

Fircrest School Land Use Assessment

A Report for the Washington State Office of Financial Management

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Abbreviations

- The Fircrest School Campus (campus) – Note: This refers to the entire site, not just areas currently used by the Fircrest School)
- Fircrest Residential Habilitation Center (Fircrest RHC)
- Department of Social and Health Services (DSHS)
- Department of Health (DOH)
- Public Health Laboratories (PHL)
- Department of Natural Resources (DNR)
- City of Shoreline (City)
- Fircrest School Land Use Assessment consultant team (consultants)
- Fircrest School Nursing Facility (nursing facility)
- Behavioral health center or behavioral health facility (BHC)
- Fircrest School Campus Master Plan Phase III - 2017 (Phase III Master Plan)
- Recommendations on the Underutilized Portions of the Fircrest Campus - 2019 (2019 Recommendations)

Contents

This report contains the following sections and content:

Section 1 – Executive Summary

Section 2 – Introduction

Section 3 – Summary of the Existing Conditions of the Fircrest School Campus

Includes a review of previous plans, assessment of the environmental considerations, existing infrastructure, transportation considerations, and an overview of the areas of campus the consultants considered for development.

Section 4 – Description of Analytical Process

Provides a brief overview of steps the consultants took in developing this report and final recommendations.

Section 5 – Real Estate Economic and Financial Analysis

Includes detailed information on real estate development opportunities and approaches to land valuation.

Section 6 – Campus-wide Alternatives

Describes a range of campus-wide options for future development of the site.

Section 7 – Summary Evaluation

Evaluates the alternatives with respect to agency and City of Shoreline objectives.

Section 8 – Implementation

Provides an overview of potential next steps and recommendations following this Land Use Assessment.

Section 9 – Conclusions

The recommendations of this report include three alternatives that address the project goals expressed in the capital budget proviso and balance the expressed needs of multiple stakeholders with the financial viability of future development.

Appendices

Appendix A – Existing Conditions Report

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Section 1

Executive Summary

In 2020, the Washington State Legislature passed a proviso to the capital budget that directed the Office of Financial Management, to hire an independent consultant to conduct a land use assessment for the Fircrest School. (See Section 2 for the full text of the proviso.) This proviso stated that the consultant must work with the Department of Health (DOH), DSHS, DNR, and the City of Shoreline (City) to accomplish the following:

- (a) Identify a site for a single-story nursing facility with a minimum of one hundred twenty beds and a site for a two-story nursing facility with a minimum of one hundred twenty beds, with an analysis of any corresponding staffing needs and the needs of the residents to ensure a sense of community and mobility;*
- (b) Identify potential sites for up to a forty-eight-bed behavioral health facility; and*
- (c) Maximize the long-term revenue generating opportunities of the campus property while taking into consideration the infrastructure needs to accomplish the proposed development outlined in this subsection.¹*

This report responds to the proviso by:

1. presenting background and real estate economic information necessary for analyzing alternate development scenarios;
2. evaluating different facilities and private development options for both individual parcels and the whole campus; and
3. outlining a process for constructing nursing and behavioral health facilities and developing portions of the site for private uses.

Analytical Uncertainties

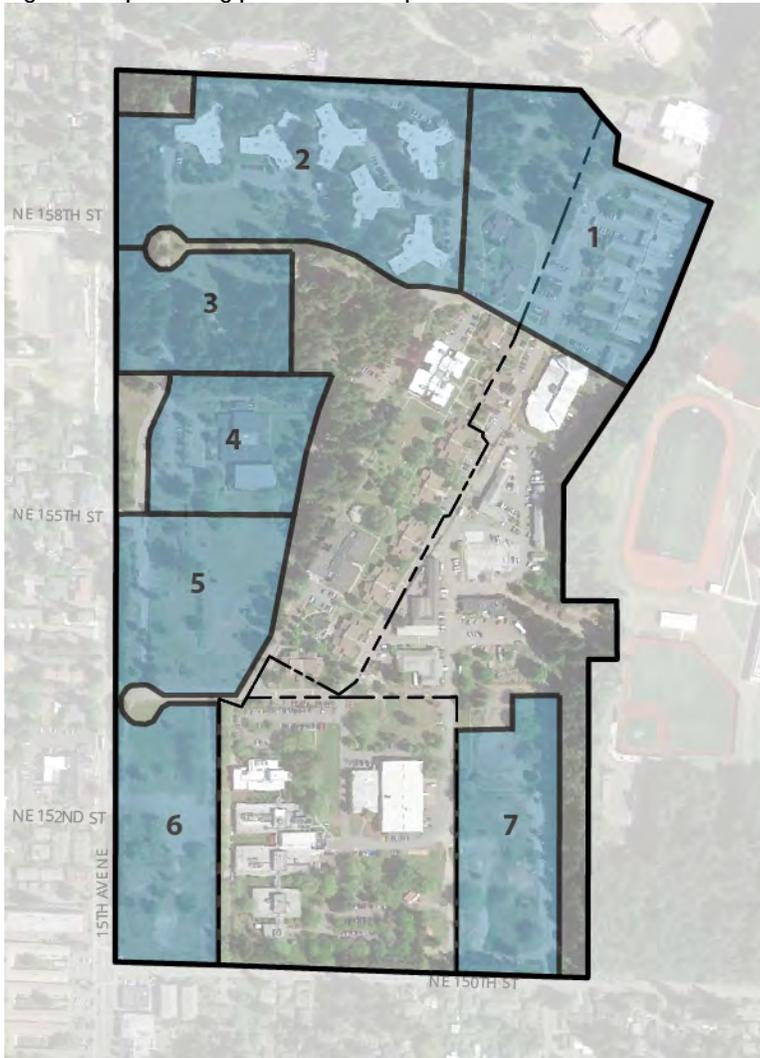
Assessing the value of lands is complicated by the fact that significant addition of DSHS facilities or commercial or residential development requires an agreement with the City of Shoreline (City). Currently the Fircrest School campus (campus) is zoned Fircrest Campus Zone (FCZ) which does not allow commercial or residential development. Construction of nursing facilities, housing for disabled persons, and similar uses requires a Master Development Plan that meets specific City criteria. The City has indicated that part of such a development agreement must address the City’s objectives for active park space and employment-producing commercial development. Moving forward with development of DSHS facilities or for revenue generation will require a comprehensive plan amendment and rezoning of the property. It appears that this can be most efficiently accomplished through reaching a “development agreement” with the City, on which a comprehensive plan amendment and zoning designation(s) are based. Because it is not currently known what the City will ultimately permit in terms of private redevelopment or the price it will be willing to pay for park land, the figures in this report are generated from the planning team’s best assumptions based on current information regarding the campus’s physical conditions and the regulatory context affecting land use.

¹ Washington Senate, *Fircrest School Land Use Assessment (92000035) (SB 6248)* (Olympia, Washington: 2020), 48.

Alternative Evaluation

The consultants divided the campus into seven potential areas (Areas) for development and assessed the opportunities and challenges of each. Figure 1 illustrates the individual areas of the campus that this report explored.

Figure 1 Map showing potential development areas



The consultants then developed three campus-wide site planning alternatives, which were analyzed by project stakeholders. Table 1 summarizes that analysis. Sections 6 and 7 of this report describe other considerations regarding future DSHS facilities.

Table 1 Summary chart comparing the three comprehensive alternatives

CHARACTERISTIC	ALTERNATIVE		
	1. 2 Story Nursing on Madrona (Area 3)	2. 1 or 2 story Nursing on NE Corner (Area 1)	3. 1 Story Nursing on Madrona (Area 3)
<p>LEGEND</p> <ul style="list-style-type: none"> Nursing Fac BHC Multifamily residential Townhomes Commercial 			
Potential Land Value	\$49 million - \$57.4 million	\$50.8 million - \$58.9 million	\$42.2 million - \$49.7 million
Implications for DSHS	<ul style="list-style-type: none"> + Madrona site (Area 3) is DSHS preferred location + NE corner is DSHS preferred location for BHC - Two-story nursing facility is not preferred DSHS configuration - Very little expansion space - Site is separated from many other Fircrest School buildings and facilities 	<ul style="list-style-type: none"> + The NE Corner (Area 1) is flat and near the kitchen + A two-story nursing facility provides expansion space + The site provides open space for residents - The NE corner is not the DSHS preferred nursing facility location - \$1.5 million additional cost for stormwater pipe relocation 	<ul style="list-style-type: none"> + DSHS preferred location and configuration + DSHS prefers BHC in NE corner + DSHS prefers one-story nursing facility - Very little expansion space - Site separated from campus - Site is separated from many other Fircrest School buildings and facilities
Implications for DNR	+ Development produces \$42.6 million– \$48.9 million to CEP&RI Trust	+ Development provides \$50.8 million - \$58.9 million to CEP&RI Trust	- Development provides \$35.8 million- \$41.2 million to CEP&RI Trust.
Implications for City	<ul style="list-style-type: none"> + Park at SW corner (Area 6) + Commercial development + Retains some Madrona site trees 	<ul style="list-style-type: none"> + Park on Madrona site + Commercial development + Retains Madrona site trees 	<ul style="list-style-type: none"> + A park or park + soundstage on the SW corner + Commercial development on the SE corner (Area 7) - Loss of Madrona site trees
Other Considerations	<ul style="list-style-type: none"> + Avoids residential next to PHL + Yields approx. \$6.4 million - \$8.5 million for Dan Thompson Account - Park at SW rather than SE corner reduces income to the State overall 	<ul style="list-style-type: none"> + Avoids residential next to lab + Park on Madrona benefits new residential development and saves an important stand of trees - There is no revenue for Dan Thompson Account 	<ul style="list-style-type: none"> + Avoids residential next to PHL + Yields approx. \$6.4 million - \$8.5 million for Dan Thompson Account - Park at SW rather than SE corner reduces income to the State overall

Agency and City Reactions

DSHS has indicated a preference for the facilities layout in Alternative 3 with a 1-story nursing facility on the Madrona site (wooded area north of the Activities Building) and the BHC in the northeast corner (current site of the ATP building). All three alternatives appear to address the City's objectives for new park land and employment-producing commercial development.

Recommended Development Process

The recommended process for moving forward with facilities improvements and land development is described in Section 9 and summarized below:

Phase 1: Site Planning Decisions and Development Agreement with the City

- a. Determine the preferred locations and configurations of the nursing and BHC facilities and identify the optimum uses on other portions of the campus.
- b. With the City of Shoreline agree on a process to prepare a development agreement as noted in "c" below.
- c. Work with the City of Shoreline to reach a development agreement that defines the zoning and applicable development regulations and conditions for the various areas along with an agreed upon price for the land to be transacted to the City for a park. SEPA analysis should be accomplished at this time to identify all conditions necessary for development
- d. (The City) adopt necessary comprehensive planning and zoning amendments based on the development agreement, and State and City implement land transactions as applicable.

Phase 2: Private Sector Investment

- a. Determine how the State would develop land for state facilities or public or private uses (Section 8 describes the relative implications or sale or ground lease options.)
- b. Conduct a phased program of land transactions such as sale or lease, including the following steps:
 - i. Pre-Market Preparation. Conduct due-diligence and prepare marketing information.
 - ii. Marketing. Implement a variety of activities over an 18-month period.
 - iii. Negotiation and Documentation. Receive letters of intent from prospective developers, select a proposal, and complete a purchase and sale agreement (PSA).
 - iv. Pre-Closing Management. Monitor permitting and ensure pre-closing conditions are met.
 - v. Post-Closing Management. Ensure that conditions of the PSA are met.

Other Observations

- The development agreement with the City, comprehensive plan amendment, rezoning, and park land transaction should occur concurrently and should consider the whole State-owned campus (including DOH facilities), rather than individual parcels.
- The State would likely achieve greater value from lands if departmental revenues were not tied to specific trust or account lands.

- The State may use the values for different private uses on applicable parcels as described in Sections 5 and 6 to evaluate different options, conditions, and park land prices when working with the City on a development agreement.
- The Fircrest Residential Habilitation Center site is a unique resource for the State, the community, and the region. With its mature trees, gentle slopes, and views, the property is very attractive for a variety of activities. While consideration was given to the compatibility of adjacent developments, this report necessarily focuses on exploring potential uses in individual areas. Further development planning work should consider how individual development actions can be integrated to maximize the functional, environmental and aesthetic assets of the campus as a whole.

Section 2

Introduction

In 2020, the Washington State Legislature passed a proviso to the capital budget that directed the Office of Financial Management, to hire an independent consultant to conduct a land use assessment for the Fircrest School. The proviso states:

- (1) The appropriation is provided solely to contract with an independent consultant that is agreed to by both the department of social and health services and the department of natural resources to assess potential land development opportunities for the Fircrest residential habilitation center and submit recommendations to the governor, the house capital budget committee, and the senate ways and means committee by November 1, 2020. The contract is exempt from the competitive procurement requirements in chapter 39.26 RCW.*
- (2) The consultant must work with the department of health, department of natural resources, the department of social and health services, and the city of Shoreline.*
- (3) The consultant recommendations must accomplish the following goals:*
 - (a) Identify a site for a single-story nursing facility with a minimum of one hundred twenty beds and a site for a two-story nursing facility with a minimum of one hundred twenty beds, with an analysis of any corresponding staffing needs and the needs of the residents to ensure a sense of community and mobility;*
 - (b) Identify potential sites for up to a forty-eight bed behavioral health facility; and*
 - (c) Maximize the long-term revenue generating opportunities of the campus property while taking into consideration the infrastructure needs to accomplish the proposed development outlined in this subsection (3).*
- (4) A secondary recommendation may be submitted by the consultant that includes maximizing the long-term revenue generating opportunities of the campus property while taking into consideration the infrastructure needs to accomplish the proposed development outlined in subsections (3)(a) through (b) of this section and compatibility with the needs of the department of social and health services and the department of health, including the needs of the individuals they serve.*
- (5) It is the intent of the legislature to prioritize up to \$125,000,000 in funding for the nursing facility replacement on the Fircrest residential habilitation center campus in the 2021-2023 fiscal biennium.²*

OFM hired MAKERS architecture and urban design to lead an interdisciplinary team of consultants (consultants) to work with the stakeholders named above and make land use assessment recommendations for the campus. The following report outlines the process and products of this study.

Property Overview

The Fircrest School campus (campus) is a 92-acre site owned by Washington State and located in a residential area within the City of Shoreline. It is adjacent to two parks, Hamlin Park to the north and South Woods to the southeast, as well as two schools that are east of the site: Kellogg Middle School and Shorecrest High School. A major arterial, 15th Avenue S, runs along the west side of the campus and NE 150TH Street provides access to the southern portion of the site.

² Washington Senate, *Fircrest School Land Use Assessment*, 48.

The large campus has varied topography, with sloped areas both within and at the edges of the site, many of which are forested with large, mature trees. The site also includes several open, relatively flat areas, particularly in the southeast, the southwest, the northeast, and a portion of the northwest corner of the site.

The primary use of the site today is by the Fircrest School, a residential habilitation center (RHC) that provides long-term nursing care, supported independent living, and job training for people with developmental disabilities. The Washington State Department of Social and Health Services (DSHS) manages the school, which serves approximately 200 residents.³

Figure 2 Image of the Fircrest School campus and surrounding neighborhood in Shoreline, Washington

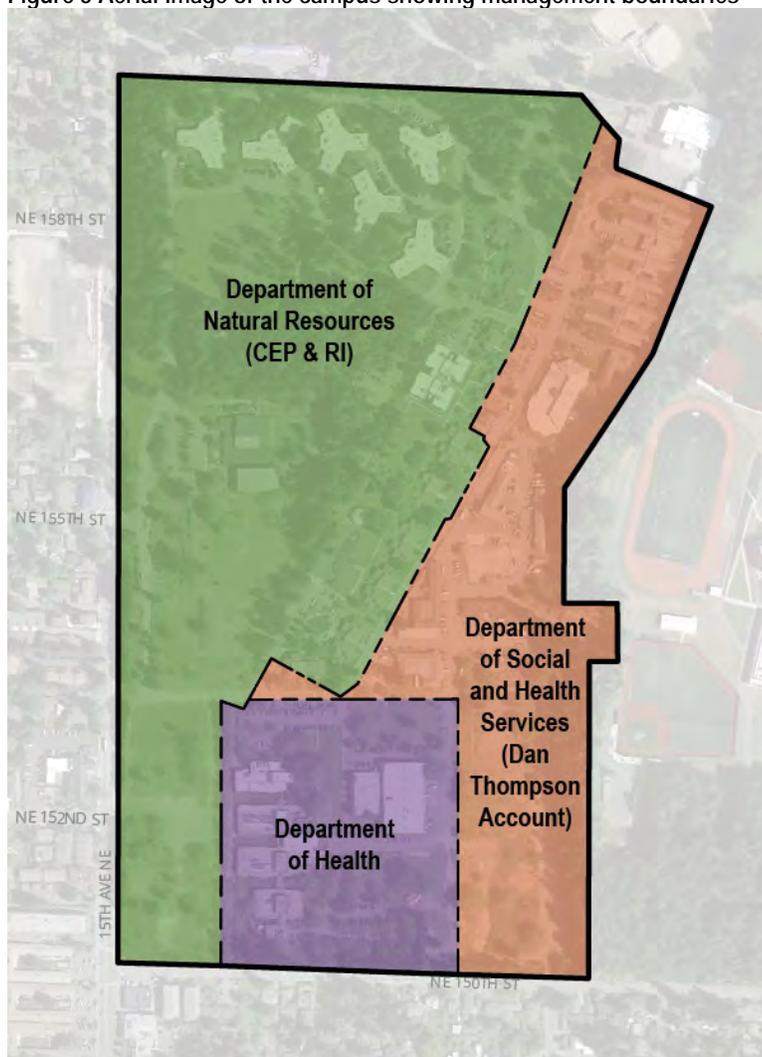


Also located on the campus are the Public Health Laboratories (PHL), operated by the Washington State Department of Health (DOH). The laboratories support several of the state’s public health programs, including newborn health screening, testing and outbreak tracking for infectious diseases, and testing for environmental contaminants. The PHL is located on a separate parcel from the Fircrest School and the site is owned by DOH.

³ Washington Department of Social & Health Services (DSHS), *Fircrest School Campus Master Plan Phase III (2016-437)* (Olympia, Washington: 2017).

Two different legal frameworks guide the management of campus lands outside of DOH's property. DSHS manages the Dan Thompson Memorial Developmental Disabilities Community Services Account (Dan Thompson Account) to help support individuals living with developmental disabilities that use community-based services.⁴ The Washington Department of Natural Resources (DNR) manages much of the western portion of the site through the Charitable Education, Penal and Reformatory Institutions (CEP & RI) Trust. These lands generate revenue and support certain state institutions, including those managed by the Department of Corrections and DSHS.⁵ DNR leases the land to DSHS and several Fircrest RHC facilities are located there, including the existing long-term care nursing facility.

