities, South Lake Union with a concentration of biotech companies, and three miles from the excellent University of Washington medical facilities, research facilities, and medical training education program.

Source: SCCC Regional Community Health Education Complex Brochure 2008

Site Attributes

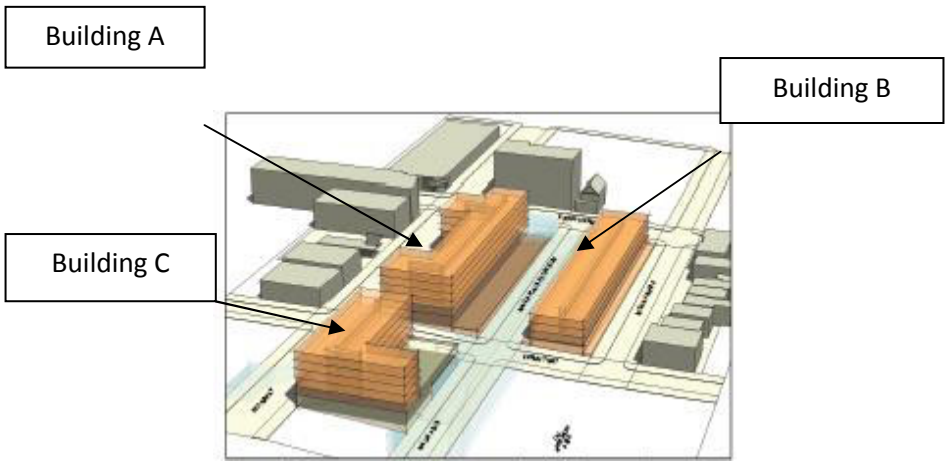
The ST light rail station facing Broadway Avenue East and East John is across the street from the main SCCC campus. The light rail station is expected to be completed by 2017. Travel time between the Capitol Hill Station/SCCC campus and the University Station/University of Washington medical education facilities is estimated to be 6 minutes.

The SCCC vision statement comments that a barrier to student's ability to succeed is "having to commute to SCCC from far beyond Seattle's boarders" and "high rent, the lack of a car, and an inability to secure affordable child care or housing often prevent a student from focusing on education and a certificate or degree completion." This site with student housing across the street from SCCC campus is essential for student success. (A. Barretto Ogilvie)

Three Buildings of Student Housing

Over the ST Capitol Hill Light Rail Station

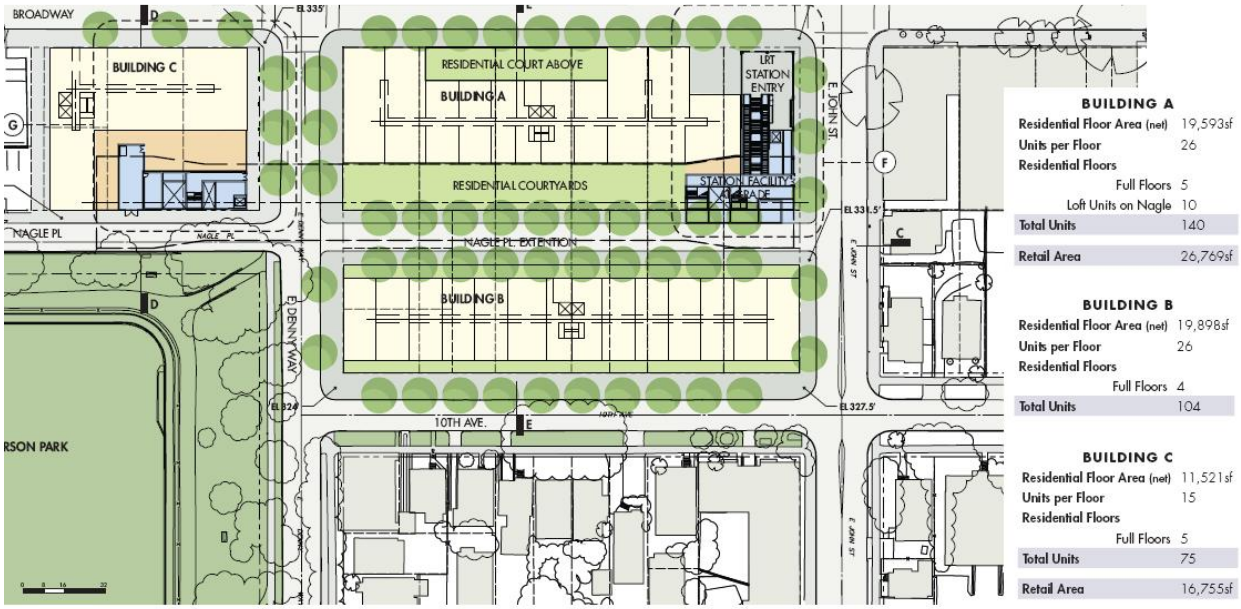
Located at Broadway Avenue East & East John



Source: Capitol Hill Light Rail Station Urban Design Analysis by Sound Transit Northlink Transit Partners

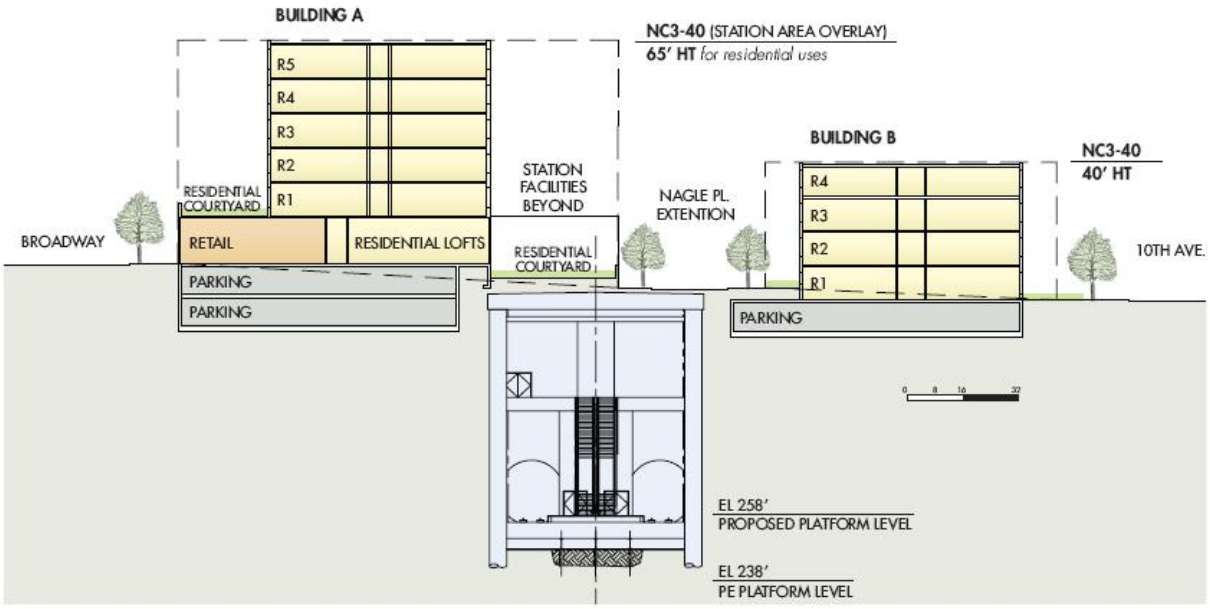
Site Diagram & Building Space Program

Sound Transit Design – Building A, B, & C



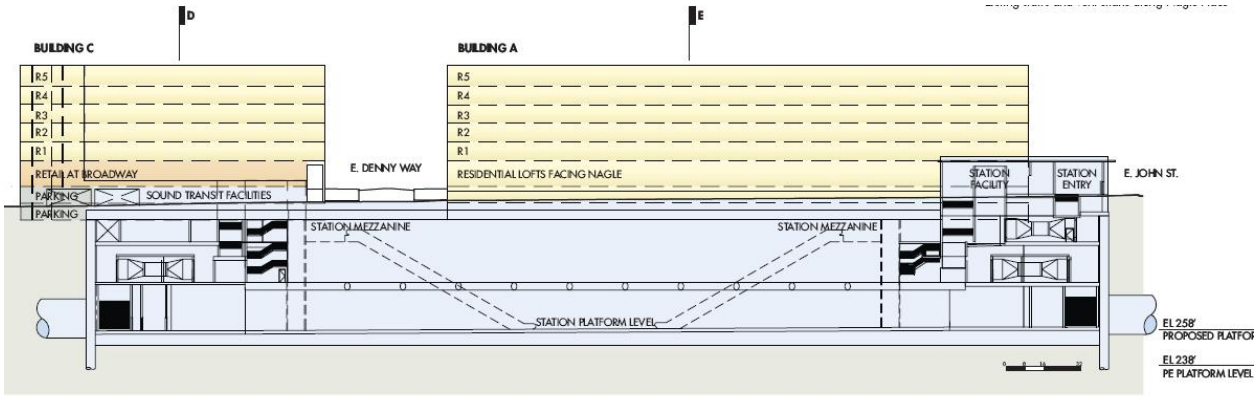
Source: Capitol Hill Light Rail Station Urban Design Analysis by Sound Transit Northlink Transit Partners

Building's A, B, and Light Rail Section Drawings



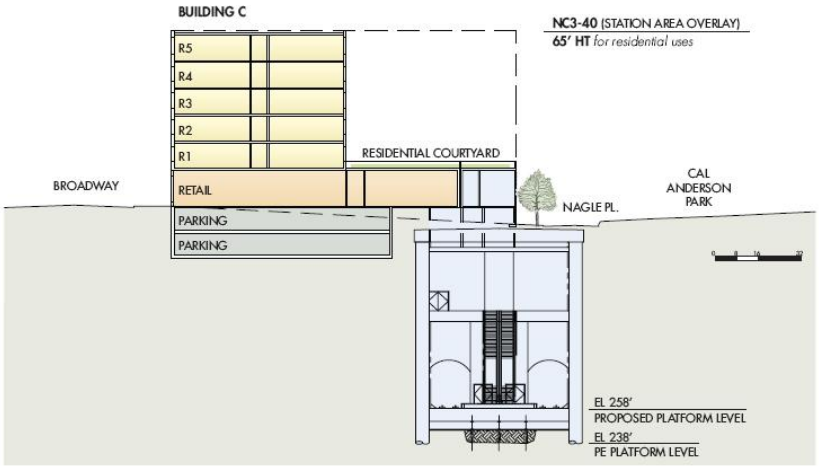
Source: Capitol Hill Light Rail Station Urban Design Analysis by Sound Transit Northlink Transit Partners

Building's A, C, and Light Rail Section Drawings



Source: Capitol Hill Light Rail Station Urban Design Analysis by Sound Transit Northlink Transit Partners

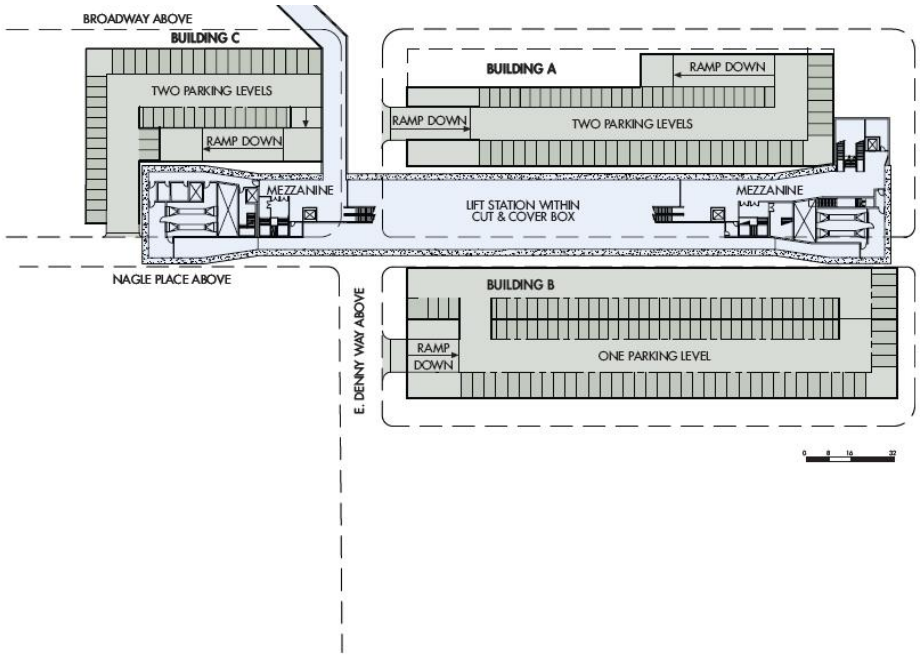
Building C and Light Rail Section Drawing



Source: Capitol Hill Light Rail Station Urban Design Analysis by Sound Transit Northlink Transit Partners

Parking Diagram & Space Data

Sound Transit Design - Building A, B, & C



BUILDING A	
Gross Parking Area	21,575sf
Stalls per Floor	67
Parking Floors	2
Total Stalls	138

BUILDING B	
Gross Parking Area	43,215sf
Stalls per Floor	107
Parking Floors	1
Total Stalls	107

BUILDING C	
Gross Parking Area	7,164sf
Stalls per Floor	47
Parking Floors	2
Total Stalls	94

Source: Capitol Hill Light Rail Station Urban Design Analysis by Sound Transit Northlink Transit Partners

Space Program

BUILDINGS

The floor data and building data is from the ST and Northlink Transit Partners (NTP) Capitol Hill Light Rail Station Urban Design Analysis dated March 2007. Some of the data was enhanced by my interpretation of missing data.

FLOOR DATA PER BUILDING							
Building A	Units/Floor	Floors	Units/Floor	Plus Lofts	Total Units	NSF/Floor	GSF/Floor
						88%	100%
Apartments	26	5	130	10	140	19,593	22,265
Retail						23,557	26,769
Parking	67	2	134	0	134	18,985	21,574
Building B							
Apartments	26	4	104	0	104	19,898	22,611
Retail						0	0
Parking	107	1			107	32,314	36,720
Building C							
Apartments	15	5	75	0	75	11,521	13,092
Retail						14,744	16,755
Parking	47	2	94		94	14,960	17,000

Source: Capitol Hill Light Rail Station Urban Design Analysis by Sound Transit Northlink Transit Partners

BUILDING DATA PER BUILDING					
Building A	Total Apt Units	Total Stalls	NSF/Unit Calculated	Total Bldg NSF Calculated	Total GSF Calculated
Apartments	140		700	97,965	111,324
Retail				23,557	26,769
Parking		134		37,970	43,148
Building B					
Apartments	104		765	79,592	90,445
Retail				0	0
Parking		107		32,314	36,720
Building C					
Apartments	75		768	57,605	65,460
Retail				14,744	16,755
Parking		94		29,920	34,000
Total	**319**	**335**		**373,667**	424,622

Source: Capitol Hill Light Rail Station Urban Design Analysis by Sound Transit Northlink Transit Partners

SUMMARY BUILDING DATA PER USE				
	Apt Units	Apt NSF	Retail NSF	Parking Units
Building A	140	97,965	23,557	134
Building B	104	79,592	0	107
Building C	75	57,605	14,744	94
Total	**319**	**235,162**	**38,301**	**335**

Source: Capitol Hill Light Rail Station Urban Design Analysis by Sound Transit Northlink Transit Partners

LAND

LAND DATA				
Site	Block: Street Boundaries	Block: Site Dimensions	Total Land SF	Number of 60' Lots
Site A & B		256' x 360'	92,160	12
West	Broadway E			
North	E John			
East	10th Ave E			
South	E Denny Wy			
Site C	128' x 180'	128' x 180'	23,040	3
West	Broadway E			
North	E Denny Wy			
East	Nagle Pace			
South	Parking Lot			

Source: King County Assessor Records

Financials

The following assumptions are based on the University of Washington NAIOP Real Estate Challenge 2008 study and the Edmonds Community College Project (student housing) prepared by the George K. Baum & Company.

ASSUMPTIONS				
GROSS RENT ROLL				
Apartments	$2.32	NSF/mo	$27.84	NSF/yr
Retail	$2.25	NSF/mo	$27.00	NSF/yr
Parking	100	Stall/mo	$ 1,200	Stall/yr
Less Vacancy/Credit Loss	5%			
EXPENSES				
Apt	$0.56	NSF/mo	$ 6.75	NSF/yr
Commercial	$0.02	NSF/mo	$ 0.24	NSF/yr
Management	5%	AGR		
Replacement Reserve	1%	AGR		
Land Lease	$15,000,000	6%	$900,000	
CONSTRUCTION				
Apartments	$212	NSF		
Retail	$105	NSF		
Parking	$35,000	stall		
LEED Premium	$3.50	NSF		
Retail TI's	$40	NSF		
Contingency (7% of Hard Cost)	5.30%	All in Cost		
Debt Service				
All Inclusive Cost of Capital	5.19%			

INCOME PROFORMA						
GROSS RENT	Amount	Unit		Amt/Unit	Subtotals	ANNUAL TOTALS
						$7,983,040
Apt Bldg A,B,C	235,162	NSF	@	$27.84	$6,546,910	
Commercial	38,301	NSF	@	$27.00	$1,034,130	
Parking	335	Stall		$ 1,200	$402,000	
Less Vacancy/Credit Loss	5%					($399,152)
Less Expenses						($2,945,977)
Land Lease	$15,000,000	@		6%	($900,000)	
Apts	235,162	NSF	@	$ 6.75	($1,587,344)	
Commercial	38,301	NSF	@	$ 0.24	($3,600)	
Management	$7,583,888	AGRI		5%	($379,194)	
Replacement Reserves	$7,583,888	AGRI		1%	($75,839)	
NET OPERATING INCOME						$4,637,912

COST PROFORMA						
All in Costs						$68,440,841
Apartments	235,162	NSF	@	$212	$49,854,344	
Commercial	38,301	NSF	@	$105	$4,021,618	
Parking	335	Stall	@	$35,000	$11,725,000	
Tenant Improvements	38,301	NSF	@	$40	$1,532,045	
LEED Premium	373,667	NSF	@	$3.50	$1,307,834	
Contingency	$68,440,841		@	5.30%		$3,627,365
TOTAL PROJ COSTS (Less Land/Leased)				5.19%		$72,068,205
DEBT SERVICE						
Bond Debt Service	$72,068,205			5.19%		$3,740,340
Cash Flow After Debt Service						$897,572

Source: UW NAIOP Real Estate Challenge & ECCO Properties

63-20 Financing Model

Definition of the 63-20 Financing Model

The source of this definition of the 63-20 Financing Model is Karen J. Hedlund's paper, "The Use of '63-20' Nonprofit Corporations in Infrastructure Facility Development", a partner at the Nossamon LLP New York Law firm and Seattle's office of The National Development Council's power point presentation, "Innovative Approaches to Financing Public Facilities.

The 63-20 Financing Model uses tax-exempt bonds for public facilities. It blends the tax-exempt financing and the private sector building process under two rulings; 1) Revenue Ruling 63-20, and 2) Revenue Procedure 82-26. The blend takes advantage of tax-exempt interest rates and private sector development knowledge and experience.

The 1963 Revenue Ruling 63-20 allows a Not-for-Profit Corporation (NPC) to issue debt to finance a facility for tax-exempt purposes provided that 1) a local government endorses the financing, 2) the facility will be occupied by a tax-exempt entity, and 3) the facility **must** revert to the ownership of the endorsing local government at the retirement of the debt.

Specific details are as follows:

- Use of nonprofit project sponsor could facilitate the qualification of the project to receive public funds since the revenues of the project will not inure to any private party
- Possible for the nonprofit to issue public or privately-placed debt if the nonprofit can enter into fixed and certain, long-term contracts for the use of the facility
- Debt may be issued on a tax-exempt basis (significant savings in financing costs to the project)
- May issue tax-exempt debt if it satisfies certain IRS requirements set forth in Rev. Rul. 63-20 and Rev. Proc. 82-26 as follows:
    - Corporation must engage in activities which are essentially "public in nature"
    - Must be not organized for profit
    - Corporate income must not inure to any private person

- State or political subdivision must have a “beneficial interest” in the corporation while the indebtedness remains outstanding
- Corporation must be approved by the State or the political subdivision, which must also approve the specific obligations issued by the corporation
- Unencumbered legal title in the financed facilities must vest in the governmental unit after the bonds are paid

- Rules determining whether the governmental unit has the requisite “beneficial interest” in the nonprofit corporation are as follows:
  - Government unit must have exclusive beneficial possession and use of at least 95% of the fair market value of the facilities; or
  - If the NPC has exclusive beneficial use and possession of 95% of the fair market value of the facilities, the governmental unit appoints 80% of the members of the board of the corporation and has the power to remove and replace members of the board; or
  - Governmental unit has the right at any time to get unencumbered title and exclusive possession of the financed facility by defeasing (paying off or providing for payment of) the bonds

63-20 Financing Advantage

Financial Advantage

- Construction financing vehicle for public buildings, including schools
- Preserve the ability to finance a project through the issuance of **tax-exempt debt** (bonds)
- Insulates public agency sponsors from financial and other liability
- Ability to receive and utilize federal, state, and local government grants or loan proceeds

Public/Private Advantage

- Create a governing structure that includes representatives from both the public and private sectors
- Facilitates **the transfer of significant project risk** to the private sector

- Gives an affected community more direct control over key decisions and key project aspects
- Enables participation by other non-profit organizations
- Combines the relative strengths of the public sector with the **private sector's value added efficiency, innovation in ideas, and development process**

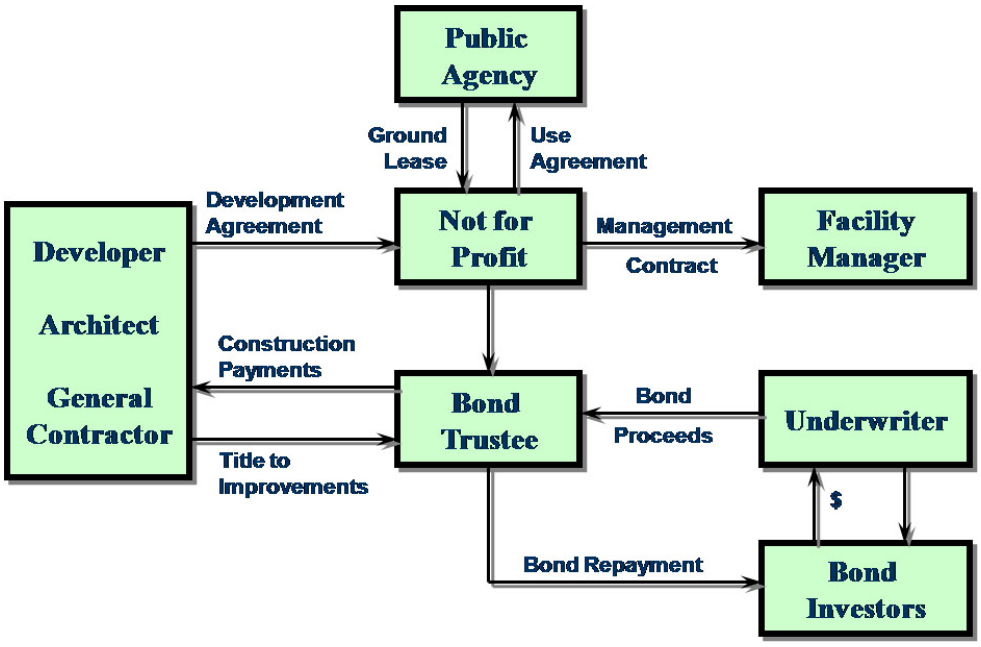
Red Tape Advantage

- Avoids the need for special legislation to implement a project

Key Contractual Agreements

- Franchise of Development Agreement
- Project Development Agreement or Management Agreement
- Design/Build Agreement
- Operations and Maintenance Agreement
- Trust Indenture and Financing Agreement

Typical 63-20 Structure Flow Chart



In the SCCC case, the players would be similar to the following suggestions:

Public Agency: Washington State Board for Community and Technical Colleges (WSBCTC, SCCC enters into a long term lease with the WSBCTC

Developer: Lorig Associates typically does $40,000,000 projects;

Wright Runstad & Company and Opus Corporation do $50,000,000 to $60,000,000 and higher projects

Not for Profit: Board and members specifically for this project

Facility Manager: Lorig Associates is managing the University of Washington Commodore Duchess student housing project located at 4009 15th Avenue NE

Bond Trustee:	U.S. Bank National Association at 1420 Fifth Avenue, Seventh Floor in Seattle is the current trustee for a Goat Hill Properties Project
Bond Underwriter	Underwriters for the $101,035,000 Goat Hill Properties Project were Lehman Brothers Inc., Citigroup Global markets Inc., and Siebert Brandford & Shank (collectively, the “Underwriters).

Examples

Project Using 63-20 Financing Model

Name & Identification	Photo	Project	Savings	Why the 63-20 Model
Commodore Duchess 4009 15th Avenue NE 139 Unit Apt. Bldg.		Residential Rehab 1st Estimate $13.0 million 2nd Estimate $14.0 million $7.0 million LEED Gold	$6.0 million	No Residential Rehab Experience
King Street Center 201 S. Jackson Street 327,000sf Offices		Developer Optioned Permitted Site LEED Gold	Fixed rents 20% Saved 2 yrs. in County Development Process	Reasonably Price Financing Control Bld. w/LT Lease Own Bldg. at Bond Retirement
Edna Lucille Goodrich Building Tumwater Office Properties		Offices Built to State Specifications	Flat Lease Rate Over Term	WA State Needed Office Space
4225 Roosevelt UW 127,717sf Medical Office Building		Acquisition & Rehab	Stabilize Occupancy Costs	Acquire Leased Space
Radford Court UW 6301 65th Avenue NE		399 Unit Married Student Housing	Saved 2 yrs. In Development Process	Development without Debt
Patricia Bracelin Steele Building 401 Broadway		156,800sf Medical Office Building 198 Underground Parking Stalls	Significantly Reduced Development Timeline	King County Harborview Medical Center Tenant
Nordheim Court UW 5000 25th Avenue NE		460-bed, 146-unit UW student housing	20% Cost Savings	18-Month Develoopment Timeline
4545 Building 15th Ave. NE & NE 45th Street		Acquisition		Financing Allowed UW to Meet Rigid Acquisition Timeline
Chinook Building 401 5th Avenue		295,000sf King County Municipal Office Building 817 Parking in Detached Garage LEED Gold shell Platinum Interior	Significantly Reduced Development Budget	Significantly Reduced Development Timeline

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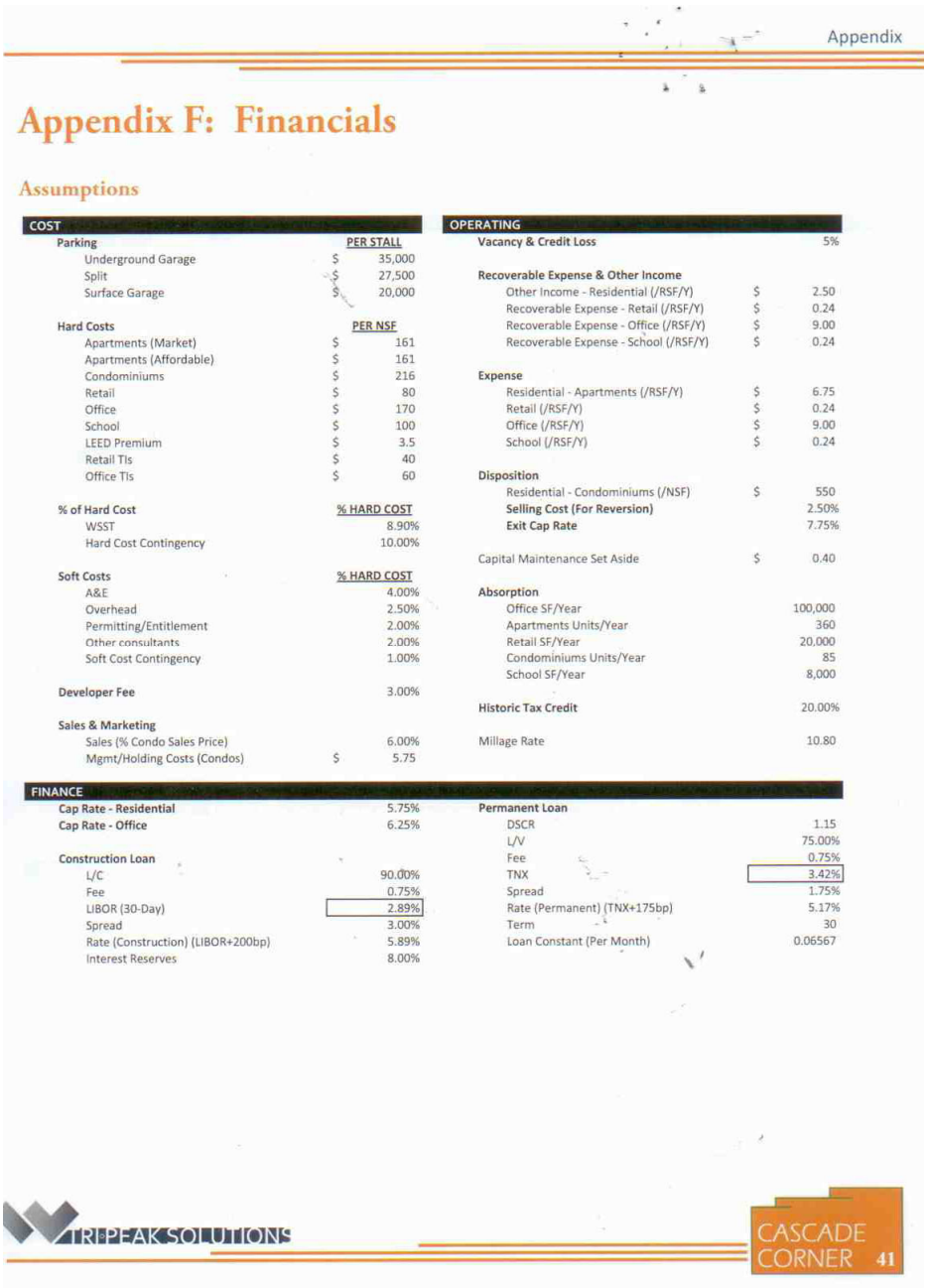
Appendix A

