



**BUSINESS OF THE CITY COUNCIL
CITY OF MERCER ISLAND**

**AB 6405
February 20, 2024
Regular Business**

AGENDA BILL INFORMATION

TITLE:	AB 6405: Site Concept for the Town Center Long-Term Regional Transit Commuter Parking Project	<input type="checkbox"/> Discussion Only <input checked="" type="checkbox"/> Action Needed: <input checked="" type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution
RECOMMENDED ACTION:	Approve the site concept for the Town Center Commuter Long-Term Regional Transit Parking Project and direct the City Manager to proceed with design.	

DEPARTMENT:	City Manager
STAFF:	Jessi Bon, City Manager Robbie Cunningham Adams, Management Analyst Jason Kintner, Chief of Operations Ed Holmes, Chief of Police
COUNCIL LIAISON:	n/a
EXHIBITS:	1. Commuter Parking Project Combined Parcel Map 2. Long-Term Regional Transit Commuter Parking Concept Graphic
CITY COUNCIL PRIORITY:	n/a

AMOUNT OF EXPENDITURE	\$ n/a
AMOUNT BUDGETED	\$ n/a
APPROPRIATION REQUIRED	\$ n/a

EXECUTIVE SUMMARY

The purpose of this agenda bill is to present the site concept for the Town Center Long-Term Regional Transit Commuter Parking Project (“Commuter Parking Project”).

- The City entered into a Settlement Agreement with Sound Transit which provides \$10.05 million toward projects to offset the impacts of the East Link light rail project. Included amongst those projects is \$4.41 million dedicated for long-term regional transit commuter parking projects in the Mercer Island Town Center.
- The City Manager is recommending development of a surface parking lot to deliver commuter parking in Town Center.
- The Commuter Parking Project site consists of three different parcels (see Exhibit 1), including the former Tully’s property, acquired and assembled over multiple years for the purpose of providing long-term regional transit commuter parking in Town Center.
- The project will include converting vehicle access and parking areas to Right-of-Way (ROW) so that the parking that results is enforceable by the Mercer Island Police Department. See Exhibit 2 for the preferred site concept.

- The former Tully’s Coffee shop building and the associated parking lot are in poor condition. The parking lot does not meet City code and the building is stripped and inoperable.
- The City Manager is seeking approval for the preferred concept and upon receiving that direction will proceed with project design.

BACKGROUND

Sound Transit Settlement Agreement – Future Commuter Parking Project

The City entered into a Settlement Agreement with Sound Transit on October 17, 2017 (see [AB 5346](#)), which provides \$10.05 million toward projects to offset the impacts of the East Link light rail project. Included amongst those projects is \$4.41 million to fund long-term regional transit commuter parking projects near the new Light Rail Station in Town Center. Upon execution of the Settlement Agreement, the City began working on plans to acquire and develop long-term regional transit commuter parking.

Section 6 – Cost Share Model

Section 6 of the Sound Transit Settlement Agreement describes the 49/51 percent cost-share model related to the commuter parking project. Specifically, the Settlement Agreement will cover 49% of the costs for the commuter parking project and the City will cover 51%. The City’s 51% portion of the project contribution is intended to be achieved through a property match.

Property Assemblage

The Commuter Parking Project site consists of three different parcels (see Exhibit 1), acquired and assembled over multiple years to provide commuter parking in Town Center. The parcels include:

- The “former Tully’s Site,” acquired in 2019, which includes the former coffee shop building and the associated parking lot.
- Parcel A-1, which is owned by the City under a turnback agreement with the Washington State Department of Transportation from 2000. This parcel includes a portion of Sunset Highway and the cul-de-sac to the north of the former Tully’s property.
- Parcel A-2, acquired in 2021, which is north of and immediately adjacent to Parcel A-1 and is part of what is known as the Greta Hackett Outdoor Sculpture Gallery in Aubrey Davis Park.

The total property assemblage is just over 31,000 square feet and represents an important gateway to Town Center.

Former Tully’s Property and Parcel A-2 Acquisition

At its meeting on June 5, 2018, the City Council authorized the City Manager to execute a Purchase and Sale Agreement to acquire the former Tully’s property, located at 7810 SE 27th Street, with the intent of combining this property with Parcel A-1 for the purpose of providing commuter parking. The former Tully’s property acquisition was completed in 2019 with a final purchase price of \$2 million dollars. REET 1 funds were used for the acquisition. The City also purchased Parcel A-2 in December 2021 for \$668,000 using REET 1 funds (see [AB 5996](#)).

BP ARCO Settlement Agreement

As part of the due diligence period and prior to finalizing the purchase of the former Tully’s Property, the City conducted an environmental site investigation due to the known soil contamination on the property. This due diligence period included an investigation to determine the vertical and horizontal extent of the

contamination and to engage in negotiations with the former owner (ARC) responsible for the contamination from the former gas station on the property (BP/ARCO).