Figure 3 Aerial image of the campus showing management boundaries



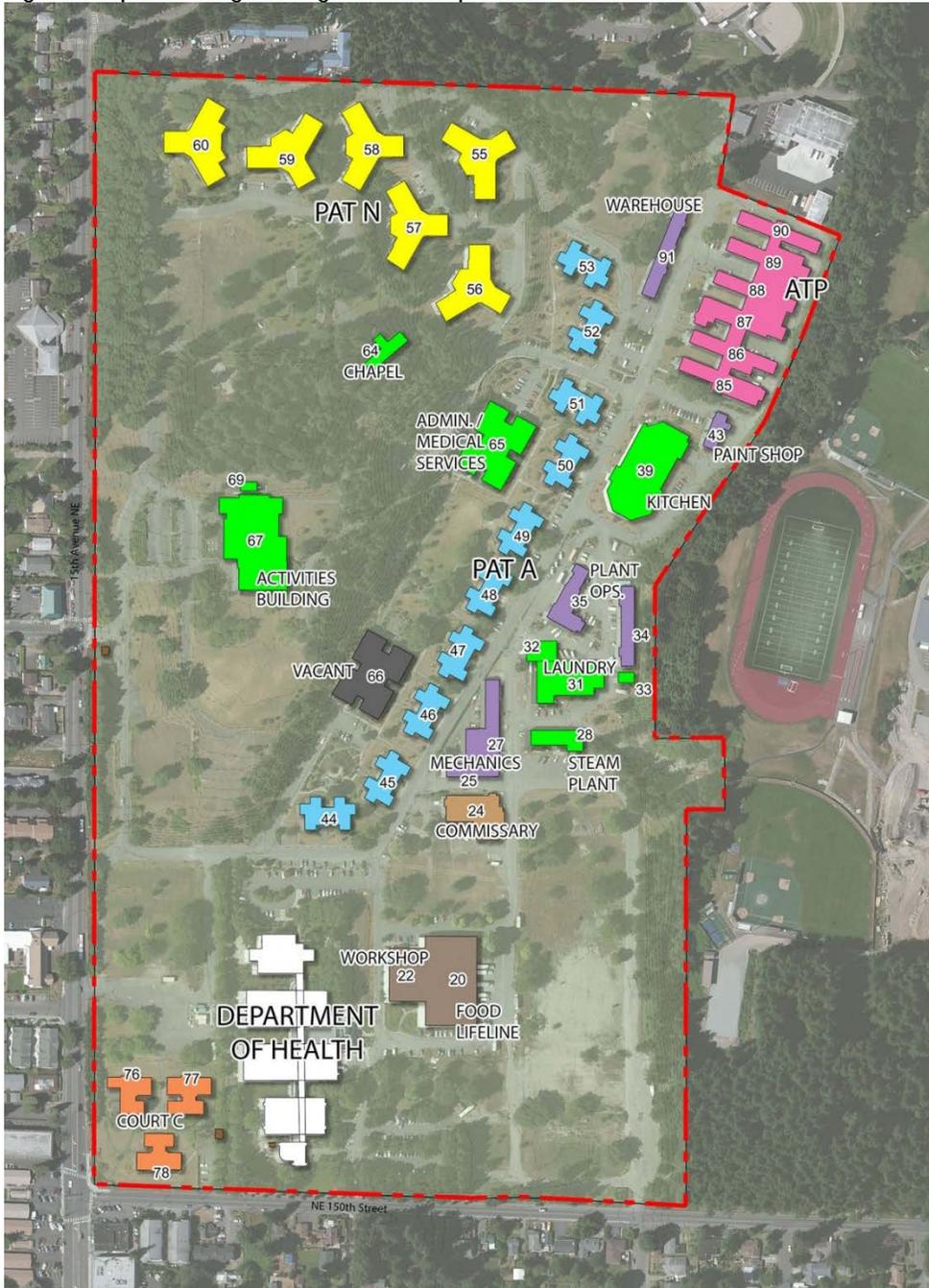
⁴ Washington State Department of Natural Resources (DNR), *Recommendations on the Underutilized Portions of the Fircrest Campus* (Olympia, Washington: 2019), 4.

⁵ DNR, *Recommendations 2019*, 3.

Future Needs and Opportunities

The Fircrest Residential Habilitation Center (RHC) has two residential programs; a nursing facility that provides individualized healthcare and activities to persons who have unique medical needs (Pat N in Figure 4), and an intermediate care facility for individuals with intellectual disabilities (ICF/ID) that provides individualized habilitative services. (Pat A in Figure 4).

Figure 4 Map of existing buildings on the campus



Map of existing buildings from the Fircrest School Campus Master Plan Phase III (Phase III Master Plan)

Several of the Fircrest RHC facilities are aging and many will require extensive upgrades or replacement in the coming years. DSHS initiated a multi-phase master planning process for the Fircrest School in 2010,

identifying building and infrastructure improvement needs, as well as potential future uses of the site. Phase III of this multi-year master planning effort was completed in 2017, and focused on immediate facility needs, such as the replacement of the nursing facility and the relocation of the ATP functions into the vacant building 66. A following study, published in 2018, developed a schematic design for the new nursing facility.

Since these plans were published, the DSHS identified the Fircrest School campus as a potential site for a 48-bed behavioral health center, as part of a state-wide effort to provide better access to mental health services for those suffering from acute mental illness. Studies completed in early 2020 provide a schematic design for the facility proposed at the campus.

In order to proceed with any changes at the Fircrest School, DSHS must submit a Master Development Plan to the City of Shoreline, outlining proposed changes to the campus and demonstrating how the development aligns with the City's current zoning and regulations. The Master Development Plan process requires a significant investment of time and resources on the part of the applicant, and the State has not yet been able to complete this process. (More information on the City of Shoreline regulations and the Master Development Plan process are provided in Section 3 – Summary of the Existing Conditions of the Fircrest School Campus and in Appendix A.)

DOH completed a master plan in 2010 for the PHL facility at the southern end of the campus. The original vision for expansion included in the earlier master plan has been scaled back in recent years. At the time of the study, PHL did not identify a need to expand beyond the boundary of their current site. However, ongoing coordination is necessary between DOH and DSHS to ensure that future plans for the campus do not interfere with PHL infrastructure improvements and operations.

Finally, though DNR does not have a physical presence on the campus, the department manages the western portion of the site for the CEP & RI trust. DNR must manage all trust land for the maximum benefit of trust beneficiaries. In 2019, DNR and OFM co-led a study to develop recommendations for potential future uses for underutilized portions of the campus. DNR and OFM were unable to come to agreement on the recommendations before submittal to the Legislature, so the final report included recommendations from both departments.

This Land Use Assessment has considered previous planning efforts and has worked with DOH, DNR, DSHS, OFM, and the City of Shoreline to understand current facility, operation, and agency needs. The recommendations of this report represent the consultants' perspective on how to address existing and near-term future needs and take advantage of land use opportunities.

Section 3

Summary of the Existing Conditions of the Fircrest School Campus

The following section summarizes the key findings from the Existing Conditions Report that the consultants developed at the outset of the project. It provides an overview of current facilities based on the consultants’ review of previous planning documents and is supplemented with information gathered from early stakeholder interviews. It also includes new information about the site gathered for this report, including a market assessment for real estate development, a review of environmental critical areas, an assessment of existing infrastructure conditions and future needs for the campus, and an assessment of transportation considerations for the campus and surrounding neighborhood. The summary below highlights findings from this report that were most critical or relevant to the consultants’ work and the ultimate recommendations of this study. The full report is included as Appendix A to this report.

Previous Planning Efforts and Existing Facilities on Campus

As noted in the introduction, this Land Use Assessment is preceded by over a decade of facilities and master site planning efforts for the campus. Table 2 lists the most recent plans and notes how the consultants incorporated that information into this Land Use Assessment.

Table 2 Summary of previous campus planning efforts

Document / Year	Summary
Behavioral Health: Community Civil 48 Bed Capacity State Owned, Mixed Use - Pre-Design Report Multiple Sites, 2020	These two architectural reports provided the background information and schematic design layouts for the 48-bed behavior health facility. The consultants used the schematic design layout for the facility included in these reports to determine how various sites across the campus might accommodate this facility.
Behavioral Health: Community Civil 48 Bed Capacity State Owned, Mixed Use - Pre-Design Report - Prototype Building, 2020	
Recommendations on the Underutilized Portions of the Fircrest Campus, 2019	The consultants referenced background content and stakeholder input included in this report by DNR, in consultation with the Washington State Office of Financial Management (OFM) and reviewed both DNR and OFM’s recommendations.
Pre-design Study: Nursing Facility New Capacity at Fircrest School, 2018	The consultants used the schematic design layout for the nursing facility included in these reports to determine how various sites across the campus might accommodate this facility.
Fircrest School Campus Master Plan Phase III, 2017	The consultants did a close review of this most recent campus master plan to gather information on existing conditions of Fircrest School facilities and infrastructure, and review the improvements needs identified in the plan. This plan also provided an overview of how Fircrest School programs currently use the campus.
Public Health Laboratories 20-year Master Plan, 2010	The consultants reviewed this older master plan for the PHL and discussed with DOH staff what elements of this remain relevant to current and future plans for the PHL, and how their facility expansion plans have changed in the subsequent decade.

Fircrest School Facilities Overview

The Fircrest RHC serves approximately 200 people with intellectual or developmental disabilities through the Nursing and the Intermediate Care (ICF/ID) facilities. The school also operates an Adult Training Program (ATP), where residents can access training and educational opportunities to enhance their ability for independent living.

The Fircrest School Campus Master Plan Phase III (Phase III Master Plan) conducted a thorough assessment of current facilities and concluded that many will require extensive upgrades or replacement in the coming years.⁶ An overview of facilities and programs discussed in this Land Use Assessment follows:

Nursing Facility

Figure 5 Image of one of the existing nursing buildings



The Nursing Facility provides long-term nursing care to a current population of 93 residents. Approximately 75% of these patients have chronic physical disabilities and require regular ambulatory care. The existing facilities includes six Y-shaped buildings, with a total area of 83,200 sf. Consolidating operations into a single building, or separate structures with easier access between facilities, would reduce some operational and staffing costs for Fircrest School.⁷

The existing buildings require significant upgrades to repair systems and bring buildings up to current code. DSHS plans to construct a new nursing facility, once a location has been determined, and demolish the existing buildings once the new facility is complete. Siting both a 1-story and a 2-story new nursing facility is one of the key deliverables of this study.

Intermediate Care Facility

Fircrest School is also home to a community of 133 residents in the ICF/ID. This program provides supervision and medical/nursing support for patients who need support but not full-time nursing care. The residents occupy 10 cottages that are at maximum capacity, given the age and condition of the structures.⁸ The 2017 master plan found these cottages to be adequate for their current use, but noted that structure improvements, repairs, and some renovations of the interiors will be needed in the future.⁹

⁶ DSHS, *Phase III Master Plan*, 15-30.

⁷ DSHS, *Phase III Master Plan*, 3.

⁸ DSHS, *Phase III Master Plan*, 24.

⁹ DSHS, *Phase III Master Plan*, 24.

Adult Training Program

Figure 6 Image of the existing ATP building



The Adult Training Program (ATP) offers Fircrest residents opportunities to learn skills for independent living, employment, and participation in the community beyond the school. The existing ATP building is 52,633 sf and was built in 1942 as part of the original Naval hospital at the site. Adult training programs utilize approximately half of the building, with the remaining portion of the building used for administrative offices.

In 2019, the Legislature allocated initial funds for DSHS to renovate Building 66 (currently vacant) and move the programs currently located in the ATP site to this location. Once all of the programs currently housed in the existing ATP building have been relocated, DSHS plans to demolish the building, as renovation is not feasible given

the building's condition.

Activities Center

The campus also includes an activities center building, which Fircrest School residents use to for some ATP classes and to attend social events. The building includes a pool, but Fircrest School no longer operates this due to system renovation needs. The building has suffered some deferred maintenance but is otherwise in good condition.¹⁰

Chapel

A chapel on the campus, which is open for services on Sunday mornings, is eligible for the National Register of Historic Places (NRHP). In November 2020, the Shoreline Preservation Society, a community non-profit group, informed the Mayor and City Council of Shoreline of the organization's plans to pursue landmark designation of the structure and 3 acres of the surrounding land.

Behavioral Health Center (BHC)

In addition to DSHS' existing Fircrest RHC operations, Governor Inslee and the Washington State Legislature recently directed DSHS to begin development of three small community-based behavioral health facilities across the state. DSHS is exploring the campus as a site for a 48-bed facility. The goal of this facility is to provide increased access to mental health services, provide support services once hospital treatments are complete, and prevent or divert people from being committed to state hospitals.¹¹ See Section 6 – Campus-wide Alternatives for more details.

Public Health Laboratories (PHL) Facility Overview

Located on the southern portion of the campus, the DOH's Public Health Laboratories (PHL) provide a range of diagnostic and analytical functions to identify and track infectious/communicable diseases, heritable/genetic diseases, and environmental contamination. The PHL also provides training, consultation with clinical and environmental laboratories, and scientific leadership in developing public health policy.¹²

¹⁰ DSHS, *Phase III Master Plan*, 27.

¹¹ Washington Department of Social & Health Services (DSHS), *Behavioral Health: Community Civil 48-Bed Capacity* (Olympia, Washington: 2020), 8.

¹² Washington Department of Health (DOH) *Public Health Laboratories Directory of Services* (Olympia, Washington: 2020).

The PHL's current building is approximately 65,000 sf, with each of the PHL program areas occupying a separate wing of the building. The PHL staff estimate that roughly 300 staff work at the facility.¹³ DOH completed a master plan for the PHL in 2010, which identified the potential for several improvements and two new wings at the facility. DOH reduced the scope of that plan in subsequent years and does not foresee a need for expanding beyond the current boundaries of its property.

Regulatory Framework

Comprehensive Plan and Zoning

The campus has a land use designation of Institution/Campus. The plan describes the campus as a major employer within Shoreline, including both the Fircrest School and the Public Health Laboratories. Multiple policies within the comprehensive plan focus on the potential for greater economic opportunities at the site.¹⁴

The overall campus is zoned and mapped as the Campus Zone (C), though the City has further sub-zoning as described in SMC 20.40.045: The DOH PHL is zoned Public Health Laboratory Zone (PHZ), and the rest is zoned Fircrest Campus Zone (FCZ). Table 3 summarizes allowed uses for these zones. Multifamily housing and commercial uses are not currently allowed in Campus zones pursuant to SMC 20.30.060 and 20.30.353.

¹³ Office of Financial Management (OFM), Phone Interview with PHL Staff, September 10, 2020.

¹⁴ City of Shoreline, *Comprehensive Plan* (Shoreline, Washington: 2012), 105.

Table 3 Allowed uses for the Public Health Laboratory (PHZ) and Fircrest Campus (FCZ) zones per Shoreline Municipal Code 20.40.150 Campus Uses

SPECIFIC LAND USE	FCZ	PHZ
Child and Adult Care Services	P-m	
Churches, Synagogue, Temple	P-m	
Food Storage, Repackaging, Warehousing and Distribution	P-m	
Fueling for On-Site Use Only	P-m	
Home Occupation	P-i	
Housing for Disabled Persons	P-m	
Library		P-m
Light Manufacturing	P-m	
Maintenance Facilities for On-Site Maintenance	P-m	P-m
Medical-Related Office or Clinic (including personal care facility, training facilities, and outpatient clinic)	P-m	P-m
State Owned/Operated Office or Laboratory	P-m	P-m
Nursing Facility	P-m	
Personal Services (including laundry, dry cleaning, barber and beauty shop, shoe repair, massage therapy/health spa)	P-m	
Power Plant for Site Use Power Generation Only	P-m	P-m
Research Development and Testing	P-m	P-m
Residential Habilitation Center and Support Facilities	P-m	
Social Service Providers	P-m	
Specialized Instruction School	P-m	
Support Uses and Services for the Institution On-Site (including dental hygiene clinic, theater, restaurant, book and video stores and conference rooms)	P-m	P-m

P = Permitted Use

P-i = Permitted Use with Indexed Supplemental Criteria

P-m = Permitted Use with approved Master Development Plan

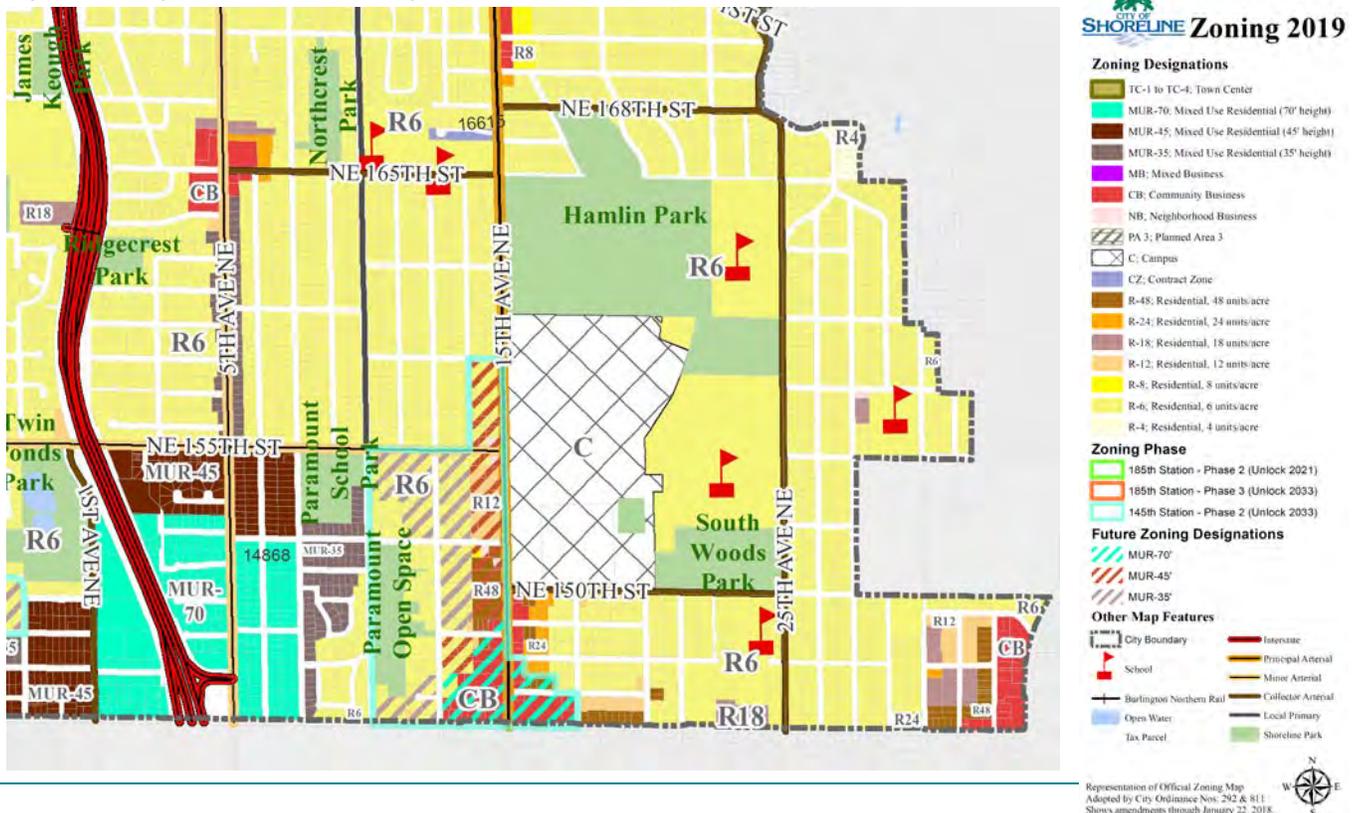
Surrounding Land Use and Zoning Context

The land use context surrounding the campus is predominantly residential. Adjacent uses, however, are a mix of parkland, schools, mixed-residential, and commercial uses. The 15th Avenue NE corridor functions as the front door of the campus to the west and features a mix of commercial and low-density multifamily uses toward the south and mostly single family uses toward the north. Heavily wooded Hamlin Park borders the campus to the north and Shorecrest High School and South Woods Park border the campus to the east behind a buffer of tall trees. Northeast 150th Street borders the campus to the south and single-family uses exist across the street.