Assumptions from

UW – NAIOP Real Estate Challenge 2008

Bank Financing Model



Appendix F: Financials

Assumptions

COST		
Parking		**PER STALL**
Underground Garage		$ 35,000
Split		$ 27,500
Surface Garage		$ 20,000
Hard Costs		**PER NSF**
Apartments (Market)		$ 161
Apartments (Affordable)		$ 161
Condominiums		$ 216
Retail		$ 80
Office		$ 170
School		$ 100
LEED Premium		$ 3.5
Retail TIs		$ 40
Office TIs		$ 60
% of Hard Cost		**% HARD COST**
WSST		8.90%
Hard Cost Contingency		10.00%
Soft Costs		**% HARD COST**
A&E		4.00%
Overhead		2.50%
Permitting/Entitlement		2.00%
Other consultants		2.00%
Soft Cost Contingency		1.00%
Developer Fee		3.00%
Sales & Marketing		
Sales (% Condo Sales Price)		6.00%
Mgmt/Holding Costs (Condos)		$ 5.75

OPERATING	
Vacancy & Credit Loss	5%
Recoverable Expense & Other Income	
Other Income - Residential (/RSF/Y)	$ 2.50
Recoverable Expense - Retail (/RSF/Y)	$ 0.24
Recoverable Expense - Office (/RSF/Y)	$ 9.00
Recoverable Expense - School (/RSF/Y)	$ 0.24
Expense	
Residential - Apartments (/RSF/Y)	$ 6.75
Retail (/RSF/Y)	$ 0.24
Office (/RSF/Y)	$ 9.00
School (/RSF/Y)	$ 0.24
Disposition	
Residential - Condominiums (/NSF)	$ 550
Selling Cost (For Reversion)	2.50%
Exit Cap Rate	7.75%
Capital Maintenance Set Aside	$ 0.40
Absorption	
Office SF/Year	100,000
Apartments Units/Year	360
Retail SF/Year	20,000
Condominiums Units/Year	85
School SF/Year	8,000
Historic Tax Credit	20.00%
Millage Rate	10.80

FINANCE		
Cap Rate - Residential	5.75%	**Permanent Loan**
Cap Rate - Office	6.25%	DSCR 1.15
		L/V 75.00%
Construction Loan		Fee 0.75%
L/C	90.00%	TNX 3.42%
Fee	0.75%	Spread 1.75%
LIBOR (30-Day)	2.89%	Rate (Permanent) (TNX+175bp) 5.17%
Spread	3.00%	Term 30
Rate (Construction) (LIBOR+200bp)	5.89%	Loan Constant (Per Month) 0.06567
Interest Reserves	8.00%	

Appendix B

Assumptions

Edmonds Community College Student Housing Project

63-20 Financing Model

ECCO Properties
(Edmonds Community College Project)
Tax-Exempt and Taxable Revenue Bonds
Series 2008

6/11/2008
New Residence Hall
10-year SIFMA Swap
LOC Backed

EXPLANATION OF FUNDS

SOURCES OF FUNDS

Par Amount		16,070,000
TOTAL SOURCES OF FUNDS		16,070,000

USES OF FUNDS

Construction Fund		
Hard Costs		
Construction , Sitework, Fees, B&O		8,731,016
Contingency	7.00%	611,171
Furniture, Fixtures and Exercise Equipmen		526,800
Sales Tax	8.90%	878,340
Total Hard Costs		10,747,327
Soft Costs		
Predevelopment Feasibility Analysis		25,000
Architect / Engineers / Civil / Landscape		750,000
Waterproofing / Soils / Other Consultants		75,000
Construct Testing		30,000
Survey (Market and Land)		30,000
Environmental Level 1 & HAZMAT & Soils		5,000
Utility Hook-Ups		124,928
Lease Up / Marketing / Start-Up Expenses	1.00%	107,473
Performance Bond		28,000
Reimburseables		32,242
Preconstruction Interest		25,000
Permits and Fees		107,473
Builder's Risk Insurance		80,000
Legal Fees: Real Estate & Audit		85,979
First Annual Fixed Lease Payment		3,500
Miscellaneous Other Costs		7,000
Other Soft Cost Contingency	4.00%	60,884
Subtotal Soft Costs		1,577,259
Project Management	5.00%	616,229
Developer Fee	2.50%	308,115
NDC Fee	1.00%	160,700
Total Soft Costs		2,662,303
Total Uses of Funds/Development Costs		13,409,630
Interest Earnings on Project Func		(207,195)
Total Deposit to Project Fund		13,202,435
Deposit to Project Fund		12,100,805
Project Costs Reimbursed at Closing		1,101,630
Deposit to Stabilization Fund		15,000
Deposit to Capitalized Interest Func		823,511
Deposit to Capitalized Letter of Credit Func		171,242
Deposit to Capitalized Remarketing Func		15,378
Deposit to Debt Service Reserve Func		1,110,260
First Annual Letter of Credit Fee Paid at Closing		178,452
First Year's Remarketing Fee Paid at Closing		16,025
Letter of Credit Upfront Fee	50 bp	81,341
Underwriter's Discount	$10.00 / $1,000	160,700
Costs of Issuance		289,041
Rounding Amount		6,615
TOTAL USES OF FUNDS		16,070,000

PROJECT DESCRIPTION

Number of Units		57
Number of Beds		181
Total Rentable Square Footage		63,266
Total Square Footage		75,190
Project Cost		
Per Bed	$	74,086
Per Rentable SF	$	212
Per Gross SF	$	178

FINANCING ASSUMPTIONS AND RESULTS

FINANCING ASSUMPTIONS

Dated Date	7/2/08
Delivery Date	7/2/08
First Semi-annual Interest Date	1/1/09
First Maturity Date	7/1/10
Final Maturity Date	7/1/39
Project Completion Date / Beds Available	8/1/09
Final Date for Capitalizing Interest and Fees	12/1/09

FINANCING RESULTS

Average Coupon Rate	3.58%
All Inclusive Cost of Capital	5.19%
Arbitrage Yield	4.85%
Net Interest Cost	3.62%
Average Life	21.63
Life of Issue	31.00
100% of Maximum Annual Debt Service	1,110,260

Prepared by George K. Baum & Company

Page 1 of 27

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CHAPTER 4:

PROJECT CONTEXT AND CONSTRAINTS

Investigation of the context surrounding the ST CHS reveals the sources of constraints that stalled the $116 million RCHEC project. The topics investigated are the site and its environment, the site design plan evolution affecting development capacity, and the relevant stakeholder‘s objectives and governance structures.

As mentioned earlier, there are four sites at ST’s CHS. They are sites A, B, C and D. Development on sites A, B, and C were the focus of the preliminary feasibility analysis delivered to Dr. Ogilvie. Site D was not considered in any aspect of the preliminary feasibility analysis presentation delivered to Dr. Ogilvie because it was not in the 2007-2008 ST massing design plan provided to the author by Scott Kirkpatrick, yet it will appear on ST CHS site maps. Site D will be discussed in this chapter in the zoning discussion and in the 2011 Urban Design Framework community report that recommends SCCC development of ST’s SS to only occur on site D. Stakeholders are the relevant entities having interest in a project. There are three stakeholders in this project: the land owner, the external stakeholders, and SCCC as potential developer of the ST SS above the station on sites A, B, and C. What follows is an explication of the site environment, the site design plan evolution, and the relevant stakeholders objectives for this high-profile development project.

A. CHS SITE AND ITS ENVIRONMENT

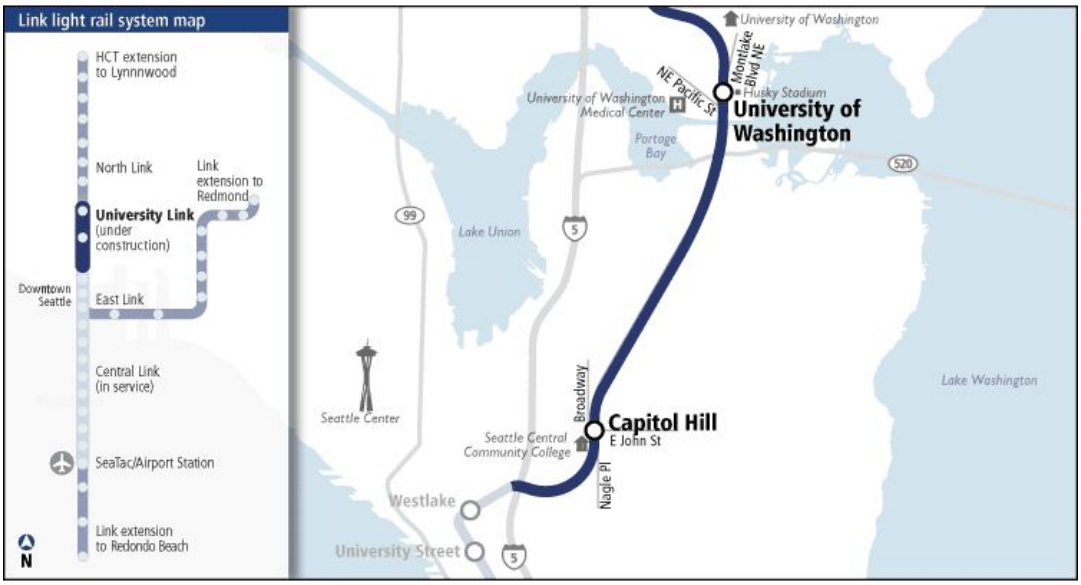
To understand the environment of the CHS, maps are the tool used to communicate information graphically. The first of six maps places the CHS as a component of the links between urban centers as well as part of a system of light rail segments or extensions.

1. CHS as a Component of ST's University Link Extension

The CHS is the physical location of this study where SCCC proposes to develop its RCHEC project. The relevance of the CHS is that it is a part of the 3.15 mile University Link extension of ST's Link light rail system (see maps on following page). This extension connects the three largest urban centers in the State of Washington, which are downtown Seattle to Capitol Hill and onward to the University of Washington. The line was approved by the Federal Transit Authority (FTA) in 2006, construction on the CHS and tunnel began in 2009, and operation of the University Link extension is expected to open in 2016.

Map 4.A.1.a

University Link Light Rail Extension Map



SOURCE: http://projects.soundtransit.org/Projects-Home/University-Link.xml

Map 4.A.1.b

University-Link Light Rail Extension Map

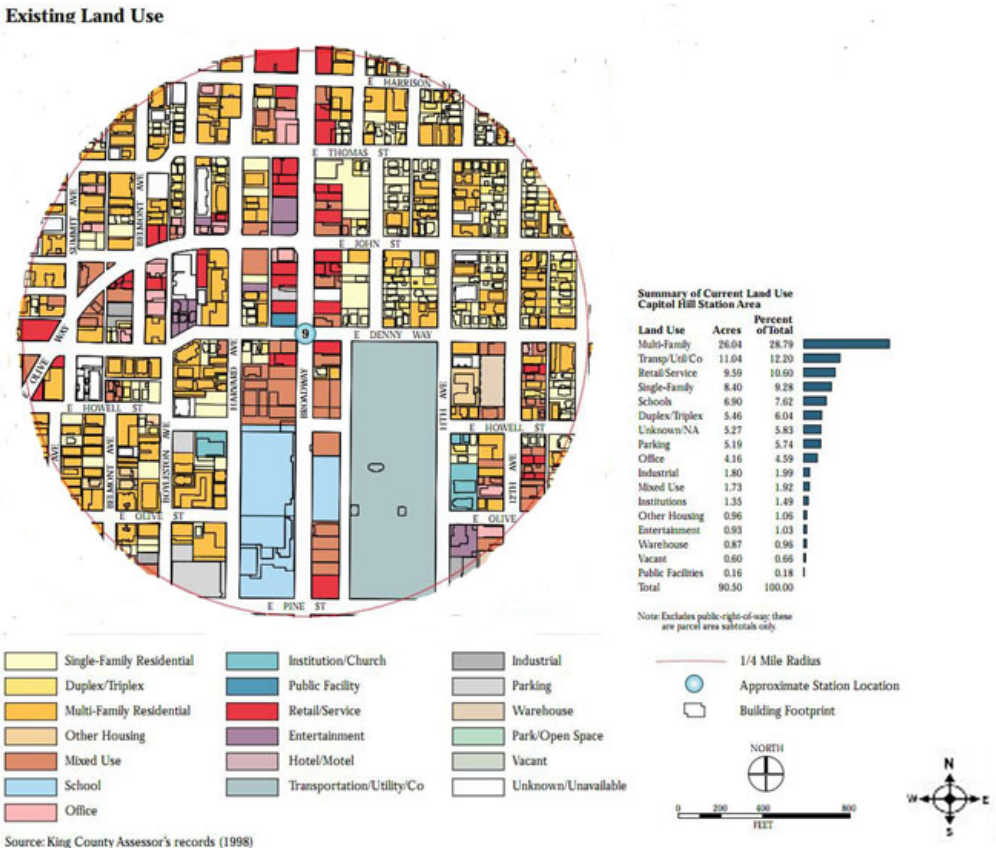
SOURCE: http://projects.soundtransit.org/Documents/pdf/projects/link/north/Capitol_Hill/20100804_CHTODmeeting.pdf

2. Immediate Environmental Area of the CHS Before the Station Location was Determined

The next two maps provide information on immediate environment area of the CHS before the station location was determined. The first is a map (King County Assessor's 1998 Land Use Map) that shows a quarter-mile circle around the future CHS which depicts the area considered to be the most influenced by transit as it is within a comfortable walking distance.

Map 4.A.2.a

Quarter-Mile Surrounding Area Most Influenced by Transit of the Future Capitol Hill Station as of 1998

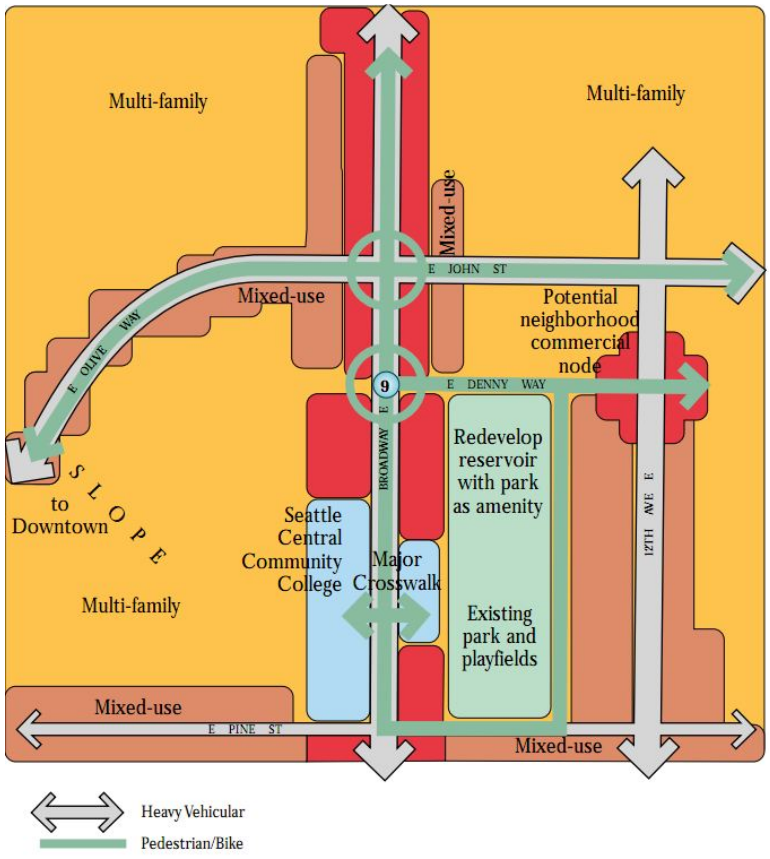


SOURCE: http://www.seattle.gov/transportation/SAP/Atlas/14CapitolHill.pdf

The second map (Department of Transportation, 1998), before the CHS location was determined, identifies the major traffic intersections for vehicle & pedestrian travel. This map indicates the direction of travel, intensity of travel, and major land uses adjoining these intersections. The major traffic and pedestrian intersection on Capitol Hill is at Broadway East and East Olive Way/East John Street. There are two main north-south vehicle thoroughfares on Capitol Hill, Broadway East and 15th Avenue East, but only Broadway East is a major pedestrian street. The main east-west vehicle and pedestrian thoroughfare is East Olive Way.

Map 4.A.2.b

Major Traffic and Pedestrian/Bike Intersection of the Future Capitol Hill Station as of 1998



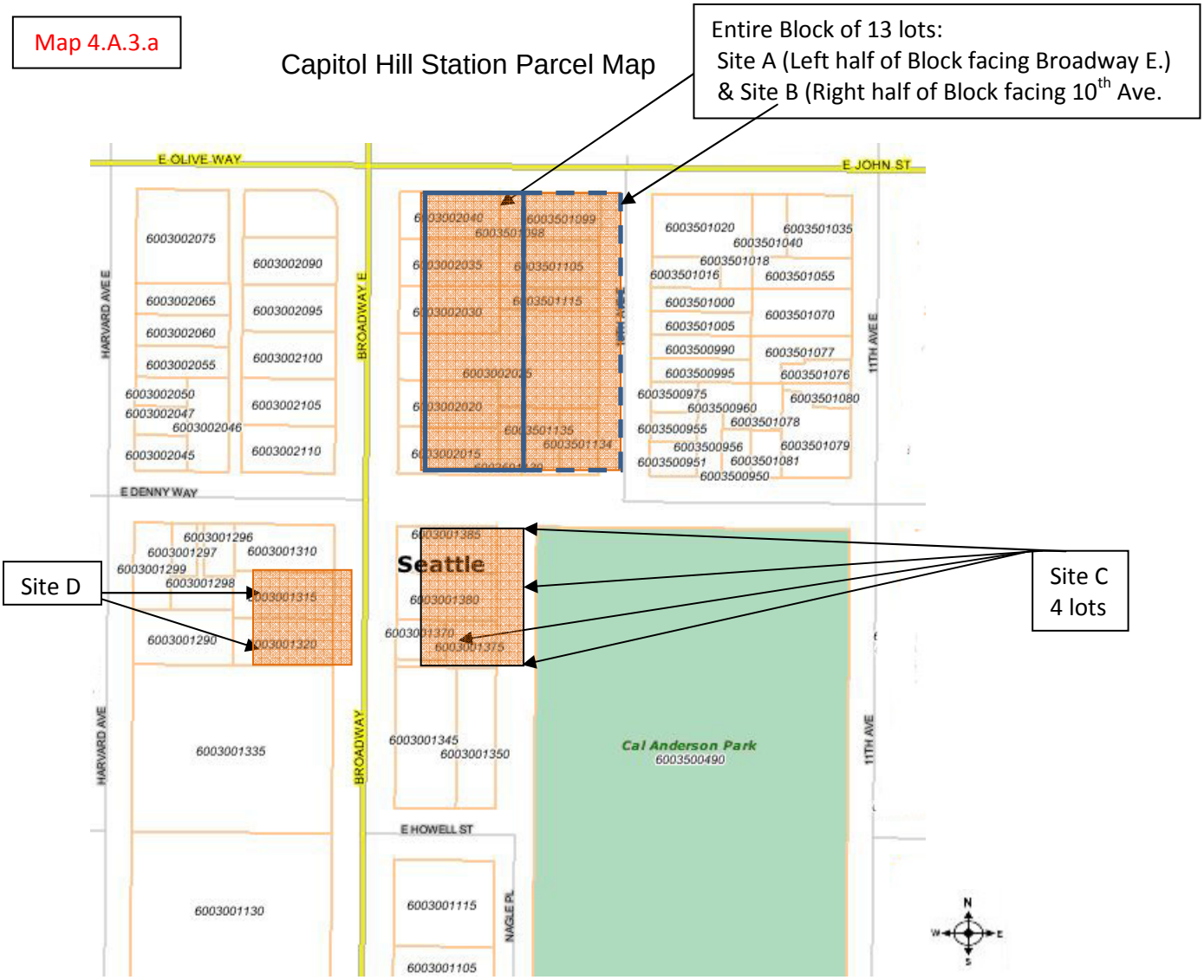
SOURCE: http://www.seattle.gov/transportation/SAP/Atlas/14CapitolHill.pdf

3. Immediate Environmental Area of the CHS After the Station Location was Determined

The first of the next two maps show the 19 lots the make up the specific station site, that ST acquired by eminent domain proceedings. The future CHS location is immediately south of East John Street and is located on both the west side and the east side of Broadway East. The 19 lots are combined into four sites: Site A & B – 13 lots, Site C - 4 lots, and Site D – 2 lots.

Map 4.A.3.a

Capitol Hill Station Parcel Map



SOURCE: King County IMAP

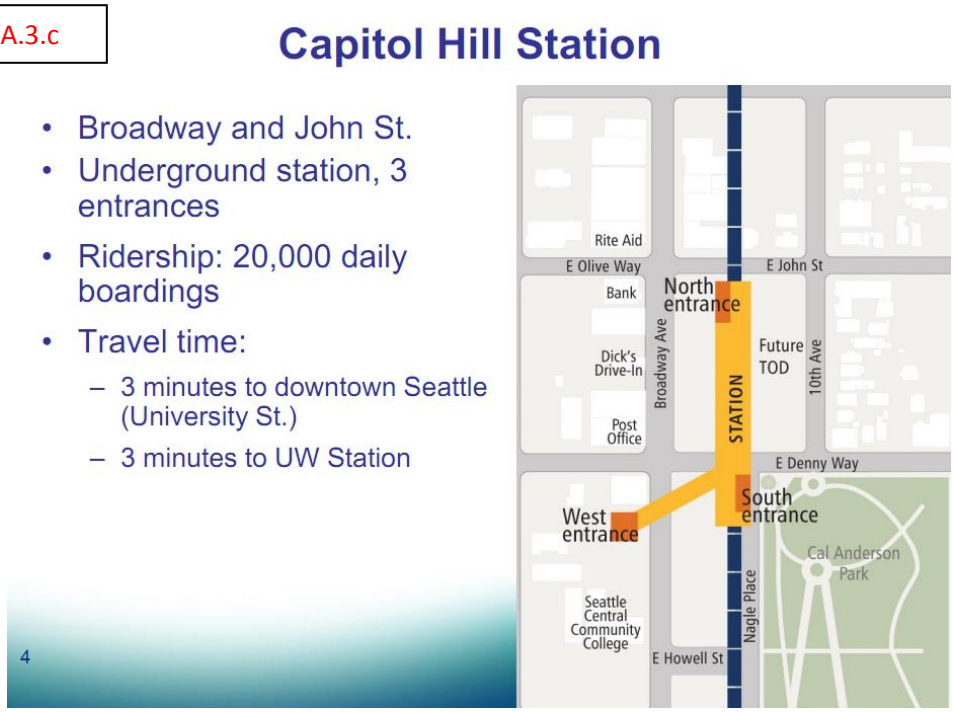
The second of two maps designates the zoning for each of the 19 lots acquired for the station. They are illustrated on the following map from the Department of Planning and Development (DPD, 2011) showing CHS's Sites A, B, C and D. The zoning height restrictions for buildings range from 40' to 105' high. The 105' height is allowed for SCCC as is appropriate for its major institution status which entitles the college to use the Major Institution Overlay's (MIO) zoning designation.

Map 4.A.3.b Zoning Map of the Future Capitol Hill Station Sites

SOURCE: King County IMAP #103

The sixth and final map shows the actual station underground footprint that is much smaller than the surface property used to stage the construction work that becomes the surplus space available for development of other uses than the light rail, but is required to be supportive of the light rail activities below ground.

Map 4.A.3.c



SOURCE: http://projects.soundtransit.org/Documents/pdf/projects/link/north/Capitol_Hill/20100804_CHTODmeeting.pdf

4. Area Demographics

The CHS demographics for ½ mile and one mile around the station show that income is slightly lower near the station and that renter occupied housing is very high compared to the rest of Seattle. The red circle encompasses a half mile radius and the green circle is the one mile radius around the station.

Map 4.A.4.a

Half-Mile and One Mile Circles Around the Capitol Hill Station

SOURCE: http://projects.soundtransit.org/Documents/pdf/projects/link/north/Capitol_Hill/CH_TODSitesRpt12-12-08.pdf

Table 4.A.4.b

Comparative Demographics

	½ Mile	1 Mile	Seattle
Population	20,442	55,222	595,784
Sex	55% Male	55% Male	49.8% Male
Population by Race	72.7% White 9.5% Asian	66.5% White 14.4% Black	66.2% White 15.7% Asian
Population By Age	25-34 37%	25-34 30%	25-34 18.8%
Median Age	33.2	34.1	37.4
Households	14,303	31,889	277,507
Median Household Income	$47,837	$48,217	$66,314
Household Disposable Income – Median	$39,122	$39,386	$52,898
Household Disposable Income – Average	$51,774	$55,030	$72,914
Renter Occupied Housing	80.3%	74.9%	$46.1%

SOURCE: http://projects.soundtransit.org/Documents/pdf/projects/link/north/Capitol_Hill/CH_TODSitesRpt12-12-08.pdf

5. Zoning Discussion

A discussion of zoning at this point is a side bar of detailed information, but is important because it defines the uses and definitions for the zoning designations on the four ST sites, as well as it provides a zoning source that requires collaborative efforts between the developer and the community before development approval is granted the developer. This collaborative requirement is part of the MIO zoning designation on the south lot of Site D. Therefore, a major institution such as SCCC is required to respect the recommendations of the community and negotiate development alterations and agreements with the community before obtaining approval of its master plan. This collaboration requirement is explained in the following zoning discussions.

The CHS parcels are zoned with two different 40 foot heights limit in the neighborhood commercial zoning designation (Map 4.A.3.b p. 47). Those are NC 3-40 and NC 3P-40. NC zoning stands for Neighborhood Commercial. NC zoning designations allows neighborhood or community shopping uses. NC 3 designates allows a larger pedestrian-oriented shopping district serving the surrounding neighborhood and a larger citywide or region clientele as opposed to smaller shopping districts designated as NC 1 or NC 2. The purpose of the P designation is to preserves and encourages an intensely pedestrian-oriented, retail shopping district where non-auto modes of transportation are favored (City of Seattle, 2009). The NC 3P zoning is found adjacent to Broadway Avenue East, where as NC 3 zoning is found on 10th Avenue East, a street with less vehicular usage. Further information on NC zoning requirements are found in the Seattle Municipal Code in Section 23.47A.

Rezoning from 40 feet to 65 feet is now an option as determined on October 25, 2004 in an amendment to the Broadway Business District titled SEPA Threshold Determination for the Rezones along Broadway Avenue for sites with NC 3-40 zoning. Approval for this increase in building height from 40’ to 65’ is part of the

"SEPA review at the time of any project would also look at specific impacts related to noise, commercial operations, transportation activities and other impacts of new development" (Sugimura, 2004).

The south parcel on Site D (green area in Map 4.A.3b, p. 46) zoned with the MIO designation requires a public purpose use, such as hospitals, universities and colleges. These major institutions are important assets of the region therefore their development is allowed to exceed the zoning standards that apply to nearby development. Seattle has 13 major institutions. Six are located in the First Hill/Capitol Hill Urban Center. The six major institutions located in the First Hill/Capitol Hill Urban Center and their MIO zoning designations *are:*

Table 4.A.5

Major Institutions Located in the First Hill/Capitol Hill Urban Center		
Number	Name	MIO Zoning
1	Group Health	MIO 50 & MIO 105
2	Seattle Central Community College	MIO 105
3	Seattle University	MIO 37 & MIO 160
4	Virginia Mason Medical Center	MIO 240
5	Harborview Medical Center	MIO 105 & MIO 240
6	Swedish Medical Center	MIO 70 & MIO 240

SOURCE: Seattle's Commercial Zones – Zoning Chart (Department of Planning and Development) 2011

MIO zoning requirements are found in the Seattle Municipal Code Section 23.24.124.

When a major institution requests expansion, it prepares a Major Institution Master Plan (MIMP). The MIMP is generally prepared by an architect and contains information and discussion regarding public purpose use, boundaries, building heights, as well as includes a Transportation Management Plan and an Environmental Impact Statement (EIS). The MIMP must include a discussion of the 1) public benefits resulting from a proposed expansion, 2) the way the proposed expansion will serve the public purpose mission the major institution, and 3) the

extent to which the proposed expansion may affect the livability of the surrounding neighborhood.

The MIMP process is a collaborative effort involving the major institution, the City, and the community. The department responsible for MIMP's in the City of Seattle is the Department of Neighborhoods (DON), established by the Directors Rule 9-99 published June 3, 1999. The community is represented by an appointed committee. When the committee is involved in the new plan development it is called a Citizens Advisory Committee (CAC), which has 6 to 12 members. Once a plan has been adopted, the committee becomes a Standing Citizens Advisory Committee (SAC). The SAC job is to review an annual report from the institution on its development, review and comment on progress under the transportation management plan, review requests for amendments to the plan and make recommendations, and provide comments on any project developed under the provisions such as supplemental environmental review or any conditional use subjects (Seattle DON, 2011). This process typically takes several years.

The requirement for community collaboration in the MIMP is the *first time that this study reports and the first source giving the community a seat at the table in the design process of a public real estate development, implemented in 1999* (emphasis added).

An example of a recent major institution campus expansion process is the Seattle Children's Hospital and the Laurelhurst Community Club (LCC). Press Release articles discuss settlement agreements included reduction of development square footage, no expansion of Children's campus across Sand Point Way, height limits, added setback, and southwest parking garage to be underground, as well as mitigation for the traffic signal and to minimize cut-through traffic and queuing at 40th Ave. NE (LCC, 2010).

