



INFORMATIONAL MEMORANDUM

TO: Planning Commission

FROM: Brandon Miles, Business Relations Manager

CC: Mayor Ekberg

DATE: January 15, 2021

SUBJECT: Tukwila South Presentation

ISSUE

Presentation by Segale Properties (“Segale”) on Tukwila South.

BACKGROUND

In February the Planning Commission is scheduled to begin review of residential design guidelines for Tukwila South. Prior to the February meeting, the City wants to provide a briefing to the Planning on the extensive entitlement history and construction history of Tukwila South. Attached to the to this memorandum is a document and presentation prepared by Segale regarding Tukwila South. These documents provide a high-level understanding of the history of Tukwila South. No action is required by the Planning Commission at the January meeting.

ATTACHMENTS

1. Memo from Segale Properties, dated January 15, 2021.
2. PowerPoint Slides, prepared by Segale Properties.



JANUARY 15, 2021

TO: CITY OF TUKWILA PLANNING COMMISSION

FROM: MIKE PRUETT

SUBJECT: SUMMARY OF TUKWILA SOUTH PROJECT APPROVALS AND PERMITS

In February the Planning Commission will begin review of proposed residential design standards and guidelines for Tukwila South. Tukwila South has an extensive project history and the information below provides a general overview.

Tukwila South was planned and approved to be one of the largest mixed-use projects in the Puget Sound region. At over 500 acres, and with up to 10,000,000 million square feet of allowable development, it is similar in size to South Lake Union and is perhaps third in size behind Issaquah Highlands and Snoqualmie Ridge in terms of overall size for recent master planned developments.

The Tukwila South lands were purchased by the Segale family over several decades. The idea to create something different started back in the early 2000's. Tukwila South was, and still is, the largest contiguous bare land property in the Puget Sound region and deserved to be developed into something special, something that contributed to the economic growth and prominence of the Tukwila area within the region.

After close to a decade of substantial planning, engineering and entitlement work, Tukwila South was approved. The Tukwila South approval is not just one approval or permit, it is a myriad of approvals and permits from multiple jurisdictions and agencies that provided the Segale family the ability and flexibility to implement the Tukwila South vision.

Obtaining the entitlements and constructing the primary infrastructure took a long period of time to complete. Consequently, many of the City's decision-makers and staff that were involved in permitting, and familiar with what Tukwila South was approved to become, are no longer with the City. Segale believes it is important for the new City decision-makers to become familiar with the project, all that has been accomplished to date, the land use context of the various approvals and permits, and where the project is going in the coming years. This memorandum briefly summarizes the various approvals and permits that together provide the opportunity for Tukwila South to be built into one of the most unique and beneficial developments in the Puget Sound area.

This summary of work completed to date was prepared to better inform Planning Commission, City Council, and staff as to what has been completed to date and what efforts remain to help make the project a reality.

I. Tukwila South Approvals and Primary Permits

Segale is working diligently to bring the Tukwila South vision to life. Below is an abbreviated list of the myriad of approvals and permits associated with each of these efforts. It is important for City of Tukwila decision-makers to understand the amount of work that has been completed to date and what is still needed to build the first projects in Tukwila South.

A. Annexation to improve Tukwila’s tax base was approved.

Tukwila South includes 260 acres of property that Segale and the City agreed to annex into the City of Tukwila from unincorporated King County.

B. Environmental Impacts have been Evaluated and Mitigated.

An overlay zone was proposed over the Tukwila South property to create the land use flexibility and density opportunities necessary to support a mixed-use development. A full Environmental Impact Statement (EIS) was required by the City of Tukwila to assess the potential environmental impacts as a result of the proposed overlay and resulting development. An EIS is the most comprehensive analysis of potential environmental impacts. A preferred alternative, as well as alternative development scenarios were prepared and reviewed. All project impacts associated with development of the overlay area were identified and addressed in a published Final EIS, including the requirements for wetland fill and mitigation work, mitigation of stream and wetland impacts along the Green River, mitigation of past drainage impacts including the relocation of Johnson Creek, mitigation for site grading work and associated levee/grading work in the shoreline area, and mitigation that included a fish habitat creation project along the Green River. The analysis of environmental impacts was extensive, and the identified impacts have been fully mitigated.