Figure 7 illustrates zoning in the campus vicinity. While R-6 is the predominate zone in the area, the property across the street from 15th Avenue NE features mostly R-12 and R-48 zoning. Those properties are part of a phased Mixed-Use Residential (MUR) zone with a 45-foot height limit that is scheduled to unlock in 2033 as a part of the 145th Street Station Subarea Plan. The block of NE 150th Street east of 15th Avenue NE includes a mix of Community Business, R-48, R-24, and R-6 zoning.

Light rail will come to Shoreline by 2025 with the closest station at NE 145th Street, just over a half-mile from the southwest corner of the campus. However, due to the large block sizes in the area, and the interruptions of the street grid by Paramount Park and its stream/wetland corridor, the functional distance to the station is closer to one mile from the southwest corner of the site. The 145th Street Station Subarea Plan instituted a phased zoning approach for the neighboring areas directly west and southwest of the campus, which will be automatically up-zoned in 2033 to Mixed-Use Residential (MUR) with 45-foot height limits across the street from the campus and up to 70-feet to the south. (See blue-green and dark brown areas in Figure 7.)

Figure 7 Zoning in the area surrounding the campus



Master Development Plan (MDP)

Applicants for a new use, expanded use, or redevelopment within the Campus zone must prepare a master development plan per SMC 20.30.353. Existing plans may be amended, subject to restriction. The plan must describe phasing over 20 years along with environmental and community benefits, infrastructure capacity or expansion, and architectural design concepts. Master plan developments must adhere to specific development standards, summarized in Table 4.

Table 4 Master Development Plan development standards

Summary list of MDP development standards (per SMC 20.30.353(D))	
1.	Density is limited to a maximum of 48 units per acre.
2.	Height is limited to a maximum of 65 feet.
3.	Buildings must be set back at least 20 feet from property lines at 35 feet building height abutting all R-4 and R-6 zones. Above 35 feet buildings shall be set back at a ratio of two to one.
4.	New building bulk shall be massed to have the least impact on neighboring single-family neighborhood(s) and development on campus.
5.	At a minimum, landscaping along interior lot lines shall conform with the standards set forth in SMC 20.50.490.
6.	Construction of buildings and parking areas shall preserve existing significant trees to the maximum extent possible. Landscaping of parking areas shall at a minimum conform with the standards set forth in SMC 20.50.500.
7.	Development permits for parking shall include a lighting plan for review and approval by the Planning Director. The lighting shall be hooded and directed such that it does not negatively impact adjacent residential areas.
8.	The location, material, and design of any walkway within the campus shall be subject to the review and approval of the Planning Director.
9.	Where adjacent to existing single-family residences, campus roadways and parking areas shall be landscaped as much as possible in the space available to provide a visual screen. The amount and type of plant materials shall be subject to the review and approval of the Planning Director.

The preparation of a Master Development Plan and the accompanying environmental analysis are the responsibility of the applicant. The fee for the MDP permit as summarized in a 2019 City of Shoreline staff report is \$29,353, with SEPA review adding between \$4,635-\$8,033. Applicants are encouraged to develop a consensus-based master development plan through outreach to the community and stakeholders as set forth in SMC 20.30.085. The Master Development Plan review timeline is 120 days and approval is based on the criteria listed in Table 5. Master Development Plans shall expire 20 years after City approval.¹⁵ The State has made multiple attempts to begin the MDP process in the last decade but has not completed an MDP application.

¹⁵ Nathan Daum and Rachel Markle. “Discussing Fircrest Master Plan and Underutilized Property Land Use Options” in *City Council Meeting Agenda* (Shoreline, Washington: February 4, 2019).

Table 5 Master Development Plan decision criteria

Summary list of MDP decision criteria (per SMC 20.30.353(B))
1. The project is designated as either campus or essential public facility in the comprehensive plan and development code and is consistent with goals and policies of the comprehensive plan.
2. The master development plan includes a general phasing timeline of development and associated mitigation.
3. The master development plan meets or exceeds the current critical areas regulations, Chapter 20.80 SMC, Critical Areas, or Shoreline Master Program, SMC Title 20, Division II, if critical areas or their buffers are present or project is within the shoreline jurisdiction and applicable permits/approvals are obtained.
4. The proposed development uses innovative, aesthetic, energy-efficient and environmentally sustainable architecture and site design (including low impact development stormwater systems and substantial tree retention) to mitigate impacts to the surrounding neighborhoods.
5. There is either sufficient capacity and infrastructure (e.g., roads, sidewalks, bike lanes) in the transportation system (motorized and nonmotorized) to safely support the development proposed in all future phases or there will be adequate capacity and infrastructure by the time each phase of development is completed. If capacity or infrastructure must be increased to support the proposed master development plan, then the applicant must identify a plan for funding their proportionate share of the improvements.
6. There is either sufficient capacity within public services such as water, sewer and stormwater to adequately serve the development proposal in all future phases, or there will be adequate capacity available by the time each phase of development is completed. If capacity must be increased to support the proposed master development plan, then the applicant must identify a plan for funding their proportionate share of the improvements.
7. The master development plan proposal contains architectural design (including but not limited to building setbacks, insets, facade breaks, roofline variations) and site design standards, landscaping, provisions for open space and/or recreation areas, retention of significant trees, parking/traffic management and multimodal transportation standards that minimize conflicts and create transitions between the proposal site and adjacent neighborhoods and between institutional uses and residential uses.
8. The applicant shall demonstrate that proposed industrial, commercial or laboratory uses will be safe for the surrounding neighborhood and for other uses on the campus.

Future Approaches to the Site

City staff prepared a memo to City Council for their February 4, 2019 meeting to provide background information on the Fircrest School campus, including current zoning, relevant policy language, comprehensive plan designation, previous City Council discussion and workshops involving the campus, related plans, and recent/ongoing campus master planning efforts. The intent of the discussion was for staff to understand City Council’s preference for the role, if any, that the Council would like the City to play in identifying uses for any underutilized properties at the Fircrest School campus. Staff has identified four primary ways (Options A-D) in which the State, future property owners, or the City could be involved in determining uses and/or zoning of the campus.¹⁶

- Option A: Master Development Plan (MDP)
- Option B: State Agency Initiated Comprehensive Plan and Concurrent Rezone

¹⁶ Daum and Markle, “Discussing Fircrest Master Plan”.

- Option C: Council-Initiated Comprehensive Plan Amendment and Concurrent Rezone of All or Part of the Fircrest School Campus
- Option D: City-Initiated Comprehensive Plan and Development Plan Text Amendments Modifying Campus Land

See Appendix A for background on each option, including summaries from City staff on the pros and cons of each.

Key Findings from Regulatory Framework

The consultants' review of the current regulatory conditions resulted in several findings of significance to the final recommendations of this report.

- The campus is in a predominantly residential area within the City of Shoreline and the community may have strong opinions on significant changes or the type, character, and intensity of future redevelopment.
- City policies indicate a desire to bring new uses, economic development opportunities, and jobs to the site.
- The City's requirement for a Master Development Plan (MDP) for all campus development is a significant permitting process that has resulted in several prior attempts by the State, but no resolution or completed application to date.
- Future development of excess campus property will require a comprehensive plan amendment and rezone.

Environment, Infrastructure, and Transportation

Environmental Critical Areas

The campus is located within the Thornton Creek sub-basin of the Cedar-Sammamish watershed (WRIA 8); most of the site is located in a relatively flat broad valley, but a hill in the northwest corner extends approximately 40 to 60 feet above the interior gradient. Along the east property line, the gradient increases approximately 35 feet, steeply in some areas. The site has patchy forest stands, though most of the vegetated areas on campus are maintained as lawn with ornamental landscaping.

Geologic Hazards

Slopes that are likely to meet "steep slope" criteria are located along the east property boundary. The northeast side of the campus is at the toe of a slope with a gradient of approximately 35% to 45%.¹⁷ Golder Associates completed a preliminary geotechnical assessment for the Fircrest School Site in 2002. That report did not document any regulatory requirements for on-site or adjacent slopes in the landscape. However, site topography and City of Shoreline GIS Property Information maps indicate a regulated geologic hazard is likely present in the northeast side of the property. This would require a 50-foot buffer, though this could be reduced to a minimum of 15 ft with further study by a geotechnical engineer.

Hamlin Ditch Drainages

Drainage ditches which feed into the Hamlin Creek system are mapped by some sources, including WDFW, on the east side of the campus. The City of Shoreline reviewed on-site drainages in 2009 to determine their

¹⁷ King County, "iMap Topography," King County GIS Center, August 22, 2018, <https://www.kingcounty.gov/services/gis/Maps/imap.aspx>.

jurisdictional status. The City concluded that independent studies prepared by qualified professionals demonstrate City-mapped tributaries on the campus and in Hamlin Park to the north do not meet the City's definition of a regulatory stream. A current site walk supports the City's characterization of the drainages as an artificial system for stormwater flows. Permitting requirements and site constraints would be limited to direct impact to the drainages.

Wetlands

Prior studies and referenced public resources identified no wetlands on the campus. It is possible some segments of the Hamlin Ditch drainages may exhibit wetland characteristics, but since ditch wetlands are not regulated as wetlands under city code, no buffer is required.

Trees

The campus contains a number of forest patches that are scattered throughout the site. Although significant trees are not a critical area, tree canopy is a part of the City's natural resource management. The City manages tree conservation under SMC 20.50, subchapter 5.

The City of Shoreline defines significant and landmark trees as follows per SMC 20.20.048.

- **Significant tree:** Any tree eight inches or greater in diameter at breast height if it is a conifer and 12 inches or greater in diameter at breast height if it is a non-conifer (excluding those trees that qualify for complete exemptions under SMC 20.50.310(A).)
- **Landmark tree:** Any healthy tree over 30 inches in diameter at breast height or any tree that is particularly impressive or unusual due to its size, shape, age, historical significance, or any other trait that epitomizes the character of the species, or that is a regional erratic.

A tree inventory would be needed to determine the condition and status of trees proposed for removal.

Transportation

The Fircrest School campus is bound by 15th Avenue NE to the west, NE 150th Street to the south, 25th Avenue NE to the east and Hamlin Park Road to the north and east. Figure 8 illustrates the transportation system surrounding the campus including major streets, bicycle facilities, and transit service and stops. Access to the campus is provided at the signalized 15th Avenue NE at NE 155th Street intersections and along NE 150th Street at unsignalized intersections with 17th Avenue NE and 20th Avenue NE. Private roads and driveways provide circulation on-site, except for NE 160th Street which is a City local secondary street. The campus is well-served by transit but walking distance from within the campus could be far depending on the location.

Considerations for Adjacent Streets

A grid network of streets surrounds the campus and provides good connectivity for driving, walking, and biking. The site is less than a five-minute drive from Interstate (I) 5 and State Route (SR) 522. Most amenities and commercial uses are south of the site along NE 145th Street including the nearest grocery store, QFC, which is approximately 1/2-mile from the site.

The lack of sidewalks and fencing along the 15th Avenue NE campus frontage presents a barrier for walking and biking to and from campus. Enhancing the 17th Avenue NE entrance to have more of a front door feel brings the campus closer to the sidewalk, bicycle, and transit facilities. The City of Shoreline's Transportation Master Plan anticipates poor operations, higher traffic volumes, and more congestion on 15th Avenue NE.

Infrastructure

Summary of existing infrastructure

Water

According to the Phase III Master Plan, the campus-wide water system is not adequate to serve fire sprinkler needs. In July 2017, the laundry facility caught fire and burned to the ground. It was the opinion of the fire department that the water flows were not sufficient due to capacity issues. A 2019 report with joint recommendations from DNR and OFM¹⁸ proposes possible solutions:

- **Provide an additional water source for the property, such as water tanks.** This would help meet the surge in demand in the event of a fire. The Phase III Campus Master Plan includes a proposed location for the water tanks in the upper northwest corner of the campus. According to DSHS, this is based on elevation and proximity to the current North City Maintenance Facility. Prior to the completion of the Master Plan, North City Water District and DSHS had discussed a location to add system capacity, and North City had recommended this location at the upper northwest corner of the campus. It does not appear that proposed development will conflict with this recommended location.
- Include all of the campus within the North City Water District system. The site is currently self-managed.

Given the ongoing nature of this discussion, the consultants did not make specific assumptions on water utilities, but the site plans within this report did reserve space for the location of water tanks in the far NW corner of the campus.

Stormwater

According to publicly available GIS data, there is a closed storm system serving the site, which feeds into public storm sewers (operated by the City of Shoreline).

- There is limited information on capacity of the system, and further research will be needed to investigate drainage complaints in the public storm sewer system downstream of the site. Some buildings on the south end of the site had previously experienced localized flooding in basements. This potentially indicates high groundwater in select areas and/or inadequacies in the stormwater system. Area 6 (southwest corner) is the lowest part of the campus. However, this area drains into a system leaving the campus at the southwest corner that eventually outlets into wetlands to the southwest.
- Increased runoff from new roofs and impervious parking areas are not anticipated to overburden the existing system. Any proposed developments that increase sources of runoff will require new on-site flow control facilities to mitigate the off-site flow to pre-developed levels.
- On the eastern portion of the site, the closed system is fed by an open drainage swale which runs along the east side of Hamlin Park and enters the on-site closed system just north of Hamlin Park Rd/NE 160th St.
- Discussions with the City of Shoreline indicate the City does not classify the aforementioned western reach as a stream, but rather as a drainage. The drainage would not be regulated under Shoreline Municipal Code Chapter 20.80. However, an Administrative Order (#000110-081909 by the City Director of Planning and Redevelopment Services) noted that the State may still consider this drainage a “water of the state” per WAC 220-110-020 (107). If so, additional requirements or restrictions may

¹⁸ DNR, *Recommendations 2019*

apply from the State. Additionally, GIS identifies the reach as potentially requiring Hydraulic Project Approval (HPA) from WSDOT.

Sanitary Sewer

Ronald Wastewater District operates two sewer mains which run through the property.

- The 2019 Recommendations report¹⁹ mentions that the existing sewer system has excellent site coverage and capacity, and notes that some system modifications are needed to place the Fircrest School on a separate system so that potential future third party users can have their own services. According to the Ronald Wastewater District, although the sewer main is in good condition, laterals are not necessarily in good condition (see below).
- Despite excellent coverage and capacity, the information available seems to suggest that repairing or replacing much of the system may still be necessary (due to old and deteriorated side sewers, and asbestos-lined pipes).
- It is possible that the existing sewer mains servicing the site provide adequate capacity; however, this should be confirmed.

Stormwater management considerations with development

Flow control and water quality facilities will be needed to treat new roofs and impervious parking areas, thus some land area (or multiple areas) will need to be dedicated to stormwater facilities, such as ponds.

Appendix D of the Phase III Master Plan proposed ponds at five locations throughout the campus. As an alternative, underground detention could be used under proposed parking areas, although ponds are often the more economical solution. Infiltration and dispersion will also need to be evaluated, and if feasible, some land area will need to be dedicated to this as well.

Infrastructure considerations with development

Telecommunications

Lumen (formerly CenturyLink) currently services the site. However, if desired, there is opportunity to work with other telecommunication service providers such as Comcast and Zply, as each of these utilities own network facilities adjacent to the site, along 15th Avenue NE.

Gas

Puget Sound Energy (PSE) currently services and maintains existing gas utilities on the site. One single remote meter set near NE 150th Street and 20th Avenue NE provides branch connections throughout the property which services multiple buildings. Need to coordinate with PSE on future development needs.

Electrical

Electrical services are provided by Seattle City Light (SCL). Per the Phase III Master Plan, electrical service extends from NE 150th Street and is distributed to the site to provide power to the buildings and light poles. It is also understood that an electrical system capital improvement plan was being developed by DSHS which includes rewiring and installing an emergency backup system. Furthermore, DOH is currently designing a boiler-plant to move away from utilizing the Fircrest steam plant as the source of heat for most of the buildings on the campus. To power the boiler-plant, a new transformer in the SW area of the site would be required.

- These electrical site improvement plans will need to be directly coordinated with future site development.

¹⁹ DNR, *Recommendations 2019*

- The Phase III Master Plan proposed siting a new power building in the southeast section of the campus. The consultants considered that location in their site planning.