Another example is the University of Washington (UW), which completed work on its MIMP in 2003. The UW MIMP took four years and asked for 3,000,000 sq. ft., whereas Children's Hospital asked for 1,500,000 sq. ft. Theresa Doherty, Director of the Office of Regional & Community Relations (RCR), provided insight on the UW's 2003 MIMP process. One step, according to the RCR, in guiding the future development of a campus is to lay the foundation for a new Master Plan by doing a visioning project of the campus and surrounding community to find out what members of the campus and surrounding community value most about the campus and want to see in its future. Doherty said this is a new approach to planning that calls for more than just a new plan and is more conceptual than the past plan (personal communication, September 25, 2011).

This new approach to planning, since 1999, includes, as Doherty points out, lots of conversations, lots of different meetings, and expected disagreements or differences of opinions. She acknowledged that it is a difficult process at best. Doherty comments that one of the difficulties of outreach to the community is that they want specifics, but a long-term plan that meets a mission must be flexible and is dependent on information as it becomes known over time so numerous decision are unanswered when the MIMP is authorized. Doherty explained that when a major institution answers questions with an "I don't know at this time," this answer may appear to be evasive and secretive to the community that wants to know specifics now (personal communication, September 25, 2011).

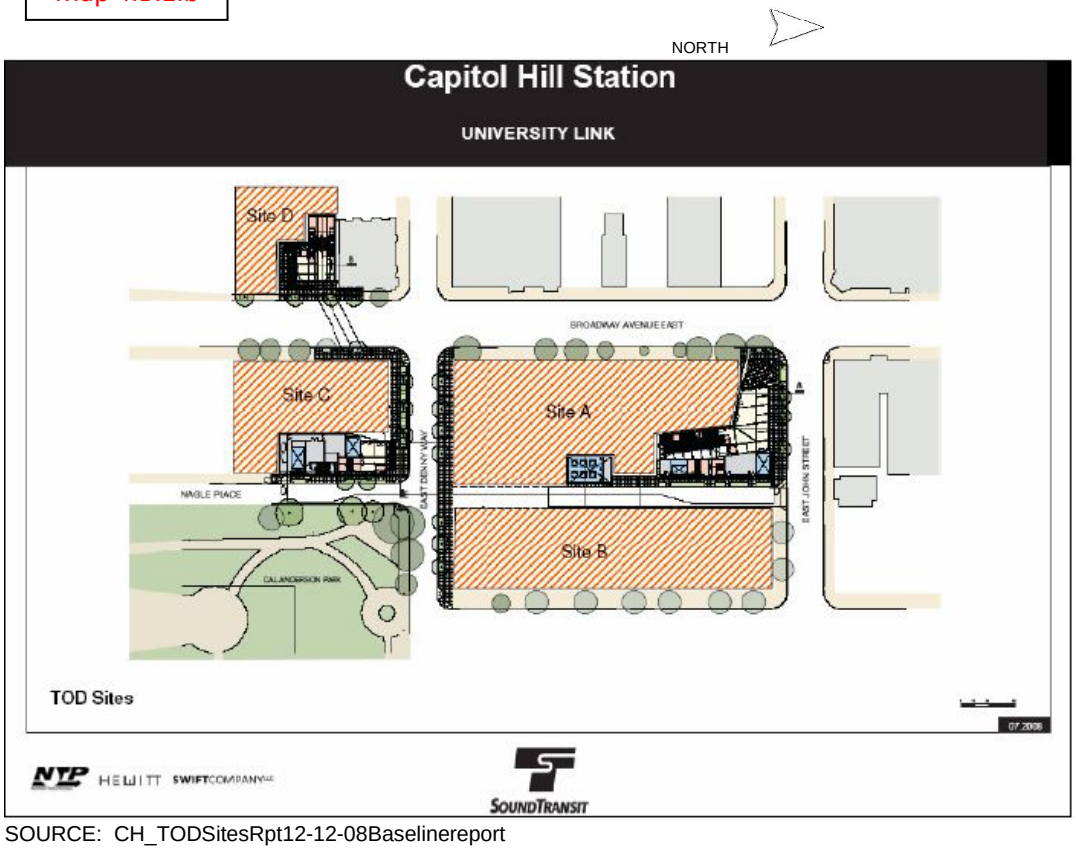
This concludes the side bar of detailed zoning information which allows the community a seat at the table when designing a public RED. The CHS and its environment have been covered, so the next section discusses the evolving design plan for the CHS.

B. SITE DESIGN PLAN EVOLUTION REDUCES PROJECT DEVELOPMENT CAPACITY

To understand the features of the CHS site, this section starts with the ST 2007-08 CHS Site Plan map showing the four sites. Three sites are on the east side of Broadway Avenue East (Sites A, B, C) and one site is on the west side of Broadway (Site D). A ST massing vision follows the Site Plan as an indication of height, bulk and scale for what a potential development might look like. The Site Plan evolves over time and with considerable outreach for community input into a new 2011 Site Plan that is assumed to be acceptable to all stakeholders.

1. Sound Transit's 2007-2008 Design Plan for the Capitol Hill Station Sites

Map 4.B.1.b



SOURCE: CH_TODSitesRpt12-12-08Baselinereport

The sites' footprint areas are listed in the following table. Site D is the smallest parcel, site C is nearly twice the size of D, site B is three times the size of D, and site A is four times the size of D.

Table 4.B.1.b Sound Transit's Sites Footprint Area

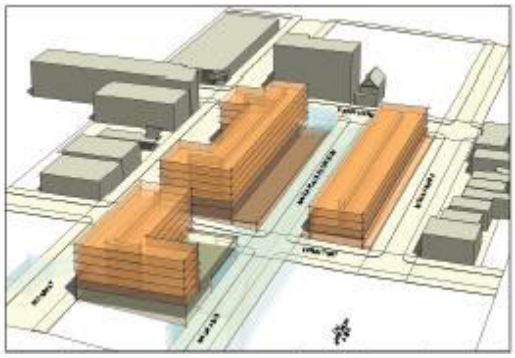
Station Blocks	Site	Zoning Designation	Total Footprint Area
North Block West	A	NC3P-40(65)	37,090 SF
North Block East	B	NC3P-40	30,700 SF
South Block	C	NC3P-40(65)	17,420 SF
West Block	D	NC3P-40(65) & MIO-105	11,120 SF
TOTAL			96,330 SF ST 2008

SOURCE: CH_TODSitesRpt12-12-08Baselinereport

ST's massing vision for the 2007-2008 Site Plan, calls for maximizing the building size in block long buildings on Site A and B and a third L shaped building on Site C with nothing called for on Site D. The three buildings represented ST's expected surplus space for the area above the underground CH light rail station in 2007-2008 with entrances on both the east side and west side of Broadway Avenue East as shown in the following rendered Figure 4.B.2a found on page 55.

2. Sound Transit's 2007-2008 Massing Design Plan for Sites A, B, and C

Figure 4.B.2.a

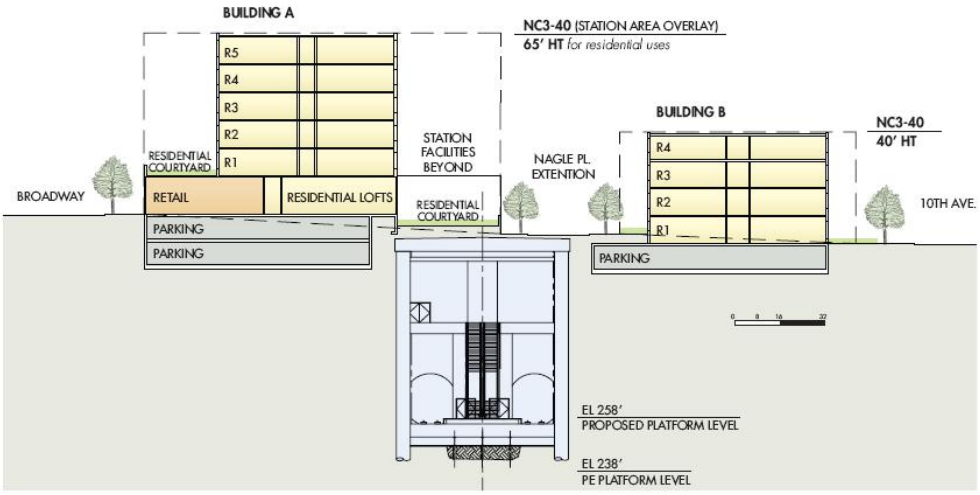


Source: Capitol Hill Light Rail Station Urban Design Analysis March 2007 by Sound Transit Northlink Transit Partners

The surplus space above the station was designed for a block long five story building on Site A and a block long four story building on Site B, with the light rail running underground in a tunnel below grade. The three ST designed buildings proposed in 2007-2008 would deliver 424,622 square feet of space.

Sound Transit's 2007-2008 Cross Section of Massing Design on Site A & Site B

Figure 4.B.2.b



SOURCE: Capitol Hill Light Rail Station Urban Design Analysis March 2007-2008 by Sound Transit Northlink Transit Partners

3. ST's Revised Site Design Plan (2011)

A ST revised sites plan (2011) evolved from an Urban Design Framework (UDF) workshop community outreach program hosted by Sound Transit, the City of Seattle's Department of Planning and Development, and the Capitol Hill Champion organization. The workshop Guiding Principles were:

- Community and sustainability
- Public participation
- Collaborative development projects of the highest quality
- Station plaza that becomes the civic heart of Capitol Hill
- Affordable housing and business space
- Cultural center and community space
- Low-ratio parking.

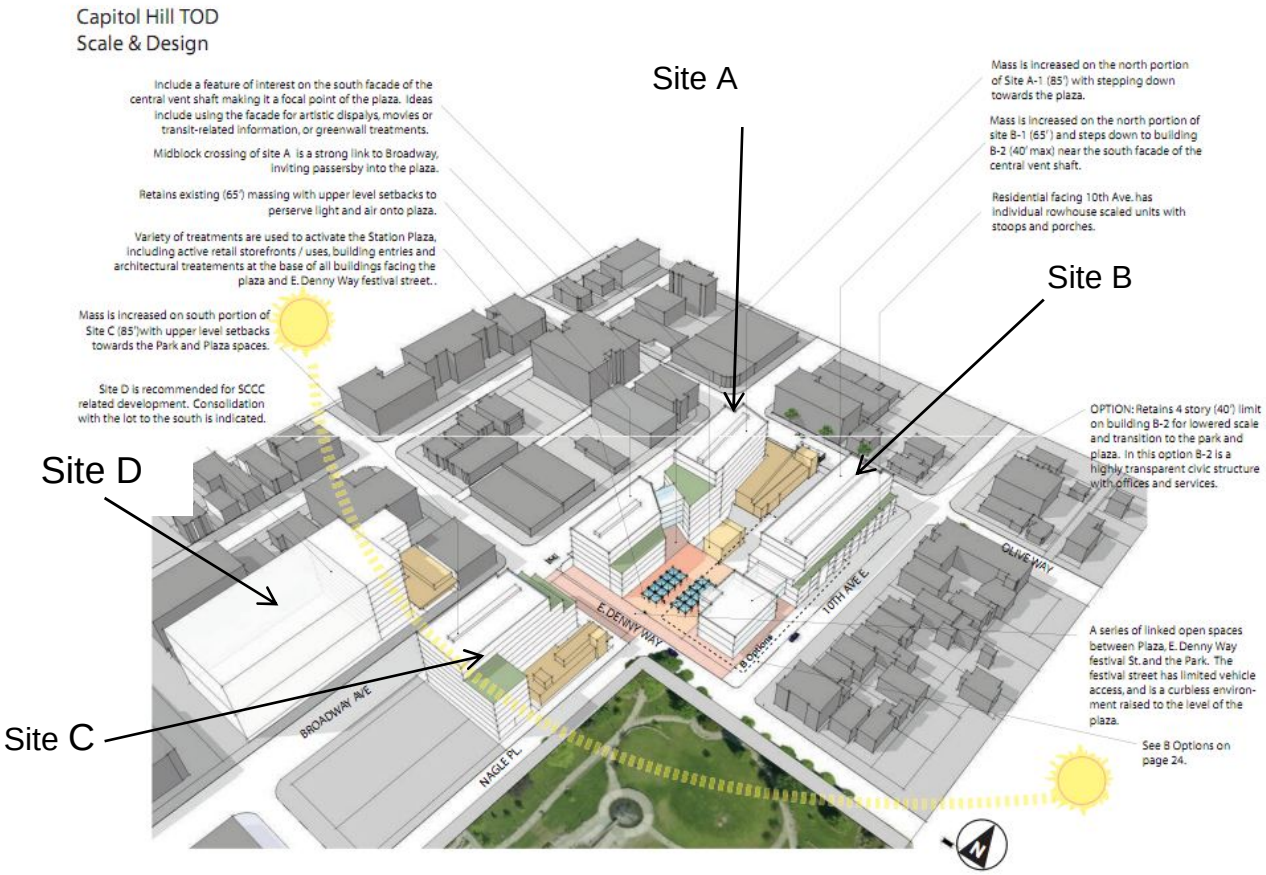
This revised 2011 sites design plan changed the 2007-2008 three buildings on Sites A, B, and C to a sites design calling for five building sites in place of the three, as well as designated Site D for "affordable student housing and other uses affiliated with the College according to the needs of the college" (UDF, 2011). The Urban Design Framework (UDF) of May 9, 2011 discusses the revised sites plan changes as "in recent conceptual site plans, Sound Transit has shown midblock crossings through the A and B sites, in response to community concern over a block-long uninterrupted street frontage (City of Seattle DPD, 2011).

Map 4.B.3 New 2011 Site Plan per Urban Design Framework Publication

SOURCE: http://www.seattle.gov/dpd/Planning/CapHillStationArea/UrbanDesignFrameworkProcess/default.asp

SOURCE: http://projects.soundtransit.org/Projects-Home/University-Link/Capitol-Hill-TOD.xml

Figure 4.B.4 New 2011 Design Plan Massing Vision



SOURCE:
http://www.seattle.gov/dpd/cms/groups/pan/@pan/@plan/@capitolhilllightrail/documents/web_informational/dpdp021537.pdf p. 24

4. Summary of CHS and Its Environment and the Evolving Site Design Plan for the CHS Sites

The station environs and the evolving site design information have been lengthy, but it is essential to understand the constraints affecting the development of the SS above the CHS. Also, this information provides evidence of the new planning process that is part of the zoning requirements for major institutions that allows the community, an external stakeholder, to have a seat at the table in the design process of this type of public RED project. Additionally, note that these constraints reveal barriers for SCCC in terms of the development of the RCHEC vision in the SS above the ST CHS. The next step is to investigate the final component of context, which are the projects relevant stakeholders.

C. RELEVANT STAKEHOLDER'S OBJECTIVES AND GOVERNANCE STRUCTURES

There are three relevant stakeholders in the SCCC project where the college considers development of the SS above the CHS. They are the land owner, the external stakeholders, and SCCC as developer. The landowner operates in terms of guiding principles that require them to work collaboratively with local jurisdictions and the private sector. The community external stakeholders operate with knowledge that they expect to have a seat at the table during the ST design process based on ST's collaborative requirement and from experience as precedent was set in 1974 when the Capitol Hill Community Council (CHCC) negotiated with Group Health, a major institution, and achieved development alterations to meet community recommendations. Of course, the 2011 UDF workshop efforts that resulted in the ST site design change illustrates that the community does in fact have a seat at the design table on the CHS design process, which is further reviewed in the following discussion. Finally, the circumstances and context regarding SCCC as a developer of the ST SS space above the station on Sites A, B, and C reveals a complex, complicated, and financially constrained profile of an educational institution that would like to take advantage of the development opportunity that is occurring right across the street from their campus.

1. Constraints Involving the Land Owner

The Capitol Hill Station (CHS) land is owned by the Central Puget Sound Regional Transit Authority (CPSRTA), also referred to as the Regional Transit Authority (RTA), and commonly known as Sound Transit (ST). The RTA was formed in 1996 by voter approval for purposes of increasing mobility throughout the Central Puget Sound area. ST is governed by an 18-member Board of Directors composed of local mayors, city and county council members and its decisions are recorded in motions and resolutions. ST funding sources are 30 year bonds issued in 1999 and Federal Transit Administration (FTA) grants. ST observed its 10th Anniversary in November of 2006, when it carried more than 10 million passengers a year in its buses and trains. In 2006, the ST Board approved the 3.15-mile University Link light rail extension from downtown Seattle to the University of Washington. The mixed used residential or commercial area around a transit station is designed to create vibrant livable communities that are compact, walk able, and around the station to maximize access to public transportation are called transit oriented developments (TOD).

A formal definition of a TOD is public and private development that is produced with restrictions that require only supporting transit uses by emphasizing pedestrian and transit access, clustering development, increased density, and mixing land uses (ST, 2005). There is little question about ST's TOD intent and expectations given the following principles, criteria, objectives, and policies which are itemized in the following lists.

ST's TOD Principles:

- RTA will own facilities.
- RTA may partner with other public or private entities to jointly develop the RTA owned site.
- A quarter-mile around the station area is particularly desirable for transit-oriented development.
- RTA acknowledges authority of local jurisdictions.

- RTA will support and work collaboratively with local jurisdictions and the private sector (RTA's Motion 45, 1997 retrieved from ST's TOD Webpage, 2011).

The last of TOD Principles requires collaborative work with the private sector and *the second time that this study reports and the second source giving the community a seat at the table in the design process of a public real estate development in 1997* (emphasis added).

TOD's Primary Criteria:

- Potential development must be supported by Growth Management Act goals as articulated in local comprehensive plans.
- Potential development must be supported with market and financial feasibility study.
- Potential development must increase the effectiveness of the transit system and increase transit ridership.
- Potential development must represent highest & best transit use versus highest and best use.
- Potential development must be consistent with ST's project development, timing, and budget.
- Potential development must demonstrate a physical and functional link with the transit system (RTA Motion 99-60, 1999 retrieved from ST's Webpage 2011).

TOD's Objectives:

- Increase transit effectiveness
- Generate revenue
- Create TOD opportunities
- Reflect community values
- Reduce auto dependency (ST's Slides, 2007)

ST's Affordable Housing Policy:

- ST will not be a developer of affordable housing.
- ST will not be a direct funder of affordable housing.
- ST will not be a joint venture partner for the development of affordable housing.
- ST can sell property at or above fair market value for the development of affordable housing.
- ST can lease property on a long-term basis for the development of affordable housing (Sound Transit Baseline Report Appendix D, 2008).

There is a question about market value especially when a public project considers creation of non-revenue generating public spaces, community centers, and less than market value affordable housing as recommended by the community. ST has issued a clear definition of fair market value as:

Fair Market Value:

> Fair Market Value (FMV) means an amount in an open and competitive market that a well-informed, willing seller, who desires but is not required to sell, would accept, and that a well-informed, willing buyer, who desires but is not required to buy, would pay for Real Property after due consideration of all of the elements affecting value (ST's Surplus Property Constraints PDF, March 13, 2009).

Fair market value is a contract term included in ST's funding agreements with the Federal Transit Authority (FTA). Since the University Link is partially funded by FTA funds, then FTA grant funding requirements must be adhere to whenever ST surplus property is disposed. Both Federal Law and State Law have disposition rules affect the sale of ST SS.

Federal Law:

Federal law 49.CF.28.31 requires one of the following options of disposition instructions be applied to disposition of ST's SS, all of which makes reference to FMV.

1. *Retain title after compensating* the awarding agency: Amount paid to awarding agency is a percentage of participation in the cost of the original purchase to the FMV of the property
2. *Sell the property and compensate* the awarding agency: Amount due to awarding agency is a percentage of participation in the cost of the original purchase to the proceeds of the sale after deduction of any actual and reasonable selling and fixing up expenses

3. *Transfer title to the awarding agency or to a third-party* designated and approved by the awarding agency: Pay an amount that is a percentage of participation in the purchase of the real property to the current FMV of the property (ST's Surplus Property Constraints PDF, March 13, 2009).

State Law:

Also, there is Washington State Law that must be considered when ST disposes of its SS. ST's Counsel advised that the State Constitution is the first authority for the disposition of real property acquired for transit purposes. The State Law requirement for ST SS disposition prohibits gifting and lending of credit as found in Article 8, Section 7 of the State Constitution. Further discussion on disposition in the statement says that ST's authority does not extend to the 'support of the poor and infirm' (ST's Surplus Property Constraints PDF, March 13, 2009).

Typical Terms of Development:

Additionally more dispositional constraints affecting ST's SS come directly from Scott Kirkpatrick, TOD Program Manager, as stated in a November 3, 2010 memo entitled Typical Terms of Development sent to George Gary, Vice President of Administrative Services at SCCC.

Figure 4.C.1.a

Typical Terms of Development

SOUNDTRANSIT

MEMO

DATE: November 3, 2010
TO: George Gary, VP Administrative Services, SCCC
FROM: Scott Kirkpatrick, TOD Manager
SUBJECT: TYPICAL TOD TERM SHEET ITEMS

Sound Transit surplus property available only at Fair Market Value

- MAI appraisal
- Board of Director's approval of transaction
- Federal and state laws and regulations apply; Sound Transit policies apply
- Transaction is performance driven (milestones met against schedule)
- Transaction closes at issuance of building permit
- Project is designed and built to current codes and regulations
- Public/public partnership agreement
- FTA concurrence with transaction

Use (lease or sale) of ST surplus property within a station area must accomplish:

- Single or mixed use building that supports transit ridership
  - Residential densities exceeding 80 units an acre
  - Employment densities exceeding 49 people per acre
- TOD/transit-supportive covenants that run with the land
  - Continuous transit-supportive use
  - Participation in regional transit rider pass program
  - Internal bicycle secure storage for tenants
  - Green factor, LEED Silver or better
  - Parking ratios below 1:1 (or equivalent for commercial)
- Community Benefits
  - Retail/commercial tenants reflecting neighborhood shoppers
  - Public amenity beyond code requirements
  - Other substantive added value
- Non-conflict with ST Operations, Maintenance and System
  - Construction cannot impede or interfere with O&M&S
  - Construction cannot compromise ST structures and facilities
  - Occupancy and operations of new facility cannot detract from transit mission

SCCC – SPECIFIC TERM SHEET ISSUES

- College development rights per MIO compatible with ST property and objectives
- Development programs (ST West and College building) as coordinated effort
- Community objectives met based on City Urban Design Framework and ST requirements

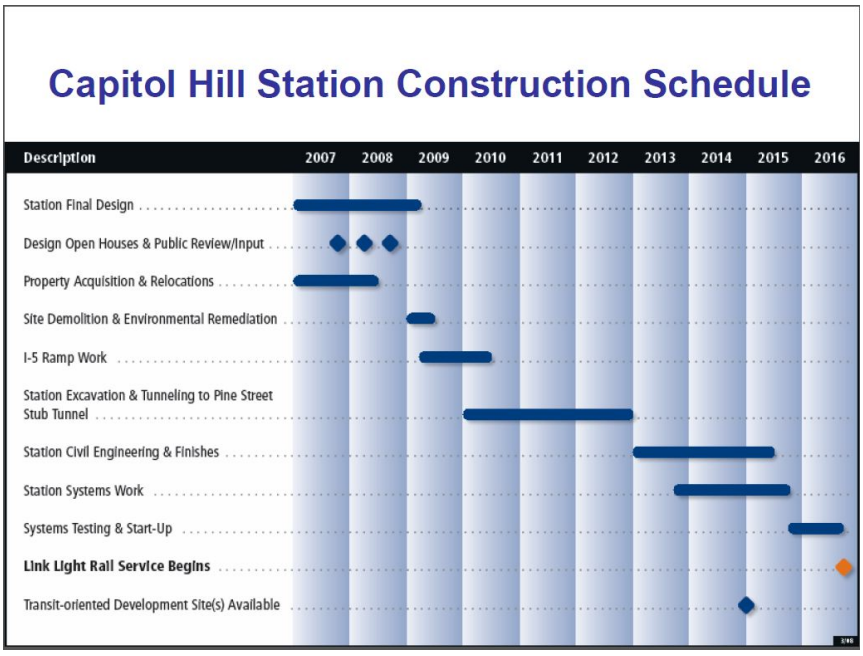
SOURCE: Scott Kirkpatrick, Sound Transit TOD Manager

Kirkpatrick's memo above makes it clear that timely performance is mandatory. "Time is of the essence" is a term in contract law that indicates timely performance is mandatory because delay would cause material harm. ST's surplus property disposition transactions are performance-driven and it is mandatory that development of the property disposed of must coincide with ST's schedule. Additionally, the bullet point following 'timely performance,' as highlighted by the

arrow above, keeps ST in control of the site until the building permit is issued before the transaction closes. Otherwise, if another developer is able to perform in a timely manner, then ST can sell the site to a developer who is capable of timely performance. The following CHS Construction Schedule indicates that the TOD sites become available between 2014 and 2015. This construction schedule is followed by the CH TOD Work Program Schedule. Important dates indicate that RFP/RFQ's (Request for Proposal/Request for Qualifications) will be issued in 2012/2013, the developer will be selected in 2013, with TOD project construction to occur during 2015-2017, and, finally, the Certificate of Occupancy for Site A (at a minimum) to be completed in 2017.

ST's CHS Construction Schedule sets the timing for development of ST's SS based on the station's expected opening date in 2016.

Figure 4.C.1.b



Source: ST University Link Capitol Hill Station TOD Meeting January 9, 2009

The TOD Work Program Schedule (2008-2017) sets the timing for developer proposals, design review, construction, and certificate of occupancy as follows:

Figure 4.C.1.c

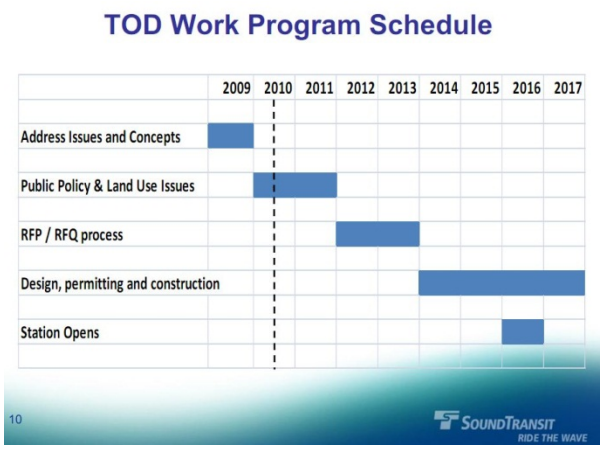
Appendix 2 – Capitol Hill TOD Work Program Schedule (2008-2017)

1. Internal Definition of Project Objectives & Outcomes
   - Confirm agency position on project/business objectives
     - Internal Charrette — August 2008
     - ST management briefings — September 2008
2. Addressing redevelopment issues and concepts
   - Coordination with City of Seattle — Fall 2008
   - Begin work with Chamber and community — Fall 2008-2009
3. Addressing public policy review — 2010-2011
4. Making sites available for redevelopment
   - Issue RFP/RFQ(s) — 2012/2013 ←
   - Select developer(s) — 2013 ←
5. Monitor design approval/permit process & construction progress
   - Developer(s) take projects through community design review process — 2013-2014
   - Initial site availability for redevelopment* — 2015
   - TOD project construction — 2015- 2017 ←
   - Certificate of Occupancy* — 2017 ←

* For priority Site A, at a minimum

SOURCE: http://projects.soundtransit.org/Documents/pdf/projects/link/north/Capitol_Hill/CH_TODSitesRpt12-12-08.pdf p. 30

Figure 4.C.1.d



SOURCE: http://projects.soundtransit.org/Documents/pdf/projects/link/north/Capitol_Hill/20100804_CHTODmeeting.pdf

2. Constraints Involving the External Stakeholders

External stakeholders are entities that have direct or indirect stake in a development based on the notion that they can affect or be affected by the developer's actions, objectives, and policy (Business Dictionary.com, 2011). Stakeholders are non-market secondary entities that do not typically engage in direct economic exchange with transactions. Although, monies may be paid to them as in the case of fees and even in the form of expense reimbursement as occurred in the Seattle Children's Hospital expansion project when $150,0000 was paid to the Laurelhurst Community Club "in the spirit of good will and in recognition of the expense borne by the community" (Krishnan, 2010). ST's TOD principles set the tone for how the landowner, ST's CHS in this case, will deal with external stakeholders with the requirement that the "RTA will support and work collaboratively with local jurisdictions and the private sector" (See ST's TOD Principles, p.61 and p. 62). This requirement to work collaboratively with the private sector is the second time that this study reports and the second source giving the community a seat at the table in the design process of a public real estate development.

a. City of Seattle

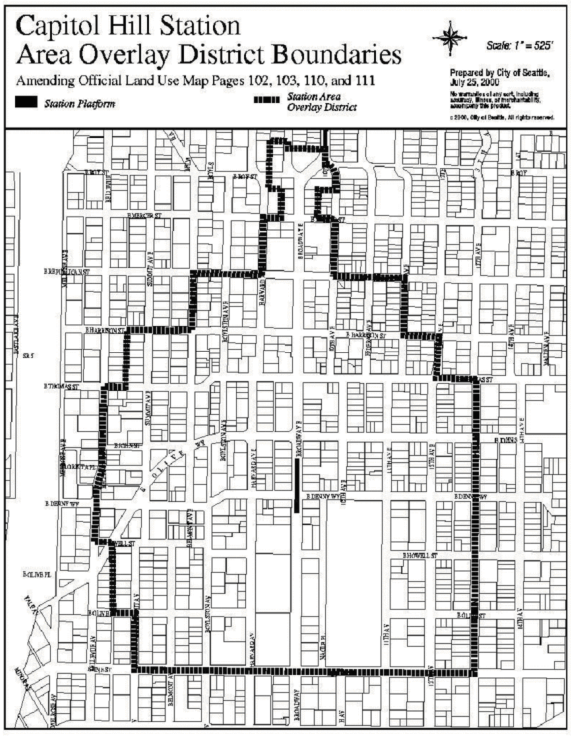
The City of Seattle is a stakeholder. The importance of the City as a stakeholder is acknowledged in ST's TOD principles in the statement that the "RTA acknowledges authority of local jurisdictions." Further clarification is in the TOD's Primary Criteria (See p. 62) in the statement that, "potential development must be supported by Growth Management Act goals as articulated in local comprehensive plans" (ST's Motion 45, 1997 retrieved from ST's TOD Webpage, 2011).