C. The Development Agreement assures that both Segale and the City have certainty over development outcomes.

The buildout of Tukwila South is governed by a Development Agreement between the City of Tukwila and Segale Properties LLC. The Development Agreement provides additional information on what is allowed within Tukwila South, how Tukwila South will develop and under what stipulations, and the responsibilities of each party (the City and Segale) as Tukwila South moves forward. The Development Agreement expires in June 2024, but its expiration does not negate or dissolve the related Tukwila South Overlay district (TSO), described below, or any of the land use standards associated with the TSO. Upon the expiration of the Development Agreement, the TSO development standards in the Code will govern the buildout of Tukwila South.

D. Tukwila South Zoning Overlay largely matches the Development Agreement, and provides continuity for development into the future, including after the Development Agreement expires.

Approval of the EIS and other associated documents created a new land use and zoning overlay within the City of Tukwila. The Code and zoning map were amended to create the new TSO designation and set of development standards for all of Tukwila South. Chapter 18.41 of the Tukwila Municipal Code details the TSO, including the design review process required for all non-exempt uses within the TSO, and basic development standards for developments within the TSO. The TSO is

essentially new zoning and development standards for the overlay area. The only way to change the land use rules set for the TSO is to complete a Comprehensive Plan Amendment and rezone, or to adopt amendments to the TSO standards.

E. The Tukwila South Master Plan describes the conceptual vision for Tukwila South.

The Tukwila South Master Plan is a conceptual master plan document that paints the vision for what the Segale family hopes to achieve through the Development Agreement and TSO. Specifically, the “Master Plan document defines the goals, objectives, and vision of Segale Properties to transition almost 500 acres of mostly undeveloped property in Tukwila, Washington, to a memorable regional destination that can compete nationally and internationally for employers and goods and services.” The Master Plan further clarified that “[b]ecause of the sheer size of the site, the implementation of this vision will span many development cycles over 25 to 30 years.” The Master plan provides information on the types of land uses envisioned on the site, which include office, commercial/retail, and housing, and the overall potential densities associated with these land uses. It provides the land use framework for what Tukwila South can become. While the Master Plan provides some conceptual locations for specific types of land uses within the project, it does not define specific areas for such uses and limits on any one kind of use. The intent of the Master Plan is to provide for land use flexibility and intense use of developable areas to create a “live, work, play” mixed-use district within Tukwila South.

F. Army Corps of Engineers 404 Permit authorized now completed work and mitigation affecting wetlands.

Segale received a US Army Corps of Engineers 404 permit for impacts to wetlands and required mitigation to federally protected wetlands and to complete other in-water work.

G. Washington State Department of Ecology Section 401 Water Quality Permit /NPDES permit authorized now completed work and mitigation affecting wetlands, and stormwater controls.

In addition to the Federal 404 permit referenced above, Segale received a permit from the Washington Department of Ecology for impacts and mitigation to wetlands as well as the already developed storm water collection, treatment, and detention system for the Tukwila South site. Building the storm water collection and treatment system provides significant benefits and incentives to development interested in locating within the City of Tukwila. Individual projects locating within the TSO do not need to do individual stormwater collection and treatment. The stormwater collection and treatment system has been approved by the Washington State Department of Ecology under their 401 Permit for Water Quality Certification. A National Pollution Discharge Elimination System (NPDES) permit was also issued for Tukwila South related to the projects stormwater collection, treatment, and discharge system.

H. City of Tukwila Sensitive Area Master Plan (SAMP) authorized now completed work and mitigation affecting wetlands, steep slopes and other sensitive areas.

In addition to Federal and State reviews and permits, a Sensitive Area Master Plan (SAMP) addressing how Segale would meet the City’s requirements for preserving sensitive areas, steep slopes, and fully mitigating for impacts to wetlands and other sensitive areas was approved. Segale

filled 8.26 acres of wetlands and provided 49.19 acres of wetland mitigation and buffers. Mitigation projects under the SAMP are constructed and successfully operating.