Key Findings on Environment, Transportation, and Infrastructure

- The City does not classify the existing site drainages as streams, but it is likely that Washington State agencies would regulate the drainages. This could result in additional permit requirements if there are direct impacts to the drainages.
- Steep slopes along the eastern edge of the site could result in a 50-foot buffer for redevelopment. However, it is possible that this buffer requirement could be reduced significantly with additional technical review by a geotechnical engineer.
- The existing water system is not adequate to meet existing fire safety standards for the campus.
- Stormwater system for the site lacks documentation, so further assessment of stormwater management requirements is needed.
- Electrical site improvement plans currently in development by both DOH and DSHS will need to be directly coordinated with future site development, particularly in the southeast corner of the site.
- Existing stands of trees on the site may meet the City’s definition of significant trees. A full survey of the site’s trees would indicate the number of trees and verify if any individual trees meet the City’s landmark definition.
- The removal of trees from properties zoned NB, CB, MB, TC-1, 2, and 3, and MUR-70’ – unless within a critical area or critical area buffer – is exempt from the permit requirements of the City’s Tree Conservation, Land Clearing and Site Grading Standards (SMC 20.50.290.) If the rezoning and development of the property is pursued and tree removal is considered, establishing requirements for tree retention and removal will be necessary.
- 15th Avenue NE is projected to have higher traffic volumes and more congestion in the future, so significant redevelopment may result in traffic impacts.
- Given that many residents of Fircrest School have limited mobility, all future development should prioritize accessibility across the campus to remove barriers and promote universal access.

Assessment of Site Areas

To better understand the campus as a whole, the consultants divided the property into seven potential areas (Areas) for development and assessed the opportunities and challenges of each. The consultants largely followed the areas defined by earlier plans, most notably the Phase III Master Plan. Figure 9 illustrates the individual areas of the campus that this report explored. Table 6 lists the area numbers and descriptive names and highlights the current uses and owners of the land.

Figure 9 Map showing potential development areas

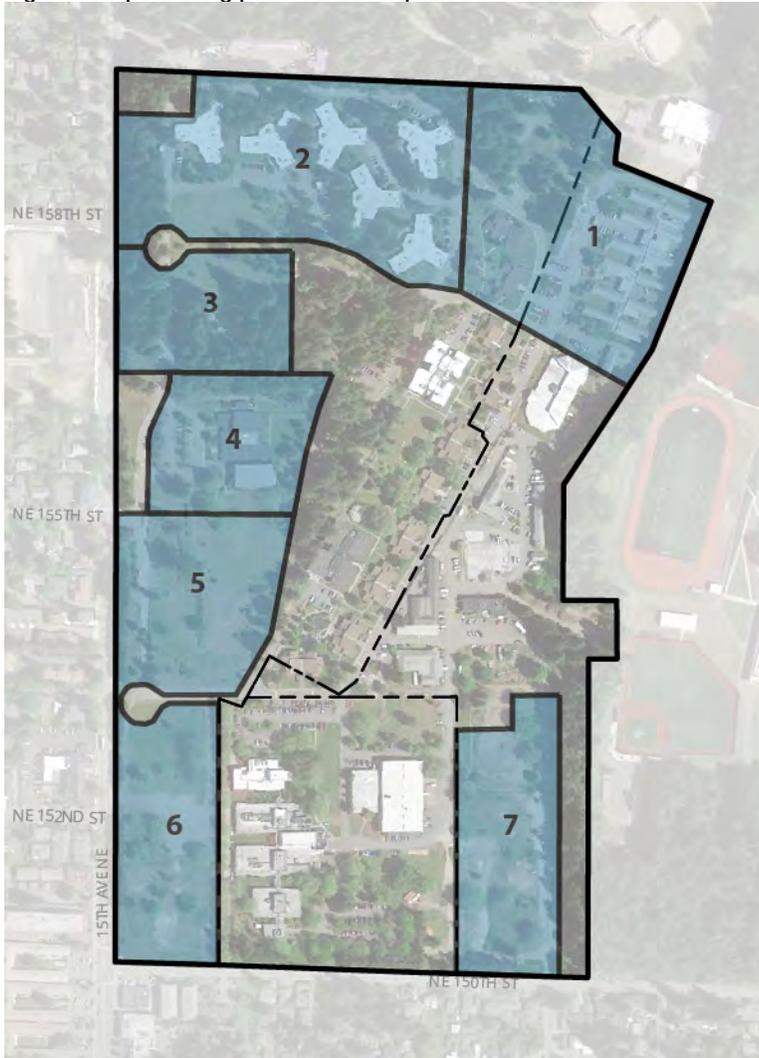


Table 6 Site area numbers, descriptive names, current use, and land owner

Number	Descriptive Name	Acreage (Approximate)	Current Use	Land Owner
1	Northeast Corner	4.3 ac	Fircrest School (ATP building, cottages and warehouse)	DSHS (eastern portion) DNR (western portion)
2	Northwest Corner	11.7 ac	Fircrest School (Nursing facility)	DNR
3	Madrona	4.6 ac	Vacant	DNR
4	Activities Building	4.4 ac	Fircrest School (Activities Building)	DNR
5	Activities South	4.5 ac	Vacant	DNR
6	Southwest Corner	5.3 ac	Vacant	DNR
7	Southeast Corner	4.9 ac	City of Shoreline Dog Park	DSHS

Area 1 – Northeast Corner

Figure 10 Aerial image of Area 1



This area of the site is the most remote portion of the campus largely due to topography and the configuration of the existing roads. It is currently where Fircrest School's ATP building is located, though this building will be demolished once the existing programs and offices it holds are relocated to a vacant building on the Fircrest School grounds. Given the remote access to the site and the close proximity to other Fircrest School facilities, the consultants deemed that this parcel would be best used for institutional purposes, such as the Fircrest School nursing facility, or the behavioral health center. See Section 5 for more information about land valuation.

Any future development of the site would need to account for the environmental conditions noted in Section 3. The

slope along the eastern portion of the site may require an up to 50' buffer. Two drainages run through the parcel, one below the existing road and the other along the eastern edge of the site in a partially piped ditch. The consultants considered these factors in assessing development options for the site.

Area 2 – Northwest Corner

Figure 11 Aerial image of Area 2



The Northwest Corner is the highest elevation of the overall campus and the site of Fircrest School's existing nursing facility buildings. The site contains a number of mature trees and is separated from the adjacent 15th Avenue S arterial to the west by a wooded ravine. With North Woods Park to the north, the site is well-buffered by forest, and is an attractive site for residential development. See Section 5 for more information about land valuation.

The existing ravine is steep and provides a helpful screen and buffer from 15th Avenue S. Sensitive site planning could integrate residential development into the site while also retaining some of the site's existing trees. The Phase III Master Plan identified the far NW corner of the site as the potential future location of water tanks that will provide additional water capacity for the campus. The consultants considered these elements as they developed conceptual layouts shown in Section 6.

Area 3 – Madrona

Figure 12 Aerial image of Area 3



Area 3 is located just south of Area 2 and is often referred to as the Madrona site. It is a vacant and largely forested area. The Fircrest School chapel is adjacent to the site to the east and the activities buildings is to the south. This is DSHS’s preferred site for the new nursing facility. Given the existing trees and the proximity to the chapel, the site could also offer a light recreation and open space amenity for community members and Fircrest School residents. See Section 5 for more information about land valuation.

Area 4 – Activities Building

Figure 13 Aerial image of Area 4



Just south of Area 3 is Fircrest School’s activities building. The facility is used by Fircrest School residents for ATP classes and social activities. The facility also provides the Fircrest School as space to engage the larger community. Given that currently the space is used by the Fircrest School, the consultants did not explore redevelopment of the site. If new uses are brought to the sites adjacent to this facility, there may be opportunities for partnership and/or shared use of the space.

Area 5 – Activities South

Figure 14 Aerial image of Area 5



Area 5, a sloped lawn south of the activities center, is an open and attractive location within the campus. The site is elevated above 15th Avenue. S, the Fircrest School to the east and the PHL to the south. The parcel is attractive for redevelopment, but also highly visible from adjacent residential neighborhoods to the west given the topography and lack of trees. See Section 5 for more information about land valuation.

Area 6 – Southwest Corner Figure 15 Aerial image of Area 6



Area 6, the Southwest Corner of the site, is located adjacent to the intersection of 15th Avenue S and NE 150th Street. The site is flat and open, with a few mature trees within and along the perimeter. The site is at the same elevation of the adjacent streets and is a good opportunity for redevelopment, given the street access and proximity to commercial centers south of the campus. This corner of the site is the closest to the future light rail station at NE 145th Street. With the PHL adjacent to the site to the west, future uses that are compatible with or build on that existing use will be most beneficial to the overall campus. See Section 5 for more information about land valuation.

Area 7 – Southeast Corner Figure 16 Aerial image of Area 7



Area 7, the Southeast Corner of the campus, is similar in size and scale to Area 6, but has significantly less street frontage as it is adjacent to NE 150th St. to the south and a steep, wooded slope to the east. The City of Shoreline currently leases the site for use as a dog park. The site is flat and largely open, with only a few trees. There have been some reports of drainage issues, which could be due to a high water-table and/or soil conditions or lack of stormwater facilities. The Phase III Master Plan reserved the far NW corner of the site for a new power building and the consultants took that into account in their site planning.

The consultants assumed development of this site was feasible, though less desirable than areas along the western portion of the site due to the more secluded location. Private development or institutional uses would make sense here. The existing dog park has been an established use thus far next to the PHL; continuing to use the site for active recreation is also possible. See Section 5 for more information about land valuation.

Section 4

Description of Analytical Process

Overview

As early steps of this project, the consultants reviewed existing plans and conducted the background research summarized in Section 3. In addition, the team met with key stakeholders, including staff from DOH, DNR, DSHS, and the City of Shoreline. Next, the team reviewed individual areas of the campus to assess the development opportunities, infrastructural and environmental constraints, and stakeholder needs and preferences for each area. With this foundation of information, the team was able to efficiently develop campus-wide alternatives (see Section 6) and the final recommendations of this plan (see Section 8).

Table 7 outlines the key steps the consultants took in development this Land Use Assessment.

Table 7 Land use assessment timeline and key process steps

September	October	November	December	January 2021
Background Research	Stakeholder Interviews	Site Areas Assessment	Early Campus-wide Alternatives	Final Report
	Site Visit	Stakeholder Briefings	Final Alternatives	

Stakeholder Interviews

Through a series of interviews, stakeholders provided information about their role at the campus and gave general feedback on this planning effort. These meetings provided the project team critical insights and a thorough understanding of site considerations and stakeholder perspectives. This section outlines key feedback from the interviews. See Appendix B for full summaries of these initial meetings.

Key Feedback

DSHS

- The campus has allowed Fircrest School to evolve to changing needs over time – DSHS is concerned that extensive development could limit the ability to meet future needs.
- DSHS cannot easily predict future needs – the new behavioral health center is an example of that.
- Single story facilities work better for residents and staff. Buildings that include administrative offices on a second floor can work.
- Access to the outdoors is important for all residents, including those in the nursing facility.
- DSHS expressed concerns about some of the City’s permitting process requirements (requiring street improvements, etc.)
- Maintenance facilities will need to be replaced in the future, though some could be consolidated.
- Madrona site is the preferred location for the new nursing facility. The NE corner of the site, currently occupied by the ATP building is a possibility, but less ideal due to potential impacts to other facilities.

DNR

- DNR have a legal, fiduciary responsibility governing how they manage trust land, including undivided loyalty to the trust, inter-generational equity, and putting the trust land to productive use.
- DNR staff noted that land valuation has been a key challenge in previous discussions about the future of the campus. It would be helpful to have the City outline what the zoning might be and use that as a base for the assumptions.
- For the Land Use Assessment, DNR wants to see clear, well-defined options for the Legislature to consider.

DOH

- DOH staff noted that PHL does not have current plans to expand beyond the existing boundaries of their property.
- DOH and PHL are open to redevelopment of portions of the campus, but they have concerns about residential uses adjacent to the PHL facility since the public is sometimes suspicious or has undue concerns about standard laboratory work.
- DOH has developed some plans on the assumption of having a new road from 150th north to building 22/20 and administrative building. This was the road location shown in an earlier version of the DSHS master plan, but in more recent iterations it has shifted further west. PHL prefers the earlier location for that road.

City of Shoreline

- Shoreline staff noted that the City would like to unlock economic development potential at Fircrest and prefers commercial uses that bring living-wage jobs to the area.
- The City would like to see commercial uses that build on the existing assets and provide living-wage jobs – for example, an innovation district around the PHL similar to Shoreline Community College’s job training program. Filmmaking is another industry that operates in Shoreline and the city expressed a desire for a soundstage.

- The City would like to see a park for active recreation, roughly 5 acres in size.
- Community currently uses the site for walking, bird watching, and dog walking. Trees are important to the community and removal of campus trees may be a significant concern to neighbors. Future engagement with the community around redevelopment topics will be needed.
- The City supports the State in locating a future 48-bed behavioral health center at the site – they recognize this is a need in the community, regionally, and statewide, and sees this as an essential public facility. The City recognizes that some jobs would come from this but would like to see more commercial uses at the campus.
- Staff mentioned a range of potential zones and offered alternatives to the Master Development Plan (MDP) process (e.g. comprehensive plan amendment & rezone).
- An MDP would still be required for the Fircrest School RHC to move ahead with the nursing facility, etc. unless there is a full campus comprehensive plan amendment or rezone that defines where a facility is permitted use.

Site Walk with DSHS Staff

After an initial review of previous plans, the consultants met with DSHS operations and facilities staff to tour the Fircrest School campus on October 6, 2020. DSHS provided additional background information and answered questions from the consultants at that time.

Analysis of Site Areas and Early Alternatives

Using the information gathered from the background report, the interviews, and the site visit, the consultants assessed the programmatic needs of Fircrest School, DSHS, and DOH, the interests of DNR, and the development opportunities for the overall campus per district areas as defined by earlier planning efforts. The team identified the sites best suited for both the nursing facility and the behavioral health center and explored a range of configurations for these sites. The team also identified sites most suited for both commercial and residential uses, exploring a range of density and development intensity. Through this study of the campus's individual areas, the consultants explored development opportunities, financial feasibility, institutional programmatic needs, environmental constraints, regulatory challenges, infrastructure improvements, and the integration of the campus into the residential neighborhood.

With an understanding of the individual areas of the campus, the team developed preliminary campus-wide alternatives. The team created a series of land use diagrams, which later supported more detailed site plan illustrations that the team used to explore options to balance development opportunities, DSHS facility needs, and City priorities. This was an iterative process, and the consultants assessed several configurations for the site before developing the final alternatives and recommendations.

Preliminary Briefings

The consultants briefed the agencies on early draft alternatives to ensure work aligned with key stakeholder input and to gather additional feedback. The consultants adjusted the alternatives and developed detailed recommendations to accompany those conceptual layouts.

Final Alternatives and Final Plan

The results of this work are shared in the final sections of this this Land Use Assessment. Section 6 provides detailed information on the three final alternatives. Section 8 outlines the key steps towards implementation, including both public agency agreement and private sector investment phases. Section 9 outlines the final conclusions of the study. The consultants presented the final draft of this Land Use Assessment to OFM staff on January 15, 2021.

Section 5

Economic and Financial Analysis

Introduction

Identifying appropriate types of potential development for the Fircrest campus is a critical element of this study. To this end, Heartland evaluated a range of potential real estate product types for financial viability across the Fircrest campus. There is strong demonstrated demand in the market area for residential uses across both for-rent and for-sale product types, specifically for-rent multifamily and for-sale townhomes. In addition, Heartland evaluated potential commercial office uses. Office demand in this location is expected to be much more limited as evidenced by the lack of recent new office construction. This section of the report summarizes valuation findings by product type and applies per-unit land contribution values to the site alternatives devised by the consultant team to project financial returns from land at Fircrest.

Multi-family

Approach

The City of Shoreline has benefited from strong land sale transaction activity in the years leading up to and following the implementation of the 145th Street Subarea Plan and the 185th Street Subarea Plan in 2015 and 2016. Planned light rail stations serving these locations, enabling easier access to economic centers in downtown Seattle and around Puget Sound, have spurred significant interest from the development community. In this context, after identifying a subset of relevant comparable sales, selecting the most appropriate, and making adjustments for time, density, and location, and specific sale conditions as appropriate, Heartland estimated a range of values based upon (a) price per land square foot and (b) price per unit.

Heartland identified a shortlist of eight (8) multifamily land sale transactions which closed within the past 5 years within Shoreline city limits and within reasonable proximity to the Fircrest site²⁰. (see Figure 17 and Table 8.) Density for these eight new multifamily development projects ranged from 121 units per acre to 227 units per acre. Sale price per land square foot ranged from \$36 on the low end (an outlier) to \$184 on the high end (also an outlier). Sale price per multifamily unit ranged from \$13,000 on the low end to \$57,000 on the high end. For context, multifamily development sites in core neighborhoods in downtown Seattle, prior to the coronavirus pandemic, were transacting for upwards of \$90,000 per unit. Heartland applied time, location, and density adjustments based upon zoning, as appropriate. Heartland then selected those comparable sales most appropriate and relevant to Fircrest given the assumed development context, after taking account of sale recency, anticipated building typology, site-specific and transaction-specific elements (including, for example, entitlement status and non-arm's length transactions), among other factors.

Selected Comparable Sales

Heartland focused the valuation on the following three sales which are most relevant to the Fircrest site:

²⁰ Heartland Proprietary Data and Data Collected from Past Assignments; CoStar; City of Shoreline Construction Permitting Data; County Assessor Data.

1. 15560 Westminster Way N – Trammell Crow Residential closed on the sale of this 1.97-acre site on December 21, 2018. This was an arm’s length sale with some environmental remediation. The site was under contract for seventeen (17) months and entitlements for a 330-unit project were approved at time of sale. Construction start for this project, known as “The Alexan Shoreline” began in February of 2019. Adjusting for time of sale, location, and specific transactional elements including entitlements and environmental remediations, the adjusted value estimated for the Fircrest site came in at \$136 per land square foot or approximately \$36,000 per unit.
2. 19022 Aurora Ave N – Trent Development Closed on the sale of this 1.65-acre redevelopment site on March 23, 2018. The permit pre-application was filed in February of 2018 for a 244-unit multifamily project to be called “Crux”. The site was sold with an existing lease encumbrance. Adjusting for time, location and sale conditions influencing the purchase price, the estimated adjusted value as it relates to the Fircrest site is \$99 per land square foot, or \$29,000 per unit.
3. 18815 Aurora Ave N – Shea Properties completed its purchase of this 1.67-acre redevelopment site on December 12, 2019. The pre-application process for the 315-unit project started on May 24, 2019, and the site was under contract for 210 days prior to closing. Adjusting for time, location and sale conditions influencing the purchase price, the estimated adjusted value as it relates to the Fircrest site is \$152 per land square foot, or \$35,000 per unit.

Proximity to transit resources, in particular light rail stations, has outsized impact on land values which can be difficult to quantify. Selecting sites roughly equidistant from future light rail, whether east or west of I-5, was important. The three primary land sale comparables are roughly equally distanced to their nearest future light rail stations at either NE 185th Street and NE 145th Street.