The local comprehensive plans for the City of Seattle were realized by creating Station Area Overlay Districts (SAO). The intent was to achieve lively neighborhood centers with shops, open space and housing where efficient, reliable transit would be a short walk from home, and that transit stations would be

neighborhood landmarks and gathering spaces. This was accomplished by change of the land use code in station areas that would encourage development of housing for family neighborhoods and support walking and transit use. Additional means were the use of ordinances and resolutions. The Capitol Hill SAO was approved by Council Bill Number 117283 and Ordinance Number 123687 passed in September 12, 2011 (City of Seattle City, Clerk's Online Legislative Records, 2011).

Historically, a City Resolution #29867 passed in 1998 was an effort to produce a vision and framework for development of the ¼ mile area around any light rail station. This resolution got the project underway and Ordinance #119394 (1999) called for Station Area Planning (SAP), Station Area Advisory Committees (SAAC), and Interim Station Area Overlays (SAO). The purpose of SAP was to ensure that investment in light rail would move neighborhood plans (i.e. visions) forward. SAP undertook market assessments, community outreach programs, three regional TOD forums (a partnership between King County, ST, and the Puget Sound Regional Council (PSRC), and design coordination between neighborhoods and ST. In 2000, Resolution #30165 created SAAC's for each station area to involve citizens in station area planning and the ST's design process. These advisory committees made recommendations at the Station Area Concept-Level utilizing design workshops. In 2001, the Seattle City Council passed the Station Area Overlay legislations, Ordinance #1204530120460, to establish Station Area Overlay Districts (SAO) and rezones around 8 future light rail stations across Seattle. The purpose of the overlay was to support TOD's goals for walk-able town centers, providing flexibility for existing business, spurring new development, and prohibiting auto-oriented land use near the stations. Finally, Ordinance #120459 (July, 2001) set Capitol Hill's SAO boundaries as shown in the map following (See Map 4.C.2.a; p. 69).

Map 4.C.2.a



SOURCE: http://clerk.ci.seattle.wa.us/~ordpics/113747a.gif

Prohibition of auto-oriented land use near stations included the following list of business types.

Figure 4.C.2

Prohibited Uses

The following types of **new businesses** will be prohibited in the Station Area Overlay District:

- Principal use long-term non-residential parking
- Drive-in businesses
- Vehicle repair
- Towing services
- Car wash
- Heavy commercial services
- General manufacturing
- Sales, service & rental of commercial equipment & construction materials
- Sale of heating fuel
- Mini-warehouse
- Warehouse
- Outdoor storage
- Sales & rental of motorized vehicles
- Dry storage of boats
- Sales & rental of large boats
- Vessel repair
- Marine service station
- Salvage & recycling
- Spectator sports facilities
- Wholesale showroom
- Work-release centers

SOURCE: http://www.seattle.gov/transportation/SAP/SAOD/Revised_SAOD_Explaination_April2001.pdf

The City of Seattle's SAAC was *the third time this study reports and the third source giving the community a seat at the table in the design process of a public real estate development in 2000* (emphasis added).

b. Community Groups

Capitol Hill community groups have significantly impacted development on Capitol Hill. The Capitol Hill Community Council (CHCC) set a precedent when Group Health had a hospital development project that was altered to address community demands or recommendations in 1974. Notice that this is a period of precedents involving variety in community presence in the design process

Capitol Hill Community Council:

The Capitol Hill Community Council (CHCC) negotiated directly with Group Health (GH) on this major institution's development of the Group Health Hospital in 1974. The CHCC negotiated an agreement with GH on community desired issues to avoid delay in issuing of GH's building permit caused by community opposition to the building permit. Key terms of the negotiated agreement are found in Appendix A (See p. 120).

Broadway Economic Vitality Action Agenda Capitol Hill Chamber of Commerce:

The CHCC was the main group representing Capitol Hill businesses and citizens until 2006, when $125,000 of public money became available for revitalization of Broadway, on condition that a written plan was communicated, showing how the money was to be spent, utilizing Ordinances #122114, #122217 and Council Bill #115688. The Broadway Economic Vitality Action Agenda (BEVAA) Team produced a plan to show the Seattle City Council how the authorized funds (i.e., $125,000) would revitalize the Broadway Business District. A series of recommended actions were determined, including organizing a Capitol Hill Chamber of Commerce as a unified voice for business, with efforts to improve the appearance and safety of Broadway, promote the Broadway Business District (and its plan), as well as suggestions for design improvements for a vital, livable neighborhood

business district including recommending ways to manage the impact of the proposed station construction on business found in Appendix B (See p. 125). BEVAA's recommendations were acknowledged as representative of community preferences by ST in its CHS TOD Sites Baseline Report (2008). The CH Chamber of Commerce called for advocates to champion a community vision for transit-oriented development. Three new community-driven reports were generated by the CH Chamber of Commerce, including efforts that were produced by the Schemata Workshop and Makers. The three new Schemata studies were a 1) Precedent Study (February 3, 2009), 2) Recommendations Report (February 3, 2010), and the 3) Community Charrette Outreach Summary (February 3, 2010).

Capitol Hill Champion:

The CHCC and CH Chamber of Commerce joined forces to create a new community organization in 2010, the Capitol Hill Champion (CHC), for purposes of having a unified voice. The Champion group mission was to advocate with decision makers to implement the policy changes, public investments, and private partnerships necessary to realize the CH community's vision for redevelopment on and around the CHS. Their work focused on translating the Schemata Workshop TOD recommendations into policy proposals and the redevelopment of ST's SS at the CHS. The Champion group organization included a Steering Committee of 7 to 9 members, who have the authority to speak for the CH Chamber of Commerce and the CHCC. In addition, there is an Advisory Council consisting of representatives from a broad and inclusive variety of Capitol Hill neighborhood stakeholders which meets monthly for purposes of advising the Steering Committee. The Steering Committee's intent was to develop a comprehensive outreach plan in order to create opportunities for the community-at-large to make its voice heard. In 2010, the CHC (i.e., 3 representatives from CHCC, 3 representatives from CH Chamber of Commerce, and 1 representative from Schemata Workshop) was invited to brief the Seattle City Council on their efforts. Cathy Hillenbrand, community leader of the Champion Group, called for a "seat at the table" in the ST development process at this City Council meeting (Rodgers, 2010). The CHC work is described as a

collaboration of members from the CHCC, CH Chamber of Commerce, ST, and City of Seattle.

The product from the collaborative work between CHC, ST, and the City of Seattle appears in the report entitled Urban Design Framework (UDF) presented to the public in May of 2011. The UDF is considered a tool for the stakeholders to work together and partner for leveraging public and private actions to achieve the community's overall vision for the immediate Broadway Station area. The UDF is produced to memorialize a shared vision for the ST-owned properties on Capitol Hill with the goal of that vision being implemented through ST's Request for Qualifications (RFQ) in 2012, and the process for the disposition and eventual development of those properties. This UDF product is to "not only inform . . ., but [also to] provide a foundation of design guidance for reviewing future redevelopment proposals" (City of Seattle, 2011). The UDF work includes site changes including a station plaza between site A & site B to be a permanent home to host weekly or biweekly farmers market and other public uses during non-market times. Other community preferred uses are to activate the Station Plaza on non-Farmers Market days for use as a food court, arts/craft markets, performances, and buskers (street performance) and mid-block crossings through site A & site B to address community concern over the block-long uninterrupted street frontage proposed by ST in its 2007-2008 massing vision. The presentation of the UDF to the public occurred on May 21, 2011 and was attended by numerous representatives from various City of Seattle Departments, ST, and community groups. The mood of the gathering, as determined by the author, indicated acceptance. The collaboration of the community, City, and ST has spoken. The draft was accepted, final report published in October 2011.

c. Constraints Resulting from External Stakeholders Actions

The answers to site use from the collaborative efforts of the community, City and ST that affect this study and the SCCC project are:

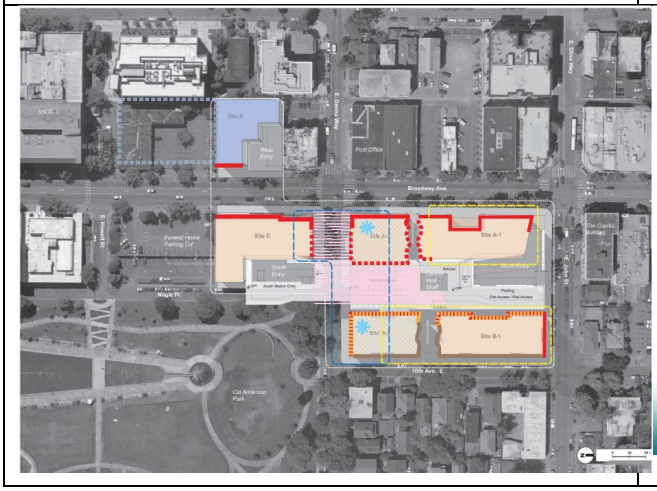
- Site D: UDF recommendations limit SCCC's use to this site

- Space above the Station: The UDF vision calls for Capitol Hill Housing (CHH) to proceed with exploring the creation of an ecodistrict over the future light rail station and includes their offer of $50,000 in funding for development of CHH vision

The UDF map showing the revised 2011 Sites Design Plan includes SCCC owned property adjacent to site D and SCCC as the designated developer and use of site D which follows.

Map 4.C.2.b

New Design Site Plan Maps

Urban Design Framework 2011	August 3, 2010
	

SOURCE:
http://www.seattle.gov/dpd/cms/groups/pan/@pan/@plan/@capitolhilllightrail/documents/web_informational/dpdp021537.pdf

http://projects.soundtransit.org/Documents/pdf/projects/link/north/Capitol_Hill/20100804_CHTODmeeting.pdf

Site D for use by SCCC is in blue. The dotted blue lines on the map in the left hand box indicate the SCCC owned campus property south of site D. The grey area notch out of site D is the ST West entrance to the underground station. The building directly east and above the dotted blue line is the SCCC 69,000 sq. ft. Science and Math building that opened in 2006. This Science and Math building built by SCCC is an example of the college's development experience, which is discussed further in the following pages.

3. Constraints on SCCC as Developer

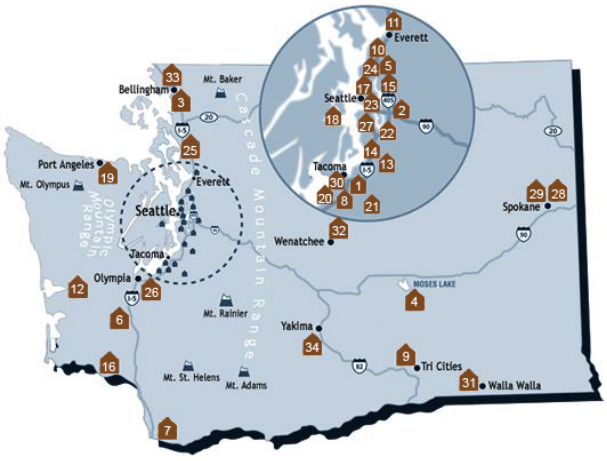
To evaluate SCCC as a potential developer of ST SS above the station on sites A, B, and C there is a need to understand the complex complicated process of getting approval for a real estate development (RED) from the various authorities who regulate community colleges, as well as if given authority then to assess SCCC's development experience. To understand SCCC's ability to gain approval for a RED requires an understanding of three separate levels of authority and their separate responsibilities at each level. The three levels of authority and responsibility over community colleges are at the state level, district level and college level, specifically SCCC's circumstances. Regarding SCCC's RED experience, they have accomplished some single building developments and they have a long term staff member who is also a very capable development manager, Jeff Watts, Capital Projects Director. Additionally there is one serious complication, which is the Washington State budget deficits that have reduced community college funding to the point that SCCC declared a financial emergency for the college as of June 20, 2011.

a. Community College Background Information

First, some background on the Washington State community and technical college system. SCCC is 1 of 34 community and technical colleges in the State of Washington (see State Level map following). Fifty six percent (56%) or 19 of the colleges are located in the three counties of the Puget Sound Region (Snohomish, King, and Pierce), the same area served by ST. SCCC was 1 of 4 community and technical colleges in the Seattle Community College (SCC) district (See District Level map following), until SCCC's new president, Dr. Kilpatrick, took over in 2010 when Seattle Vocational Institute became a part of SCCC and was no longer considered a separate college. Now, SCCC is 1 of 3 community and technical colleges in the SCC district. The Washington Community and Technical College Act (WCTCA) of 1991 provided for a state system of county and technical colleges separate from both the public secondary schools and four year institutions.

Map 4.C.3.a

State Level and District Level – Community College Locations

State Level **34 Community Colleges**	**District Level** **Seattle Community College District**
	

SOURCE: http://sbctc.edu/general/c_index.aspx

SOURCE: http://www.sccd.ctc.edu/DISTRICT/district/map.aspx

b. State Level

The State Board for Community and Technical Colleges (SBCTC) is the community college governing body whose ultimate authority is the Washington State Governor and Washington State Legislature. The SBCTC is responsible for administering the Community and Technical College Act and providing leadership and coordination for Washington's public system of community and technical colleges. A few of SBCTC Board's responsibilities are:

- Prepare a single system operating budget request and capital budget request for consideration by the Legislature (biennial system)
- Disburse capital and operating funds appropriated by the Legislature to the college districts
- Prepare a comprehensive master plan for community and technical college education

The SBCTC goes through a strategic planning process called the "system direction" process, which is currently taking place as of September 2011 according to Kathy Goeble, Associate Director of SBCTC.

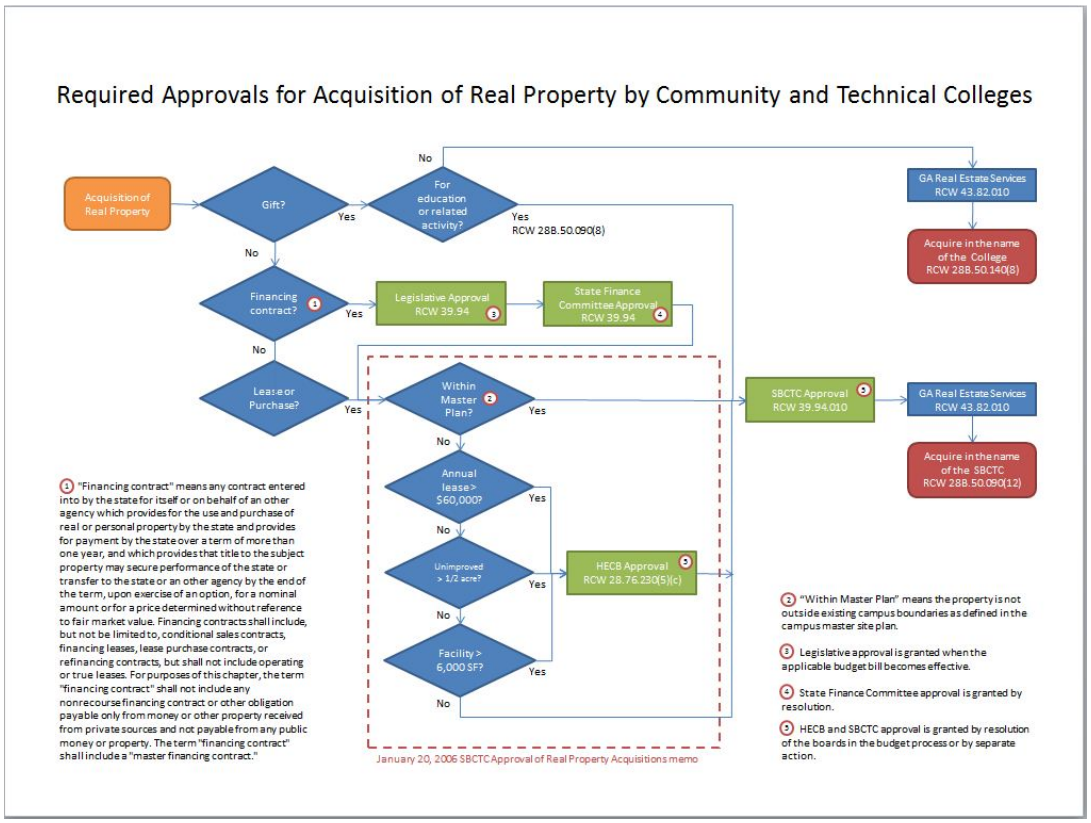
The 34 colleges compete for funds from the state legislature via a priority based peer review process typically found in the Capital Budget Request Instructions, but there will be no Project Request Report process in the 2011-2013 Biennium Budget as no new projects are being accepted due to loss of funding (See Appendix C p. 127).

Community college real property transactions are handled by the SBCTC who holds title to state-owned real property of the community and technical colleges per RCW 38B.50. Properties are to be acquired in the name of the SBCTC through the State Department of General Administration Division (GAD) of Real Estate Services per RCW 43.82. College districts may acquire or alter property for the purpose of carrying out any approved program or activity provided prior approval of the SBCTC based on the recommendations of state board staff and the board of trustees of the benefiting college has been granted (See Appendix D p.139). The above information

is found in the SBCTC Policy Manual section 6.40.00 titled Real Property Transactions (SBCTC, 2011).

The Director of capital programs and the capital budget process for funding State community college real estate transactions is Wayne Doty. He provided the following decision making process diagram that all community college projects must pass through for real property project approval if using any of the three following funding sources: 1) all state funds, 2) matching funds, or 3) local campaign funds (one of two methods of local funding). There is one additional local funding program, called foundations, that does not follow the process diagram below. Doty says the state rules do not directly apply to community college foundation funding. Since a foundation is a non-profit corporation, it is independent from the state so the state focus is only on the agreement between the college and the foundation for compliance with state rules, which will be discussed further under the District Level section following the State Level section. The importance of local funding has taken on significant importance because of the dramatic reductions in state community and technical college funding from the recent 2008 recession. The SBCTC Real Property Transaction Policy for community colleges is found in Appendix D (See p. 139-157). The capital budget request instructions section of the SBCTC Budget Development 2011-13 is found in Appendix C (See p. 127-138) for additional clarification regarding community college funding.

Figure 4.C.3.b1



SOURCE: Wayne Doty, SBCTC Director of Capital Programs

Note the red dash line box: this 2009 modification requirement applies if a community college purchase of a facility is more than 6,000 sq. ft., or $60,000 requires approval of the Higher Education Coordinating Board (HECB) per RCW 28B.76.230 for purposes of determining if the acquisition is consistent with the college's role and mission. In addition, there must be Legislative Approval (RCW 39.94), State Finance Committee Approval (RCW 39.94), and SBCTC Approval (RCW 39.94.010). Also note, the top item in the red dash line box makes reference to "Within Master Plan", which is further defined on the right of the red dash line box, item 1 as "means the property is not outside existing campus boundaries as defined in the campus master site plan."

The following community and technical college funding reductions show what has caused SCCC to declare a financial emergency as of June 20, 2011. In May 27,

2011 funding reductions were: System funding reductions by $76.8 million (11.5%) in FY 2012 and $84.3 million (12.6%) in FY 2013; State funding drops from $669 million in the current year (including the $26 million 2011 early supplemental cut) to $592 million in FY 2012 and to $585 million in FY 2013, General budget reduction is $54 million in FY 2012 and $59 million in FY 2013; Budget efficiencies reduction of $2 million in FY 2012 and an additional $3.5 million in FY 2013. "The budget bill directs these savings to be achieved through consolidation of college districts, consolidation of administrative and governance functions such as human resources, budget and accounting services and presidents' offices, consolidation of student services functions and libraries; and other administrative efficiencies such as greater use of telephone and video conferencing and reducing travel costs."

Budget reductions on capital projects: SBCTC Capital Budget included a combination of reduced bond capacity and shift of $879 million in capital funds to cover gaps in the operating budget reduced our capital program to $400.3 million. . . Several projects have been delayed or deferred into next biennium, creating a significant log jam. . . The presidents voted to suspend the selection of new matching fund, renovation, . . . Budget approved means for community college's to increase revenues or mitigate the shortfall from reductions of state funding calls for tuition increases: SBCTC is allowing an average 12% tuition increase next year, the maximum allowed by the Legislature in the 2011-13 Operating Budget."

An additional constraint on state funding is the typical size of SBCTC real estate projects which run approximately $35 million or less, if there were funds available. In the 2009-2011 Budget, $549,570,451 dollars of state funds was available and was divided between the 34 community colleges as per the following list of capital budget planned expenditures. The biggest projects range from $10,000,000 up to $35,400,000. See the 2009-2011 Capital Budget Project Requests following. The proposed budget for SCCC's RCHEC was $116,000,000, which is not typical for a state approved project.

Table 4.C.3.b2

2009-2011 Capital Budget Project Requests

e Board for Community and Technical Colleges - 2009-11 Capital Budget Request Sum

Priority	Category	College	Description	Amount	in Millions
1	Minor Works - Preservatio	Statewide	Emergency Repairs and Improvements	$ 16,000,000	$ 16.0
2	Roof Repairs "A"	Statewide	Roof Repairs	$ 9,480,896	$ 9.5
3	Facility Repairs "A"	Statewide	Facility Repairs	$ 18,521,585	$ 18.5
4	Site Repairs "A"	Statewide	Site Repairs	$ 2,704,831	$ 2.7
5	Matching Fund Projects	Yakima Valley	Grandview-College/City Library	$ 2,000,000	$ 2.0
6	Matching Fund Projects	Peninsula	Fort Worden Education Center	$ 2,000,000	$ 2.0
7	Matching Fund Projects	Olympic	Sophia Bremer Child Development Ce	$ 2,000,000	$ 2.0
8	Matching Fund Projects	Spokane Falls	Stadium and Athletic Fields	$ 2,000,000	$ 2.0
9	Matching Fund Projects	Bellingham	Fisheries Technology Program	$ 2,000,000	$ 2.0
10	Matching Fund Projects	Lower Columbia	Mykleburt Gymnasium	$ 2,000,000	$ 2.0
11	Matching Fund Projects	Wenatchee	Music and Arts Center	$ 2,000,000	$ 2.0
12	Minor Works - Program	Statewide	Minor Improvements - Program Relate	$ 20,085,219	$ 20.1
13	Replacements	Green River	Humanities and Classroom Building	$ 27,927,131	$ 27.9
14	Replacements	Seattle Central	Wood Construction	$ 25,941,547	$ 25.9
15	Replacements	Columbia Basin	Career and Technical Education Facili	$ 21,195,000	$ 21.2
16	Replacements	Peninsula	Business and Humanities	$ 35,396,496	$ 35.4
17	Replacements	Spokane Falls	Chem & Life Sciences	$ 29,263,000	$ 29.3
18	Replacements	Spokane	Technical Education Bldg	$ 32,335,000	$ 32.3
19	Replacements	Everett	Index Hall Replacement	$ 2,301,000	$ 2.3
20	Replacements	Green River	Trades and Industry Complex	$ 2,625,000	$ 2.6
21	Replacements	Bellingham	Instructional/LRC	$ 29,102,714	$ 29.1
22	Replacements	Skagit Valley	Academic/Student Support	$ 2,115,750	$ 2.1
23	Replacements	Lower Columbia	Science Replacement	$ 2,969,000	$ 3.0
24	Replacements	Grays Harbor	Science Replacement	$ 3,583,000	$ 3.6
25	Replacements	Seattle Central	Seattle Maritime Academy	$ 2,899,000	$ 2.9
26	Replacements	Yakima Valley	Palmer Martin Replacement	$ 15,503,000	$ 15.5
27	Replacements	Olympic	Theater, Art and Music Building Repla	$ 250,000	$ 0.3
28	Replacements	Centralia	Kemp Hall and Student Services	$ 250,000	$ 0.3
29	Replacements	Spokane Falls	Fine Arts and Photography Replacme	$ 250,000	$ 0.3
30	Replacements	Clover Park	Hospitality Institute	$ 250,000	$ 0.3
31	Replacements	Peninsula	Allied Health and Early Childhood Dev	$ 250,000	$ 0.3
32	Replacements	Grays Harbor	Student Services and Instructional Bl	$ 372,000	$ 0.4
33	Replacements	Seattle South	Integrated Education Center	$ 250,000	$ 0.3
34	Renovation	South Puget So	Building 22 Renovation	$ 10,001,169	$ 10.0
35	Renovation	Spokane	Vacated Building 7	$ 10,041,025	$ 10.0
36	Renovation	Spokane Falls	Music Building 15	$ 14,350,035	$ 14.4
37	Renovation	Pierce Ft Steila	Cascade Core	$ 23,508,401	$ 23.5
38	Renovation	Seattle North	Allied Health and Technology Bldg	$ 3,184,000	$ 3.2
39	Renovation	Green River	Science, Math, and Technology	$ 1,868,000	$ 1.9
40	Renovation	Bates	West Wing Main Building	$ 1,407,000	$ 1.4
41	Renovation	Olympic	Shop Building Renovation	$ 250,000	$ 0.3
42	Renovation	South Seattle	Automotive Technology Building	$ 250,000	$ 0.3
43	Renovation	Renton	Auto Trades Renovation	$ 365,000	$ 0.4
44	Major Growth Design	Tacoma	Health Careers Center	$ 2,946,000	$ 2.9
45	Major Growth Design	Bellevue	Health Sciences Building	$ 4,350,000	$ 4.4
46	Major Growth Design	Bates	Communication & Technology	$ 1,755,000	$ 1.8
47	Major Growth Design	Columbia Basin	Culture, Language, & Social Science	$ 1,412,131	$ 1.4
48	Major Growth Design	Clark	Health & Advance Technology	$ 2,506,000	$ 2.5
49	Major Growth Predesign	Clark	North County Satellite	$ 250,000	$ 0.3
50	Major Growth Predesign	Everett	LRC Technology Center	$ 330,000	$ 0.3
51	Major Growth Construction	Spokane Falls	General Classroom/Early Learning	$ 21,552,000	$ 21.6
52	Major Growth Construction	Lake Washingto	Allied Health	$ 27,353,384	$ 27.4
53	Major Growth Construction	South Puget So	Learning Resource Center	$ 35,382,007	$ 35.4
54	Major Growth Construction	Clover Park	Allied Health	$ 25,515,455	$ 25.5
55	Major Growth Predesign	Edmonds	Science, Engineering & Technology	$ 3,250,000	$ 3.3
56	Major Growth Predesign	Whatcom	The Learning Commons	$ 125,000	$ 0.1
57	Infrastructure	Statewide	Major Infrastructure Projects	$ 2,146,000	$ 2.1
58	Roof Repairs "B"	Statewide	Essential Roof Repairs	$ 8,720,889	$ 8.7
59	Facilities Repairs "B"	Statewide	Essential Facility Repairs	$ 26,070,781	$ 26.1
60	Site Repairs "B"	Statewide	Essential Site Repairs	$ 4,860,005	$ 4.9
	TOTAL REQUEST			$549,570,451	****

SOURCE: http://sbctc.edu/college/_f-capitalbudgetrequest2009-11.aspx Briefing Document Attachment (Excel Spreadsheet)

After seeing the $549,570,451 of SBCTC Capital Budget Approved Requests for biennium 2009-2011, next is the list of 2009-2011 Project Reductions that followed as state fund shortfalls became apparent.

Table 4.C.3.b3

State Board Community and Technical Colleges: Project Reduction for the 2009-2011 Budget

College	Budget Name	Budget Number	Fund	Change in House Supplemental
Bellevue Community College	L Building Emergency Repairs	20081850	057	(1,073,000)
Bellingham Technical College	Instructional Resource Center *	20081223/91000013	COP	2,438,000
Bellingham Technical College	Fisheries Program	30000117	057	(300,000)
Clark College	East County Satellite	20041689	357	(220,000)
Everett Technical College	Infrastructure	30000190	057	(309,000)
Green River Community College	Humanities and Classroom Building *	20061205/91000014	057 & COP	4,044,000
Lake Washington Technical College	Allied Health Building	20062697	057	(2,110,000)
North Seattle Community College	Employment Resource Center	20062851	057 & COP	(1,611,000)
Olympic College	Sophia Bremer Child Development Center	30000115	057	(300,000)
Peninsula College	Business and Humanities Center	20081218	057	(5,589,000)
Pierce College Fort Steilacoom	Cascade Core	20081321	057	(796,000)
Seattle Central Community College	Wood Construction Center	20081216	057	(4,885,000)
South Puget Sound Community College	Building 22 Renovation	20081316	057	(1,500,000)
Spokane Community College	Technical Education Building	20081220	057	(6,003,000)
Spokane Community College	Building 7 Renovation	20081319	057	(1,405,000)
Spokane Falls Community College	Chemistry and Life Science Building	20081219	057	(6,793,000)
Spokane Falls Community College	Music Building 15 Renovation	20081320	057	(3,347,000)
Tacoma Community College	Science Building	20012687	057	(918,000)
Walla Walla Community College	Water and Environment Center	91000007	057	(263,000)
Wenatchee Valley College	Music and Arts Center	30000119	057	(300,000)
Yakima Valley Community College	College and City Library	30000113	057	(300,000)

Additions	**6,482,000**
Reductions	**(38,022,000)**
Net Change to Project Total	**(31,540,000)**

* New appropriations are for COP debt service from Building Fee Account (060).
Note: table above does not include projects where the total did not change but the House intends to fund construction administration in the construction phase of the project.

