



**BUSINESS OF THE CITY COUNCIL
CITY OF SNOQUALMIE**

**AB24-092
September 23, 2024
Committee Report**

AGENDA BILL INFORMATION

TITLE:	AB24-092: Pacific West Rail Foundation Museum Development Agreement and Public Use Covenant	<input type="checkbox"/> Discussion Only <input checked="" type="checkbox"/> Action Needed: <input type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input checked="" type="checkbox"/> Resolution
	PROPOSED ACTION: Approval of the Development Agreement and Public Use Covenant for the Pacific West Rail Foundation Museum	

REVIEW:	Department Director	Mike Chambless	9/5/2024
	Finance	Drew Bouta	9/11/2024
	Legal	David Linehan	9/10/2024
	City Administrator	Mike Chambless	9/10/2024

DEPARTMENT:	Administration		
STAFF:	Mike Chambless & Nicole Wiebe		
COMMITTEE:	Finance & Administration	COMMITTEE DATE: September 17, 2024	
EXHIBITS:	1. Document Flow Chart 2. Development Agreement 3. Conveyance Agreement 4. Public Use Covenant 5. Compare use to Ground Lease 6. Compare 7/25 to 8/11 Draft Development Agreement 7. Chamber Letter of Support		

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

SUMMARY

INTRODUCTION

The intent of this agenda bill is to allow for the construction and operation of the Pacific West Rail Foundation (“PWRF”) Museum (“Museum”) on property that is currently in separate ownership in downtown Snoqualmie. The attached exhibits, including the Development Agreement, Conveyance Agreement, and Public Use Covenant describe the assembly of the property and the requirements for the project to move forward.

LEGISLATIVE HISTORY

In December 2022, under AB22-132, the Council authorized the Mayor to approve a Memorandum of Understanding (MOU) to develop a park/museum on City property which will showcase a model train. The MOU required the City and the proponents of the museum to prepare a development and lease agreement.

On August 14, 2023, AB23-097 Development Agreement and Ground Lease was reviewed and referred to the Finance and Administration Committee for review and amendment.

BACKGROUND

On September 12, 2022, Peter Hambling presented his vision for an interpretive model train museum that will promote a cultural, historical, educational, and entertaining tourism experience for the City of Snoqualmie. The model train is a replica of the Northwest Trunk Line. The project involves the construction of a 20,000 square foot building with parking to feature the model train along with community event space, a gift shop, and other interactive features as well as outdoor recreational amenities with picnic benches and other improvements on City property.

The agenda bill and exhibits were presented to the Community Development Committee on July 17, 2023, and the Finance & Administration Committee on July 18, 2023. Introductory presentation was made by Peter Hambling at the July 24, 2023, City Council meeting. After consideration and referral back to the committee level for additional review by the City Council in August of 2023, staff and the applicant worked through the requested edits. After learning that the proposed site was not preferred by the Snoqualmie Tribe, the applicant searched for an alternative location.

The current proposal would place the Museum in downtown Snoqualmie on property that is currently in separate ownership. The site will be an assembly of two parcels owned by the City (the “City Parcels”) and two parcels to be acquired by Peter Hambling, the founder and principal benefactor of the PWRF (the “Hambling Parcels”). Once assembled, the properties become available for conveyance to the nonprofit PWRF for the construction and eventual operation of the proposed Museum.

Hambling will acquire the Hambling Parcels under an Agreement of Purchase and Sale between Hambling and the current owners of the parcels. Hambling will commit to donate the Hambling Parcels to PWRF in a Contingent Gift Agreement. The City will commit to transfer the City Parcels to the PWRF in a City Conveyance Agreement that also include a Public Use Covenant that ensures PWRF will operate the Museum as a public museum providing enumerated public benefits. The City also commits to vacate certain adjacent street rights-of-way to complete assembly of the site. The Conveyance Agreement transferring the City Parcels and vacated rights-of-way would not be triggered until certain conditions required in the Development Agreement have been satisfied, as described below.

The Museum will be developed and constructed pursuant to a Development Agreement between PWRF and the City. This agreement tracks very closely to the former Development Agreement the parties had negotiated for construction of the Museum on the previously proposed site. The Development Agreement also prescribes the process under which the proposed Museum will be designed, permitted, and constructed, all subject to specified City approvals. Construction of the Museum may not commence until the Mayor approves both a Final Design and Final Budget; determines that PWRF has raised sufficient funding to complete its construction consistent with the approved design; and concurs that the Project’s general contractor has agreed to a guaranteed maximum price to build the Museum consistent within the approved final design and budget. Hambling’s obligation to convey the Hambling Parcels and the City’s obligation to convey the City Parcels to the PWRF, are also contingent upon the PWRF’s satisfaction of these contractual conditions, as approved by the Mayor.

The operation, management, and maintenance of the new Museum is governed by the Public Use Covenant that ensures that the Museum is operated, managed, and maintained as public museum for a term of fifty (50) years. The same public benefits the City required in the earlier iteration of the project all are reflected in this Public Use Covenant. This is an element of the City Conveyance Agreement described above. As noted above, the City’s requirements for development, construction, and operation of the Museum at the

earlier identified site also are carried forward in the current Development Agreement and Public Use Covenant governing the new project. This is illustrated in the attached redlined comparisons between the two Development Agreements and between the new Public Use Covenant and the original Lease. All documents provided are in draft form subject to confirmation from Mr. Hambling and approval by the City Council.