Figure 17 Map of comparable sites

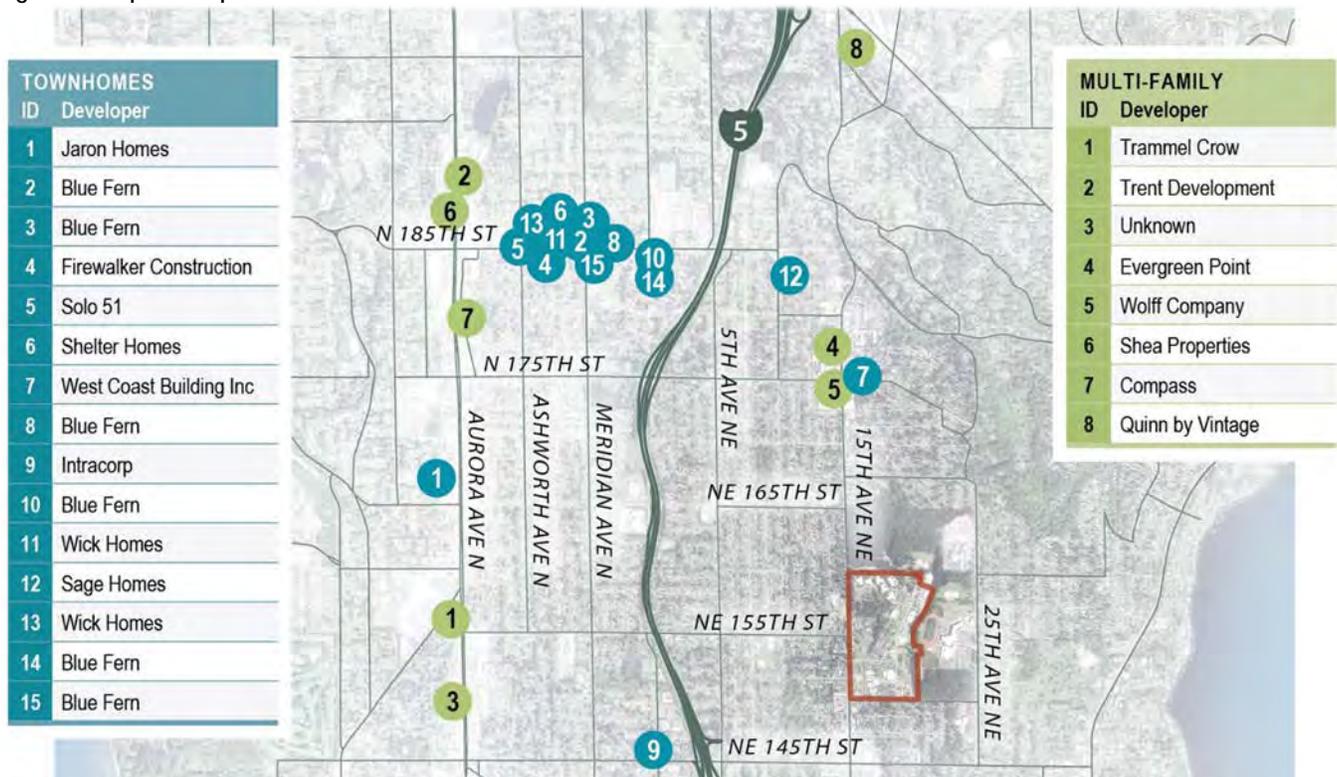


Table 8 Multi-family sites

ID	Address	Developer	Lot Size	DU/Acre	Sale Date	Adj. \$ / LSF	Adj. \$ / Unit
1	15560 Westminster Way N	Trammel Crow	88,268	163	12/21/18	\$136	\$36,321
2	19022 Aurora Ave N	Trent Development	71,981	148	3/23/18	\$99	\$29,083
3	14925 Aurora Ave N	Unknown	58,972	159	6/13/16	\$74	\$20,253
4	17567 15th Ave NE	Evergreen Point	44,679	121	8/25/17	\$36	\$13,085
5	17233 15th Ave NE	Wolff Company	81,549	130	8/26/16	\$69	\$23,224
6	18815 Aurora Ave N.	Shea Properties	72,846	188	12/11/19	\$152	\$35,118
7	17962 Midvale Avenue N	Compass	50,862	140	11/17/17	\$184	\$57,486
8	20057 Ballinger Way NE	Quinn By Vintage	149,350	227	3/12/20	\$57	\$37,547
				DU/Acre		Adj. \$ / LSF	Adj. \$ / Unit
Reconciled Value*				150		\$119 - \$125	\$35,000 - \$40,000

Valuation

Heartland employed a valuation technique which began with per-unit land sale values, then scaled down the anticipated density in terms of development units per acre in conjunction with the consulting team, and derived a per-land-square-foot value which was applied to each site. Heartland concluded that land for multifamily development at the subject site, as of the date of this report, should be expected to transact in the range of (a) \$119 to \$125 per land square foot and (b) \$35,000 to \$40,000 per developed unit on average. Variability outside of that range could be driven by many factors, but especially a change in market conditions, or site-specific advantages or disadvantages which would impact valuation.

Table 9 Redevelopment land value - Multifamily

Est. Redevelopment Land Value

Multifamily		
	Per Land Square Foot	Per Unit
High	\$125	\$40,000
Low	\$119	\$35,000

Density

A critical factor influencing land values is the allowed development density. Notice that density for the selected sale comparables is higher on average, at approximately 150 units per acre, than is assumed for the Fircrest site. In determining the appropriate density for multifamily development at the Fircrest site, given its unique size and scale, site planning considerations, including access, topography, tree or open space preservation, circulation, and view orientation, among others, would likely be required. Such considerations would likely translate to a lower density at Fircrest relative to other sites in Shoreline. After evaluating comparable projects in development contexts similar to Fircrest, in Seattle and on the Eastside of Puget

Sound, including Redmond, we determined a density of between 90 and 110 dwelling units per acre is appropriate for the Fircrest site.

Figure 18 Representative multifamily buildings



Townhome

Approach

Heartland identified a shortlist of 15 comparable townhome land sale transactions which closed within the past 5 years within Shoreline city limits and within reasonable proximity to the Fircrest site²¹. (See Figure 17 and Table 10.) Density for these fifteen proposed new multifamily development projects ranged from 20 units per acre to 41 units per acre. Sale price per land square foot ranged from \$49 on the low end (an outlier) to \$153 on the high end (also an outlier). Sale price per townhome unit ranged from \$105,000 on the low end to \$171,000 on the high end. Heartland applied time, location, and density adjustments as appropriate then selected those comparable sales which were most appropriate and relevant to Fircrest given the assumed development context, after taking account of sale recency, site-specific and transaction-specific elements (including, for example, entitlement status and non-arm's length transactions), among other factors.

Selected Comparable Sales

Heartland focused the valuation on seven sales which were most relevant to the Fircrest site. All projects were developed by either Intracorp or Blue Fern Development. The Intracorp assemblage transaction, located at 2356 N 145th Street, is relevant due to its scale but it is situated in a more urban context than Fircrest with superior adjacency to light rail at the future 145th Street station.

²¹ Heartland Data Sources.

Table 10 Townhome sites

ID	Address	Developer	Lot Size	Units	DU/Acre	Sale Date	Adj. \$ / LSF	Adj. \$ / Unit
1	915 N 167th St	Jaron Homes	10,200	6	26	3/15/18	\$70	\$119,518
2	18515 Meridian Ave N	Blue Fern	7,980	7	38	12/4/18	\$126	\$143,465
3	18512 Meridian Ave N	Blue Fern	12,425	11	39	1/21/19	\$107	\$120,940
4	18339 Wallingford Ave N	Firewalker	14,400	7	21	4/28/16	\$56	\$114,258
5	18529 Ashworth Ave N	Unknown	11,400	7	27	12/7/19	\$105	\$170,635
6	18524 Wallingford Ave N	Shelter	6,386	6	41	7/11/16	\$153	\$162,970
7	1540 NE 175th St	WC Building	12,323	7	25	9/10/17	\$93	\$162,972
8	2156 N 185th St	Blue Fern	8,529	7	36	1/29/19	\$123	\$149,806
9	2356 N 145th St	Intracorp	121,010	81	29	9/24/18	\$107	\$160,186
10	18322 1st Ave NE	Blue Fern	9,501	7	32	3/3/19	\$92	\$124,850
11	18510 Wallingford Ave N	Wick Homes	14,600	10	30	6/2/18	\$136	\$198,761
12	18311 11th Ave NE	Sage Homes	10,680	5	20	5/20/18	\$49	\$104,665
13	18526 Densmore Ave N	Wick Homes	10,788	7	28	4/22/19	\$101	\$156,279
14	18322 1st Ave NE	Blue Fern	9,501	7	32	3/2/19	\$92	\$124,872
15	18512 Meridian Ct. N	Blue Fern	13,460	11	36	1/21/19	\$91	\$111,150
					DU/Acre		Adj. \$ / LSF	Adj. \$ / Unit
Reconciled Value*					25		\$105 - \$110	\$140,000 - \$160,000

Valuation

Heartland employed a valuation technique similar to the approach for multifamily which begins with per-unit land sale values, scaling down anticipated density in terms of development units per acre and deriving a per-land-square-foot value which was then applied to each site. Heartland concludes that land for townhome development in Shoreline, based on anticipated allowable density, as of the date of this report, should be expected to transact in the range of (a) \$105 to \$110 per land square foot and (b) \$140,000 to \$160,000 per developed townhome unit on average. Variability outside of that range could be driven by many factors, but especially a change in market conditions, or site-specific advantages or disadvantages which would impact valuation.

Table 11 Redevelopment land value - Townhome

Est. Redevelopment Land Value

Townhome		
	Per Land Square Foot	Per Unit
High	\$105	\$140,000
Low	\$110	\$160,000

Density

As for multifamily, assumed density at Fircrest is lower than for the comparable sales, many of which are in more transit-oriented urban contexts. Notice that density for the selected sale comparables in some cases exceeds 35 units per acre. In determining the appropriate density for townhome development, and informed by consulting team, we assumed site planning considerations including access, topography, tree or open space preservation, circulation, and view orientation, acknowledging the unique size and scale of Fircrest, which could drive down developable units per acre. After evaluating comparable projects in development contexts which we felt were similar to Fircrest, in Seattle, the Eastside of Puget Sound, including Redmond and Bellevue, we determined a density of between 15 and 20 dwelling units per acre would be appropriate at the Fircrest site, and in line with similar communities around Puget Sound.

Figure 19 Representative Townhome Buildings



Office

Approach

There are no recent comparable office land development transactions to use in assessing redevelopment land value for office property. There are also no recently constructed office buildings in Shoreline from which it is possible to estimate market office rent for a prospective development at Fircrest. Certain medical and other office properties in Everett and north Shoreline provide a starting point for where office rents might settle for a project developed at the Fircrest site, but it is difficult to truly ascertain given absence of recent new construction. As a proxy, Heartland triangulated office market data from nearby markets, including the Northgate submarket, the north Shoreline/Everett submarket, and the Bothell/Kenmore submarket in order to estimate office rental rates for the Fircrest location.

Valuation

Given current construction costs, and triangulating rents as described above, Heartland applied a residual land value approach to estimating the value of office development land at Fircrest. Assuming a 2-4 story suburban construction typology with structured parking, a 0.8 floor area ratio (“FAR”), and a range of market cap rates ranging from 6.0% to 6.5%, residual land value for an office use at Fircrest ranges from \$4 to \$25 per land square foot (See Table 12.)

Heartland concludes that in order to entice office developers or owner-users to the Fircrest location, as of the date of this report, a range of \$30 to \$40 per land square foot at maximum might be sufficient. However, given its lack of transit resources, distance from future light rail, lack of surrounding commercial uses and supporting retail, office development at Fircrest is highly unlikely. An owner-user or other prospective user with unique motivations could prove this conclusion wrong.

Table 12 Redevelopment land value - Office

Est. Redevelopment Land Value

Office

Est. Cap Rate	Est. Residual Land Value PSF
6.00%	\$25
6.25%	\$14
6.50%	\$4

Source: CoStar, RSMeans

Density

Heartland collaborated with Schemata Workshop in determining the appropriate density levels by product type. Given parking requirements, an office developer would be able to achieve an estimated 0.8 Floor Area Ratio (“FAR”) at Fircrest.

Figure 20 Representative office buildings



Valuation Summary

The study identifies five areas for potential commercial development which could be compatible with existing and planned institutional uses on the property. The sites under consideration for redevelopment, and which were assessed for future redevelopment potential and for valuation purposes, were sites 2 (“Northwest Corner”), 3 (“Madrona”), 5 (“South of Activities Center”), 6 (“Southwest Corner”), and 7 (“Southeast Corner”). (see *Figure 8 Map showing potential development Sites* on page 28.) Depending on the motivations of the stakeholders, any one of these areas could be redeveloped for any of the contemplated uses described above. The valuation depends to a significant degree on the willingness of the city of Shoreline to re-zone the area through a Comprehensive Plan Amendment, and the designated zone will have a material impact on valuation and development potential. It has been indicated to us that likely zones for this area include “CB,” or “Community Business,” “MB,” or “Mixed Business”, or less likely but still possible, “MUR-70.” The Heartland analysis is agnostic to eventual zoning, provided that the assumed densities, which as we describe above are relatively conservative in light of recent comparable land transactions in Shoreline, are possible.

Table 13 Land valuation assumptions

Fircrest Parcel	Acres	Square Feet
Area 1 - Northeast Corner (NEC)	4.33	188,397
Area 2 - Northwest Corner (NWC)	11.70	509,652
Area 3 - Madrona	4.60	200,376
Area 4 - Activities Building	4.40	191,664
Area 5 - South of Activities Center	4.55	198,198
Area 6 - Southwest Corner (SWC)	5.30	230,868
<u>Area 7 - Southeast Corner (SEC)</u>	<u>4.90</u>	<u>213,444</u>
Fircrest Total	39.78	1,732,599
<u>Est. Density ⁽¹⁾</u>	<u>Min</u>	<u>Max</u>
Est. Office FAR	0.8	0.8
Units per Acre (MF)	90	100
Units per Acre (TH)	15	20
<u>Est. Land Value ⁽²⁾</u>	<u>Min</u>	<u>Max</u>
Office (per LSF)	\$30	\$40
MF (per unit)	\$35,000	\$40,000
Townhome (per unit)	\$140,000	\$160,000

NOTES

(1) Schemata, Workshop Yield Study, December 2020. (Anticipated density subject to City of Shoreline re-zone but is anticipated, given suburban context, to be lower density than comparable sales (in more urban locations), translating to a lower \$ PSF value.)

(2) Heartland, Makers, City of Shoreline Planning & Community Development, Fircrest School Master Plan Phase III (2017)

Table 14 Estimated land value by area by use

Est. Value by Area by Use (millions, 2020)

Area 2 - Northwest Corner (NWC)	Min	Max
Multifamily	\$37	\$47
Townhome	\$25	\$37
Office	\$15	\$20
 Area 3 - Madrona	 Min	 Max
Multifamily	\$14	\$18
 Area 5 - South of Activities Center	 Min	 Max
Multifamily	\$14	\$18
Townhome	\$10	\$15
 Area 6 - Southwest Corner (SWC)	 Min	 Max
Multifamily	\$17	\$21
Townhome	\$11	\$17
Office	\$7	\$9
 Area 7 - Southeast Corner (SEC)	 Min	 Max
Multifamily	\$15	\$20
Townhome	\$10	\$16
Office	\$6	\$9

Est. Value PSF by Area by Use (\$ 2020)

	Min	Max
Multifamily	\$72	\$92
Townhome	\$48	\$73
Office	\$30	\$40

Note: This table is intended to derive and summarize per-square-foot values by area by use. As such, values shown should not necessarily match those described in custom scenarios elsewhere in the report. Each scenario has a custom mix of densities and uses based on site planning work by Schemata Workshop and values have been adjusted accordingly.

Valuation of lands considered for public park development

The per-square-foot valuation of land proposed for a public park was based upon the principle of substitution, or the cost of acquiring a substitute property which is zoned for a similar set of allowed uses as is the current in-place zoning at the Fircrest campus. Our approach builds upon recent appraisals of Area 7 (Southeast Corner) from ABS Valuation dated October 2020, utilizing selected unrestricted comparable property sales only, and The Eastman Company, dated July 2020. The midpoint between the value conclusions based upon unrestricted comparable sales only, at approximately \$20 per land square foot, is sensitized +/- 10%. It is then applied to Area 3 (Madrona) and Area 6 (Southwest Corner) which have been identified as potential park locations. The actual value of any land developed for a park will be determined during transactions between the City of Shoreline and the State; and could vary from the range of estimates provided here. Variability in site-specific conditions such as access and topography could also impact final valuation.

Valuation

<u>Park Valuation - Existing Zoning</u>	<u>\$ PSF</u>
Unrestricted Property Sales - ABS	\$23.2
The Eastman Company	\$16.0

Average	\$19.6
----------------	---------------

<u>Fircrest Site</u>	<u>Est. Value @ \$19.6 PSF (\$M)</u>	<u>Square Feet</u>	<u>Low</u>	<u>High</u>
Area 3 - Madrona	\$3.9	200,376	\$3.5	\$4.3
Area 6 - Southwest Corner (SWC)	\$4.5	230,868	\$4.1	\$5.0
Area 7 - Southeast Corner (SEC)	\$4.2	213,444	\$3.8	\$4.6

Section 6

Campus-wide Alternatives

The team developed the following three alternative site planning concepts that illustrate different options for both DSHS facilities and for residential and commercial redevelopment. These alternatives explore the full range of identified options in terms of:

- Locations for 1- and 2-story nursing facilities.
- The most advantageous locations for behavioral health center (BHC).
- Development options for multifamily, townhouse, and commercial redevelopment.
- Measures and conditions that the City of Shoreline (City) has indicated what it will expect to achieve when approving a development agreement and rezoning the property. Such an agreement and comprehensive plan amendment with zoning provisions will be necessary in order to develop a mix of facilities and revenue-producing uses on the site. The City's priorities include land for a park and zoning for commercial uses.

This framework facilitates the State's decision-making and discussions with the City by including an evaluation of alternatives with respect to project objectives and the estimated land values for each area under applicable assumptions.

This analysis provides the following information for each alternative:

- A conceptual site plan and narrative description with the location, size and configuration of the proposed uses for each area. The area numbers are indicated in Figure 8 on page 28.
- A rationale to summarize the logic behind the specific land use locations, configurations, and specific elements.
- More detailed concept-level site plans with discussions of area-specific site planning considerations to illustrate how proposed DSHS facilities and private development options fit within available sites.
- A summary chart to indicate the proposed use and range of potential revenues for each area.
- An evaluation of the relative advantages and disadvantages of the alternative.
- An aerial perspective to depict the relative size of proposed new construction and its relation to site topography and vegetation.