Green River Community College	Trades and Industry Building	20081222	057	(814,000)
Skagit Valley College	Academic and Student Services Building	20081224	057	(409,000)
Lower Columbia College	Health and Science Building	20081225	057	(782,000)
Grays Harbor College	Science and Math Building	20081226	057	(2,474,000)
Seattle Central Community College	Seattle Maritime Academy	30000120	057	(1,528,000)
Yakima Valley Community College	Palmer Martin Building	30000121	057	(515,000)
North Seattle Community College	Technology Building Renewal	30000129	057	(835,000)
Green River Community College	Science Math and Technology Building	30000130	057	(586,000)
Tacoma Community College	Health Careers Center	20082701	057	(901,000)
Bellevue Community College	Health Science Building	20082702	057	(1,356,000)
Bates Technical College	Mohler Communications Technology Center	20082703	057	(192,000)
Clark College	Health and Advanced Technologies Building	20082705	057	(319,000)

No Net Change to Project Total	**(10,711,000)**
Total 2009-11 Reduction	**(42,251,000)**

SOURCE: http://www.sbctc.edu/docs/legislative/2010/legisnews/26feb10/amended_house_capital_changes_from_2009-11_enacted.pdf

c. District Level

The State Community College Act of 1967 established college districts apart from the public schools with a mandate to provide an open door to education for all who seek it. Kathy Goeble, SBCTC Associate Director, says the Districts serve the unique needs of each district. The 34 colleges are divided into 30 college districts. The Seattle Community College (SCC) District is District 6 with three colleges. All three colleges in the Seattle Community College (SCC) district opened together for the first time as a multi-campus district in September of 1970 (SCC, College History). The SCC District mission is to provide excellent, accessible educational opportunities to prepare students for a challenging future. The SCC District is governed by a five member board of trustees who serve five year terms. The Board of Trustees' responsibility is to meet the changing educational needs of the community while reflecting the community's values in fulfilling the college mission. They are charged with certifying the consistency of missions and goals with community need, formulating policy, and ensuring effective leadership and responsible use of resources (SCC, 2011).

The SCC district educates more than 50,000 students annually. The student profile for the three colleges: Seattle Central, Seattle North, and Seattle South follows. Table 4.C.3.c1 Student Profile

SCC District Student Profile FY 2009-10		SCCC 2010 Data
Median Age	28.8 years	27.2 years
Ethnic Diversity	50% students of color	
Gender	45% male; 55% female	44% Male/56% female
Prior Education	18% with B.A. or higher	
Employed	28% full-time; 25% part-time	
With Dependents	29% of students	
Financial Aid Recipients	27% of full-time students	24%
Attendance	40% full-time; 60% part time	44% full-time
Residence	79% reside in Seattle	
International	2,906 students	1,606
Worker Retraining	2,241 students	665

SOURCE: http://www.powerandpromise.org/colleges/profile.aspx

Regarding student housing at the District level, and based on the above student profile, SCC colleges should be classified as commuter colleges. Urban colleges with 60% of the students being part-time, 79% residing in Seattle, and 29% of the students with dependents tends to indicate that the District is serving local students, therefore demand for student housing is low. Factors for choosing the right campus for developing student housing, according to the book Profit by Investing in Student Housing, recommends a look at enrollment growth data plus the size and composition of the student body to determine if the college is a computer school. Full time students tend to require housing while part-time students are usually local residents who don't need independent housing (Zaransky, 2006). Only 40% of SCC students are full time students. The international student segment of the college population are the primary source of student needing housing which amounts to 2,906 students attending the all three of the community colleges of the Seattle District.

Regarding funding methods at the District Level, Kathy Goeble explained that community colleges have two local funding methods which are the 1) campaign and the 2) foundations. The colleges and their trustees, at the District Level, are considered the experts on the two local ways for raising local capital for community college endeavors.

The foundation method is in the SCC district is process through the Office of Advancement (OA) whose mission is to attract philanthropic donors to support the SCC District. The OA goal is to supplement the resources available to our three colleges and their respective charitable foundations (SCC, Foundation).

The campaign method is processed through in the SCC district through the same Office of Advancement. In 2006 the OA embarked on a $25 million Power & Promise campaign to build philanthropic support to meet the challenges of changing economic demands. A campaign, as defined by Dictionary.com, is a systematic course of aggressive activities for some specific purpose. The Power & Promise

campaign took place between January 1, 2006 and December 31, 2009 and raised more than $34 million (SCC Campaign Report, 2009). Donors included the Bill & Melinda Gates $5 million Grant, the Boeing Company, Safeco insurance Foundation $500,000, SkillUp Washington fund, Costco Wholesale, the Norcliffe Foundation, Rolex Watches USA, and Walmart Brighter Futures.

Figure 4.C.3.c2

Campaign DONORS

1,000,000 +
A. O. Nordheim*
American Financial Solutions
Anonymous (1)*
Bill & Melinda Gates Foundation
The Boeing Company
DC5 Painters & Allied Trades Apprenticeship & Training Trust*
E. L. Bartlett, LLC*
Rolex Watch USA, Inc.

500,000 - 999,999
Anonymous (1)
Safeco Insurance Foundation
Estate of Florence E. Galbraith

250,000 - 499,999
Costco Wholesale
The Seattle Chinese Garden Society

100,000 - 249,999
The Byron W. & Alice L. Lockwood Foundation
Hugh S. Cannon Foundation
Nobie & Warren Chan
Gene Colin
Keith & Janet Patrick
Ray & Ruby Strand
Washington NASA Space Grant Consortium

50,000 - 99,999
Richard E. Baldwin
Herbert M. Bridge
George & Cleo Corcoran
The Herbert B. Jones Foundation
Les Dames d'Escoffier, Seattle Chapter
Estate of Gretchen A. Mathers
Estate of Michiko Prehn
Judy Pigott
Seattle Central Community College—Associated Student Council
Sea Winch, LLC*
James & Jan Sinegal

25,000 - 49,999
Marjorie I. & Michael D. Alhadeff
Anonymous (1)
Frank & Charlene Blethen
Broadway High School Alumni Foundation
Food Services of America
Eva Gordon
Tom & Lori Huling
Thomas & Drexie Malone
Nancy Martin
Nordstrom
The Seattle Foundation
Qwest

10,000 - 24,999
Mak & Lynn Abulhosn
American Institute of Wine & Food
Earl & Janice Anderson
Anonymous (2)
Bank of America Corporation
Bank of America Foundation
Bank of America Matching Gifts
Barnes & Noble College Booksellers, Inc.
Karen & Dan Bartlett
Beecher's Handmade Cheese
Shari & John Behnke
Ben Bridge Jewelers
Margaret Birdsall & Steve Bauck
Alan & Sally Black
Capital Industries
Mike & Cathy Casteel
Earl & Adah Cruzen
Peggy Cullor
Richard O. Cummins*
Shaiza Damji & Alif Nurani

** in-kind donations*

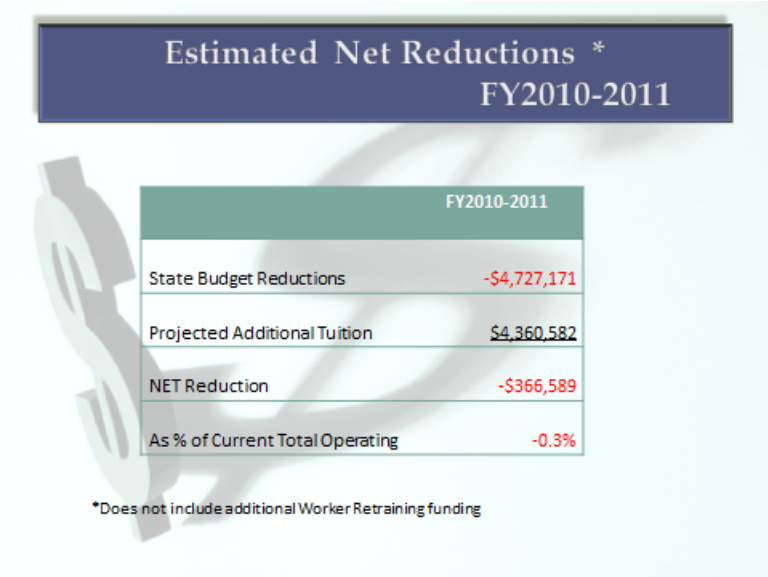
SOURCE: http://www.seattlecolleges.com/DISTRICT/documents/SCC_Campaign_Report.pdf

With respect to campaign local funds, there is still the requirement to meet all requirements of the state SBCTC authority regardless of the source of funds. Wayne Doty carefully reiterated to the author that all the state rules must be complied with per the "Required Approvals for Acquisition of Real Property by Community and Technical Colleges" when campaign funds are used for community and technical college expenditures.

With respect to second method of obtaining local funds, the OA seeks funds for the college's philanthropic foundations. The OA established the SCC Foundation, a Washington nonprofit corporation. In addition to the SCC Foundation, each college has an affiliated foundation that attracts private philanthropic support to enhance the college's programs that are also part of the Office of Advancement. A foundation, as defined by Wikipedia, is a legal categorization of a nonprofit organization, like a charitable organization. Since a foundation is a non-profit corporation, it is independent from the state, therefore is not required to comply with the "Required Approvals for Acquisition of Real Property by Community and Technical Colleges" (See p. 87) as local campaign funds, according to Wayne Doty. The state authorities focus is only on the agreement between the college and for foundation for compliance with state rules.

Insight on the SCC district financial situation reveals that state funding has declined, but with tuition increases the gap is nearly filled leaving only a 0.3% shortfall as per, Dr. Jill Wakefield – Chancellor of SCC, 2010-2011 SCC Budget presentation that included the following power point slide.

e 4.C.3.c3



SOURCE: http://www.seattlecolleges.com/DISTRICT/district/districtbudget.aspx FY 2010-11

d. College Level – Specifically Seattle Central Community College

SCCC's Strategic Location:

SCCC has a very advantageous and strategic location as it is located across the street from the ST CHS site A, B, C, and site D is adjacent to college owned property. Dr. Ogilvie calls SCCC's location in terms of its RCHEC as "a geographically sweet spot to provide that training, as it is situated among some of the region's leading hospitals, just south of the University of Washington Medical Center and east of neighborhoods that house Seattle's growing global health sector (Holtzman, 2010). The RCHEC brochure describes the location as "SCCC is at [a] critical nexus point on the region's light rail route enabling individuals from throughout King, Pierce and Snohomish counties to reach RCHEC" (RCHEC, 2009A, p. 3). Scott Kirkpatrick's comment on the bottom line drawing is that the "west head house is not designed for overbuilt."

Map 4.C.3.d1

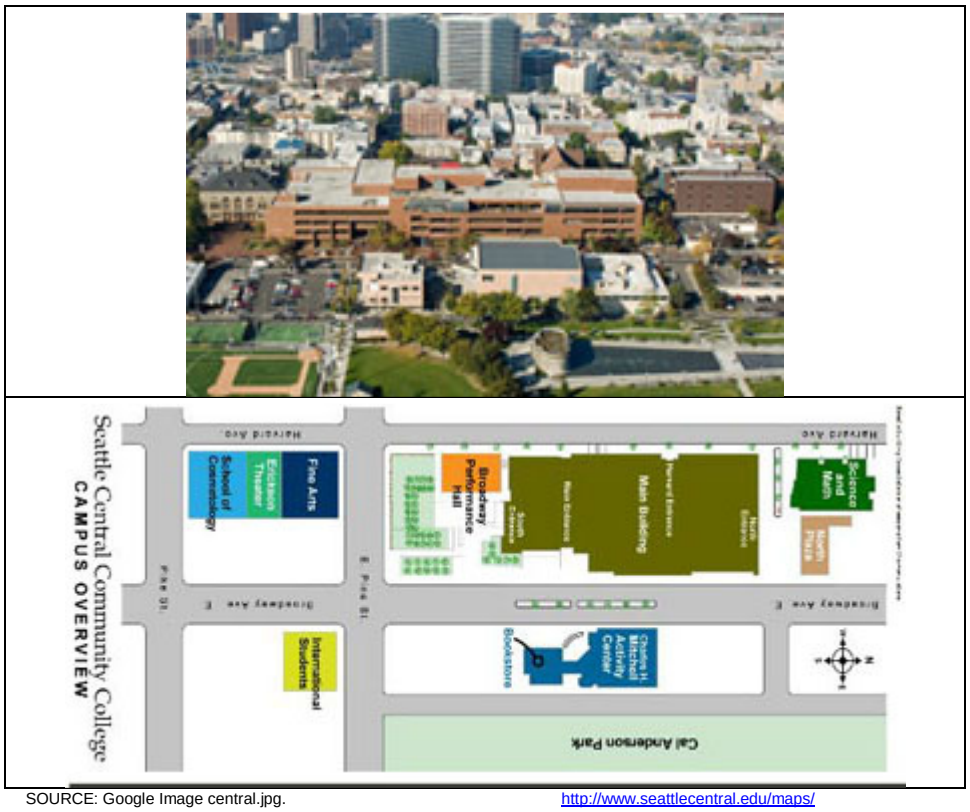
Seattle Central Community College's Strategic Location

SOURCE: http://projects.soundtransit.org/Projects-Home/University-Link/Capitol-Hill-TOD.xml

SOURCE: Scott Kirkpatrick personal communication

Seattle Central Community College Campus Maps

Map 4.C.3.d2



SOURCE: Google Image central.jpg. http://www.seattlecentral.edu/maps/

The SCCC campus, including its recently completed Science & Math facility in 2006, has over one million square feet of buildings and improvements with an estimated replacement value of over $450 million. The College has classes at three sites: 1) the main campus on Capitol Hill at 1701 Broadway, 2) the Wood Construction Center (WCC) in Rainier Valley neighborhood at 2310 South Lane, and 3) the Seattle Maritime Academy (SMA) in the Ballard neighborhood at 4455 Shilshole Ave. N.W. The main campus has 11 buildings on ten acres with 951,742 gross square feet (GSF), the WCC has six buildings on two and one half acres with 47,259 GSF, and the SMA has four buildings (one floating classroom/lab barge) on four acres including water rights with 18,658 GSF (SBCTC, Capital Budgets).

Seattle Central Community College

Campus Building Statistics

Table 4.C.3.d3

Table 6

Existing Seattle Central Community College Site and Building Statistics

Property	Building Name	Building Area	Building Footprint	Lot Area	Lot Coverage
1500 Harvard	Siegal Center	47,668 SF	17,502 SF	-	-
1518 Harvard	Little Theater	11,500 SF	7,920 SF	-	-
801 E. Pine	Masonic Temple	64,820 SF	16,800 SF	-	-
	Subtotal	123,988 SF	42,222 SF	42,222 SF 0.97 acres	100%
1519 & 1523 Broadway	Parking Lot/Retail	800 SF	800 SF	7200 SF 0.17 acres	11%
1601 Harvard	Parking Garage	151,800 SF	46,400 SF	50,985 SF 1.17 acres	91%
1701 Broadway	BPH	29,400 SF	9717 SF	-	-
	Broadway Edison	442,984 SF	118,518 SF	-	-
	North Plaza	19,470 SF	10,467 SF	-	-
	Portable A	3,840 SF	3,456 SF	-	-
	Portable B	3,875 SF	3,456 SF	-	-
	Portable C	6,764 SF	6,720 SF	-	-
	Subtotal	506,333 SF	152,334 SF	261,632 SF 6.0 acres	58%
1700 Broadway	Student Activity Center	85,000 SF	29,585 SF	39,168 SF 0.89 acres	76%
1532 Broadway	South Annex	14,800 SF	7680 SF	15,360 SF 0.35 acres	50%
TOTAL CAMPUS	-	882,721 SF* (730,921 NIC parking)	279,021 SF	416,567 SF 9.55 acres	67%

*Of the total building area, 28,444 SF is leased retail space, including a 20,530 SF theater (Fine Arts Building), 4,714 SF dental offices and 2400 SF cafe (South Annex) and 800 SF retail (motor pool site).

SOURCE: http://www.seattle.gov/neighborhoods/mi/miac/sccc/seattlecentral_mp.pdf

Enrollment

Enrollment is the criteria to determine growth in the community college educational sector. Enrollment is counted by headcount or by a full time equivalent student (FTES) basis. The difference between a full time equivalent student (FTE) and headcount is that one FTE is the equivalent of one student enrolled in 15 community college credits per quarter. Headcount is the actual number of students enrolled, regardless of credit hours. Additionally, headcount or FTES enrollment can be further divided by the student's funding source. There are three ways to fund courses at the community and technical college level.

1. State supported: Courses funded completely or in part by legislative appropriations of state funds plus student tuition

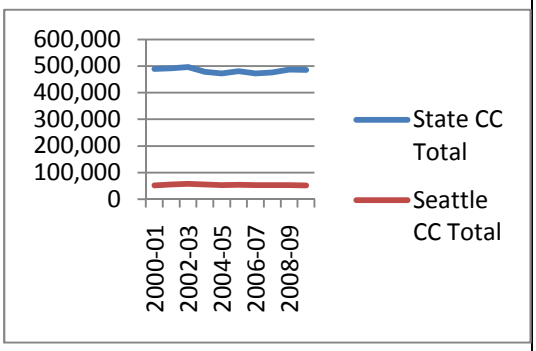
2. Contract supported: Courses funded by grants and contracts with external organizations. For example: Running Start and International Contract programs.

3. Student funded: Courses funded entirely through fees charged to the students enrolled in them

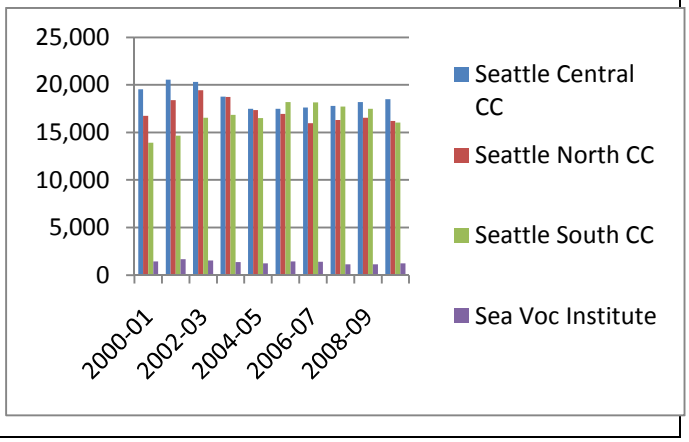
Both the State and SCC district community colleges enrollment showed a peak in enrollment in the 2003 recession, which indicates that workers who are laid off during a recession choose to return to school to update skills.

Figure 4.C.3.d4 Community College Enrollment Headcount Charts

State versus Seattle District Headcount



Headcount in the Seattle District Colleges



SOURCE: http://www.sbctc.edu/college/d_acad.aspx SOURCE: Academic Year Reports 1994-1995/2009-2010

The 2010 enrollment for the four Seattle Community College District schools based on Washington State Board for Community & Technical College (SBCTC) data are listed in the table below. The current recession shows a decline in FTES State Supported Students for school year 2009-2010, which may not be surprising because of the state budget shortfall it could be assumed that if state funding is down then state-supported FTES would be down also.

Table 4.C.3.d5

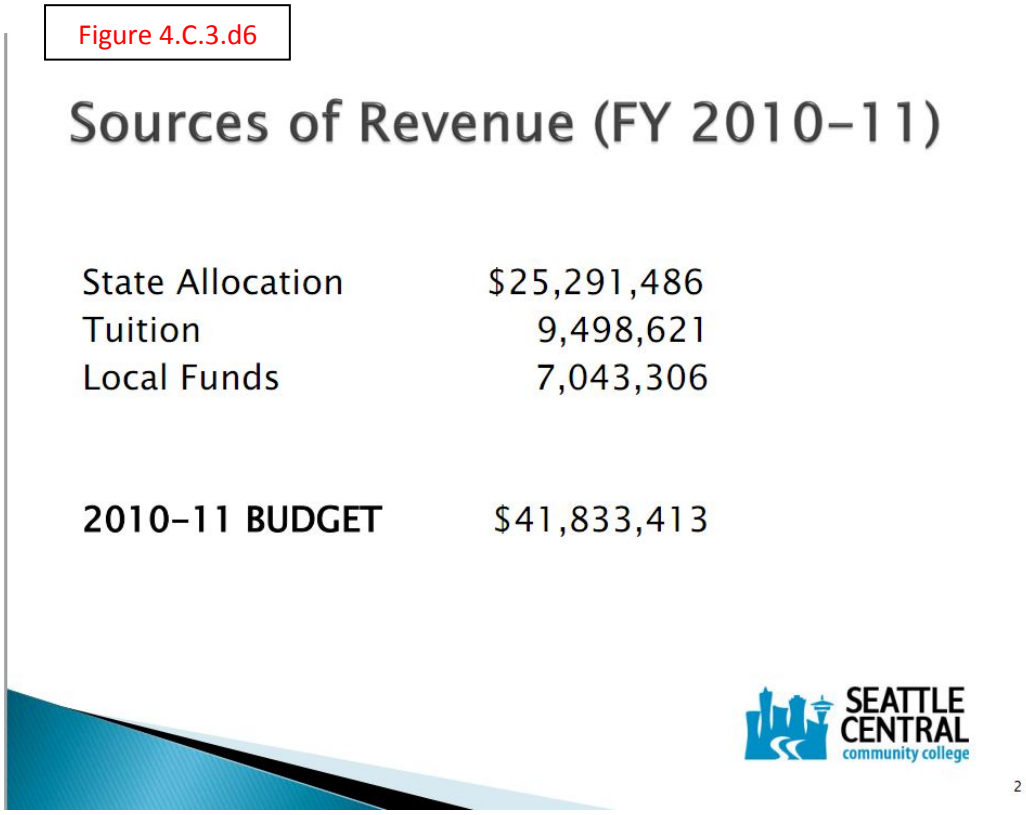
Change in State-Supported Full Time Equivalent Students (FTES)				
Seattle District Colleges	Fall 2009	Fall 2010	Change	% Change
Seattle Central	5,536	5,387	-150	-3%
Seattle North	3,893	3,907	+14	0%
Seattle South	4,249	4,139	-110	-3%
Seattle Voc Institute	600	548	-52	-9%

SOURCE: http://www.sbctc.edu/college/d_acad.aspx 2009-2010 Academic Year Report

SCCC Funding

Insight on SCCC funding is revealed in the following SCCC 2010-2011 Budget power point slide. Approximately, 60.5% of funds are from the state, 22.7% are from tuition, and only 16.8% come from local funding sources.

Figure 4.C.3.d6



SOURCE: http://seattlecentral.edu/president/BudgetForum_10-13-10.pdf

Recession Effects on SCCC & RCHEC

SCCC Budget Reduction Memo dated June 14, 2011 states "State of Washington has mandated a cut of about a half billion dollars to institutions of higher education (SCCC, 2011). Seattle Central must make a permanent cut of $4million effective fiscal year 2011-2012 onward." Programs no longer offered at SCCC are:

- Film & Video
- Publishing Arts
- Interpreter Training Program

Recession effects on the RCHEC Vision were seen in a Puget Sound Business Journal article dated April 4, 2010 entitled *Seattle Central floats idea for $40M health center.* The article says the new $40 million regional health education center would focus on professional training for applied health sciences, including

nursing, global health and technical fields, but Seattle central must first determine if it can fund the project through private donations and other funding sources. Dr. Ogilvie is quoted as saying that "next week the college will issue a request for proposals for a fundraising campaign feasibility study. If the (study's) answer is 'no,' we don't do it. If the answer is 'yes,' we will begin putting together the campaign to raise the money."

Development Money Sources as of 2011

ST needed a tunnel which included a route directly beneath the SCCC campus therefore an easement was the legal requirement negotiated on the effected property. The recorded Tunnel Easement dated May 19, 2011 is between Grantor: State of Washington, SBCTC, SCCC, and Grantee: CPSRTA. Settlement included a payment of $502,500 and rights to Negotiate Exclusively for future surplus property located adjacent to and surrounding the westerly light rail tunnel entrance (Site D) per Settlement Offer Letter dated December 30, 2010 and Resolution 11-3-9 adopted and approved on March 17, 2011. The TAB 3B Resolution 11-3-9 signed by J.A. Bricker, Chair and Attested by Charles N. Earl, Secretary (Board delegated approval of public agency easement due to Executive Director, Charles Earl, conflict of interest because his spouse is the Executive Director for ST per SBCTC Regular Meeting Agenda Item dated March 17, 2011) states ". . . proceeds from the settlement may be used locally for reimbursement of professional services and legal fees incurred by the college in negotiating the settlement and to update the facility master plan."

Development Steps Taken by SCCC as of 2011 - MIMP

The SBCTC Master Plan and/or the City of Seattle Major Institution Master Plan are the first step for SCCC to develop real estate. In 1985, SCCC prepared a Master Plan addressing an eight year period between 1984 and 1991. In 2002, a SCCC MIMP

was "prepared consistent with City of Seattle SMC 23.69, adopted by Ordinance 118362 and delivered to the City of Seattle Dept. of Neighborhoods on October 7,

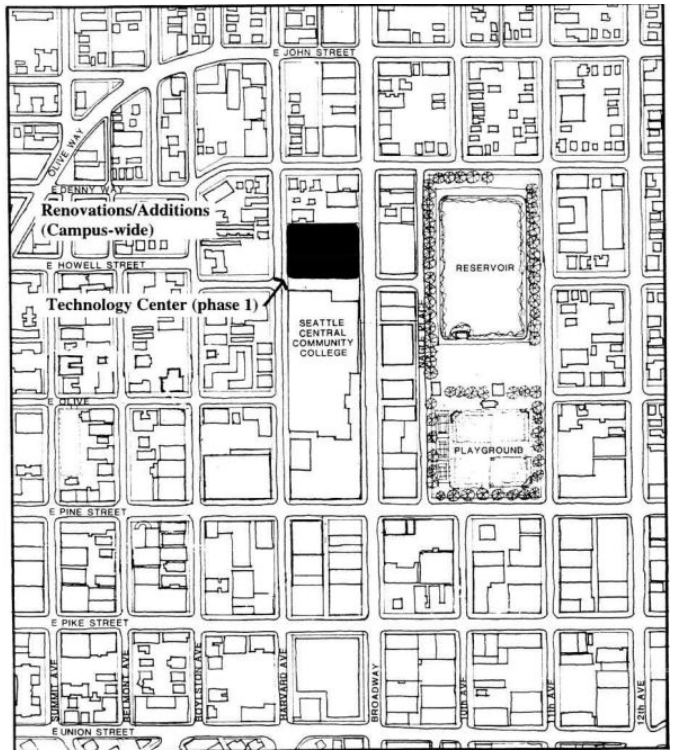
2002." This 130 page document has an Appendix 1 that itemizes the Environmental Impact Statement process Milestones that began in June, 1997 and ended in September, 2002 when the Compiled Plan was approved by DCLU and issued – it was a five year process. Appendix 9 of this MIMP included a reference to the Light Rail-Capitol Hill Station. This SCCC Preliminary Concept called for an Urban Technology Center for the site that now is occupied by the new 2006 Science and Math building. Plan is available

http://www.seattle.gov/neighborhoods/mi/miac/sccc/seattlecentral_mp.pdf

Planned Development in the 2002 Major Institution Master Plan

Proposed Technology Center Site

Map 4.C.3.d7



Source: Seattle Central Community College Compiled Major Institution Master Plan, 10/7/02, p32

The planned Technology Center (phase 1) west half (facing Harvard Avenue) became the new Science and Math Building that opened in 2006. Plans for the east half of this site (east side of the North Plaza Area and north of the Broadway-Edison building) call for a library according to the SCCC 2003 State of Washington Capital

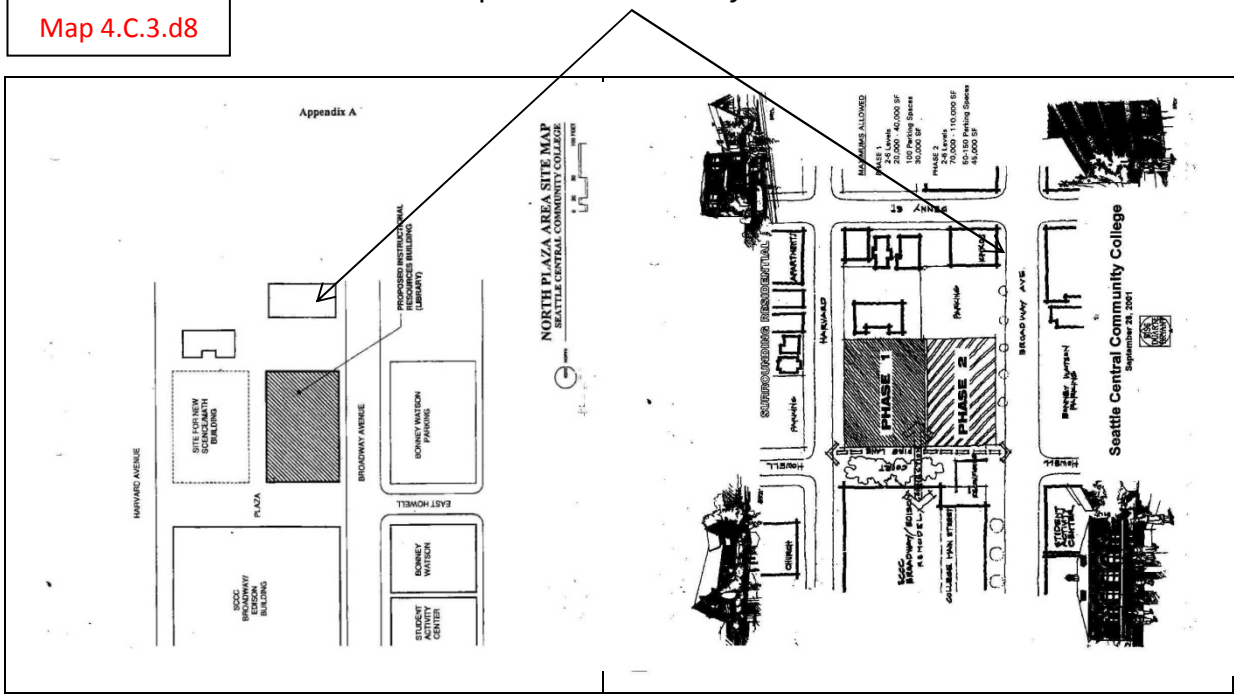
Project Request. This information was provided by Jeff Watts, Capital Projects Director at SCCC (personal communications, October 11, 2010) and Department of Neighborhood in the SCCC MIMP. The State of Washington Capital Project Request for the library analysis date was December 26, 2001. The facility cost was estimated at $19,795,400 for a 54,000 GSF. or 40,000 net square feet (NSF) of building space. The request states 'such a plan has been in place for more than 15 years. The request is also stated in the College's Master Plans, Strategic Plan 2000-2005, and Strategic Facilities Plan." This vision has been in place for a very long time.