A settlement agreement was executed in November 2019 between the City and ARC formalizing ARC's responsibility to reimburse the City for costs related to site contamination investigation and cleanup. This includes 90% of costs arising from environmental investigation and assessment; 85% of costs arising from remediation of soil gas and groundwater contamination; and 100% of costs from excavation and disposal of contaminated soil at the former Tully's Property and 75% of these costs at the A-1 parcel.

Tully's Property – Current Conditions

The former Tully's Coffee shop building and the associated parking lot are in poor condition. The parking lot does not meet City code and the building is stripped and inoperable. Most components of the building have failed or are at the end of their useful life. The building is currently used as transitional storage due to the City Hall closure – staff are working on cleaning out and fully abandoning the building.

The building was under consideration for use as a satellite City facility, but the building is sited poorly and prevents efficient use of the property. Additionally, estimated costs to repair the building exceed the cost of replacement.

ISSUE/DISCUSSION

Recommended Commuter Parking Objectives

The City Manager is recommending the City proceed with the delivery of long-term regional transit commuter parking project that meets the following objectives:

- Alignment with Sound Transit Settlement Agreement: Provide commuter parking spaces adjacent to the Sound Transit Light Rail Station that meet the requirements of the Sound Transit Settlement Agreement.
- Flexible public parking program: Provide a flexible public parking facility to support Town Center businesses during non-commute hours. Converts the portion of the property that will house the parking lot to ROW such that the parking restrictions can be enforced by the Police Department.
- Improve aesthetics: Address derelict property conditions and improve aesthetics at the gateway to Town Center. Remove unnecessary hardscapes and impervious surfaces.
- Improve safety and accessibility: Improve safety and traffic flow by reducing to one driveway apron on SE 27th St and streamlining ingress/egress. Ensure safe and accessible pedestrian and bicycle connections to/from the parking lot and the nearby trail and sidewalks.
- Protect green space and deploy sustainable design initiatives: Propose a parking configuration that is efficient and maximizes use of space, while minimizing impact to the adjacent park. Achieve a no net loss of green space and improve landscaping, trail connections, and accessibility. Incorporate infrastructure to support the future addition of electrical vehicle charging stations and explore sustainable design alternatives to treat stormwater runoff.
- Support multi-modal transportation options: Provide additional amenities such as bike lockers, bike racks, picnic tables, and benches to activate the property.

Town Center Long-Term Regional Transit Commuter Parking Project

The City Manager has developed a preferred site concept for the Town Center Long-Term Regional Transit Commuter Parking Project ("Commuter Parking Project"), see Exhibit 2. The preferred site concept aligns with

the objectives described previously and will include approximately 40 parking stalls, in addition to bike lockers, bike racks, and other amenities. The City Manager is seeking approval for the preferred site concept and upon receiving that direction will finalize the design.

Project Cost Estimate

City Council approval of the site concept is needed to proceed with design and develop the Engineer's Cost Estimate. Once that is complete, staff will return to the City Council in Q2 2024 to review the project cost estimate and the reimbursement scenario under the Sound Transit Settlement Agreement.

Generally, the cost for surface parking lot construction only, based on current market conditions, is about \$4k to \$5k per stall. Additional project costs include demolition of the former Tully's building, removal of hardscapes, new site landscaping, stormwater treatment, utility connections, lighting, site amenities, and soft costs. Potential soil mitigation costs are currently unknown but will be funded under the terms of the BP/ARCO Settlement Agreement.

Parking Enforcement

City staff recommend converting areas of the proposed Commuter Parking Project lot designated for vehicle access and parking to ROW to allow enforcement to be performed by the Mercer Island Police Department. As it currently stands, those areas straddle two types of property designations – private property (former Tully's property) and ROW (Parcel A-1).

Project Budget

The City Council included \$500,000 in the 2023-2024 budget to repair and repurpose the former Tully's building as a satellite City facility. Those funds will be utilized for this project.

NEXT STEPS

Upon receiving City Council approval for the Commuter Parking Project site concept, staff will proceed with design and prepare the Engineer's Cost Estimate. Staff anticipates returning to the City Council in Q2 2024 to review project costs and the City's anticipated reimbursement under the 49/51 Settlement Agreement cost share. Project bidding is anticipated in Q3/Q4 of 2024, with construction to immediately follow.

Staff will also prepare the materials necessary to dedicate certain parking lot areas as ROW, as previously discussed. This work item is also anticipated for Q2 2024.

Staff will begin work on drafting parking regulations and the enforcement policy needed to operationalize the new long-term regional transit Commuter Parking facility, including code amendments. This work is anticipated for Q3/Q4 2024.

Finally, the City Manager recommends the City Council name this public property. This too will be undertaken in Q3/Q4 2024.

RECOMMENDED ACTION

Approve the site concept for the Town Center Long-Term Regional Transit Commuter Parking Project and direct the City Manager to proceed with design.