I. Washington Department of Fish and Wildlife Hydraulic Project Approval (HPA) authorized now completed work and mitigation affecting streams.

As part of the mitigation work associated with the Tukwila South development, Segale daylighted a stream, creating a new fish friendly system, and connecting the stream to the Green River.

J. Tukwila Shoreline Substantial Development Permit, authorized grading work along the Green River.

The City of Tukwila approved a shoreline substantial development permit authorizing grading and mitigation work within certain shoreline areas of Tukwila South.

K. City of Tukwila Grading Permits, authorized grading work throughout the site, along the Green River levee.

Grading permits were issued to Segale by the City of Tukwila to fill and grade the site into its current configuration and improve river levees up to Army Corp of Engineers standards.

L. Southcenter Parkway Land Dedication was made so roadway could be expanded.

Segale dedicated the land to the City of Tukwila necessary to build the 5-lane Southcenter Parkway Arterial.

M. Relocation of 178th / Dedication of Land to City of Tukwila for Fire Station, plus contribution of \$4.75 million for City fire facilities.

As part of Tukwila South's development, the Segale family agreed to relocate and construct 178th Street, creating a less steep/hazardous entry into Tukwila South from the adjacent jurisdiction of SeaTac. Relocation of the roadway created a new parcel which was dedicated to the City of Tukwila for a new fire station which recently opened. Segale also contributed \$4.75 million to the City for new fire facilities.

N. City of Tukwila Preliminary Plat was approved to enable the next step in development: the creation of transferrable legal lots.

Tukwila South has an approved and valid Preliminary Plat for creation of 45 developable lots, 5 Sensitive Area Tracts (SAT's), 2 Regional Detention (RD) Tracts, 2 Open Space (OS) Tracts, and 1 Non-Buildable Tract (NBT). Unlike a typical Preliminary Plat, the Tukwila South Preliminary Plat was approved after substantial review and approval of engineering work related to Tukwila South's road and utility improvements. That work was all completed, and road and utility improvements are in place, with the exception of two future private streets shown on the Preliminary Plat. The Preliminary Plat was approved in October 2017 and is valid until October 2022.

O. City of Tukwila Final Plat was approved creating three transferrable legal lots, and 14 Future Development Tracts.

Tukwila South has an approved and recorded Phase 1 Final Plat that created 3 legal lots, 14 Future Development Tracts (FDTs), and 5 Sensitive Area Tracts, 2 Open Space Tracts and a No-Build tract. Future final plats for the FDTs will utilize the underlying Preliminary Plat lot pattern to create additional legal lots, so long as the Preliminary Plat is still valid at the time of final platting.