Site Planning Assumptions

Due to the short timeframe of the project, the consultant team relied heavily on information obtained from previous plans and made several assumptions in its approach to site planning. The assumptions most relevant to this report's content and final recommendations include:

- The consultants based the layouts for the 1-and 2-story nursing facilities on the 2018 *Predesign Study: Nursing Facility New Capacity at Fircrest School, Shoreline*, but did not independently verify those designs except to update some of the facility sizes to accommodate 120 bed nursing facilities and adjust roadway layouts. Building sizes and configurations may change as more refined architectural plans are developed.

- The per-square-foot valuation of land proposed for a public park was based upon the principle of substitution, or the cost of acquiring a substitute property which is zoned for a similar set of allowed uses as is the current in-place zoning at the Fircrest campus. Our approach builds upon recent appraisals of Area 7 (Southeast Corner) from ABS Valuation dated October 2020, utilizing selected unrestricted comparable property sales only, and The Eastman Company, dated July 2020. The midpoint between the value conclusions based upon unrestricted comparable sales only, at approximately \$20 per land square foot, is sensitized +/- 10%. It is then applied to Area 3 (Madrona) and Area 6 (Southwest Corner) which have been identified as potential park locations. The actual value of any land developed for a park will be determined during transactions between the City of Shoreline and the State; and could vary from the range of estimates provided here. Variability in site-specific conditions such as access and topography could also impact final valuation.
- Traffic mitigation measures will be required and roughly the same for all three alternatives including payment of City transportation impact fees, a traffic signal or other traffic control (e.g., a roundabout) at one access point along NE 150th Street, and additional non-motorized connections to/from the site along 15th Avenue NE. (See Appendix C- Transportation Assessment of Alternatives for more details.)
- All layouts for Area 1 adhered to 50-foot setback from the slope along the eastern edge of the site. A geotechnical evaluation may further reduce this buffer and allow future development more flexibility.
- The consultants assumed that redevelopment of the Southeast Corner (Area 7) of the site is feasible, given existing structures in the area, but further geotechnical assessment will be needed to assess whether soil conditions limit the intensity of development and/or would necessitate additional structural requirements.
- Preservation of some of the existing trees is beneficial to residential redevelopment and may make increased density/new uses at the site more appealing to the local community. Tree conservation measures may be part of the development agreement with the City.
- The optimal intensity and type of residential and commercial development may change as project refinement proceeds.
- The alternative concept plans follow the City's interpretations that existing site drainages should not be regulated as streams and the current underground pipe configuration could be altered with redevelopment.
- Stormwater system for the site lacks documentation, so further assessment of stormwater management requirements is needed.
- The building massing shown in each of alternatives is conceptual in nature, with site plans sensitive to the unique program and context. Each alternative aims to leverage the site's existing assets, which include trees, views, sun exposure, topography, connection to the forested street frontage along 15th Avenue, the Madrona grove and adjacent chapel, and green open spaces.
- The alternatives propose comprehensive, environmentally sensitive approaches to future site development. They all include significant opportunities for sustainable development practices such as passive solar and energy saving strategies, high performance building measures, and district/campus wide infrastructure (e.g.; "EcoDistrict" systems) for net-positive energy and sustainable water use on site. Stormwater management will be addressed according to the most recent regulations, with reduced amounts of impervious surfaces and green infrastructure solutions. Better non-motorized circulation elements including universally accessible pathways, improved connections to the surrounding

community, multimodal streets and bicycle facilities are also envisioned and should be a part of any new development.

Alternative 1: Two-Story Nursing Facility on the Madrona Site (Area 3)

Rationale

Alternative 1 explores the implications of locating the nursing facility on the Madrona site (Area 3) in a 2-story configuration. The Legislature’s proviso calls for analyzing both a 120-bed 1- and 2-story nursing facility; Alternative 3 locates a 1-story nursing facility on the Madrona Site, which is DSHS’s preferred location and configuration.

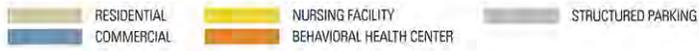
Description

Figure 21 illustrates the development proposals for each area.

- Area 1: The 48-bed behavioral health center is located in the Northeast Corner of the campus. The building footprint assumed for this facility is based on the *Behavioral Health Community Civil 48 Bed Capacity* report Dated March 2, 2020 by BRCA for Washington DSHS.
- Area 2: The Northwest Corner (Area 2, the current “Y” building site) provides an excellent opportunity for residential development to provide a variety of housing types to fit the real estate market. A mix of 5- to 6-story multifamily buildings and townhouses is proposed. Commercial development on the Northwest Corner would produce significantly less revenue to the State. The visual impact of the multifamily buildings will be minimized because of the dense vegetation on 15th Avenue NE and the setback from the roadway. Such a mix of building types will also reduce the loss of mature evergreen trees. Commercial development on the Northwest Corner would produce significantly less revenue to the State.
- Area 3: As noted above, a 2-story nursing facility is posited on the Madrona site. Details of a proposed site plan for that facility is in Figure 21.
- Area 4: No change is proposed to the Activities Building and its immediate surroundings in any of the alternatives. The consultant team discussed various reuse and rehabilitation options for this site, but the building’s status and future use was unclear at the time of this report. There are no redevelopment proposals for the site.
- Area 5: Townhouse development is proposed for the Activities South (Area 5). The gentle south-facing slope and visible location make smaller scale development most attractive on this site.
- Area 6: Alternative #1 proposes an approximate 5.2-acre city park on the Southwest Corner. Though this area is more valuable for development, and the park would be better located on the Southeast Corner, Alternative #1 places commercial development on the Southeast Corner in order to generate revenue for the Dan Thompson Account. If some form of revenue adjustment can be made between DNR and DSHS land, the park in Area 6 and proposed private development in Area 7 should be switched.
- Area 7: Alternative #1 includes commercial development on this site because residential development is less desirable on this area and commercial development meets the City’s interest in employment-producing uses.

Figure 21 Alternative #1 site planning concept

FIRCREST ALTERNATIVE CAMPUS-WIDE STRATEGIES

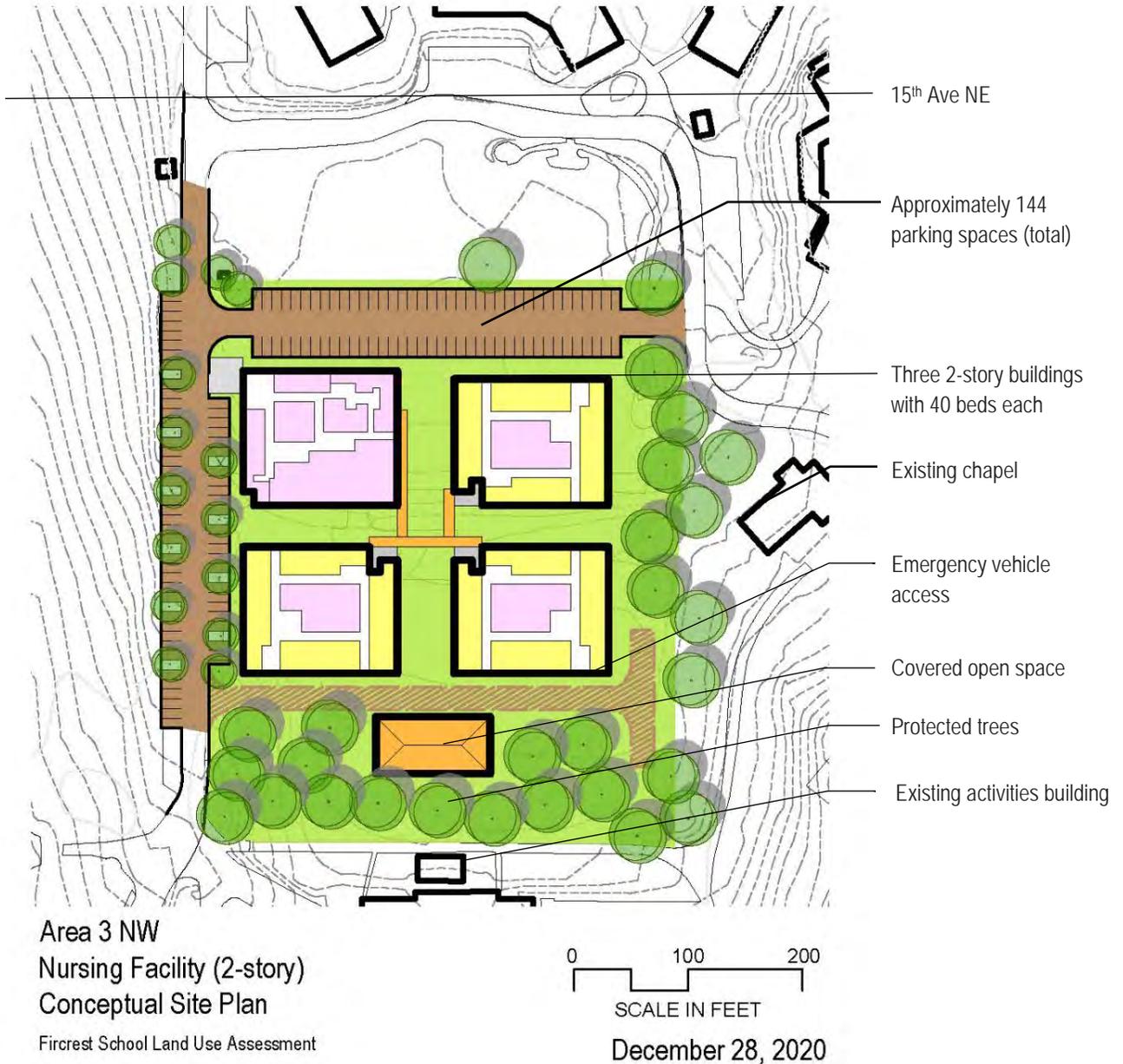


Area Specific Site Planning Details

The 120-Bed 2-Story Nursing Facility on the Madrona Site

The conceptual site plan below is based on the building size and configuration contained in the October 26, 2018 *Predesign Study for Nursing Facility New Capacity at Fircrest School, Shoreline* for DSHS and OFM by Sage Architectural Alliance. As the diagrammatic plan illustrates, a 2-story building complex fits well on the Madrona site without intruding into Area 2 (the current “Y” buildings site), provides covered and uncovered open space for the residents, and retains some of the mature trees that are important to the community.

Figure 22 Diagrammatic site plan for a 2-story nursing facility on the Madrona site (Area 3)



A Soundstage/Park Option on the Southwest Corner (Area 6)

The City of Shoreline has expressed interest in locating a soundstage facility on the campus. Such a facility would house the production of music and video media and is intended to foster a “cluster” of similar activities taking advantage of Edmonds College’s certificate programs for video and audio production. To explore an option that would address the City’s interest in both open space and a soundstage within a single area, the consultant team prepared a site planning concept for a 52,000 sf facility with the following elements:

- 18,000 sf Large soundstage
- 26,000 sf Studios/stages
- 22,000 sf Support space
- 170 Parking spaces

This would fit on either the Southwest Corner or Southeast Corner (Areas 6 and 7) and would leave approximately 2 acres of open space for a variety of active park uses. (See Figure 23.)

Figure 23 A proposal for a soundstage and park on the Southwest Corner or Southeast Corner



Area 7 SE Sound Stage
 Conceptual Site Plan
 Fircrest School Land Use Assessment

0 100 200
 SCALE IN FEET

December 28, 2020

Behavioral Health Facility on the Northeast Corner (Area 1)

As Figure 24 illustrates, a 48-bed BHC will fit on the Northeast Corner. The building footprint assumed for this facility is based on the Behavioral Health Community Civil 48 Bed Capacity report Dated March 2, 2020 by BRCA for Washington DSHS.

Figure 24 Diagrammatic site plan for a behavioral health center in the Northeast Corner (Area 1)



Area 1 NE
BHC Facility
Conceptual Site Plan(existing pipe)
Fircrest School Land Use Assessment

0 100 200
SCALE IN FEET
December 28, 2020

Summary of Expected Revenues from Area Redevelopment

Table 15 Estimated revenues from development for Alternative 1

Area	Proposed Uses	Estimated Value (in millions)	
		Low	High
1	Behavioral health center	NA	NA
2	510 multifamily units in 6-story building and 65 townhouse units ⁽¹⁾	\$27	\$30.8
3	Two-story nursing facility	NA	NA
4	Activities building	NA	NA
5	82 townhouse units ⁽²⁾	\$11.5	\$13.1
6	Park or park + soundstage ⁽³⁾	\$4.1	\$5.0
7	185,000 sf office space	\$6.4	\$8.5
TOTAL		\$49	\$57.4

(*1) Value based on a mix of multi-family and townhouse units.

(*2) Value based on a specific site planning concept and may differ from estimates in Section 5.

(*3) Source of park valuation is the average of per-square-value conclusions per most recent appraisals from ABS Valuation, utilizing selected unrestricted comparable property sales only, dated October 2020, and The Eastman Company, dated July 2020, as applied to 4.9 acre total park site area. The average value is sensitized +/- 10%.

Evaluation: Advantages and Disadvantages

From DSHS Perspective

- + The Madrona site is DSHS's preferred location for the nursing facility.
- + The Northeast Corner (Area 1) is DSHS's preferred location for the BHC and that area is inadequate for private development.
- A 2-story nursing facility is less desirable to nursing staff.
- There will be very little space for expansion.
- A nursing facility at the Madrona site will be somewhat separated from the rest of the DSHS facility, and the topographic change has been mentioned as making it difficult to move residents to other parts of the campus.

From DNR Perspective

- + Mixed residential development in the Northwest Corner provides approximately \$27 million - \$30.8 million funds.
- + Townhouse development on Area 5 provides approximately \$11.5 million - \$13.1 million funds.
- There would be no revenue from the Madrona site.
- A park at the Southwest Corner (Area 6) generates between \$4.1 million and \$5.0 million revenue depending on discussions with the City. However, a park or park and soundstage at that site might be a necessary part of the agreement with the City to allow more intensive (and revenue-producing) development on other areas.

From the City of Shoreline's Perspective

- + A park or park and soundstage on the Southwest Corner meets part of their objectives.
- + Commercial development on the Southeast Corner meets their other goals.
- + Retention of part of the trees on the Madrona site will help address community concerns.

Other Considerations

- + DOH notes that residential next to laboratories has been a problem in the past. This alternative avoids that condition.
- + Commercial development in the Southeast Corner provides approximately \$6.4 million - \$8.5 million in anticipated revenue to the Dan Thompson Account.
- Providing revenue from the Southeast Corner rather than the Southwest Corner reduces income to the State overall.

Figure 25 Aerial perspective



Fircrest School from the Southwest



The nursing facility from the Southwest



The behavioral health center from the Southeast

Alternative 2: One- or Two-Story Nursing Facility in the Northeast Corner. (Area 1: Current ATP Site)

Rationale

Alternative 2 explores the implications of locating the nursing facility in the Northeast Corner of the campus (Area 1) in a 1- or 2-story configuration. Alternative 2 requires the proposed behavioral health center (BHC) to be located elsewhere. The preferred location for the BHC in this alternative is in the Southeast Corner (Area 7). This configuration locates all DSHS facilities, except the Activities Building, together on the east side of the campus leaving the bulk of the west side open for development.

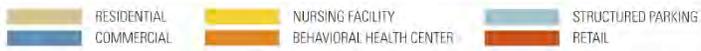
Description

Figure 26 illustrates the development proposals for each area.

- Area 1: The Northeast Corner of the site provides enough contiguous land area for either a 1-story (with nursing support on a second floor) or 2-story 120-bed nursing facility. However, there are some considerations in this option noted in the site-specific site planning details, below.
- Area 2: The Northwest Corner provides an excellent opportunity for residential development. To provide a variety of housing types to fit the real estate market, a mix of 5- to 6-story multifamily buildings and townhouses is proposed. The visual impact of the multifamily buildings will be minimized because of the dense vegetation on 15th Avenue NE and the setback from the roadway. Such a mix of building types will also reduce the loss of mature evergreen trees. Commercial development on the Northwest Corner would produce significantly less revenue to the State.
- Area 3: A city park is proposed for the Madrona site. Discussions with City staff have tentatively indicated that the City is open to a park in this location. The land to be a park could include the chapel, which is currently under consideration for historic landmark status. If this alternative is pursued, the park would greatly enhance residential development to the north, and the chapel could be used for community meetings and celebrations such as weddings and private functions.
- Area 4: No change is proposed to the Activities Building and its immediate surroundings.
- Area 5: Townhouse development is proposed for the Activities South (Area 5). The gentle south-facing slope and visible location make smaller scale development most attractive on this site.
- Area 6: The Southwest Corner is large enough for a mix of office and residential development. This option is described in the area specific site planning details.
- Area 7: The 48-bed behavioral health center is proposed and described in the area-specific site planning details.

Figure 26 Alternative 2 site planning concept

FIRCREST ALTERNATIVE CAMPUS-WIDE STRATEGIES



Area Specific Site Planning Details

The 120-Bed on a 1- or 2-Story Nursing Facility on the Northwest Corner

The conceptual site plan below (Figure 27) is based on the building size and configuration contained in the October 26, 2018 *Predesign Study for Nursing Facility New Capacity at Fircrest School, Shoreline* for DSHS and OFM by Sage Architectural Alliance. As the diagrammatic plan illustrates, a 1-story building complex fits on the site assuming that the nursing support and administrative functions are located on a second story of one of the 20-bed residential buildings. This was an alternative also proposed by the pre-design study noted above.

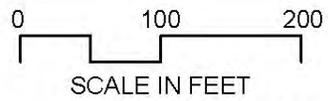
There are a several considerations with both the 1- and 2-story concepts.

- A storm sewer pipe must be relocated. The City determined that the existing site drainages should not be regulated as streams, and changes to the current underground pipe configuration could be altered with redevelopment. However, new buildings should not be constructed over existing drainage pipes. Moving the western-most pipe shown in the figures below would cost up to approximately \$1.5 million, but would allow a more compact development and eliminate the need to relocate the adjacent cottages.
- The ATP building and the warehouse currently on the site must be relocated. There is currently a program to move the ATP site.
- The configuration of the nursing buildings provides central and covered open space, which was noted as important by nursing staff.
- Being situated on level ground and close the kitchen is considered an advantage by nursing staff.
- A 2-story facility (Figure 28) has the advantage of providing space for expansion, however, a 1-story facility (Figure 27) is preferred by nursing staff.