Another request was submitted with a 2003 Predesign Major-P request for the library using the SBCTC Capital Analysis Model (CAM) discusses "By the time funding is available for predesign, if Sound Transit still plans to have a transit station adjoining the College; it might impact the design of the new library." There is anticipation about the college owned property adjacent to ST's site D as early as 2003.

The map following shows the new library site, duplicating the 2006 Science and Math Building which adjoins ST surplus space at site D.

Sound Transit's Site D and Adjoining Seattle Central Community College Proposed New Library Site

Map 4.C.3.d8



Source: 2003 PREDESIGN MAJOR-P / MAJOR PROJECT FOR 2003-05 CAPITAL REQUEST provided by Jeff Watts, Capital Project Director, Seattle Central Community College

As of 2011, SCCC is in the process of creating a new MIMP with Architect Firm, Schreiber Starling and Lane. According to the firm's bio, their higher education experience has been since their founding in 1987 as they have "been providing almost continuous design services for community and technical colleges and other institution of higher education. We have a full range of campus planning experience including facilities programming and conditions assessments, analysis and planning for campus-wide infrastructure systems, capital improvement program and development cost analysis, campus traffic and parking needs analysis, environmental assessment, community coordination and information dissemination, and regulatory approval management. In addition, our community and technical college experience runs the spectrum of project types and sizes including planning, predesign, budget requests, minor repair, minor remodel, major replacement, and new construction."

SCCC's Development Experience

In 1986, SCCC built a parking garage called the Harvard Garage for campus parking. The parking garage is a two-story masonry, sprinklered facility, built on a 50,985 sq. ft. lot with a total building size of 110,934 sq. ft. The parking garage lot is zoned MIO-105-NC3-65. The address is 1609 Harvard Avenue.

In 2006 SCCC built its Science & Math building that opened in September of 2006 and cost $26 million. This project is a four-floor building with 69,000 sq. ft. of instructional space, faculty offices, and student study areas.

SCCC's RCHEC Development Vision

The RCHEC brochure given to the author at the beginning of this project by Dr. Ogilvie, dated February 2009A, describes the SCCC vision for the RCHEC as a "$116 million project will be constructed over two phases on existing SCCC property and nearby public and private properties." The cover states that the purpose of the brochure is "An invitation to government, private foundations and private sector medical entities to PARTNER in the realization of this timely vision for SEATTLE CENTRAL COMMUNITY COLLEGE, the Community, City and the Region." The two phases call for six buildings to be built on Broadway. The following image superimposes some of the new buildings along both sides of Broadway. The buildings look like apartment buildings as shown and itemized in the following renderings (Buildings 1-A, 1-B, a second 1-B, 2-A, and 2-B, additionally a 2-C building is only occasionally included).

Map 4.C.3.d9

Proposed RCHEC Buildings

RCHEC Buildings	Footprint of RCHEC Buildings
	

SOURCE: SCCC RCHED February 2009A, p. 9 and p. 11

Phase I (2010-2014)

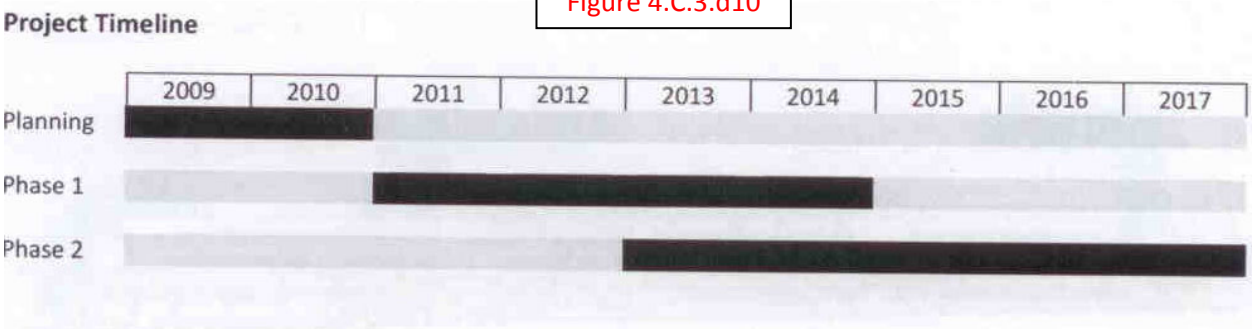
- Building 1-A Health Education and Community Medical Services Center, Health Clinics: Bldg. 16
- Building 1-B University Partnership Center/public use space: Bldg. 17
- Building 1-C Affordable Student Housing, Wellness & Chronic Illness Prevention Program: Bldg. 18

Phase II (2014-2019)

- Building 2-A Affordable Student Housing: Bldg. 19
- Building 2-B Affordable Student and Staff Housing, International Health Education Alliance office: Bldg. 20
- Building 2-C College Related Programs and Community Use Spaces

RCHEC Development Timeline

Figure 4.C.3.d10



SOURCE: RCHEC, 2009A, p. 18

The RCHEC vision called for 346,534 sq. ft. of space (49% classrooms, 38% workforce housing, and 13% retail). ST's surplus space on Site A, B, and C is 424,622 sq. ft. of space per ST's 2007-2008 three building station design.

With respect to SCCC's RCHEC vision calling for 38% of the proposed space for workforce housing, the brochure specifically defines the use of the space for "inclusion of affordable staff housing in Phase II of our project will also support our region's commitment for living-wage housing. Eligible Seattle Central Community College employees will benefit from this resource" (RCHEC, 2009A p. 7).

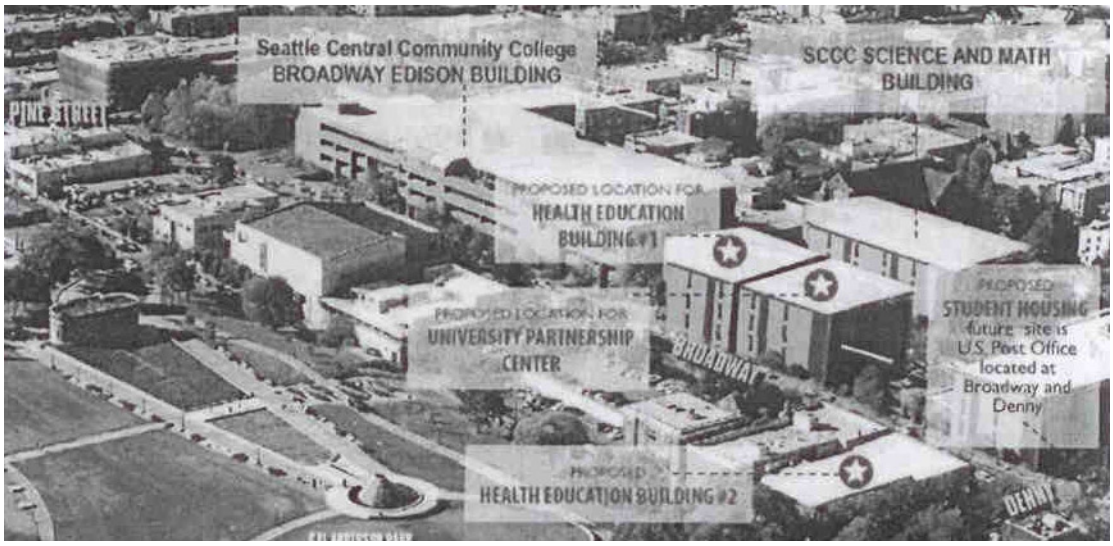
Map 4.C.3.d11 Proposed RCHEC Buildings
Superimposed on the Landscape with Uses Labeled

SOURCE: SCCC Proposed RCHEC February 2009A

Another two maps showing the RCHEC proposed buildings follows. These maps show how much of the Broadway frontage would be taken up with the SCCC facilities needed for their RCHEC vision.

Figure 4.C.3.d12

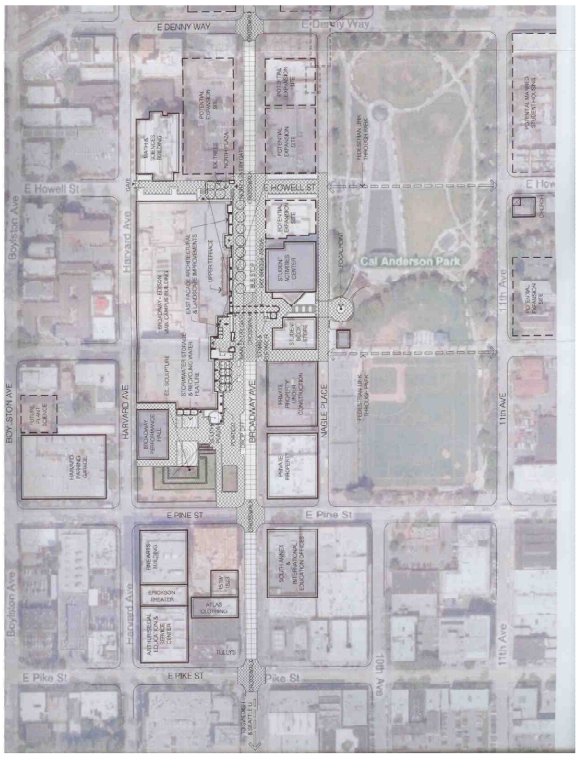
Proposed RCHEC Buildings Superimposed on Broadway



SOURCE: Dr. Ogilvie as of May 8, 2008

Map 4.C.3.d13

Proposed RCHEC Building Footprints on Map



SOURCE: SCCC'S Proposed RCHED Brochure dated February 2009A

This concludes the information from investigation on the project context surrounding the ST CHS. The information reveals the sources of constraints assumed to impact the SCCC's RCHEC project. Those constraints are the uncertainty from external stakeholders such as potential changes in zoning rules including building heights and the inclusion of community preferences on the site design plan requesting public amenities and making other recommendations, both of which affect development capacity of the project. SCCC specific developer constraints are the college's capabilities for developing the original 424,622 sq. ft. of affordable housing, retail, and educational facilities that ST had hoped for when initiating this task of assisting Dr. Ogilvie with evaluation for development of the three buildings over the CHS on sites A, B, and C. The limitations of SCCC's development capabilities are the college's experience history limited to single building projects, as well as SCCC's source of funding considering the State's dire budget deficits that are reducing higher education funds for capital projects, and finally the ST requirement that transactions be performance driven requiring development milestones to meet the ST Construction and TOD Work Program Schedule which SCCC could find difficult considering the complex process it faces for capital project authorization even if funds became available. The key constraint that stalled the RCHEC project in March 2009 was Dr. Ogilvie's explicit concern that citizen involvement might include recommendations that limit SCCC campus expansion on Broadway.

Dr. Ogilvie's concerns regarding expected citizen involvement including the possibility of objections to SCCC's taking over the development opportunity at the sites above the CHS were in fact realized. Governance requirements called for community outreach that gave the community a seat at the design table and an opportunity to declare their preferred amenities and recommendations. Regulations requiring community outreach were identified in three separate sources. They are the Seattle Municipal Code major institution zoning requirements, the RTA Motion 45 governing ST's TOD Principles, and the Seattle DOT station area planning efforts authorized by the City Council ordinances and resolutions. Collaboration between ST, the City of Seattle, and community representatives resulted in a new 2011 site

design plan, limitation of SCCC's use of the SS at the ST's CHS to site D, and the recommendation that another developer, CHH, be considered for development of the affordable housing on the SS above ST's CHS on sites A, B, and C.

Uncertainty as a result of not knowing what was acceptable to the stakeholders affected by the transit district redevelopment was enough to stall developer planning efforts. The lack of knowledge regarding the collaboration between stakeholders eventually became the barrier that Dr. Ogilvie suspected when this feasibility analysis study stalled in March of 2009. Thus we have identified some of the constraints that SCCC faced during its attempt at campus expansion for the $116 million RCHEC using the SS above ST's CHS on the East side of Broadway in a time when education of healthcare workers is sorely needed.

CHAPTER 5:

CONSTRAINTS: BARRIERS AND OPPORTUNITIES

Assisting SCCC with assessment of its vision to develop the RCHEC in the SS space above the CHS, in terms of preparing a preliminary financial feasibility analysis, was a fairly simple task. This assessment yielded a positive cash flow using current 2009 data to determine assumptions on revenue, expenses, costs and applying them to a classic development formula using the building design and space program provided by ST. When the preliminary financial feasibility assessment was delivered to Dr. Ogilvie on March 4, 2009, he announced that the project was too risky. His reason was that he anticipated conflict between the community visions for the same space that the college envisioned for its RCHEC development. He believed that this factor could entail costly negotiations and project delays that could ultimately change the positive cash flow to negative cash flow. It was at this point that this study changed from a comprehensive feasibility analysis to a case study identifying and explicating the constraints that were actual barriers to the RCHEC project and those constraints that are yet to be determined (TBD), as well as the possible opportunity for SCCC to expand its campus using one site of the SS at the ST CHS.

Dr. Ogilvie's concern over the community's vision for their preferred uses of the SS at the ST CHS and their involvement in the design process proved to be valid. However, the results which were a barrier on sites A, B, and C could be perceived as an opportunity for SCCC on site D as the process unfolded. It happened in the following way.

Precedence was established in 1979 when the CH community affected changes in the Group Health Hospital development project by successfully negotiating resolution on issues the community wanted to be included in the project. They became involved in the project process by using the tactic of threatening to

cause delay by being a source of objections to the issuance of the building permit for purposes of getting their demands met.

In ST's CHS case, the community used a different approach. They prepared several detailed reports and the various community organizations united into one organization for purposes of carrying their concerns forward. Those reports were 1) Community Charrette Outreach Summary February 3, 2009, 2) TOD Precedent Study February 3, 2009, and 3) Development guidelines and Urban Design Recommendations Report February 3, 2010. The CH Community Council and the CH Chamber of Commerce joined forces with numerous community organizations to create a new community organization called the Capitol Hill Champions. In 2010, this new community organization was invited to brief the Seattle City Council on their efforts. A final collaboration effort was made between ST, the City of Seattle, and the Community that produced the Capitol Hill Light Rail Station Sites Urban Design Framework (UDF) published in October 2011.

In effect, the community was given a seat at the design table (Rodgers, 2010). The presentation of the UDF to the public was met with no observable resistance and with quiet acceptance.

The community's seat at the design table was established by requirements from three separate sources. First, ST's TOD Principle as established by the RTA required that work be done collaboratively with local jurisdictions and the private sector. ST accomplished this by including it in the TOD Work Program schedule over several years as 1) "Begin work with Chamber and community Fall 2008-2009", and 2) Addressing public policy review 2010-2011" (See page 66). Second, the City of Seattle passed ordinances for Station Area Planning, Station Area Overlay zoning, and Station Area Advisory Committees to ensure that investment in light rail would move neighborhood visions forward (See p. 68). Third, the Major Institution Master Plan (MIMP) requirements state that major institution expansions must

include collaboration between the major institution, the City, and the community (See p. 51).

This study's discussion of SCCC as developer of the SS above the CHS resembles Graaskamp's definition on knowing when a real estate project is feasible. One point benchmarking a potentially feasible project happens when there is "satisfaction" by the individual players of a RED or at least when the neutralizing of the opposing force occurs. In this case, gaining knowledge regarding the conflict between the community and the college over different visions for the same space (i.e., SS at the ST CHS development opportunity) finally reached resolution when the UDF report was published in 2011 and went unchallenged. Knowing this information increased the reliability of assumptions and allowed the iterative process to proceed. Reaching satisfaction of the individual players allowed the development process and further feasibility analysis to move forward. However, some constraints became barriers to SCCC's project.

Constraints: That Became Barriers for SCCC

The UDF recommendations call for housing and retail above the ST CHS east of Broadway similar to the RCHEC, but the Capitol Hill Housing (CHH) organization is the developer of this use discussed in the 2011 report; not SCCC. According to the UDF (2011), CHH wants to explore creation of an ecodistrict over the CHS (UDF, p. 33). An EcoDistrict is created to allow the business of an entire district to become more sustainable together. "CHH has received a $50,000 grant from the Bullitt Foundation to study the potential for creating an EcoDistrict around the Capitol Hill light rail station at Broadway and John" (Fucolora, 2011). CHH is an experienced affordable housing owner, operator, and developer; who owns and operates 43 building in Seattle, both historic and new, award-winning projects like the Pantages Apartments at 803 E. Denny Way.

The UDF supports the City of Seattle's SAO districts' vision calling for neighborhood centers in station areas with shops, open space and housing. This vision is far different from the six community college facility buildings proposed to occupy both sides of Broadway in the RCHEC vision. College campus facilities have a tendency to be something that the public walks by and does not enter unless they are students, a complaint aired at one of the public meetings I attended (May 21, 2011).

The UDF recommends that SCCC develop the small Site D adjacent to the college on the west side of Broadway next to the west entrance to the underground CHS. The site D footprint is 11,120 sq. ft. less the west station entrance to the underground loading platform and is not sufficient for SCCC's 346,534 sq. ft. space requirements called for in the RCHEC project. There is no mention of SCCC using any part of sites A, B, and C.

Constraints: Other Constraints that May Become Additional Barriers for SCCC

SCCC faces a funding constraint for the RCHEC project. State revenues are the primary source for community college capital project funding. The 2008 recession reduced community college capital projects spending by $42.3 million in the 2009-2011 budgets. No new projects were being accepted for the next biennium budget of 2011-2013 according to Wayne Doty (personal communications with Capital Budget Director of SBCTC, July 18, 2011). The local economic data indicates an 8.3% unemployment rate as of March 2012, which has the effect of holding down consumer spending and state sales tax revenue. The outlook for higher education funding looks bleak. Balancing the state budget is yet TBD. Lack of state funding is a barrier to development of the RCHEC, but is only one of several funding options for SCCC's project.

Even if state revenues were available, the SBCTC typically does not fund $116 million projects. The biggest 2009-2011 project was $35.4 million. The large

size of the proposed 2009 RCHEC project is another barrier, but a smaller project could be an option.

ST's recommendation of using the 63-20 revenue bond funding mechanism presented to Dr. Ogilvie in the March 2009 preliminary financial feasibility presentation as a funding mechanism currently being used by the UW is not an option. It does not work for SCCC as the use of bond retirement accounts were closed for community and technical colleges in 1974 by RCW 28B.57.010. It would take legislative changes to reactivate community college bond retirement accounts. Getting legislative changes to reactivate community college bond retirement accounts is probably a funding barrier for the RCHEC project, since they existed before 1974 and were purposely closed at that time.

The 63-20 revenue bond funding mechanism could be used via local community college funding channels outside the SBCTC legislative approval process by working through the community college foundations probably by collaboration with the SCC district level and the SCCC college level. This would require experience and expertise that could conceivably happen in the Office of Advancement, but this is yet TBD. Wayne Doty, SBCTC Capital Budget Director, says there are lots of options available, but considerable work would be required to get any of these options to work (personal communication, July 18, 2011).

Dr. Ogilvie appears to be realistic about the RCHEC development situation when he made a plea to the public in the Puget Sound Business Journal (PSBJ) article dated April 4, 2010 stating the need for $40 million for a regional health education center. First, he dramatically reduced the size of the RCHEC project from a $116 million project to a $40 million project. Second, he referenced private donations and other funding sources. He talked about putting together a campaign to raise the money in the article (Holtzman, 2010).

The community college foundation campaign idea brings up another constraint of timing. It takes several years for a community college to solicit and accumulate donations. The SCC Power and Promise district funding campaign started in 2006 called for $25 million, which took three years to gather the money (January 2006 through December 2009).

ST has rules regarding timely performance as a qualification for development of the SS at the CHS. Timing is a deal breaker for ST. ST's Typical Terms of Development require that transactions be performance driven and that milestones meet with the ST schedule (See p.64). ST is making sites available for redevelopment by issuing RFP/RFQ(s) in 2012/2013 and expects to select developers in 2013. Developers are required to take projects through the community design review process in 2013/2014 with availability for redevelopment in 2015 and TOD project construction during 2015-2017 (See p. 66).

Another timing problem is the MIMP process which takes a minimum of two years to complete the process. SCCC has started the MIMP, only because of ST funds provided as settlement for the tunnel easement under the college campus. The MIMP process requirements include community acceptance of the SCCC's, a major institution, proposals. Can SCCC get the MIMP process done in a timely manner to meet ST's rigid timing requirements?

Another timing problem is rezoning. One of the two lots included in site D is zoned as MIO 105'. The other is zoned NC3P-40 (See p. 46). Therefore a zoning change would need to be accomplished so both lots have the same zoning for development of the site. If SCCC asked for additional height over 40' on the Lot zoned NC3P-40, this process could trigger community conflict, stall the development process even on site D, and extend the time needed to accomplish rezoning. The question of whether or not the community would accept whatever SCCC' desires in a zoning change are yet TBD.

Barriers: That May Become Opportunities

The UDF report (2011) communicated that SCCC is not the preferred developer on the ST CHS sites A, B, and C by recommending CHH as the developer for housing and retail. Also, the report explicitly recommends SCCC as the developer of site D which presents the college with an opportunity (p. 10).

The UDF (2011) suggests "other great ideas" as raising the height limits on A1 to between 240' and 400' for an iconic tower. Raising building height limits is TBD, yet the community and City allowed this idea be included in the UDF (p 31). If Site D were allowed to be built with raised heights to 105' for a 10 story facility, then SCCC could add approximately 50% of its desired 171,534 sq. ft. of space needed for health education programs. This is a big if and there is little time available to explore this option. The last rezoning on Broadway took building heights on Broadway from 40' to 65' in 2004, so a jump to 105' in building height might be difficult to accomplish. The UDF (2011) Design Plan Massing Vision shows a nine story building on site D (See p. 57). Is this a hint or suggestion regarding an acceptable building height on site D? Is Capitol Hill ready for high rise buildings as found in the neighboring community of First Hill? How high buildings can be on the SS at CHS is yet TBD.

What is the end of the story?

Now SCCC has some answers regarding development of its RCHEC project, yet numerous unresolved issues are left to be answered. After two years of meetings and reports about the SS at the ST CHS, the story has not ended yet.

The good news is that the process of satisfaction as described by Graaskamp's definition of feasibility analysis and applied to this study, is underway, that the project is evolving and is a work in progress. As a reminder, Graaskamp says that when a "solution which is ideally frictionless or [has] at least neutralized the

opposing forces. . .” then the project is considered feasible when “there is a reasonable likelihood of satisfying explicit objectives when a selected course of action is tested for fit to a context. . .” [and that the] “concept of ‘satisfying’ must be organized to deal both with intangible requirements of social planning and real estate ‘amenities,’ and with the more tangible decision points of financial ratios and dollar profits. . .” (1973, p. 4).

More good news is that this new approach to planning is becoming institutionalized as described by Theresa Doherty, Director of RCR at the UW, when she says the new approach to planning is more than just a new plan and is more conceptual than past planning. She says the process takes lots of conversations, lots of different meetings, and expected disagreements or differences on opinions. Doherty says one of the difficulties of outreach to the community is that they want specifics, but a long-term plan that meets a mission must be flexible and is dependent on information as it becomes known over time so numerous decision are unanswered when a project in authorized. The process may be frustrating and messy, but at least all the interested stakeholders are contributing, participating, talking, and negotiating some satisfaction regarding the ST CHS transit redevelopment (personal communication, September 25, 2011).

This study turns out to be a good story exemplifying mitigation in the process of building consensus. It appears that housing and retail will be built by a developer other than SCCC. The chances that the college is able to develop a new facility on site D in a timely manner doesn’t look too promising at the moment, but if there was no hope then SCCC would not have started the MIMP process.

Further case studies explicating this process are needed. It is hoped that this case study could be used by those planning a project or caught in conflict over a development to be encouraged by providing one example of movement from potential conflict toward potential satisfaction.

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APPENDICES

APPENDIX A: (see p. 70)

AGREEMENT CONCERNING

GROUP HEALTH CAPITOL HILL FACILITIES

[written at top "1974"]

PARTIES

1. The parties to this agreement are the Capitol Hill Community Council (the "Council"), a Washington nonprofit corporation, and the Group Health Cooperative of Puget Sound ("Group Health")/

RECITALS

2. Group Health owns and maintains a health care facilities complex, including a hospital, out-patient facilities, optical clinic, laundry, and various supporting and ancillary facilities, including parking lots, on Capitol Hill in Seattle. The Council is a voluntary community organization concerned with the preservation and protection of the quality of urban environment on Capitol Hill and has maintained a deep interest in the development of Group Health facilities. The Council has, on occasion, opposed certain of the development plans of Group Health, including plans to add additional parking lots.

3. Group Health has begun excavation for construction of an Extended Care Facility (ECF) at the corner of 15th Avenue East and East Thomas Street. The Council has expressed concern that the addition of this facility will magnify present effects upon the community caused by Group Health facilities. These concerns are reflected in several places in the Environmental Impact Statement prepared for the ECF.

4. The Council recognizes that Group Health will find it necessary to continue to redevelop properties on Capitol Hill, including replacement of existing buildings as they

obsolesce. The Council believes, and has so advised the City of Seattle, that the program of redevelopment must be continually reassessed with the involvement of the community to help insure the health and vitality of the community.

5. The Council and Group Health have discussed the concerns of the community (of which it is a part) and make the following agreement as a means of minimizing the impact of Group Health's present and future facilities on the Capitol Hill community, while preserving the essential interests of Group Health in the delivery of economic, quality health care.

6. The parties contemplate that the agreements herein shall be legally binding and on file with appropriate city departments.

7. NOW, THEREFORE, in consideration of the mutual promises and agreements of the parties herein made, the parties agree as follows:

AGREEMENTS

1. Group Health will obtain the express prior consent of the Department of Community Development of the City of Seattle and Capitol Hill Land Use Review Board (or its successor) before any real estate now or in the future owned or controlled by Group Health not currently used in connection

with Group Health health care delivery, administration, support, or parking facilities may be employed for any such uses. This applies to Capitol Hill.

2. The ECF will be planned and constructed in such a way as to afford rentable commercial retail space (equivalent in size and quality) to the space eliminated by the demolition necessary to construct the ECF. Rental rates will be established based on the going market rate considering term of lease and other usual factors. Group Health reserves the right to use their properties to its best advantage if said

space is not rented within 120 days after it has become available for use and reasonable effort has been made to find a tenant.

3. As the Community Council has expressed particular concern about the effect on the neighborhood of parking lots, and since Group Health recognizes and appreciates this concern and such effect, Group Health agrees:

a. Group Health will continue to implement traffic reduction plans with the goal of phasing out present surface parking lots, especially the two large parking lots in the 300 block of 16th and 17th Avenues East. Toward that end, Group Health is continuing a program to reduce overall parking requirements by car-pooling, public transportation, regionalization of medical facilities, and other feasible and reasonable means.

b. Group Health will give consideration to the construction of a low profile (less than 30 feet elevation)

parking garage to replace present parking lots. It is presently contemplated that any such parking garage would be located on or in the vicinity of a portion of 16th Avenue East, which may be vacated should Group Health decide to erect such a parking garage. Group Health's preferred location would be the commercially zoned property facing 15th Avenue East on the same block. Most of this property is already owned by Group Health Cooperative and nothing in this Agreement it [sic] intended to restrict Group Health's acquisition of other property in the immediate area necessary to satisfy this objective. Should such a facility be constructed Group Health intends to make retail rented space available on the ground floor fronting 15th Avenue East and at the same rental terms discussed in paragraph 2 above.

4. The Council agrees that it will not oppose the vacation of 16th Avenue East in front of the Group Health Capitol Hill Family Health Center, nor the construction of a low profile (less than 30 feet elevation) parking garage located on such vacated street and on any adjacent Group Health property, provided that such structure provides for north and south pedestrian passage along 16th Avenue East.

5. Group health [sic] shall begin as soon as practicable to dispose of real property which it owns on Capitol Hill, which property is not presently used for health care delivery, administration, support, or parking facilities. Group Health intends to accomplish disposal of all such property within

a period of five years.

6. Group Health agrees not to oppose the posting of streets surrounding its Capitol Hill health care facilities for a maximum of four hour parking, with the understanding that appropriate measures by the City would be taken to exempt bona fide residents of the area form such restrictions. Such measures could include issuing suitable automobile window stickers to residents. Group Health does recognize that certain legal restraints are anticipated on the City's implementation of such a proposal. However, Group Health does not object to the implementation of any necessary legislation.

7. Both Group Health and the Council will endeavor, in good faith, to keep each other fully informed of any pending plans or actions which involve or effect the known or expressed interests of the other, and to engage in full, good faith mutual consultation before proceeding with any such plans or actions. In furtherance of this agreement, Group Health shall review with the Council, or its representatives, not less often than annually, the measures and steps it has taken to accomplish these agreements, and particularly the measures to carry out paragraph 3 hereof.

8. In consideration of the execution of this agreement by Group Health, the Council agrees not to oppose the issuance of a building permit for the ECF by the City of Seattle

and the Council shall continue to cooperate in good faith in order to resolve issues of mutual concern.