II. Upcoming Approvals/Permits

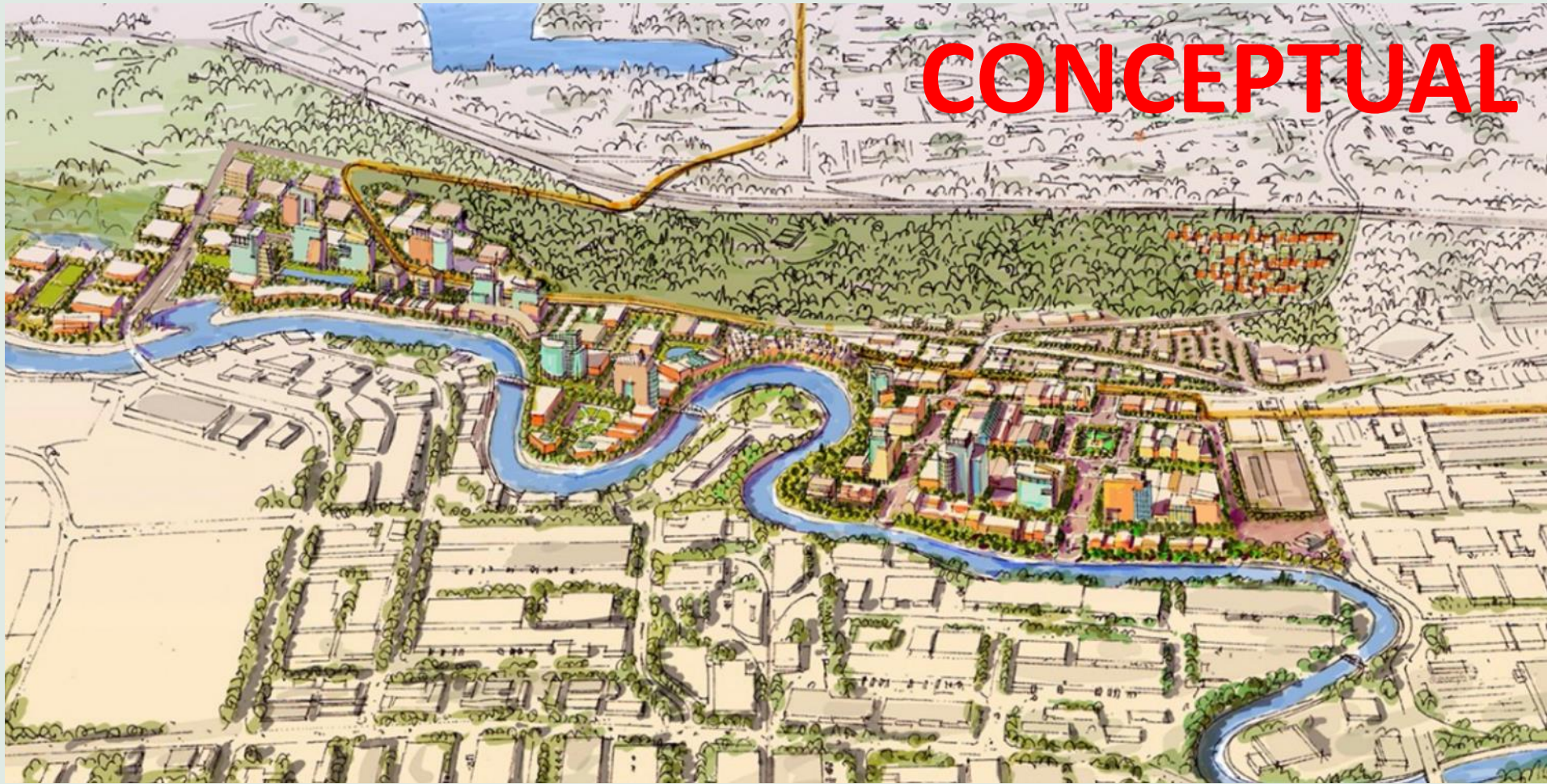
A. Residential Design Guidelines and Standards.

In February the Planning Commission is scheduled to review draft Design Guidelines and Standards for residential projects within Tukwila South (TSO Residential Guidelines). The TSO Residential Guidelines are implementation tools, which will provide the City the guidance to complete design review on upcoming residential projects in the TSO. Residential development in the TSO is required to comply with the TSO Residential Guidelines, therefore, residential projects cannot obtain permit approvals until the TSO Residential Guidelines are adopted by the City. Segale submitted the TSO Residential Guidelines for review in December of 2019.

III. Conclusion

The Segale family appreciates the efforts of the Planning Commission and the work they do to ensure that the City of Tukwila develops in thoughtful and prudent manner. We understand Tukwila South is a complicated project. As you can see by review of this document, the Segale family has completed an enormous amount of work to bring Tukwila South this far. Building construction is poised to begin, but the Segale family needs the City's help with the final implementing pieces that will allow such development to move forward. The Tukwila South project is unique in its ability to create a first-class "live, work, play" district that will bring a myriad of benefits to the City of Tukwila for decades to come. To this end, we welcome all opportunities to engage in a dialogue and answer any questions the City may have and to work with City officials towards the common goal of completing the vision that is Tukwila South.

