

**CITY OF SEATAC STRONG-ARMS DEVELOPER TO ACQUIRE PROPERTY FOR S. 154TH STREET LIGHT RAIL“STATION AREA”**

*Officials use delay tactics and a “phantom buyer” scheme to snatch-up SeaTac Center to control future private uses by hand-selecting developer*

**City of SeaTac, Wash. (Dec. 31, 2009) –** The City Council of SeaTac voted unanimously on December 29, 2009 to purchase K&S Developments’ SeaTac Center for $12.7 million.

After first using its regulatory power to take away the highest and best use and then forcing K&S to “spin its wheels” in red tape for over five years, forcing it to the brink of bankruptcy,the City used a highly unusual “phantom buyer” scheme to acquire the SeaTac Center for millions of dollars less than its reduced fair market value.

Posing as “the guy,” the City used a broker to falsely threaten to buy-up K&S’s promissory notes and then used “hard-ball” and fraudulent tactics to threaten K&S’s owners, Gerry and Kathy Kingen, with personal liability of over $22 million in overstated debt. When these tactics proved insufficient, the City Attorney successfully used deceit to “stop the path of development.”

“This is a fantastic opportunity for the City of SeaTac,” said Mayor Ralph Shape. “The City purchased the SeaTac Center on speculation for $4 million less than a recent appraised value ($16.5 million), and more than $6.4 million less than the current tax assessed value ($19.5 million).” Mayor Shape explained that because K&S was an “incompetent, dysfunctional, and untrustworthy” developer, “we decided to stall and then deny K&S its most valuable use and then buy its property during the recession so that when the recession ended, we could transfer it to a developer of our choosing so that the property could be developed to meet our vision.”

Another winner in the deal was former Mayor, and current Deputy Mayor, Gene Fisher, who wanted condominiums rather than a Park’n Fly to drive up housing prices and force refugees out of the area. Despite his admitted conflict of interest, which did not stop him from voting, the City’s acquisition of the K&S property allowed him to sell his nearby home for $600,000 to a developer of townhouses and retire. Unfortunately, Mayor Fisher violated a court order to account for his role and was unavailable for comment.

K&S spent nearly two years and substantial resources to develop the Park’n Fly, but City Manager Craig Ward was able to secretly pass an emergency moratorium on February 28, 2006 that took away their “gold mine.” When confronted with the inequity and possible illegality of the moratorium on Park’n Flys, the City Council directed Ward on July 11, 2006 to treat K&S as grandfathered and to allow the Park’n Fly to proceed under a Development Agreement. But after 15 months of “wheel spinning,” the City Council arbitrarily flip-flopped on October 9, 2007 and refused to approve K&S’s project.

The City’s delays, flip-flops, and arbitrary denial of its project left K&S to face the great recession without the benefit of a viable project, which meant no ability to sell or refinance the property. As Mr. Kingen noted, “the City’s actions and false promises left us high and dry and without adequate cover.”

When asked to explain the flip-flop, former Economic Development Manager, and current City Manager, Todd Cutts responded that the City became concerned with how a Park’n Fly at the 154th Street Station would affect the City’s plans for an entertainment district across from the airport. He noted that the City should not “cannibalize” its own plans to partner with or build a fee-generating garage. The City felt it could use its regulatory powers to prevent K&S from having a project that may compete with the City’s plans.

Cutts also confirmed that the City had long coveted K&S’s property for acquisition—even while the City was required to be fairly and impartially reviewing K&S’s land-use proposals. But the City inexplicably never communicated its plans to acquire the property to K&S until after the Kingens signed the DIL agreement.

Roger McCracken, managing partner of MasterPark, stated that while there were initially some access concerns, the SeaTac Center was the best site for a Park’n Fly because of its quick access from the highway and easy access to the airport. McCracken, with a long history of partnering with the City, voiced concern on how other garages, including K&S’s project, would compete with his businesses. He said, “it’s best to keep the big boys out of SeaTac.” But even he felt the City’s use of a “phantom buyer” “did not seem fair.”

Land-use and financial experts observed that had the City not taken the actions it did in 2005-2007, K&S could have developed its multi-million dollar project before the recession hit. And unlike housing projects, K&S’s Park’n Fly was “recession proof”, especially a garage as conveniently located as the K&S site.