Figure 27 Conceptual site plan of a 1-story nursing facility on the Northwest Corner (Area 1)



Area 1 NE
1-Story Nursing Facility
Conceptual Site Plan (pipe move)
Fircrest School Land Use Assessment



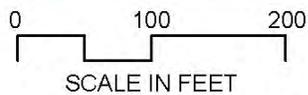
December 29, 2020

Figure 28 Conceptual site plan of a 2-story nursing facility on the Northwest Corner (Area 1)



Area 1 NE
 Nursing Facility (2-story pipe move)
 Conceptual Site Plan

Fircrest School Land Use Assessment



December 29, 2020

The Behavioral Health Center on the Southeast Corner (Area 7)

The building footprint assumed for this facility is based on the *Behavioral Health Community Civil 48 Bed Capacity* report Dated March 2, 2020 by BRCA for Washington DSHS. (Figure 29.)

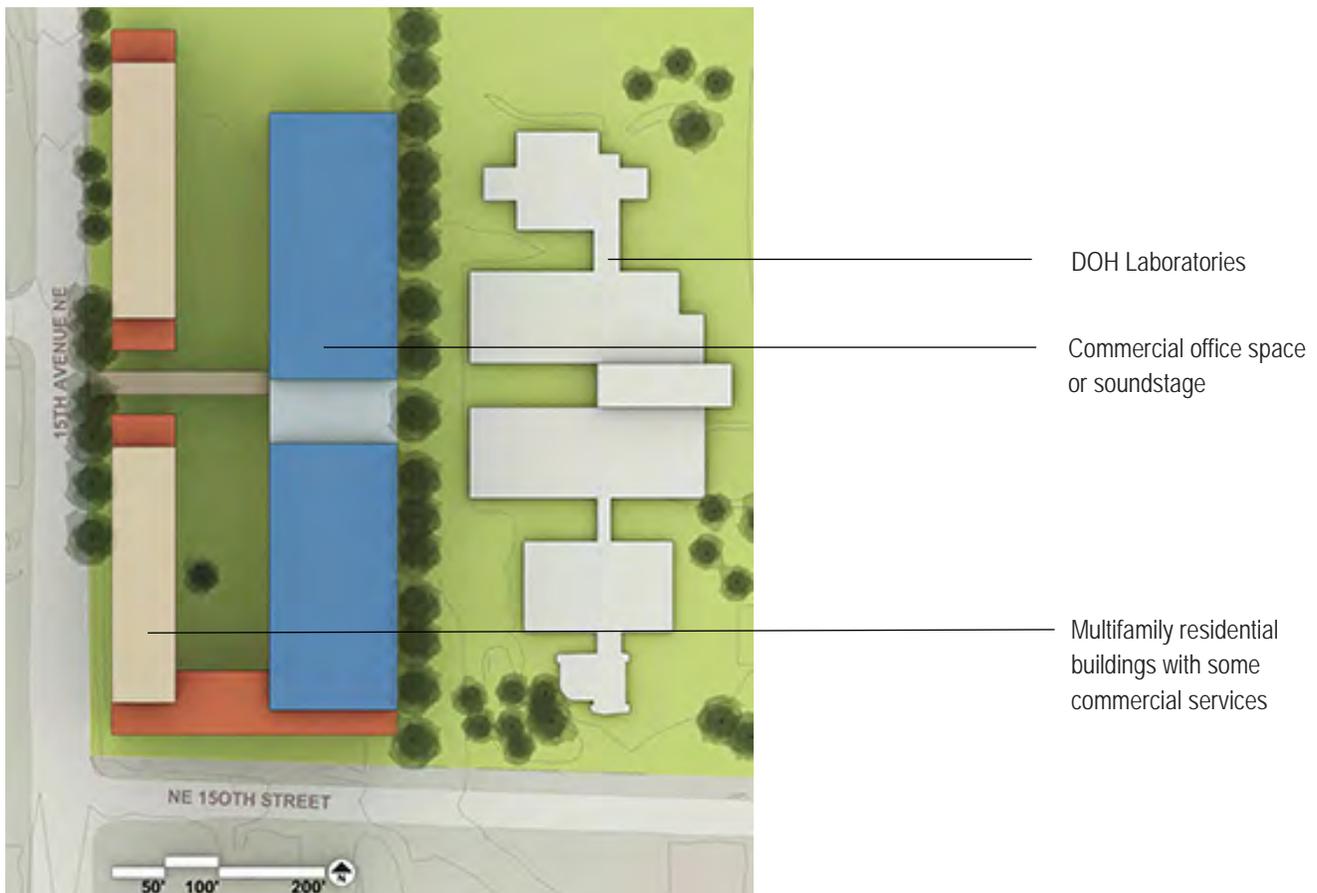
Figure 29 Conceptual site plan of a 48-bed BHC in the Southeast Corner (Area 7)



Commercial and Residential Mixed-Use Development on the Southwest Corner (Area 6)

The dimensions of the Southwest Corner site (Area 6) allow space for both residential facing 15th Ave NE and commercial office or soundstage development facing the DOH PHL. Providing substantial property value, addressing the City’s desire for employment-based uses, and separating residences from the laboratories are advantages of this option. DOH has noted they often get complaints from residents adjacent to medical laboratories. (See Figure 30.)

Figure 30 Conceptual site plan of a mixed residential (in buff) and commercial (blue) development on the Southwest Corner



A Public Park on the Madrona Site (Area 3)

Alternative 2 proposes an approximate 4.2-acre City-owned and operated park on the Madrona site in order to meet the City’s expectations that a similarly sized park be located on the campus to accommodate *active uses*. Active uses could include sports courts, pathways, fitness courses, and other activities that retain significant trees and make use of the site’s amenities. The park might include the current chapel which could be used for community meetings, weddings, and other events. (See Figure 31.) Community members are currently pursuing historic landmark status for the chapel.

Figure 31 Aerial photo identifying the general location of a park on the Madrona site. The chapel is in the upper right of the yellow rectangle



Summary of Expected Revenues from Area Redevelopment for Alternative 2

Table 16 Estimated revenues from development for Alternative 2

Area	Proposed Uses	Estimated Value (in millions)	
		Low	High
1	One- or two-story nursing facility	NA	NA
2	510 multifamily units in 6-story building and 65 townhouse units ⁽¹⁾	\$27	\$30.8
3	City park ⁽²⁾	\$3.5	\$4.3
4	Activities building	NA	NA
5	82 townhouse units ⁽³⁾	\$11.5	\$13.1
6	162 residential units + 120,000 gsf office +_48,450 gsf retail ⁽⁴⁾	\$8.8	\$10.7
7	Behavioral health center	NA	NA
TOTAL		\$50.8	\$58.9

(*1) Value based on a mix of multi-family and townhouse units.

(*2) Source of park valuation is the average of per-square-value conclusions per most recent appraisals from ABS Valuation, utilizing selected unrestricted comparable property sales only, dated October 2020, and The Eastman Company, dated July 2020, as applied to 4.9 acre total park site area. The average value is sensitized +/- 10%.

(*3) Value based on a specific site planning concept and may differ from estimates in Section 5.

(*4) Floor area ratio (FAR) of 0.73 for the office on Area 6 per based on assumption that each use consumes 50% of the land area.

Evaluation: Advantages and Disadvantages

From DSHS Perspective

- + A nursing facility on the Northeast Corner (Area 1) is flat and near the kitchen.
- + A 2-story nursing facility provides space for expansion.
- + The site provides open space for residents.
- The Northeast Corner is not the DSHS preferred location for the nursing facility.
- If a 2-story nursing facility is chosen it is less desirable to nursing staff.

From DNR Perspective

- + Mixed residential development in the Northwest Corner provides approximately \$27 million - \$30.8 million funds.
- + Townhouse development on Area 5 provides approximately \$11.5 million - \$13.1 million funds.
- + Revenue from a park on the Madrona site is between \$3.5 million and \$4.3 million.
- + A mixed-use development at the Southwest corner provides between \$8.8 million and 10.7 million funds.

From the City of Shoreline's Perspective

- + A park on the Madrona Site and employment-based uses as part of a mixed-use development on the Southwest Corner meets their objectives.
- + Retention of part of the trees and public use of the chapel on the Madrona site will help address community concerns.

Other Considerations

- + DOH notes that residential next to laboratories has been a problem in the past. This alternative avoids that condition.
- + Relatively intense development on the Southwest Corner (Area 6) provides the State with revenue and addresses the City's employment objectives.
- There is no revenue to the Dan Thompson Account because the BHC is located on the Southeast corner site (Area 7).

Figure 32 Aerial perspective



Fircrest School from the Southwest



Mixed-use development from the Southwest



The behavioral health center from the Southwest

Alternative 3: A One-Story Nursing Facility on the Madrona Site

Rationale

Alternative 3 explores the implications of locating the nursing facility on the Madrona site (Area 3) in a 1-story configuration. The Legislature's proviso calls for analyzing both a 120-bed 1- and 2-story nursing facility. Alternative 1 locates a 2-story nursing facility on the Madrona site.

Description

Figure 33 illustrates the development proposals for each area.

- Area 1: The 48-bed behavioral health facility is located in the Northeast Corner of the campus. The building footprint assumed for this facility is based on the *Behavioral Health Community Civil 48 Bed Capacity* report Dated March 2, 2020 by BRCA for Washington DSHS.
- Area 2: The Northwest Corner (Area 2, the current "Y" building site) provides an opportunity for residential development. To provide a variety of housing types to fit the real estate market, a mix of 5- to 6-story multifamily buildings and townhouses is proposed. This alternative diminishes the area and number of units because a 2-story nursing facility would intrude into this area and somewhat isolate it.
- Area 3: A 1-story nursing facility is posited on the Madrona site. Details of a proposed site plan for that facility is below.
- Area 4: No change is proposed to the Activities Building and its immediate surroundings. The consultant team discussed various reuse and rehabilitation options for this site, but the building's status and future use was unclear at the time of this report.
- Area 5: As in all alternatives, townhouse development is proposed for the Activities South area. The gentle south-facing slope and visible location make smaller scale development most attractive on this site.
- Area 6: Alternative #3 proposes an approximate 5.2-acre city park on the Southwest Corner. Though this area is more valuable for development, and the park would be better located on the Southeast Corner, Alternative #3 places commercial development on the Southeast Corner in order to generate revenue for the Dan Thompson Account. If some form of revenue adjustment can be made between DNR and DSHS land, the park and development should be switched.
- Area 7: Alternative #3 includes commercial development on this site because residential development is less desirable on this area and the City is interested in employment-producing uses.

Figure 33 Alternative #3 site planning concept



Area Specific Site Planning Details

The 120-Bed 1-Story Nursing Facility on the Madrona Site

The conceptual site plan below (Figure 34) is based on the building size and configuration contained in the 2018 *Pre-design Study for Nursing Facility New Capacity at Fircrest School, Shoreline* for DSHS and OFM by Sage Architectural Alliance, except that the parking has been reconfigured to account for the steep slope to the west of the current access road. As the diagrammatic plan illustrates, a 1-story building complex intrudes into Area 2 (the current “Y” buildings site) and removes most of the mature trees that are important to the community. The expansion of the Madrona site into the Northwest Corner reduces the land available for residential development by about 60,000 sf and generally isolates a potential residential development. This isolation could be remedied by constructing an access road from 15th Avenue NE to the existing road at the north of the proposed nursing facilities. The consultant team estimates this to cost about \$7 million.

Figure 34 Diagrammatic site plan for a 1-story nursing facility on the Madrona site (Area 3)



Area 3 NW
Nursing Facility (1-story)
Conceptual Site Plan
Fircrest School Land Use Assessment

0 100 200
SCALE IN FEET

December 28, 2020

Summary of Expected Revenues from Area Redevelopment

Table 17 Estimated revenues from development for Alternative 3

Area	Proposed Uses	Estimated Value (in millions)	
		Low	High
1	Behavioral health center	NA	NA
2	510 multifamily units in 6-story building and 46 townhouse units ⁽¹⁾	\$20.2	\$23.1
3	One-story nursing facility	NA	NA
4	Activities building	NA	NA
5	82 townhouse units ⁽²⁾	\$11.5	\$13.1
6	Park or park + soundstage ⁽³⁾	\$4.1	\$5.0
7	185,000 sf office space	\$6.4	\$8.5
TOTAL		\$42.2	\$49.7

(*1) Value based on a mix of multi-family and townhouse unit's and reduced 25% from values calculated in Alternatives 1 and 2 because of land taken for the nursing facility (17%) and the sites isolation (8%).

(*2) Value based on a specific site planning concept and may differ from estimates in Section 5.

(*3) Source of park valuation is the average of per-square-value conclusions per most recent appraisals from ABS Valuation, utilizing selected unrestricted comparable property sales only, dated October 2020, and The Eastman Company, dated July 2020, as applied to 4.9 acre total park site area. The average value is sensitized +/- 10%.

Evaluation: Advantages and Disadvantages

From DSHS Perspective

- + A 1-story nursing facility on Area 3, the Madrona site, is DSHS's preferred location and configuration.
- + The Northeast Corner (Area 1) is DSHS's preferred location for the BHC and that area is inappropriate for non-facilities development.
- There will be very little space for expansion.
- A nursing facility at the Madrona site will be somewhat separated from the rest of the DSHS facility, and the topographic change has been mentioned as making it difficult to move residents to other parts of the campus.

From DNR Perspective

- + Mixed residential development in the Northwest Corner provides approximately \$20.2 million - \$23.1 million funds.
- + Townhouse development on Area 5 provides approximately \$11.5 million - \$13.1 million funds.
- + A park at the Southwest Corner (Area 6) generates \$4.1 million - \$5.0 million. However, a park or park and soundstage at that site might be a necessary part of the agreement with the City to allow more intensive (and revenue-producing) development on other areas.
- There would be no revenue from the Madrona site.

From the City of Shoreline's Perspective

- + A park or park and soundstage on the Southwest Corner meets part of their goals.
- + Commercial development on the Southeast Corner meets the City's other goals.

Other Considerations

- + DOH notes that residential next to laboratories has been a problem in the past. This alternative avoids that condition.
- + Commercial development in the Southeast Corner (Area 7) provides approximately \$6.4 million - \$8.5 million funds to the Dan Thompson Account.
- Providing revenue from the Southeast Corner rather than the Southwest Corner reduces net income to the State overall.
- Alternative 3 will likely result in the removal of the trees on the Madrona site, which may be a significant public concern and may trigger City tree protection requirements.

Figure 35 Aerial perspective



Fircrest School from the Southwest



Nursing facility from the Southwest



Townhome development from the Southwest

Section 7

Summary Evaluation

Introduction

While Section 6 – Campus-wide Alternatives explored the physical, functional, and financial implications of options for different areas as campus-wide conceptual site plans, this section compares the relative advantages and disadvantages of the three alternatives to facilitate internal decision-making and future discussions with the City. To that end, this section includes a brief comparison of the three alternatives with general observations relevant to next steps toward the facilities upgrades and land development. It should be noted that the following conditions and assumptions that are common to all three alternatives:

- There will be costs to develop property in all alternatives such as: traffic mitigation measures, environmental analysis, permitting fees, and site development costs. Phasing of non-facilities development is considered in the implementation section.
- Figures noted as “land value” are not necessarily the net income, but they are a means of comparing revenues from different site planning concepts. The figures are based on the analysis in Section 5.
- The team reviewed environmental information to determine potential site constraints and addressed constraints in the alternatives.
- Only the most exceptional site infrastructure costs have been noted, including relocation of the storm drainage pipe in Alternative 2 and a new access drive in Alternative 3. Though substantial site infrastructure costs may apply, the consultant team assumed costs would be relatively similar in all three alternatives.

Comparative Description and Observations

Table 17 compares the most salient characteristics of the three alternatives. From it, the following can be noted.

Alternative #1 posits a 2-story nursing facility on the Madrona site, which does not intrude on the Northwest Corner as does a 1-story facility. A 2-story facility would provide open space for the residents and retain some trees on the heavily wooded Madrona area; however, a 1-story nursing facility is preferred by the nursing staff. Alternative 1 generates an estimated land value between \$49 million - \$57.4 million.

Alternative #2 proposes a 1- or 2-story nursing facility in the Northeast Corner. The 1-story facility would include a second story over one of the 20-bed buildings. This location is not preferred by DSHS but would be on level ground and near the kitchen, and would provide covered and uncovered open space, all of which the nursing staff noted as an advantage when moving patients. Relocating a warehouse would also be required. A park in the Madrona area would benefit both the City and the potential residents to the north and retain most of the grove or trees.

Table 18 Summary chart comparing the three comprehensive alternatives.

CHARACTERISTIC	ALTERNATIVE		
	4. 2 Story Nursing on Madrona (Area 3)	5. 1 or 2 story Nursing on NE Corner (Area 1)	6. 1 Story Nursing on Madrona (Area 3)
<p>LEGEND</p> <ul style="list-style-type: none">  Nursing Fac  BHC  Multifamily residential  Townhomes  Commercial 			
Potential Land Value	\$49 million - \$57.4 million	\$50.8 million - \$58.9 million	\$42.2 million - \$49.7 million
Implications for DSHS	<ul style="list-style-type: none"> + Madrona site (Area 3) is DSHS preferred location + NE corner is DSHS preferred location for BHC - Two-story nursing facility is not preferred DSHS configuration - Very little expansion space - Site is separated from many other Fircrest School buildings and facilities 	<ul style="list-style-type: none"> + The NE Corner (Area 1) is flat and near the kitchen + A two-story nursing facility provides expansion space + The site provides open space for residents - The NE corner is not the DSHS preferred nursing facility location - \$1.5 million additional cost for stormwater pipe relocation 	<ul style="list-style-type: none"> + DSHS preferred location and configuration + DSHS prefers BHC in NE corner + DSHS prefers one-story nursing facility - Very little expansion space - Site separated from campus - Site is separated from many other Fircrest School buildings and facilities
Implications for DNR	+ Development produces \$42.6 million– \$48.9 million to CEP&RI Trust	+ Development provides \$50.8 million - \$58.9 million to CEP&RI Trust	- Development provides \$35.8 million- \$41.2 million to CEP&RI Trust.
Implications for City	<ul style="list-style-type: none"> + Park at SW corner (Area 6) + Commercial development + Retains some Madrona site trees 	<ul style="list-style-type: none"> + Park on Madrona site + Commercial development + Retains Madrona site trees 	<ul style="list-style-type: none"> + A park or park + soundstage on the SW corner + Commercial development on the SE corner (Area 7) - Loss of Madrona site trees
Other Considerations	<ul style="list-style-type: none"> + Avoids residential next to PHL + Yields approx. \$6.4 million-\$8.5 million for Dan Thompson Account - Park at SW rather than SE corner reduces income to the State overall 	<ul style="list-style-type: none"> + Avoids residential next to lab + Park on Madrona benefits new residential development and saves an important stand of trees - There is no revenue for Dan Thompson Account 	<ul style="list-style-type: none"> + Avoids residential next to PHL + Yields approx. \$6.4 million - \$8.5 million for Dan Thompson Account - Park at SW rather than SE corner reduces income to the State overall

A one-story facility is preferred by nursing staff, but a two-story complex in the NE corner would provide expansion space. In either case, a storm drainage pipe and a small warehouse would need to be moved to allow more compact development. the price of relocating the pipe is estimated at approximately \$1.5 million.