CONCEPTUAL



Tukwila South Background and History

January 15, 2021



H E A R T L A N D 13

CONTENT

1. Tukwila South Development Overview

Tukwila South Overview



- Tukwila City Council approved the Tukwila South Project Development Agreement in 2009
- 391 total acres (250 development acres) owned and managed by Segale Properties
- Approval allows for 10.3 million square feet of mixed-use development; intended to be regional economic hub and live-work-play community
- Tukwila South approved uses include office/R&D, manufacturing/flex space, residential, and retail
- Segale Properties is pursuing development partners to help realize this long-term vision
- Seeking residential design standards approval to allow first residential project to move forward

Development Agreement – Key Provisions

- **Type and Amount of Development**
 - Mixed-use district with a wide variety of uses; warehouses, regional malls, and large-scale movie theaters are *prohibited* uses
 - Maximum of 10.3 million square feet (no explicit limit per use type) and 10,166 PM peak trips
- **Major Development Agreement Responsibilities**
 - SEPA/Environmental Impact Statement (Segale) - **complete**
 - Construction of Southcenter Parkway (City, with State Grants) - **complete**
 - Construction of 184th Place (Segale) - **complete**
 - Dedication of land for Fire Station (Segale) - **complete**
 - Construction of stormwater ponds and associated facilities (Segale) - **complete**
 - Site engineering and grading (Segale) – **complete**
 - Dedication of easement for Green River Trail - **complete**
- **Other Development Agreement Deliverables**
 - Commercial design standards and guidelines - **complete**
 - Residential design standards and guidelines – **Submitted in November 2019**
 - Trail corridors (pedestrian/bike) – **forthcoming with adjacent development**

Development Opportunities and Challenges

Opportunities

- **Scale** - Scarcity of large tracts available for development this proximate to Sea-Tac Airport, Kent Valley manufacturing center and downtown Seattle
- **Location** - Proximity to I-5, and general proximity to major transit investments (LINK, Sounder)
- **Flexibility** - Allows for the development of several use types