DATED March _____, 1974

CAPITOL HILL COMMUNITY COUNCIL

By Lyle Bjork, President

GROUP HEALTH COOPERATIVE OF PUGET SOUND

By Arthur Siegal, President

//

[Typed up from original by Ann Donovan, 3/10/03]

SOURCE: http://www.scn.org/capitolhill/archive.html

APPENDIX B: (see p. 71)

Broadway Economic Vitality Action Agenda June 30,2006

5 Plan and Design Improvements for a Vital, Livable Neighborhood Business District

Advocate for Capitol Hill and work with the City, Sound Transit and other agencies to develop effective urban and site designs for buildings, infrastructure and streetscape projects in the district

COMMUNITY ACTIONS

A. WORK WITH THE CITY AND SOUND TRANSIT ON BROADWAY STATION SITE DESIGN AND PLANNING

- Work with the City and Sound Transit to ensure that the business district's needs for an economically vital development at Broadway Station are understood and acted upon
- Communicate the Action Team's Sound Transit Development Principles to the City and Sound Transit and advocate for an appropriate station design and plan for the site
- Meet with other business districts in the City, such as the University District, Fremont and the Rainier Valley, to learn their approaches to and lessons learned in advocating for infrastructure improvements and construction approaches that work for retail districts
- Actively participate in design charrettes, planning and advocacy meetings to develop a design that works for the district, one that encourages economic vitality and effective use of the property's potential for transit, quality retail and residential uses

SOUND TRANSIT ACTIONS

A. INTEGRATE TRANSIT-ORIENTED, MIXED-USE DEVELOPMENT APPROACHES INTO STATION DESIGN AND PLANNING

- Work with the City, the Chamber and the development community to make best use of the property as an integral part of Broadway's retail district
- As part of the project's next design steps, sponsor design charrettes and other predevelopment planning work to understand Broadway Station's potential as a mixed-use development
- Solicit and incorporate the real estate development community's perspectives and knowledge regarding the design elements for successful mixed-use urban spaces, including quality retail spaces and residential units

B. ENGAGE, INVOLVE AND WORK COLLABORATIVELY WITH THE CAPITOL HILL CHAMBER OF COMMERCE AND ITS LEADERSHIP GROUP ON STATION DESIGN AND PLANNING

- Provide opportunities for meaningful involvement and communication with the business community regarding the status, design and implications of planning for Broadway Station
- Provide opportunities for developers involved in current redevelopment projects on the street to ask questions and provide input on the design and commercial development potential for the site

C. EFFECTIVELY MANAGE THE IMPACTS OF STATION CONSTRUCTION ON BUSINESSES

- Work with businesses that will need to be moved, to provide for their relocation and retention in the Capitol Hill area
- Work with relocated and surrounding businesses to undertake actions during the pre-construction and construction phases that encourage business district growth and are consistent with the strategies in the Action Agenda
- Seek temporary tenants for all vacant spaces, perhaps working with arts and cultural organizations

A. SUPPORT THE DESIGN AND DEVELOPMENT OF A SUCCESSFUL TRANSIT-ORIENTED DEVELOPMENT PROJECT AT THE BROADWAY STATION

Sound Transit's Broadway station is a major project, which has the opportunity to contribute to the vitality and economic success of the district. The Sound Transit station must be designed to enhance the vitality and success of Broadway as a neighborhood business district.

The City, Sound Transit and the Capitol Hill business community must work together to develop a station plan for the City's first real urban village station. The design and plan must make best use of the property as a transit station integrated into a mixed-use development, including the integration of housing and quality retail spaces.

In its role as a land use regulator and permitting agency, the City should play a very active role and should exercise its authority to ensure that an appropriate design and construction plan for the site is developed.

- Effectively communicate the development needs and principles for the Broadway station to Sound Transit staff and Board members, and obtain actionable results for this important in-city site
- Work with Sound Transit to develop a plan and a schedule for cooperative site planning and design, involving City staff and the Capitol Hill Chamber of Commerce representatives
- Consider construction phasing issues for the privately developed spaces, as part of the overall station plan
- Work with Sound Transit to develop actions to mitigate and market businesses adjacent to the construction area
- Report back to the Chamber on a regular basis, communicating progress and key issues

SOURCE:

http://www.seattle.gov/economicdevelopment/pdf_files/Broadway_Action_Agenda_final_for_web_7-21-06.pdf

APPENDIX C: (see p. 76)

SBCTC Budget Development 2011-13

Capital Budget Request Instructions Section

State Board for Community and Technical Colleges
2011-13 Capital Budget Request

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CAPITAL BUDGET REQUEST

Capital Budget Request

State Board for Community and Technical Colleges
2011-13 Capital Budget Request

Introduction

The community and technical college system is committed to protecting the state's investment by repairing aging buildings, modifying facilities to utilize today's technology and serve today's students, and expanding the capacity of campuses to better serve current and future students.

The system's long-standing capital budget process prioritizes projects to ensure that preservation of existing facilities is balanced with new construction to expand capacity and meet changing program needs. Each college develops a capital request shaped by program-based strategic planning and facility master planning. The needs of all 34 colleges are then prioritized to form the system request, which totaled $549.6 million for 2009-11 and ultimately funded at $400.3 million.

Sixty percent of the budget supports preservation, to protect the state's investment in existing buildings and meet the needs of programs today:

- Emergency and repair projects
- Replacement projects
- Renovation projects
- Improvements to upgrade program space and accommodate technology

Forty percent of the budget expands capacity:

- Access-related projects to make room for current and future students
- Matching fund projects to leverage non-state dollars to improve programs and facilities

Due to the recession the 2009-11 capital budget was significantly impacted by the state's major loss of revenue. The combination of reduced bond capacity and shift of $879 million in capital funds to cover gaps in the operating budget reduced our capital program to $400.3 million. The State Board for Community and Technical Colleges (SBCTC) had to use $55.5 million in Tuition Building Fee financed through Certificates of Participation (COPs) to reach this level. The prospects for increased bond capacity in 2011-13 remains low due to continued downward pressure on revenue.

Several projects have been delayed or deferred into next biennium, creating a significant log jam. Presidents recognized the need to concentrate on getting as many of the projects already in the pipeline funded as possible and not complicate the process by adding new projects. The presidents voted to suspend the selection of new matching fund, renovation, replacement, and growth projects for the 2011-13 biennium. There will be no Project Request Report process this biennium.

Budget Request

The request section outlines the requirements for the college's budget request to be submitted to the SBCTC in April 16, 2010. This total capital budget request combines new repair and minor improvement projects with projects already in the pipeline. This section further defines requirements for alternatively financed projects.

It is essential that colleges read and understand these instructions as they provide critical milestones and directions for submitting the capital budget request. The SBCTC will provide training and will be available to answer questions and support colleges as they prepare their requests.

The development of the 2011-13 capital budget request provides an opportunity for each college to coordinate program requirements with strategic plans and capital facilities needs. In addition, campuses are aging and older facilities have large repair and renovation needs. Capital resources are limited, yet demands continue to grow and change. Communities, local businesses, and other outside influences continue to demand changes in program offerings. The SBCTC's Strategic Direction is also a factor in aligning college investments to more effectively serve Washington. Strengthening state and local economies through training a well educated and skilled workforce, achieving increased educational attainment for all residents across the state and using technology, collaboration and innovation to meet the demands of the economy and improve student success are fundamental elements of this plan.

HECB Guidelines

The Higher Education Coordinating Board (HECB) adopts guidelines to review projects and make recommendations to the Office of Financial Management (OFM) and the Legislature. Their review will focus heavily on the concept of investment with two primary goals for capital expenditures:

- Providing for equitable access
- Ensuring quality in the learning environment

Challenge for Community and Technical Colleges

While it is easy to understand the increased demand due to changes in student demographics, it is not easy to forecast the detailed breakdown of this demand into academic, vocational, or basic skills FTES. Each college is in the best position to understand its community and students and to predict the character and needs of its new enrollment. Choices must be made to better position the college to meet these needs and to define projects that are justified and can move forward through the capital process. This planning process involves clear coordination of educational strategic planning as well as facility master planning.

In addition, there are political realities and expectations that will form the basis for decisions in both the executive and legislative branch as they deliberate between competing interests in the budget. The Legislature and OFM are focused on backlog reduction and improved

building performance. The key to success in this environment is to identify the purpose for each capital project.

The community and technical colleges' requests compete in a much broader capital context. The following information highlights Washington State's capital process.

Washington State Capital Budget

The Washington state biennial capital budget provides direct appropriation to agencies to benefit state taxpayers. Every two years the state prepares a biennial capital budget that will be enacted by the Legislature in the odd-numbered-year session. This budget plan concentrates on capital expenditures over the next two years, but also looks carefully at the pattern and character of requests over a 10-year period. The Governor publishes a 10-year plan, which helps guide future decisions. OFM prepared a 2009 capital budget request and 2009-2019 capital plan which will guide the 2011 Legislature, using prior published plans as a benchmark for evaluating requested projects.

Capital appropriations not only fund education needs, but also provide funding for local community public works, enhance trade and economic development, implement programs to preserve and protect natural resources, provide housing assistance, house mental health and developmentally delayed clients, and enhance public safety through expansion of juvenile justice and adult prisons, etc. The demand is often twice the existing funding, so only critical, well-justified and important projects are funded. The use of projects listed in priority order is the easiest way for decision makers to evaluate and select projects that will move forward through the Governor's request and finally emerge as a legislatively-endorsed bill. The total new appropriations enacted for the 2009-11 biennium by functional category and appropriation fund type are listed below.

2009-11 Capital Budget by Functional Area
(Dollars in Thousands)

	G.O. Bonds	All Other Funds	Total
General Government	$247,409	$171,796	$419,205
Human Services	73,354	62,910	136,264
Natural Resources	407,145	430,484	837,629
Transportation	-	-	-
Other Education (K-12)	542,418	349,900	892,318
Four-year Higher Education	267,879	112,251	380,130
Comm. & Tech. Colleges*	307,790	37,031	344,821
Total	$1,845,995	$1,164,372	$3,010,367

*Excludes $55.5 million in Building Fee financed Certificates of Participation for Major Projects

In addition to direct appropriation, the capital budget also provides authority to enter into financial contracts under RCW 39.94. These contracts or actions will be funded over time through the operating budget. This authority generally supports Treasurer-financed projects using Certificates of Participation (COPs), but can also include leases in excess of ten years, lease developments with purchase options, or owner-financed real estate contracts. Authority needs to be sought from the Legislature for transactions that will take longer than a year to finance or any actions where title will be taken by the college at some future date (reference - Alternative Financing Section).

Governor Gregoire's 10-year capital plan sets the 2011-13 projection for the SBCTC at $519.3 million ($496.5 including $22.8 million in M & O transfer to capital) compared to the current session's $400.3 million. The Governor's 10-year plan was completed before the recession started to take hold. Based on the significant changes in the economic condition of the state we believe it is prudent to disregard this plan as submitted in 2009.

SBCTC Budget Request Process

The planning process for the capital budget submittal recognizes both the opportunity to frame the needs of the colleges and work to establish project priorities that will ensure a predictable capital program. College planning should be measured against the SBCTC's Strategic Direction to ensure a consistent message in both the capital and operating budget. Recognition of approximate funding levels that can be sustained given limited resources, the existing balance of competing state needs, statutory debt limits, and additional legislatively-directed restraints based on affordability is an important first step in structuring the SBCTC request. An estimate of the potential budget request compared with the 2009 actual is:

	2009 Request	2009 Actual	Preliminary[1] 2011 Request
RMI	$16,000,000	$15,116,000	$16,000,000
Matching Funds (A)	14,000,000	8,000,000	-0-
Repairs (A)	30,707,312	29,738,000	30,000,000
Replacements	235,028,638	210,331,000	160,000,000
Renovations	65,224,630	53,232,000	32,000,000
Minor Improvements[2]	20,085,219	16,500,000	20,000,000
M & O	-0-	22,800,000	22,800,000
Growth Projects:			
Construction [3]	109,802,846	30,986,000	150,000,000
Design	12,969,131	11,557,000	2,000,000
Predesign/Land Acq.	3,955,000	-0-	3,800,000
Subtotal Growth	$126,726,977	$42,543,000	$155,800,000
Replacements (B)	-0-	-0-	-0-
Renovations (B)	-0-	-0-	-0-
Infrastructure	2,146,000	2,061,000	5,000,000
Repairs (B)	39,651,675	-0-	20,000,000

Grand Total	**$549,570,451**	**$400,321,000**	**$461,600,000**

[1]This is a preliminary display of a potential budget request. It has not been reviewed by the BAC, WACTC or the Capital Budget Task Force. These are estimates to be refined in the budget process. Priorities of categories and amounts within categories may be shifted.
[2] Includes $800,000 for Richland Alternative High School, $1,750,000 for Walla Walla Water and Environmental Center and $378,000 for the Seattle Central Culinary Arts Kitchen remodel.
[3] Includes $5,000,000 for construction of NSCC Employment Resource Center.

SBCTC 2011-13 Capital Budget Schedule and Submittal Timeline

January 2009		College	Evaluate college needs, strategic planning, 10-year master plan and formulate request strategy for the 2011-13 capital submittal
March		Staff	Contract with Facility Condition Survey team (Pack and Associates)
July		Staff	Capital Budget Request Instructions sent to colleges
	30-31	Staff	Budget development training
November	27	Staff	Facility Condition Survey completed – Set repair targets
January 2010	28-29	WACTC	Review and recommend size of categories to the Capital Budget Task Force and the SBCTC
February		Task Force	Background, budget history, selection and ranking process and recommendations for Growth, Matching, Renovation and Replacement projects. Begin discussions on sizing, priority setting and funding sources
	3-4	SBCTC	Review major capital pipeline and recommendations for prioritization
		BAC	Review repair targets and submittal requirements
	25-26	WACTC	Review capital funding issues
March	17-18	SBCTC	2011-13 Capital Budget Request process (Information item)
		Staff	Capital budget structure and preliminary request levels
	25-26	WACTC	Sizing categories and priority setting recommendations
April	16	Colleges	Submit total capital budget request
		Staff	Evaluate and edit capital request documents
May		Task Force	Evaluate actual college capital budget requests, look at future biennia impacts and set system request level
	27-28	WACTC	Review Task Force information and provide comments
June		Task Force	Make final recommendation to SBCTC
	16-17	SBCTC	Approve capital budget
July		Staff	Preliminary listing of project priorities to the HECB
August		Staff	Prepare legislative package (briefing document)
		Staff	Complete writing capital request document
September	1	Staff	Submit BASS electronic budget request and the formal request documents to the Governor, Legislature and HECB
		Staff	Review of preliminary HECB staff capital funding recommendations to their board and to OFM
December			Governor makes budget recommendations to the Legislature

January – May 2011			Support legislative consideration of capital appropriations bill
May – June			Prepare and allocate 2011-13 capital appropriations and RMI funds to the colleges

Legislative Requirements for Maintenance and Operations (M & O) Support

There is a major initiative with the legislative fiscal committees to improve documentation of future operating impacts of capital decisions. Completing the M & O section on the C-2 form for maintenance and operations impacts is critical to our efforts to secure additional M & O funding for newly constructed, renovated or newly acquired space. Colleges will not make any adjustments for existing or deleted space. Those adjustments will be made at the SBCTC office to ensure consistency in the approach and calculation.

The SBCTC staff will provide a unit cost for M & O that will be used to complete section 17 on the
C-2. This figure will be multiplied by the total gross square feet for a new or renovated building.

Submittal

One copy of the budget request is submitted to the SBCTC in a 3-ring binder with dividers by category. In addition, submit an electronic file of all C-2s, C-100s, and completed forms. The final document is **due no later than April 16, 2010**. Take extra time to review all submittals. Check spelling and make sure the documents read well and clearly justify needs. Thank you for observing the schedule and bringing together a quality submittal in support of your capital budget needs.

PREPARATION OF CAPITAL PROGRAM NARRATIVE

Prepare a narrative that describes total capital needs and long-range planning issues facing the college. This narrative should provide sufficient detail to describe the goals and direction of the college as well as understanding the capital challenges facing the college. The format should address at a minimum the following:

- Briefly describe the mission and strategic plan, facilities master plan and institutional goals of the college. Give examples of major programs offered.
- Provide a general statement about the college's plant and operations. For the main campus, identify acreage, number of buildings, and total square footage of buildings owned. Identify new buildings under development and their square footage. Provide a listing of off-campus satellite operations with overall square footage by location. Identify the number of students served and FTES for the total institution. Indicate the number of faculty and staff employed at the college.
- Provide a summary description of the age, capacity, and current condition of state-owned buildings. Identify areas of serious concerns and highlight areas or programs that have highest priority.
- Describe major repair activities and plans for reducing backlogs.

- Provide information to better understand the demands of the local community and the demands of student enrollment growth. What are the challenges in meeting the educational and training needs in the community served? Also, what are some of the challenges the campus faces in meeting new policy and legislative challenges?
- What are the major capital challenges facing the college over the next 10 years. What are the trends and capital strategies anticipated to meet these needs? Are these needs integrated with the college master plan? Are these needs covered by existing major projects in the queue? What should your next major building, renovation, replacement projects be?

This document is a very strong tool for formulating and carrying your message to legislators and the media. It should be well thought out and carefully written. The narrative documents used in the 2009-11 capital budget request are available on the SBCTC website at **http://www.sbctc.ctc.edu/college/f_capitalbudget.aspx.**

PREPARING A GROWTH PROJECT REQUEST

The current capital budget includes a number of predesign, design, and construction projects that will be phased over several biennia. Sections A, B, and C define the current status of previously appropriated selected projects delayed in the 2009-11 biennium.

Section A – 2011-13 Construction Funds

The projects listed below have already received design funding from the Legislature and are therefore scheduled for construction in 2009-11, but were delayed due to limited resources. Revised C-2, C-100, and Construction forms are required to seek construction funding in 2011-13.

Project Number	College	Project Description	2005-07 Predesign	2007-09 Design	Estimated 2011-13 Construction
06-2-696	Spokane Falls	Classroom/Early Learning	$82,000	$1,802,000	$21,552,000
06-2-698	So. Puget Sound	Learning Resource Center	197,000	3,268,000	35,382,000
06-2-699	Clover Park	Allied Health	160,000	2,285,000	25,515,000
		TOTAL	**$636,000**	**$9,087,006**	**$82,449,000**

These projects have already been described to OFM and the Legislature. The predesign documents already submitted have created a detailed picture of the purpose, size and projected cost of these projects. If you anticipate any significant change in project cost, please review that change with the SBCTC staff immediately. Dollar values for construction may change to reflect corrections in market and lower escalation assumptions.

Section B – 2011-13 Design and Construction Funds

The following projects were funded for predesign in 2007-09. They were in line for design funding in 2009 and for construction funding in 2011-13. The Columbia Basin project was delayed and depending on availability of capital construction, one or more of these projects may be delayed.

Project Number	College	Project Description	2007-09 Predesign	2009-11 Design	Estimated 2011-13 Cost	Estimated 2013-15 Cost
08-2-701	Tacoma	Health Careers Center	$255,000	$2,946,000	$35,564,387	-0-
08-2-702	Bellevue	Health Sciences Building	144,000	4,350,000	36,506,000	-0-
08-2-703	Bates	Communication Technology	173,000	1,755,000	23,398,000	-0-
082-704	Columbia Basin	Social Science Center	111,000	-0-	1,412,131	14,041,000
08-2-705	Clark	Health and Technology	250,000	2,506,000	33,598,000	-0-
		TOTAL	**$933,000**	**$11,557,000**	**$130,478,518**	**$14,041,000**

Section C – 2011-13 Acquisition, Street Vacation Study, and Predesign Funds

The SBCTC will actively seek funding for growth projects identified in the 2009-11 selection and ranking process. While the Legislature chose to defer funding on these projects, they may or may not be fundable starting in the 2011-13 biennium.

Project Number	College	Project Description	Estimated 2011-13	Estimated 2013-15	Estimated 2015-17	Estimated 2017-19
10-2-711	Clark	North County Satellite	$250,000	$3,025,000	$35,062,000	-0-
10-2-712	Everett	LRC Technology Cntr	330,000	3,250,000	3,813,000	52,552,000
10-2-713	Edmonds	Science, Energy & Tech	3,250,000	334,000	5,295,000	41,947,000
10-2-714	Whatcom	The Learning Commons	125,000	250,000	2,137,000	36,905,000
		TOTAL	**$3,995,000**	**$6,859,000**	**$46,307,000**	**$131,404,000**

Note: The estimates are derived from initial 2009-11 C-100s and do not reflect recent market trends.

Justification is critical to moving these projects forward in the 2011-13 biennium. Identify on the C-2 form how this project will support improved access, improvements in the educational programs, facility utilization or delivery of essential program needs. Estimates for costs need to be projected for design and construction. The estimates in advance of the actual predesign need to be considered preliminary. The budget value of the project will be established after programming and site selection considerations are resolved during the predesign process.

The minimum description and justifications for a predesign project will include completed C-2 and Predesign form. The C-100 form is required to establish a rough order of magnitude

estimate of project cost and should indicate that the cost estimates are **"PRELIMINARY".** The predesign will refine the scope and budget for the project.

Submittal Requirements

The submittal for construction request will require completion of a C-2 form, a C-100 form showing total project cost, and the appropriate Predesign, Design, or Construction form.

The C-100 form is required by OFM for the predesign phase showing total project cost. A C-100 is required with each subsequent submittal showing the total project cost. It will be critical to identify major changes to scope and cost in the attachments.

Costs entered on the C-100 form for submittal in April 2010 should reflect the best current estimate of projected costs (as of March 2010). The escalation rate will be set by OFM and numbers may vary somewhat due to the final calculations on the CBS entry which will be completed by the SBCTC staff for the electronic budget submitted to OFM.

ALTERNATIVE FINANCING - ACQUISITIONS AND TREASURER-FINANCED PROJECTS

Since 1986, OFM has required that our biennial capital request (and the resulting state capital plan) contain a listing of all proposed purchase or lease-development projects as well as proposals to borrow capital development funds through the COP program of the State Treasurer. The rationale is to give all facility-related proposals (build/buy/lease) a formal review, and to assure visibility for lease and purchase proposals to enable legislative and OFM review and approval. The Division of Real Estate Services, which must administer all two-year college acquisitions, cannot act without specific legislative authorization. The State Treasurer cannot sell bonds on your behalf without specific legislative authorization. While alternatively financed projects have had the benefit of M & O funding in the past, recent experience with the Legislature has left the question of M & O funding uncertain and subject to a case by case review. Colleges may need to identify other resources to cover M & O.

Definition

Lease-development projects include any purchase, option-to-purchase, lease development or lease (over 10 years) of real property for community and technical college purposes, and any lease of a building built for state occupancy. This group includes all sources of funding, such as: (a) use of nonspecific state capital funds to purchase, to lease with a purchase option or to make payments on a time-purchase contract for real property; (b) use of local capital funds to acquire real property by purchase or lease with a purchase option; (c) use of local operating funds to lease for over ten years, to lease with a purchase option, to make time-purchase or purchase payments; (d) use of state operating funds to lease or purchase real property; (e) use of borrowed funds from the State Treasurer (COP) to buy or construct facilities.

Alternatively financed acquisitions planned for the 2011-13 biennium are expected to be listed and described. Even if the project is uncertain, it should be included if there is any

possibility that acquisition would occur during the 2011-13 biennium or construction would commence in the 2011-13 biennium.

Documentation

Justification for each possible acquisition project requires the completion and submittal of a completed predesign on construction projects greater than $4.5 million, a C-2, C-100 (on construction projects greater than $1 million) and an Acquisition form. Project numbers will be assigned by the SBCTC.

OFM may need additional information to review each proposed acquisition project. Please address the fund source question in detail. If lease funds are being applied to support COP debt service, list the amount per year currently being paid. If dedicated or local funds are being used, establish both what the revenue stream has been and what the ending balance has been in past years. If new student fees are being applied, identify the rate levied and approximate revenues generated. Source of payment is the most critical factor in securing approval of alternatively financed projects. Colleges should identify at least 125 percent debt service coverage in the description of fund source. Secondary or backup sources for debt service payment should also be identified. Payments cannot be made from tuition or general fund state except when an existing rental stream is being converted to pay debt service. Payments for debt service cannot be tied to expected FTE growth. The Legislature expects certainty in the ability to retire the debt. There will be no defaults. A copy of the Board of Trustees' resolution approving the alternative financing request needs to be submitted with the request, including the anticipated source of debt service payment and commitment from the Board to assure payments are included in the college budget and will be met over the life of the COP.

Additional documentation may be required by OFM to support life-cycle benefit studies comparing an acquisition to continued leasing or to a state constructed facility (COP financed).

Any alternative finance project that needs reauthorization for the 2011-13 biennium must complete this process to be considered.

As soon as colleges receive authorization, contact the State Treasurer to understand the documentation required to sell bonds. In addition, colleges with COP authority need to complete and place on file with the State Treasurer a Notice of Intent to use a COP. The amount needs to be equal to the authority established by the capital budget. Colleges may always borrow less if they have other cash resources that can be dedicated to the project.

Alternative Financed Acquisitions – Other Considerations

Purchase of a building with COP funds anticipates that enough funds will be secured to not only acquire the space but to provide necessary renovation/upgrades so the building is fully functional for its intended purpose. The state will not fund renovation/modernization in a

direct appropriation and our current capital process cannot consider a proposal until the building has been owned by the college for at least 20 years.

Guidelines for Determining Architect/Engineer Fees for Public Works Building Projects

The guidelines for determining architect/engineer fees for public works building projects as well as the A/E Fee Schedule are located on the General Administration website at the link listed below. OFM is currently adopting a revised A/E fee schedule that should be available in early August. This fee schedule will be incorporated into the updated C-100 form for the 2011-13 biennium and will be reflected on the GA website.

http://www.ofm.wa.gov/budget/instructions/capital.asp

SOURCE: http://www.sbctc.ctc.edu/college/_f-bgtdevelopment2011-13.aspx

Policy Manual Chapter 6: Capital Expenditures and Real Property Transactions

6.00 Introduction

This chapter contains policies related to capital budgeting, capital expenditures and projects, and real estate transactions for the state's two-year college system. Links are provided in the respective policy statements to RCWs, WACs, and procedures and guidelines that are relative to that particular policy.

As used in this chapter, unless context requires otherwise, the term:

1. "Board," "State Board," or "SBCTC" shall mean the State Board for Community and Technical Colleges.
2. "College district" or "local board" shall mean the local community and technical college Board of Trustees.

6.10.00 Approval of Capital Projects and Related Expenditures

RCW 28B.50 authorizes the State Board, to approve:

1. Any expenditure of designated capital funds (from either Fund 147 or a legislative appropriation).
2. Any expenditure of other local funds for a capital purpose (i.e., to acquire, construct or improve real property).
3. Each capital improvement project as an action affecting educational facilities. Projects include purchases of real property, new construction, replacements, renovations, remodels, major repairs, land acquisitions and site improvements.

SBCTC capital budget staff should be consulted on preferred methods and timing of approvals. The preferred schedule for SBCTC action on construction expenditures is following bid opening and before award of the contract. This allows the local board to affirm the availability of sufficient funds to proceed with the project as bid, before SBCTC action.

6.20.00 Capital Budget Request

6.20.10 Biennial Capital Budget

The SBCTC prepares a budget request on behalf of the colleges seeking state capital appropriations. OFM currently describes the types of capital projects as preservation (repairs, replacements), program (remodels, new space), and alternatively financed projects (see a more detailed set of Appendix A: Project Types/Categories that fall within the OFM structure used by the community and technical college system). The primary budget request in each biennium is submitted to OFM and the Legislature prior to the long session in odd-numbered calendar years. The budget request is expected to reflect the prioritized needs of the system and to be consistent with OFM instructions. The request:

1. Is comprised of projects that are proposed by local boards of trustees to preserve, improve or expand educational facilities.
2. Contains a long-range (ten year) capital program and includes requests for legislative authorization to acquire real property through alternative financing.

Legislative appropriations are made to the SBCTC for the projects at each college, and the SBCTC allocates the appropriated funds to the districts for the purposes identified by the Legislature (see Appendix B: Process and Schedule to view a typical timetable for biennial capital budget actions).

6.20.20 Supplemental Capital Budget

In the even-numbered year of a biennium, a supplemental capital budget may be proposed by the Governor and considered by the Legislature amending the biennial budget. OFM typically limits the funding requests in the supplemental budget to emergency situations or planned appropriation for the next phase of a project in process (see Appendix B: Process and Schedule for a typical timetable for a supplemental capital budget request).

6.20.30 Managing Capital Projects within Appropriations

It is the intent of the State Board that colleges will manage capital projects within the level of their state appropriation and approved local funds.

1. Any instance where circumstances in a project resulting from claims or disruptions that may require an increase in the appropriation must be brought before the State Board.
2. Prior to execution, the State Board is required to approve any agreement that would generate a supplemental budget request to the Legislature.

6.30.00 Types of Capital Funds

Appropriated capital funds are provided by the Legislature from General Obligation bond monies (Fund 057), Education Construction Account (253), and Community and Technical College Construction Account (060), and are included in the biennial state capital appropriations act or other acts affecting capital appropriation.

Non-appropriated funds are local funds (see Process for Allocation of Appropriations – Source of Non-appropriated Funds, Appendix C). These funds may be used for capital purposes and are derived from fee revenue, gifts, contracts, interest earnings, grants, etc. Such local funds are not considered capital funds until they are transferred into Fund 147 by action of the local board of trustees or until they are proposed for use in a particular project.

6.30.10 Appropriated Capital Funds

The Legislature provides appropriations of state capital funds to the SBCTC for the community and technical college system. The legislative appropriations act specifies the intended purpose of each appropriation.

1. Following the Governor's signing of a legislative appropriations act, approvals for an individual college to spend from an appropriation are granted by the SBCTC (see Appendix B: Process and Schedule).
2. Appropriations of capital funds take effect on the effective day of the appropriations act. For the biennial capital budget, the effective day is normally July 1 of the odd-number year – the first day of the biennium.
3. Appropriations of capital funds lapse (expire) on the last day of the biennium (or earlier if written in the appropriations act).
4. Re-appropriation by the Legislature of previously authorized funds (and projects) is required before any portion of a biennium-ending balance can be expended in the subsequent biennium.
5. Re-appropriations of anticipated project fund balances are included by the SBCTC in the system capital request for the subsequent biennium, not all requests for reappropriation are accepted by the Legislature.
6. Because any biennium-ending fund balance exceeding the reappropriation level in the bill will be lost (not available in the new biennium to complete the intended project) reappropriation requests must reflect accurate local accounting of current project expenditures.