In Alternative 2, all the DSHS facilities would be located on the eastern portion of the campus (Dan Thompson Account land). While this has functional advantages and produces more land value overall, it secures no revenue for the Dan Thompson Account. Alternative 2 generates an estimated \$50.8 million to \$58.9 million in land value.

Alternative 3 with a one-story nursing complex on the Madrona site meets all DSHS preferences and provides a park and commercial development that will, to the best of the team's knowledge, meet the City's requirements, although there may be public concern and City requirements regarding the loss of trees on Area 3. A major drawback is that intrudes into the Northwest Corner (Area 2) and reduces its potential value by reducing the amount of monetizable land by about 60,000 SF and isolating the area from the rest of the community. Alternative 3 generates an estimated \$42.2 million to \$49.7 million in land value.

Section 8

Implementation

Realizing the potential of the Fircrest School campus can be described as a two-phase process. In the first phase, the public agencies (state and local) need to agree on how they will use the finite land resource. In the second phase, private sector capital needs to be secured through land transactions. This section describes considerations and processes for each phase.

Phase 1: Public Agency Agreement

State Decisions Regarding Facilities Locations

The scenarios detailed in this report focus on the operational and financial impacts of various configurations of the new behavioral health center (BHC) and a rebuilt existing nursing facility. From a sequencing standpoint, reaching an agreement with DSHS should come first as it will define the remaining land area. Critical operational issues to be addressed include:

- Nursing Facility: One- or two-story format and location at the Madrona site (Area 3) or Northeast Corner (Area 1).
- BHC: Location in Northeast Corner (Area 1) or Southeast Corner (Area 7).

Another issue to consider is that the area which may be dedicated for a park instead of redevelopment will determine the relative revenues available to each trust or account. Section 6 Alternatives of this report provides comparative information for determining the location and configuration of the individual facilities, as well as the implications for the development of other areas.

City of Shoreline Planning and Regulatory Framework

The second step in Phase 1 is to ascertain the uses, intensities, and development standards that the City's comprehensive plan, zoning code, and other regulations will allow. The City has identified four alternate processes to support site development, two which are City-initiated and two which the State would initiate. (See Appendix A for details.) The two State-initiated options are:

1. The State prepares and the City approves a Master Development Plan (MDP) under the current municipal code section: SMC 20.30.353 which would define the regulatory requirements for new campus development.
2. The state prepares and the City approves Comprehensive Plan amendment and concurrent rezone.

Option 2 appears to be the most advantageous because it avoids the current MDP requirements which include both development constraints and a specific public engagement process conducted by the State. The City has noted that the comprehensive plan update and rezone process could incorporate a concurrent "development agreement" that is consistent with comprehensive plan and zoning amendments and may also include other elements such as land transactions with the City, or other specific conditions in exchange for adopting the proposed amendments. The Phase 1 process assumes that a development agreement is used to bundle regulatory requirements and special conditions into a single comprehensive agreement with which provides the State the certainty that it can move forward toward facilities and Phase 2 development. Based on the development agreement, comprehensive planning and zoning amendments plus any other necessary regulatory changes should be quickly adopted by the City so that the State can initiate the Phase 2 process below. During Phase 1, the following should be considered:

- Negotiations with the City should commence only after the location of DSHS's uses are known. Ideally the state representatives would be able to forecast the construction timing of the nursing and BHC facilities as it will help the City envision the future condition of those areas of the property.
- The State and the City should first agree on a process and sequence of steps to prepare and implement the development agreement.
- At the outset of the negotiation with the City, the State should make clear what type of restrictions and conditions will be applied when it comes to selling or ground leasing state land as well as DSHS facilities development. At the timing of this report we understand most of these restrictions evolve around fair market value (FMV).
- From an ownership standpoint, the City has expressed a strong interest in both park/open space and commercial development that is consistent with their economic development objectives. For any portion of the property that the City wants to reserve for commercial development (i.e., soundstage or other employment-generating options), we recommend a purchase option rather than a straight sale. The key difference is that the option agreement will be for a specified period (e.g. 12 months) and may include other provisions such as allowable uses, size, and other factors. The State has a significant long-term interest in the quality and timing of development on the campus. A limited duration option agreement is the best way to ensure that the City moves quickly to pursue their goals and, in the event that they do not come to fruition, it will allow the State the option to develop the property with the new zoning in place. This is less of an issue with any park land that the City might acquire, though the consultants recommend including park construction obligations (timing and programming) as a covenant in the sale to ensure the City implements its plan for the park.
- A SEPA document should be prepared at this time to identify other concerns and development conditions related to the implementation of site development. A planned action EIS may be one way to reduce uncertainty in the development process and ensure public engagement.
- The State will maximize its value by reducing the amount of uncertainty associated with the development of the property. Since the maximum development capacity (both state and market based uses) will be an integral part of the negotiation with the City, the State should endeavor to make the City land sale(s)/option contingent upon execution of a development agreement that addresses SEPA and other non-project entitlements. This will help ensure that developer-buyers have a higher level of certainty about the approval process and are therefore willing to pay the most for the opportunity.

Phase 2: Private Sector Investment

At the conclusion of Phase 1, the DSHS facilities and City projects will be conceptually defined and the development agreement, along with a comprehensive plan amendment and zoning standards, will clarify the market-based development opportunities. Phase 2, outlined below, summarizes the process for monetizing the developable portions of the campus.

General Considerations

Sale or Ground Lease

DNR has two options for monetizing the developable portions of the campus — Fee Simple Sale or Ground Lease. Ground leases are desirable for the Lessor because they generate long-term, very low risk revenue that keeps pace with inflation. Ground leases generally are not desirable to developers because the land cannot be subordinated to construction or permanent debt and the divided estate is perceived to negatively impact the value of the project at stabilization (higher capitalization rates).

Landowners are best positioned to overcome the market's aversion to ground leases when their properties are "very unique" (urban waterfront, a downtown block, location on a hospital campus, etc.) where a fee simple alternative cannot be easily substituted. The scale of the development opportunities at the campus are unique as is the setting near open space, but generally, the consultants believe the State would achieve greater value through sale of land and reinvestment of the proceeds into institutional grade income properties.

It is also important to note that the for-sale townhouse product that is blended into the land value estimates cannot be developed on a ground lease. While for rent multifamily is more valuable (on a per square foot basis) and compatible with a ground lease structure, the sheer quantity of a single product type on the campus will somewhat slow absorption and put downward pressure on value to the State.

Land Transaction Program

All the alternatives contemplated in this study lend themselves to a process whereby the State conducts a series of land transactions over a 1 to 3-year period. To maximize value, we recommend a land transaction process that incorporates the following concepts:

- **Multiple Transactions:** By securing the rezone and development agreement in Phase 1, the State is essentially serving the role of "land developer". By selling the development sites individually, the State can optimize timing and leverage competition by having multiple developers working on the campus redevelopment.

Closing Transactions with Permits: The State's holding cost for the campus is de minimis compared to a developer's cost of equity therefore allowing the developer to close on the land with permits in-hand will maximize the gross proceeds at closing.

Transaction Steps

Pre-Market Preparation

During this one to two-month period, marketing materials are prepared and due diligence documents are assembled for review by potential buyers. Development opportunities of this scale are rare in urban Puget Sound so the marketing materials should be designed for broad outreach and introduce the campus to high quality developers that may not already be familiar with Shoreline, the DSHS facilities, and DNR.

Marketing

In order to maximize both value and efficiency, marketing of any one development site (e.g. Northeast Corner (Area 1) should begin approximately 18 months prior to a targeted closing date, which would roughly coincide receipt of permits and with start of construction. In addition to being consistent with DNR regulations, the marketing process for these development opportunities should be designed to maximize exposure and leverage competition to drive value to the State.

Negotiation & Documentation

This two- to three-month phase of the process starts with the receipt of Letters of Intent (LOIs) from potential developers and concludes with execution of a binding Purchase and Sale Agreement (PSA).

Pre-Closing Management

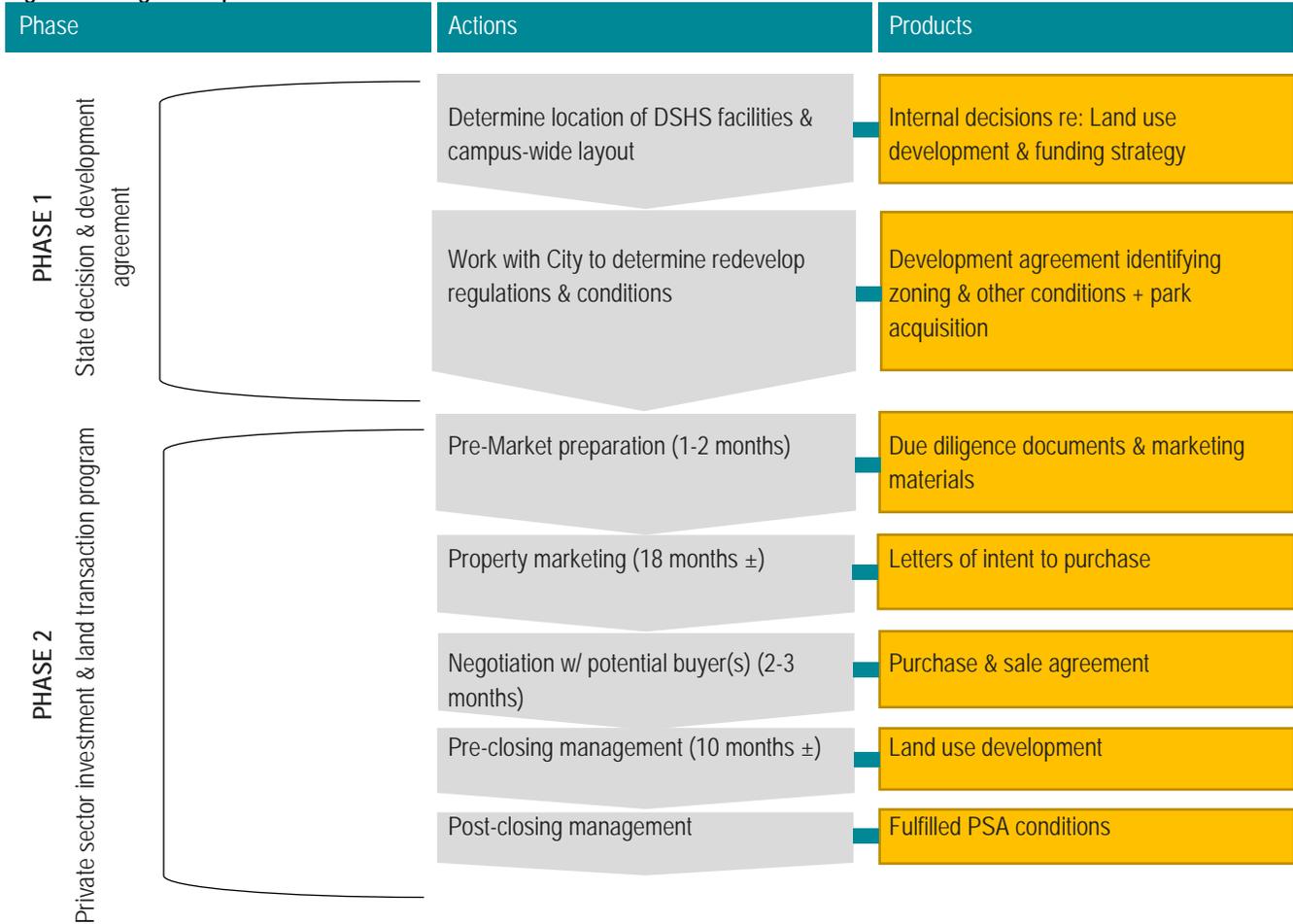
As discussed above; the State will maximize its gross revenue from land sales if the PSAs are structured to allow the developer to close at receipt of land use approval. If the State has successfully secured a development agreement during Phase 1, the developer's feasibility period and permitting timeline will be shorter (estimating 90 days or less for feasibility and 10 months for permitting). During this period the State's representatives will need to monitor the developers permitting progress and ensure that all pre-closing conditions are fulfilled and to negotiate amendments to the agreements if necessary.

Post-Closing Management

With multiple development sites to sell and the rest of the campus to manage, the State has a significant interest in ensuring individual developers successfully complete their projects in a manner consistent with the PSAs. During this period the State’s representatives will need to monitor the developers’ construction progress and ensure that any post-closing conditions are fulfilled.

This process is diagrammed in Figure 36 Diagram of process.

Figure 36 Diagram of process



Section 9

Conclusions

1. The location and configuration of the nursing facilities is the fundamental decision to be made before action can be taken to provide for that core function. And, the location of the nursing facility has significant implications for the use of other portions of the campus and affects the amount of potential revenue that the State may achieve from the development of portions of the campus for residential or commercial uses. To evaluate the implications of nursing facility development options, the team conducted an evaluation of several comprehensive, campus wide alternatives with different nursing facility options. Sections 6 and 7 of this report compare the options for one and two-story nursing facilities on both the Madrona site (the forested area north of the Activities Building) and the NE corner (currently occupied by the ATP Building).

- A one-story nursing facility on the Madrona site (Alternate 3) is preferred by DSHS staff and will yield a land value of about \$42.2 million to \$49.7 million for portions of the site to be developed for uses other than state facilities.
- A two-story nursing facility on the Madrona site will yield a value of about \$49 million to \$57.4 million.
- A one or two-story nursing facility in the NE corner will yield a land value of about \$50.8 million to \$58.9 million for portions of the site to be developed for uses other than state facilities. Moving a storm drainage pipe might add approximately \$1.5 million to the cost of a nursing home in this location.

Sections 6 and 7 of this report identify other significant issues to be considered in comparing the 4 options above. All the land values noted above are based on the assumptions and analysis in Section 5. They are also subject to the conditions of a development agreement with the City that describes the development capacity and standards for development of campus properties.

2. Significant development of DSHS facilities or commercial or residential development will require an agreement with the City of Shoreline. Currently the campus is zoned Fircrest Campus Zone (FCZ) which does not allow new commercial or residential development. Also, redevelopment or new development of nursing facilities, housing for disabled persons, and similar uses would require an approved “Master Plan” that meets specific City criteria. The City has indicated that a part of such a development agreement must include addressing the City’s objectives for active park open space and employment producing commercial development. To move forward with development of facilities and public and private uses will require a comprehensive plan amendment and rezoning of the property. It appears that this can be most efficiently accomplished through reaching a “development agreement” with the City, on which a comprehensive plan amendment and zoning designation(s) are based. The development agreement should specify the use and development standards that apply to various portions of the site and the agreed upon price that the City will pay for park land. The development agreement may also include other provisions such as SEPA determinations, specific project entitlements, covenants or a purchase option for the City to acquire a specific parcel within a specified period of time for purposes that it identifies.
3. Determining the “fair market value” for various portions of the campus is complicated by at least two factors. First, the value of land to be transacted to the City for a park must be negotiated, and the price may vary from its value as effectively un-zoned land with negligible development capacity to land with substantially more value if it was zoned for commercial or residential uses that are economically and

contextually appropriate for the campus's location. Second, the value of other parcels will be dependent upon the zoning agreed upon between the City and the State. It is recommended that the State pursues a "development agreement" as described in Section 8 that identifies both the value of the land to be purchased by the City and the development regulations that affect the other portions of the site. It may be that the State's interest to sell land for a park to the City for a lower price in exchange for higher development capacity on other portions of the campus.

4. The fact that the revenue from different departmental ownerships is tied to those parcels may hinder the most efficient and revenue producing development strategy. For example, the SW corner has greater development value than the SE corner. However, funds from the SE corner benefit the developmentally disabled community. Therefore, locating development on the SE corner and a park on the SW corner of the campus will generate revenue for the Dan Thompson Account but will yield less revenue to the State overall. Some internal mechanism to address this dilemma should be considered.
5. The behavioral health center (BHC) will fit on either the NE site (Area 1) or the SE site (Area 7). The SW corner (Area 6) was also considered as a BHC location, but there are advantages for having the BHC on a less prominent site and the SW corner has high redevelopment value.
6. In general, the parcels facing 15th Avenue E on the west side of the campus are more valuable for commercial or residential development than the NE or SE corner parcels.
7. The Fircrest School campus is a unique resource for the State, the community, and the region. With its mature trees, gentle slopes, and views, the property is very attractive for a variety of activities which will be enhanced if integrated into a larger campus-wide site planning concept. Further development planning work should consider how individual development actions can be integrated to maximize the functional, environmental and aesthetic assets of the campus as a whole.
8. The recommended process for moving forward with facilities improvements and land development is described in Section 8 and summarized below:

Phase 1: Site Planning Decisions and Development Agreement with the City

- a. Determine the preferred locations and configurations of the nursing and BHC facilities and identify the optimum uses on other portions of the campus.
- b. With the City of Shoreline agree on a process to prepare a development agreement as noted in "c" below.
- c. Work with the City of Shoreline to reach a development agreement that defines the zoning and applicable development regulations and conditions for the various areas along with an agreed upon price for the land to be developed by the City as a park. SEPA analysis should be accomplished at this time to identify all conditions necessary for development
- d. (The City) adopt necessary comprehensive planning and zoning amendments based on the development agreement, and State and City park development land as applicable.

Phase 2: Private Sector Investment

- a. Determine how land will be developed. (e.g. sale or ground lease)
- b. Conduct a phased program or land transactions, including the following steps:
 - i. Pre-Market Preparation. Including due-diligence and preparation of marketing information.
 - ii. Marketing. Which includes a variety of activities over an 18-month period.

- iii. Negotiation and Documentation: Receiving letters of intent from prospective developers, selecting a proposal and completing a purchase and sale agreement (PSA).
- iv. Pre-Closing Management: Including monitoring permitting and ensuring pre-closing conditions are met.
- v. Post-Closing Management: Ensuring that conditions of the PSA are met.