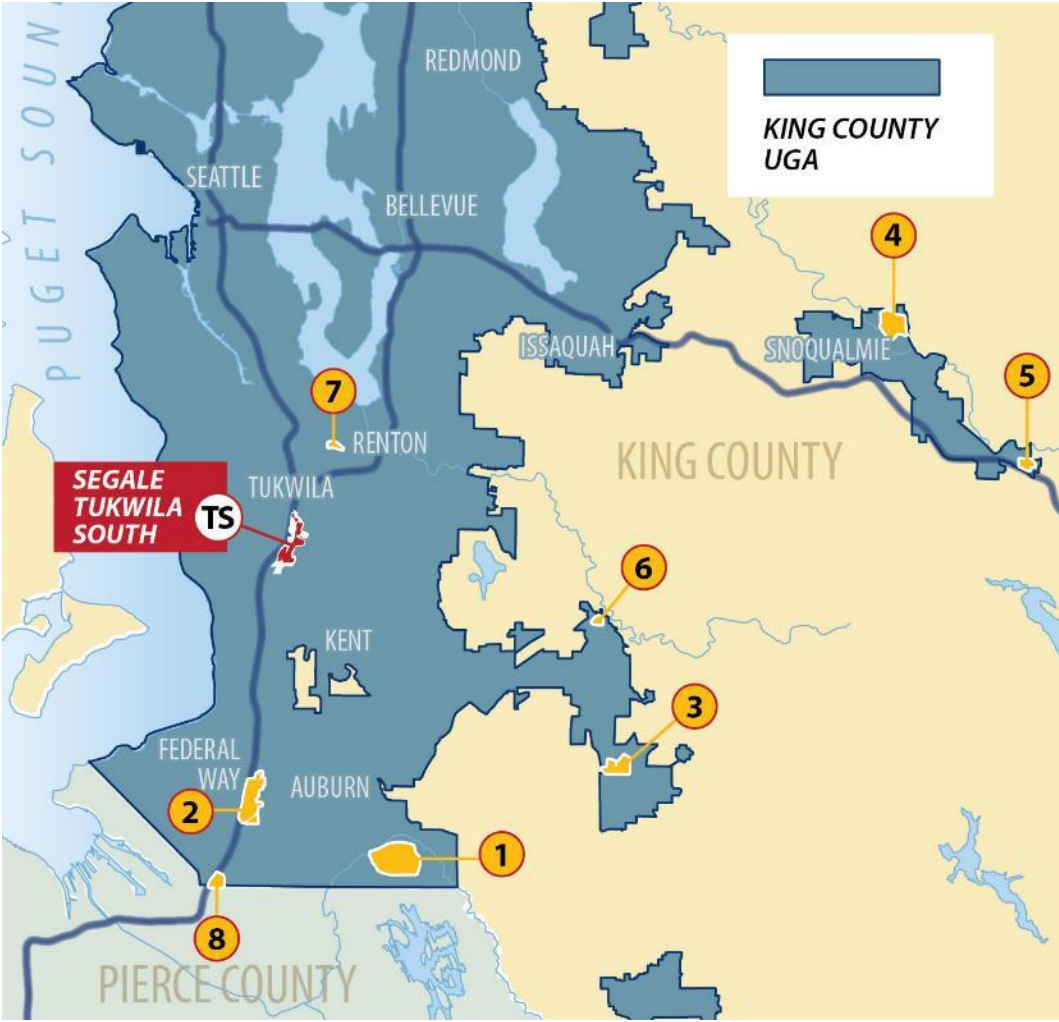
Challenges

- **Current market for desired uses** - The historical and predominant demand for this site is for industrial development, particularly warehousing and logistics
 - Limited demand for speculative office development. Office development will likely be build-to-suit
 - Residential market evolving to support higher density, structure-parked projects
 - Traditional retail market has contracted since approval, demand remains for experiential and support retail uses
- **Transit Connectivity** - “Last mile” challenges to connect project to major transit hubs and systems

Scarcity of Large Development Sites

- Few of these potential sites can support development in near-term due to existing uses and/or zoning – Tukwila South can

ID	PROPERTY NAME	ACRES	CURRENT USE	POTENTIAL USE
TS	Segale Tukwila South	250	Vacant	Mixed Use
1	Segale Properties	915	Gravel Pit	Mixed Use
2	Weyerhaeuser Campus	425	Office Campus/ Open Space	Commercial
3	Palmer Coking Coal	388	Gravel Pit	Res/Com
4	Snoq Mill Ventures	289	Race Track	Commercial
5	Puget Western Inc	226	Vacant	Mixed Use
6	R&H Mining Inc	98	Gravel Pit	Commercial
7	Pointe Heron LLC	82	Gravel Pit	Com/Mixed
8	Land Lloyd	71	Gravel Pit	Residential