6.30.20 Non-appropriated Funds

Non-appropriated funds for a capital purpose require SBCTC approval and are based on a “recommendation to approve” from the local board of trustees. Such a "recommendation to approve" should be explicit in the deliberations of the local board of trustees or may be made by college staff under an authority clearly delegated by the local board for that project or category of capital expenditure (see C8 form). Approval for expenditures:

1. Up to $400,000 has been delegated to the SBCTC Executive Director.
2. The State Board approves expenditures over $400,000 at regularly scheduled meetings.

Expenditures of non-appropriated funds for a capital purpose are not subject to legislative appropriation, unless such funds are used to acquire real property. Then, acquisition may be subject to legislative approval. Upon approval, SBCTC staff will amend the college's allocation schedule and send the revised schedule to the college's business officer along with other appropriate forms.

Note: Non-appropriated funds identified in the biennial capital budget request do not require additional approval by the State Board.

6.30.30 Borrowed Funds

College districts may borrow funds, to be used for capital purposes, from commercial sources or through the Certification of Participation program of the State Treasurer.

1. Any loan from the state treasurer or other financing contract for real property acquisition or improvement requires explicit prior approval by the Legislature and the state finance committee (see RCW 39.94).
2. SBCTC approves the proposed alternatively financed capital expenditure as well as the local board's loan arrangements either in the capital budget process or by separate resolution.
3. Loans arranged through the State Treasurers Lease Purchase Program or Energy Conservation Program, managed by General Administration, do not require legislative or State Board approval. These programs have sufficient oversight and fiscal requirements imposed by the state financial committee to ensure performance.

6.40.00 Real Property Transactions

Under RCW 28B.50, the SBCTC holds title to the state-owned real property of the community and technical colleges. College districts may acquire or alter property for the purpose of carrying out any approved program or activity provided prior approval of the State Board based on the recommendations of state board staff and the board of trustees of the benefiting college has been granted (see Appendix D: Real Property Acquisitions). Properties shall be acquired in the name of the State Board for Community and Technical Colleges through the Department of General Administration Division (GA) of Real Estate Services as required by RCW 43.82.

Prior approval of the State Board or State Director is also required before any college enters into an option to purchase, a right of first refusal, or a letter of intent to purchase real property.

Colleges acquiring real property are expected to cover the repair and remodeling costs of that acquisition. The State Board will not support or recommend to the Legislature a proposal to significantly repair or remodel a facility recently acquired by a college district.

6.40.10 Ground Leases

The State Director is authorized to execute Certificates of Participation documents, including the ground lease, and to execute ground leases in general that are associated with previously-approved capital projects contained within the Capital Budget.

For off-budget projects requiring ground leases, the State Board will review requests early in the development phase with final review and approval needed for ground leases prior to projects entering the later design and bid phase.

6.40.20 Gifts

Any college district and/or the State Board can receive fee title to real property as a gift (see RCW 28B.50.090 (14); RCW 28B.50.140 (8)).

1. For any gifted real property that is or will become a part of the educational or related support facilities of a college, SBCTC approval is required to complete the formal acceptance of the gift. Approval should be requested through SBCTC staff and will be based on a recommendation for acceptance from the board of trustees of the benefiting college.
2. For any gifted real property that will not be used for educational or related supporting activities, the local board of trustees may hold fee title without SBCTC approval. An example of such a gift would be the bequest of an income-producing property that is neither intended nor feasible for use in college-related activities.

6.40.30 Acquisitions

rev. 8/15/2008

Under RCW 28B.50, neither the college district nor the SBCTC have statutory authority to directly purchase or lease real property. Leases and lease renewals need to be approved by OFM before a college enters into any legal agreement (see RCW 43.82). Any such acquisition is the responsibility of the Department of General Administration (GA) who acts as the public works agent for SBCTC. However, the GA may delegate limited authority to a college, acting on behalf of the State Board, to negotiate, acquire, amend an existing lease, etc. only after approval of OFM.

For property contiguous to an existing owned college site or within the master-plan area of a primary campus, a district will inform the State Director of their interest in acquiring the property. The State Director will request information necessary to evaluate the acquisition according to relevant State Board criteria (see Appendix E: Form and Criteria for Evaluating) and will assure any necessary involvement of acquisition staff from the Department of

General Administration. The State Director may approve letters or agreements relating to a proposed acquisition by the requesting college or bring the matter before the State Board.

State Board approval is required for agreements relating to acquiring property that is neither contiguous to an existing owned college site or within a master plan area of an existing primary campus. The State Director will determine the facts of the situation, assure any necessary involvement of the acquisition staff of the Department of General Administration, and develop a plan with the district for subsequent review and approval by the State Board. The State Director may recommend approval or denial by the State Board based on State Board criteria (see Appendix E: Form and Criteria for Evaluating). The State Board, after evaluating a proposed acquisition, may delegate to the State Director outright or conditional authority to approve subsequent documents relating to that acquisition.

Additional authorization may be required prior to the college entering into real estate transactions (see Appendix F: Special Requirements for Real Estate Appropriation Approvals).

6.40.40 Disposals

The SBCTC has statutory authority to sell or otherwise dispose of state-owned real property held for the community and technical college system. All sales or exchanges of real property must be approved by the SBCTC.

1. Sales of community or technical college real property can be approved by the SBCTC upon the recommendation of a local board of trustees and consistent with the needs of the local college and the two-year college system.
2. Sales transactions should be administered by or with the advice of the GA Division of Real Estate Services staff when technical concerns are significant or when the value of the property is high.
3. Proceeds of the sale or exchange of real property normally remain with the local college, and may be expended or committed to college use with SBCTC approval.
4. Easements for use of state owned college property must be approved by the SBCTC and are normally granted upon the recommendation of the benefiting college.
5. Rental of college property for educational use of facility resources to non-college entities is within the authority of each local board of trustees, under the general oversight of the SBCTC.

6.50.00 Emergency Reserve

At the direction of the Legislature, the SBCTC created an emergency reserve fund using a portion of the state capital appropriation of RMI funds. The emergency reserve is intended to supplement the regular RMI allocation to each college, if and when a major facility emergency occurs (see Appendix G: Emergency Reserve – Reserve Fund Guidelines; Reserve Fund Assumptions; and Reserve Fund Allocation Formula)

6.50.10 Hazardous Materials Mitigation and Abatement Pool

Rev. 2/1/2008

Within the Emergency Reserve Fund, the State Board for Community and Technical Colleges has further created a Hazardous Materials Mitigation and Abatement Pool. This targeted "pool" of funds is established to assist the colleges with asbestos abatement and other hazardous material abatement and mitigation. Like the parent Emergency Reserve Fund, the Hazardous Materials Mitigation and Abatement Pool funding eligibility criteria is subject to the same "Reserve Fund Guidelines" as detailed in Appendix G: Emergency Reserve. However, the funding formula differs in that the Hazardous Materials Mitigation and Abatement Pool will fund 100% of eligible costs up to $500,000 subject to available funds in accordance with previous Office of Financial Management mitigation pool funding guidelines.

The pool will be operated on a first come first served basis until funds are exhausted.

6.60.00 Facility Guidelines (CAM)

The SBCTC has established the Capital Analysis Model (CAM) as a tool to evaluate the quantitative adequacy of on-campus facilities to serve current or projected levels of daytime FTE students. For each type of space, a square-feet-per-FTE factor is set. The model calculates total space by category that can be compared to actual space available (see Appendix H: CAM Factors).

Appendix A: Project Types / Categories in a Biennial Capital Request

Rev. 1/30/2006

OFM currently describes the types of capital projects as preservation (repairs, replacements), program (remodels, new space), and alternatively financial projects. Categories in the two-year college system capital request included the following:

1. **Minor Works – Preservation**: SBCTC funds used for an emergency reserve and to make allocations to each college (based on size) for unforeseen Repair and Minor Improvement needs.
2. **Matching Funds**: Small projects that have participation from non-state sources. Up to $2,000,000 in state dollars are matched with an equal amount of non-state resources. Additional local and non-state funds can be used on the project.
3. **Repairs**: Project-specific funds requested by each college as required to repair/replace building systems or subsystems or site improvements; typical work

includes roofs, HVAC, mechanical, electrical, exterior, interior and site work. Work is appropriated under three categories – roof repairs, facility repairs, and site repairs.

4. **Replacements**: Projects that build new space and remove obsolete and non-functional space on campus.
5. **Renovations**: Total remodel of structures to restore the operational life of the building and improve programming of space.
6. **Minor Works - Program**: Small projects (generally under $2 million) to renovate or remodel existing space, to acquire or replace capital equipment or furnishings, to build new space, to make site improvements or to acquire real property.
7. **Growth Projects**: Large projects (generally exceeding $5 million) to build new space, acquire real property or accomplish major renovation of existing facilities. Growth projects have historically been funded in three phases over three biennia: pre-design, design, and construction.
8. **Alternative Financing**: Purchase and development of real property that are of funded using financial contrasts (see RCW 39.94). Projects are authorized in the capital budget but no appropriations are made. Colleges using Certificates of Participation must file a letter of intent to use COP with the State Treasurer as soon as possible after legislative authority is granted.

Appendix B: Process and Schedule

Capital Budget Request

The following time/activity sequence is a typical schedule for biennial capital budget actions.

1. Summer Odd Year – SBCTC sends capital budget instructions to each college; instructions reflect guidelines and priorities for the request as developed by SBCTC staff with the WACTC capital committee and the State Board.
2. Fall/Winter Odd Year – Facility condition survey is performed, to identify repair needs and establish condition scores for state owned buildings.
3. Summer/Fall Odd Year – Each college develops matching fund, renovation, replacement repair, minor and growth project requests for December submittal according to SBCTC instructions. These are scored and ranked by category.
4. Winter Even Year – Colleges finalize detailed budget request.
5. Spring Even Year – Local requests due at SBCTC.
6. May Even Year – OFM publishes state-level instructions for agency capital requests and outlines their electronic submission requirements.
7. June Even Year – SBCTC acts on recommended system capital budget request.
8. July Even Year – Major project pre-designs due to OFM by July 1.
9. September Even Year – Final budget request submitted to Governor and Legislature.
10. Fall Even Year – OFM reviews capital requests, including budget-evaluation studies on selected major projects.
11. December Even Year – Governor recommends funding levels for the state capital budget.

12. January-May Odd Year – Legislature considers capital budget requests and Governor's recommendations, and makes appropriations. Governor signs the act following consensus of the House and Senate.
13. July 1 Odd Year – The appropriation act takes effect; newly appropriated capital funds are available, subject to provisos and the OFM allotment process.

Supplemental Request

Supplemental requests traditionally make corrections to the biennial budget and address emergent conditions unknown at the time of the biennial request.

The abbreviated schedule for a supplemental capital budget is typically as shown in the following example.

Late fall – OFM puts out call for emergency capital needs/requests.

December – Governor recommends supplemental budget funding levels.

January – March – Legislature acts on amendments to the biennial capital appropriations act.

Supplemental appropriations typically become effective immediately after the Governor signs the supplemental capital budget.

Appendix C: Appropriated / Non-appropriated Funds

Process for Allocation of Appropriations

The SBCTC takes action on a resolution approving the allocations of each capital appropriation.

1. The Office of Financial Management (OFM) prepares an appropriation schedule containing the amount, title and appropriation code for each appropriation. Allotment instructions are prepared to describe what documents are required to release funds subject to proviso.
2. Upon receipt of the appropriation schedule from OFM, SBCTC staff prepares an allotment schedule defining the planned timing of actual expenditures and the objects of expenditure for each appropriation. The allotment schedule is then entered into the state's electronic budgeting data system.
3. After OFM approval of the electronic allotment schedule, SBCTC staff prepares an allocation directing each appropriation or portion of an appropriation to the college for which it was appropriated.
4. SBCTC staff sends to each college an approved allocation schedule identifying that college's appropriations.

Source of Non-Appropriated Funds

Non-appropriated funds are generated from a variety of sources. Revenues from grants, contracts, international student fees and student fees other than tuition are deposited in special revenue funds 145 or 148. Revenues from auxiliary enterprises such as parking, bookstore and food service are deposited in the enterprise fund for each activity.

1. Enterprise fund balances may be used directly for a capital purpose related to the enterprise, with prior SBCTC approval Capital expenditures should be made directly from an enterprise fund to allow capitalization of capital improvements benefiting the enterprise to be credited to the proper fund source.
2. Enterprise fund balances may be transferred, by action of the college board of trustees to fund 147 – the local capital account, for use in one or more capital projects. Monies in fund 147 may be used for capital improvements that benefit or serve the college generally or that enhance a particular college facility, enterprise or activity.
3. Balances from special revenue funds 145 and 148 can be transferred by approval of the local board of trustees to fund 147 to be used for a capital purpose.
4. The local capital account (fund 147) is a special revenue fund used solely for monies intended for a capital purpose. Except for interest generated on a fund 147 balance, all monies in fund 147 will have been transferred into that account pursuant to local board action. All expenditures from fund 147 require prior SBCTC approval.
5. Approved non-appropriated funds will be identified on the college allocation schedule with appropriate project tracking codes.

Appendix D: Real Property Acquisitions for College Use or the Joint Use of College Facilities

It is the purpose of the community and technical college system to offer thoroughly comprehensive programs that meet community and student needs through academic courses, occupational education and community services of an educational, cultural and recreational nature. The state and local boards administer the system in a manner that will encourage efficiency in operation and creativity and imagination in education, training and service to meet the needs of the community and students.

In RCW 28B.50.140 (4), the Community and Technical College Act provides that college boards of trustees under the approval and direction of the State Board may establish new facilities as community needs and interests demand, and may receive gifts of real property. The State Board is empowered to establish and administer criteria and procedures for the installation and expansion of all community and technical college facilities under RCW 28B.50.090 (8).

Although each college board has authority to receive and dispose of gifts of real and personal property without State Board involvement in RCW 28B.50.140 (8), the use of such property

for college purposes involving capital construction and expansion of facilities requires State Board approval under RCW 28B.50.090 (8). Similarly, the State Board approves all rentals or leases of facilities, whether for college use or for use of college facilities by non-college agencies.

1. **Goals:** The community and technical college system has found itself unable to acquire sufficient capital funds to meet its needs. In order for the State Board to carry out its responsibilities, and to support the district boards of trustees in carrying out the purposes of the community and technical college system as set forth in RCW 28B.50 innovative means must be used to provide capital resources. Therefore, the State Board will:
    1. Consider proposals from district boards of trustees for the receipt and use of gifts of real property including capital facilities for college purposes or for the joint use of college facilities,
    2. Inform the appropriate state-level agencies of its intent to consider such proposals,
    3. Approve such proposals as it may find to be consistent with state law and regulations,
    4. Ensure proposed actions are in the best interests of the colleges, the community, the community and technical college system and the state, and
    5. Ensure acquisitions are consistent with policies and practices of the State Treasurer.
2. **Process:** The State Board will consider proposals brought to it by district boards of trustees on a case-by-case basis. In addition to the request of a local board and the recommendation of the State Director, the State Board will consider information and findings provided by the local board as required to make the proposal. Based on its analysis of those findings, the Board will determine its conclusions. Based on its conclusions, the Board will act to approve or disapprove the proposal or it may suggest modifications to the proposal as would allow the State Board to grant approval.
3. **Findings**:
    1. The appropriateness of the facility or activity, its uses and its users, for the requesting college will be evaluated against the following criteria:
        1. The facility or activity should relate to the role, mission and purpose of the community and technical college system and the local college.
        2. Program needs of importance to the college should be met by the proposed facility or activity.
        3. The proposal should relate well to the strategic plan of the college.
        4. The proposal should relate well to the master plan of the college.
        5. The proposed uses of the facility or the means of accommodating the proposed activity should be clearly defined.
        6. Those who would occupy or use the facility or take part in the proposed activity should be identified.
        7. Alternatives that have been considered and investigated for meeting the college needs in other ways should be described, including the rationale for not pursuing the alternatives in preference to the proposal.

2. The appropriateness of the proposed facility or activity for the community will be evaluated against the following criteria:
    1. Community needs of importance would be met under the proposal.
    2. The nature of community support for the proposal is sufficient and has been appropriately identified and measured.
    3. The effect of the proposal on the local tax base, existing private or public enterprises or organizations in the community, and potential future enterprises or organizations has been realistically evaluated and reported.
3. The benefits and obligations of the college (the state) under this proposal will be evaluated against the following criteria:
    1. Contracts, agreements or other documentation that define the terms of this proposal are available for review.
    2. The ongoing obligations of the college (the state) under this proposal have been identified, and means for meeting those obligations have been verified.
    3. The annual expenditures that would be required of the college and the source(s) from which the college would acquire the funds necessary to make those expenditures have been identified and dedicated to this purpose.
    4. The control of the college (the state) over the proposed facility or activity has been identified with respect to:
        1. Types of use,
        2. Hours of use,
        3. Types of users,
        4. Characteristics of operation,
        5. Standards of maintenance,
        6. Determination of need for repair or renovation,
        7. Decisions about reuse and/or reconfiguration of the facility for the duration of the terms of the proposal, and
    5. Meeting of codes and desired quality levels of design, specification and construction within the terms of the acquisition/development.
4. For any improvement to be constructed on state owned property by an entity other than the college for subsequent donation to or for use by the college, the following are required:
    1. The constructing entity and the college will agree on their respective limits of liability in the design and construction process.
    2. A ground lease will be executed by the State Board for state owned property assigned to the foundation or third party for the purpose of making capital improvements.
    3. All applicable codes will be met.
    4. Ten percent of maximum allowable construction costs (MACC) will be withheld for any claims.
    5. Prevailing wage rates will be paid.
    6. A performance bond shall be required, if deemed necessary, by the Executive Director and Attorney General's office.

7. Any transfer of title to the college shall be free and clear of all encumbrances.
8. The college will establish the program specifications of the facility.
9. The college will assure that the gift improvements are consistent with the campus master plan.

5. The financial or programmatic advantages that would be gained by the college (the state) have been identified.
    1. The duration of any agreement involving facility usage or responsibility has been identified.
    2. The process has been described by which the college has proceeded to develop this proposal in order to be assured that the most advantageous terms possible are included in the agreement, including such means as requesting proposals, holding public hearings and seeking expert financial and legal counsel.
    3. The means by which the proposal limits the risks of the college (the state) for liability and other loss, such as insurance coverage, performance bonds and shared costs of operation and maintenance have been identified.
    4. The financial responsibility of the parties to the proposal has been considered.

4. **Conclusions:** The SBCTC will analyze its findings concerning the above criteria in light of state law and regulations, the role/mission/purpose of the community and technical college system and the requesting institution, and the apparent best interests of the college, the community, the system and the state. Acceptability of the general proposal will be evaluated by the SBCTC in light of the conclusions reached by the Board including but not limited to the following factors:
    1. The program justification and benefit of the proposal to the college.
    2. The costs and obligations of the college and the state, and how they relate to the benefits of the proposal for the college and the state.
    3. The importance of the benefits of this proposal and the meeting of these needs, compared to the general operations of the institution and the full spectrum of needs or services that could or should be provided.
    4. The realistic alternatives that exist for meeting these needs, and why should this proposal not be deferred in favor of any of those alternatives.
    5. The information has been provided to state-level agencies concerning this proposal, and the responses that have been received from those agencies.
    6. The best interests of the college, the community, the community and technical college system, the state.
    7. The project financing does not violate the policies and practices of the State Treasurer.
    8. Other relevant factors as may be identified by the State Board.
5. **Final Approval:** Following its evaluation of acceptability, the State Board will consider an action to approve, approve with modifications, or disapprove the proposal.

Appendix E: Form and Criteria for Evaluating

Evaluation of a Proposed or Potential Real Property Acquisition

Date: _____

Completed by: _____

Telephone: _____

Identifying Data

College: _____

Site acreage; size, nature and age of improvements: _____

Location of property: _____

Current owner of the property:
_____

Understanding the Anticipated Acquisition

Value of the property: $_____

Estimated total principal cost to acquire the property: $_____

Expected terms and conditions of the acquisition and source of funds:
_____

_____

If the property is not to be purchased outright, the expected source of loans or credit for the purchase price is:
_____

_____

Uses of the property:

- Now
  _____

- As intended by the college
  _____

Relationship of the property and its intended use to the college's main campus:

- Location/geographic _____
- Programmatic/service _____

Criteria for Evaluating

1. How would the acquisition and proposed subsequent use of the property support the role, mission and purpose of the college, the district and the community and technical college system? Attach meeting minutes and resolutions by the college trustees applicable to this property acquisition.
2. How does the property and its proposed use relate to the physical master plan and the program plan of the college?
3. How does the property, and its proposed, use relate to the needs and interests of the community and how has the community expressed its support or nonsupport of the proposed acquisition?
4. What repairs can be expected to be necessary to the acquired property within six years of the acquisition, at what cost, and from what source of funds?
5. Does the college, envision any program improvements to the property, for what purpose, how soon after acquisition, and from what sources of funds?
6. What involvement of staff from the state Department of General Administration or Department of Transportation Real Estate Division has occurred or will occur in the acquisition process? Has relocation cost been estimated if residences are being purchased?
7. What preliminary documents or agreements are expected to be executed prior to the actual purchase agreement, and by what entity? Has State Board and HECB approval been obtained by the college?
8. How will the college provide for the future obligations generated by the real property acquisition for operations and maintenance? What is the net increase in cost to the college and what resources are identified to manage the property once acquired?

Appendix F: Special Requirements for Real Estate Appropriations Approval

Rev. 1/30/2006

1. Any financing contract to make an outright or time purchase of real property must have prior approval of the Legislature, the state finance committee, and the State Board (see RCW 39.94). Legislative approval is normally granted in the capital budget act, either by a direct appropriation of state capital funds for an acquisition or

by a lease-development or alternative financing approval. State Board approval is granted by resolution of the Board in the budget process or by separate action.

2. Any lease or rental of real property for college use must be performed by staff of the Department of General Administration, unless the local college has a delegation of authority from GA for the specific type of property and acquisition proposed.
3. SBCTC staff should be asked to review major lease proposals, especially when the acquisition brings college programs to an area for the first time or when unique local or program characteristics suggest that prior knowledge and understanding of SBCTC staff would be prudent.
4. The Higher Education Coordinating Board (HECB) has a statutory responsibility to review the purchase or lease of major off-campus facilities by a community or technical college. By agreement, SBCTC staff is expected to forward to the HECB any proposed SBCTC agenda items re (a) the capital budget request, (b) other acquisitions of property, or (c) any major facilities located beyond the current campus boundaries. SBCTC staff will perform the HECB notification as part of the SBCTC approval process.
5. The SBCTC has statutory authority to exercise the power of eminent domain on behalf of a community or technical college or the community/technical college system (RCW 28B.50.090(15)).
6. Local boards of trustees and the SBCTC may jointly apply for surplus real property, made available by the federal government. SBCTC review of proposals to make application for surplus property will focus on the use and value of the property in the college's educational programs, consistency with program and physical plans, and the financial obligations of operation, maintenance and renovation or development.

Appendix G: Emergency Reserve

Reserve Fund Guidelines

The SBCTC has established the following parameters for use of emergency reserve funds.

1. **Definition of "Emergency"**:
    1. Catastrophic loss or failure* of a building or system.
    2. When a capital repair cannot be deferred into the next biennial budget cycle.
    3. When work cannot be accomplished through RMI and exceeds colleges ability to respond with available minor work preservation funding.
    4. When delays in repair would cause costly collateral damage.
    5. When large portions of a college’s programs would be placed at risk.
    6. When life safety and property risks are too high to leave un-addressed.

    * Catastrophic loss or failure often presents an immediate threat to life or property. Work to repair or restore the asset is often initiated rapidly following the request of a college president for a Declaration of Emergency by General Administration. This

declaration saves valuable time by justifying not using the A/E selection process or public works bidding process to ensure quick response to the problem.

2. **Exclusions:** SBCTC emergency funds will not be considered for purposes of:
    1. Augmenting a non-emergency local-capital project.
    2. Augmenting a state-funded "program" project.
    3. Augmenting a state-funded "preservation" project, except under unforeseeable circumstances (e.g. extreme weather damage).
    4. Constructing a repair or replacement that is deferrable to the next legislative-funding opportunity.

Reserve Fund Assumptions

The following assumptions are the basis for the rules for allocating emergency reserve funds:

1. Each college should be responsible for its own relatively small repairs, regardless of the degree of emergency.
2. A portion of annual RMI funds should be available for non-emergency use by each college.
3. Criteria for use of SBCTC emergency funds should apply to all colleges regardless of size or RMI allocation.

Reserve Fund Allocation Formula

The allocation of emergency reserve funds, for use in conjunction with local college resources for a specific facility emergency, is based on the following:

1. Any emergency repair costing five percent or less of the biennial RMI allocation to a college will not be eligible for SBCTC emergency funds.
2. For an emergency repair costing more than five percent of a college's biennial RMI allocation, the local college will cover an amount equal to five percent of its RMI allocation (a "deductible"), and the college and SBCTC shares remaining costs based on the following Table).

Shares of Total Cost Less the Deductible

	By College	**By SBCTC ***
For the first project	50% of cost up to 1/3 of RMI dollars	Remaining costs
For the second project	50% of cost up to 1/3 of RMI dollars for projects #1 and #2 combined	Remaining costs
For the third and all subsequent projects	50% of cost up to 3/8 of RMI dollars for all projects	Remaining costs

** Within the total of "emergency pool" funds available.*

3. If construction costs of an emergency repair exceed the $500,000, SBCTC may elect to fund the design portion of the work and seek the $500,000 in a supplemental or biennial budget request, or through a transfer of funds by the Governor using the Infrastructure Savings Account.

Appendix H: CAM Factors

The CAM contains a variety of space factors, but all are related to daytime FTE-student enrollment. For classroom and science lab space, rates of utilization and square feet per student station are built into the CAM, along with assumed demand per FTE. For library facilities, student services and administrative office space, and student activities space, each sub-category of use is defined and a space allowance provided. For faculty offices, assumptions about student-faculty ratios and office area per occupant are used to develop a per-FTE factor. For music and art, theater/auditorium, and for central warehousing/receiving and campus maintenance shops, a square foot per FTE is provided for community college FTEs only. For physical education, a generalized per-student factor based on the minimum PE facility size is used.

The numerical factors for CAM types of space are as follows:

Assignable Square Feet (ASF) per FTE Student						
	Academic FTE		**Vocational FTE**		**Basic Skills FTE**	
Type of Space	**First 1,000**	**Additional**	**First 1,000**	**Additional**	**First 1,000**	**Additional**
General Classroom	12.4	12.4	7.5	7.5	NA	NA
Basic Skills	NA	NA	NA	NA	27.6	27.6
Science Lab	6.0	6.0	3.5	3.5	NA	NA
Computer Lab (open)	3.2	3.2	3.2	3.2	3.2	3.2
Music	A one-time allowance of 4,000 sf @ CCs only					
Art	A one-time allowance of 6,000 sf @ CCs only					
Drama	A one-time allowance of 5,000 sf @ CCs only					
Physical education**	26.0	10.0	NA	NA	NA	NA
Library***	16.8	8.5	12.0	7.0	12.0	7.0
Faculty Office	8.1	8.1	10.8	10.8	8.1	8.1
Admin/Student Services	8.98	5.13	8.98	5.13	8.98	5.13
Student center & related	13.19	7.97	13.19	7.97	13.19	7.97
Child care	3.4	3.4	3.4	3.4	3.4	3.4
Central Stores/Maintenance	7.0	4.0	4.0	4.0	7.0	4.0
Auditorium	A one-time, total space of 9,000 square feet @ CCs and TCs					
* Vocational space will be included in the CAM based on a formal analysis of space						

needs by program and projected enrollment growth.
** Calculation based on first 500 FTE.
*** Factor applied to a maximum of 40,000 ASF.

SOURCE: SBCTC.edu/general/policymanual/_a-policymanual_6.00.aspx

ABBREVIATIONS

		1st Page of Use
BEVAA	Broadway Economic Vitality Action Agenda	70
CAC	Citizens Advisory Committee	51
CAM	Capital Analysis Model	94
CHC	Capitol Hill Champion	71
CHCC	Capitol Hill Community Council	59
CHH	Capitol Hill Housing	12
CHS	Capitol Hill Station	104
CPSRTA	Central Puget Sound Regional Transit Authority	60
DON	Department of Neighborhoods	51
DPD	Department of Planning and Development	46
EIS	Environmental Impact Statement	50
FMV	Fair Market Value	62
FTA	Federal Transit Authority	5
FTE	Full Time Equivalent	89
FTES	Full Time Equivalent Students	89
GAD	General Administration Division	76
GH	Group Health	70
GSF	Gross Square Feet	87
HBTU	Highest and Best Transit Use	13
HBU	Highest and Best Use	14
HECB	Higher Education Coordinating Board	78
IURD	Institute of Urban and Regional Development	4
LCC	Laurelhurst Community Club	51
MIMP	Major Institution Master Plan	50
MIO	Major Institution Overlay	6
NDC	National Development Council	1
NSF	Net Square Feet	94
OA	Office of Advancement	83
PSBJ	Puget Sound Business Journal	106
PSRC	Puget Sound Regional Council	68

RCHEC	Regional Community Health Education Center	1
RCR	Regional and Community Relations	11
RED	Real Estate Development	4
RFP/RFQ	Request for Proposal/Request for Qualifications	65
RTA	Regional Transit Authority	5
SAAC	Station Area Advisory Committees	6
SA	Sensitivity Analysis	8
SAC	Standing Citizens Advisory Committee	51
SAO	Station Area Overlay Districts	68
SAP	Station Area Planning	6
SBCTC	State Board of Community and Technical Colleges	6
SCC	Seattle Community College District	75
SCCC	Seattle Central Community College	1
SEPA	State Environmental Policy Act	49
SMA	Seattle Maritime Academy	87
SS	Surplus Space	1
ST	Sound Transit	1
TBD	To Be Determined	102
TDR	Transit District Redevelopment	4
TOD	Transit Oriented Development	1
UDF	Urban Design Framework	56
UW	University of Washington	1
WCC	Wood Construction Center	87
WCTCA	Washington Community and Technical College Act	75