ANALYSIS

It is anticipated that this proposed development fits into the City vision to increase visitation to our beloved downtown. It is also expected that these new visitors will increase the areas sales tax and increase sales at our existing retail inventory. This project is alignment with the comprehensive plan vision for future. Specifically, this facility will:

- Be a recognized tourism destination supported by: A revitalized and expanded historic downtown commercial area that provides a unique visitor and community retail center.
- Be a world-class railroad history facility that is an historic downtown focal point that serves both the placemaking and economic interests of Snoqualmie.
- Contain conference facilities that support both tourism and local business needs.
- Be a regional destination for public and private active and passive recreation activities and tourism venues, with a variety of access sites to exceptional riverfront or mountain views enhancing the outdoor experience.
- Contribute to a revitalized downtown core comprised of rehabilitated historic buildings, storefronts, and compatible infill buildings that enhance the district's unique history, character, and continued economic success, particularly for tourism.
- Strengthen its tourism potential and maintain its traditional function as a civic center and community gathering place.

The proposed Comprehensive Plan supports this project as follows:

- Protect and promote institutional, cultural, natural, and other unique sources such as the Northwest Railway Museum, Pacific West Rail Model Train Museum, Meadowbrook Farm, and the Snoqualmie River Trail.
- Maximize the Snoqualmie River Trail as a tourism asset that connects to the Centennial Trail and the regional Snoqualmie Valley and Preston-Snoqualmie trails while protecting downtown riverfront properties from flooding.
- Ensure that economic growth and development is balanced with environmental and cultural resource protection.
- Protect and promote the City's distinct mix of natural beauty, historic buildings, rich cultural heritage, and unique neighborhoods - including Snoqualmie Ridge, Historic Downtown, the Mill Site, and historic Meadowbrook, to foster desired economic development.
- Support and celebrate the contributions of the city's existing culturally and ethnically diverse businesses, institutions, and the Snoqualmie Tribe.
- Enrich the cultural lives of residents and visitors by placing permanent and temporary art installations in public spaces in a manner that enhances Snoqualmie's unique sense of place and history.

The existing Comprehensive Plan supports this project as follows:

- Support the preservation of Snoqualmie Valley history and culture by working with and supporting the efforts of heritage organizations and facilities such as the Snoqualmie Valley Historical Society and Museum, the Northwest Railway Museum, King County, Native American tribal organizations, and other local, state, and national preservation agencies.

- Work with the Northwest Railway Museum to enhance the tourism draw of their facilities and collection, as recommended in the Economic Development, Branding and Marketing Plan.
- Reserve the vacant City-owned King Street property for a future commercial development with a ground floor, retail, anchor tenant oriented to Railroad Avenue and King Street. Apply appropriate land use and design specifications as directed by the Downtown Master Plan and Economic Development, Marketing and Branding Plan, and in the interim promote temporary uses and events to support Downtown tourism.
- The City has increased and directed visitor traffic to support tourism as a mainstay of the City's economic vitality.

In addition to making the City's obligation to convey the City Parcels to PWRF contingent on PWRF's satisfaction of Development Agreement conditions, the Development Agreement also provides the City with a right to retake the City Parcels and a purchase option for the Hambling Parcels in the event that the project fails prior to completion of construction. After construction is complete, if the museum proves to be economically nonviable, the Public Use Covenant gives the City a right of first refusal to purchase the land and improvements from PWRF on the same terms as a bona fide purchase offer from a third party. Provisions are also included to address distribution of proceeds between PWRF and the City in the event the museum suffers a catastrophic physical loss to the structure and/or contents.

BUDGET IMPACTS

The Museum is expected to attract roughly 30,000 to 70,000 visitors per year, including a number of unique visitors who may not have otherwise visited Downtown Snoqualmie without a collection of activities to experience. As a result, along with the possibility of longer visits, the City expects the Museum to have a positive ongoing multiplying influence on the local economy and therefore the City's revenue base. City expenditures related to the project include third-party reviews (professional, engineering, environmental, etc.) that are generally developer related. The City has proposed a budget of \$1,036,732 in developer-related expenditures for the 2025-2026 biennium that is inclusive of all potential development within the City over the next two years. These expenses are normally reimbursable. The proposed Development Agreement would require the City to bear, at its sole expense, any third-party reviews the City may conduct from the date of execution of the agreement. Therefore, the City cannot expect to be reimbursed for such expenditures.

NEXT STEPS

Recommend approval of AB24-092 authorizing the Mayor to execute the Pacific West Rail Foundation Museum Development Agreement and the Conveyance Agreement and Public Use Covenant, with closing of the conveyance of the City Parcels being contingent upon PWRF's satisfaction of all conditions described therein.

PROPOSED ACTION

Approval of the Development Agreement and Public Use Covenant for the Pacific West Rail Foundation Museum.