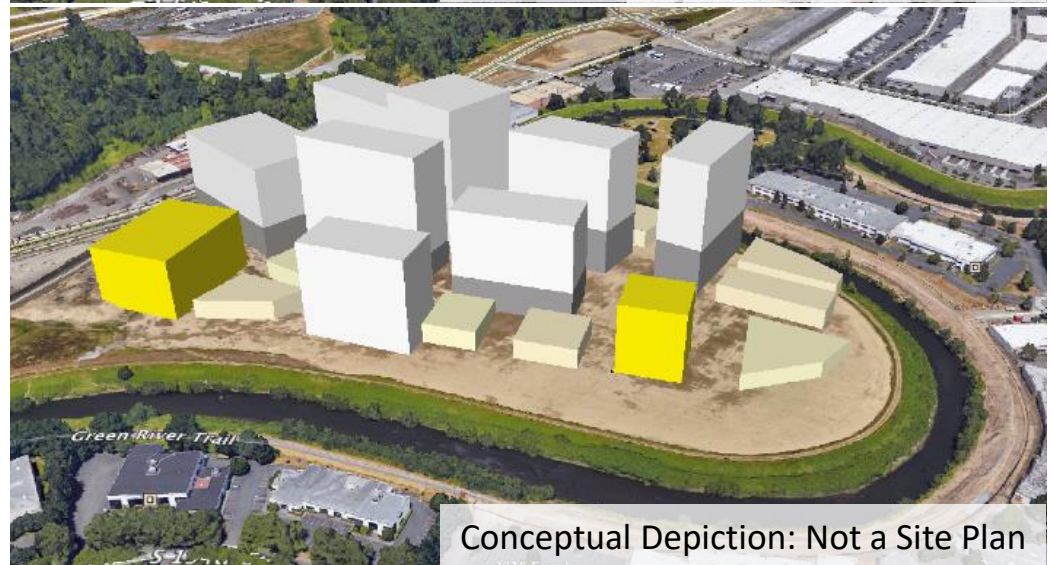
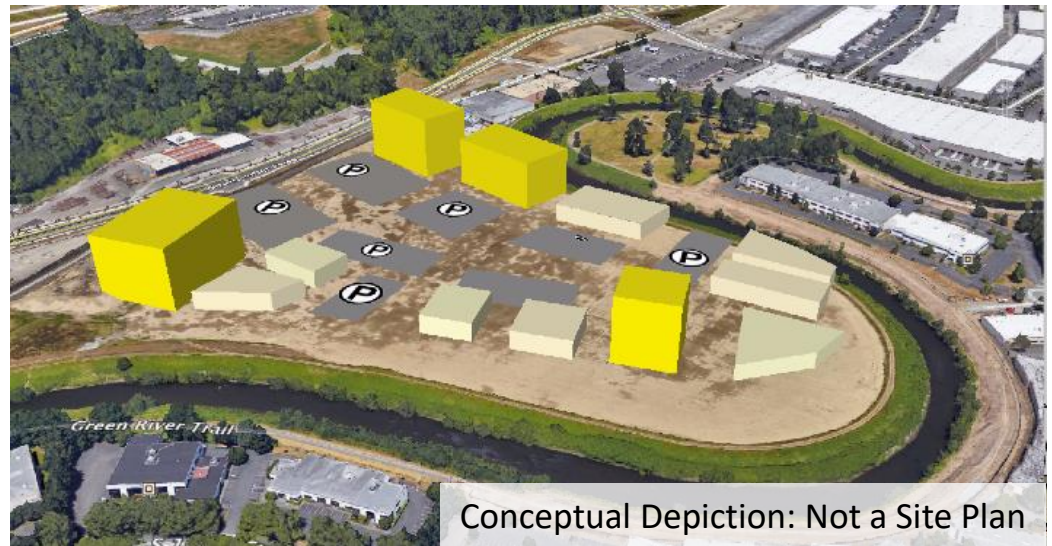
Segale Properties Development Strategy

- **Commitment to Vision** - Segale Properties is committed to implementing the mixed-use vision of the Tukwila South Development Agreement
- **Pragmatic Approach to Achieving Density** - Development needs to balance current economic realities with long-term vision
 - i.e. Surface parked development in near-term that redevelops over time to higher density structure-parked projects
- **Selection of Aligned Partners**
 - Segale Properties will partner with proven developers to deliver catalyst high quality commercial and residential projects
 - Segale Properties will work with development partners to plan and construct common areas, open spaces, shared recreation spaces, and project amenities on a phase-by-phase, project-by-project basis

Segale Properties Development Strategy

Phased Density Strategy

- Development phases designed to accommodate current market realities while also promoting future development
- Plan for efficient land use over time, creating spaces for future expansion as demand increases
- As the real estate market evolves, increased density and the higher values driven by density can be fully captured over time



Potential Catalyst Developments



For-Rent Residential



- Approximately 9 acres
- Two phases
- Approximately 450 multifamily units

Business / Technology Park



- Approximately 38 acres
- Office/Tech Flex Product

Recreation Space

Conceptual Open and Recreation Space at Tukwila South

Tukwila South has and will create multiple open and recreation spaces to provide both active and passive recreation opportunities for residents

- FDT-10 and Cross Levy areas will be developed as parks
- Recreation space will be provided along Green River oxbow/trail area

