



MEMO TO: Members of the City Council

FROM: Mayor John Marchione

DATE: March 5, 2019

SUBJECT: Microsoft Refresh Project – Declaring Certain Utility and Non-Utility Assets and Easements to be Surplus to the Needs of the City and Authorizing their Release

I. RECOMMENDED ACTION

After holding a public hearing, adopt a resolution declaring that certain utility and non-utility assets and easements within the Microsoft Refresh project site are surplus, and may be released based on the specified consideration provided by Microsoft and listed in the proposed resolution (see Attachment A; and Attachment A, Exhibit 1). The resolution authorizes the Mayor or his designee to release the assets and easements.

II. DEPARTMENT CONTACTS

Malisa Files, Finance Director, 425-556-2166

Terry Marpert, AICP, Real Property Specialist, 425-556-2428

III. DESCRIPTION/BACKGROUND

The Microsoft Refresh project consists of the redevelopment of approximately 81 acres of the Microsoft campus located southeast of the intersection of NE 40th Street and 156th Avenue NE (see Attachment A, Exhibit 1). The project includes demolition of 13 office buildings and construction of 17 new office buildings to accommodate up to 8,000 more employees (approximately 2,094,000 sq. ft.) and an underground parking structure.

As part of the Microsoft Refresh, new and revised utility and non-utility assets (such as pipelines) and easements must provide for the water, waste water sewer and access needs of the project. Certain existing assets and easements must be released and extinguished because they are no longer needed and will impede redevelopment of the City-approved Microsoft Refresh project. New buildings cannot be constructed over existing assets and easements. The proposed resolution declares that the unneeded assets and easements are surplus and therefore can be released and removed. The resolution also lists the consideration that is provided by Microsoft in compliance with surplus utility property regulations in RCW 35.94.040.

A. Analysis

The following tables summarize the asset and easement transactions necessary to support the Microsoft Refresh project. The proposed resolution will authorize the removal of 14,074 linear feet (LF) and 372,131 square feet (SF) of public utility assets and easements, and the reduction of 55,919 SF of a non-utility access easement. The proposed resolution also authorizes the release of other utility and non-utility assets and easements, as necessary, to provide for the redevelopment of the City-approved Microsoft Refresh project.

Public Utilities

	Assets (linear feet)	Easements (square feet)
Existing	24,181	680,229
Less: Removed	14,074	372,131
Remaining	10,107	308,098
Plus: New	3,866	69,229
New Total	13,973	377,327

Non-Public Utilities

	Assets (linear feet)	Easement (square feet)
Existing	0	115,391
Less: Reduction	0	55,919
Remaining	0	59,472
Plus: New	0	0
Total	0	59,472

To surplus and release utility assets and easements, the City must follow the process described in RCW 35.94.040 for the reasons stated in the City Attorney's February 12, 2019 legal opinion (see Attachment B, Applicability of RCW 35.94.040 to Microsoft's Requested Release of Utility Easements).

RCW 35.94.040 states that:

Whenever a city shall determine, by resolution of its legislative authority, that any lands, property, or equipment originally acquired for public utility purposes is surplus to the city's needs and is not required for providing continued public utility service, then such legislative authority by resolution and after a public hearing may

cause such lands, property, or equipment to be leased, sold, or conveyed. Such resolution shall state the fair market value or the rent or consideration to be paid and such other terms and conditions for such disposition as the legislative authority deems to be in the best public interest.

The proposed resolution states that in return for the City releasing surplus utility assets and easements, the consideration will be:

- (1) that the City will no longer need to maintain and reserve money for replacement of utility assets and easements that no longer have value nor provide service to the Microsoft campus,
- (2) that the new private utility assets provided as part of the Microsoft Refresh development will reduce financial and service demands on the City's utilities, and
- (3) that the NE 40th Street stormwater trunk line funded by Microsoft to serve the Microsoft campus provides excess service capacity that is a significant benefit to the customers of the City's stormwater utility.

Attachment A, Exhibit 2, identifies the location of utility assets and easements to be released and Attachment A, Exhibit 3, identifies the location of the non-utility access easement to be reduced in size.

B. Public Notice

A notice of the March 5, 2019, City Council public hearing was published on February 12, 2019, in the *Seattle Times*, and posted in Redmond City Hall and the Redmond Library.

IV. PREVIOUS DISCUSSIONS HELD

Date	Action/Committee Presentation
February 19, 2019	Planning and Public Works Committee of the Whole

V. IMPACT

A. Service/Delivery:

Assets and easements to be released under the proposed resolution are no longer needed to provide service. New public utility and non-utility assets and easements will be constructed and recorded to serve the Microsoft Refresh project. New private utility assets will reduce service demands on the City's utilities.

B. Fiscal Note:

The City will no longer need to maintain and reserve money for replacement of utility assets and easements that no longer have value nor provide service to the Microsoft Refresh project site. The new private utility assets will reduce financial demands on the City's utilities.

VI. ALTERNATIVES TO STAFF RECOMMENDATION

The City Council could choose not to adopt the proposed resolution to release the utility and non-utility assets and easements. This will impact the ability of Microsoft to proceed with the Microsoft Refresh project.

VII. TIME CONSTRAINTS

The City Council must hold a public hearing and approve a resolution that declares the utility and non-utility assets and easements as surplus, and authorizes their release so that permits can be issued to begin construction of the Microsoft Refresh project as scheduled.

VIII. LIST OF ATTACHMENTS

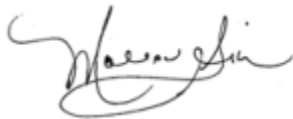
Attachment A - Resolution

Attachment A, Exhibit 1 – Microsoft Refresh Location

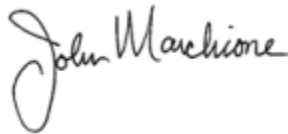
Attachment A, Exhibit 2 – Utility Assets and Easements to be Removed

Attachment A, Exhibit 3 – Non-Utility Assets and Easements to be Reduced

Attachment B - Applicability of RCW 35.94.040 to Microsoft's Requested Release of Utility Easements



Malisa Files, Finance Director



Approved for Agenda _____
John Marchione, Mayor