

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA
ACTION ITEM

Item No.	<u>6c</u>
Date of Meeting	<u>July 1, 2014</u>

DATE: June 23, 2014
TO: Tay Yoshitani, Chief Executive Officer
FROM: Joe McWilliams, Managing Director, Real Estate Division
Paul Meyer, Manager, Seaport Environmental
SUBJECT: First Reading of Resolution No. 3693, surplusing one 5,743 sf of unimproved parcel of Port-owned real property

ACTION REQUESTED

Request First Reading of Resolution No. 3693: A Resolution of the Port Commission of the Port of Seattle declaring surplus and no longer needed for Port District purposes one parcel of Port-owned real property located in Seattle, Washington, consisting of approximately 5,743 square feet of unimproved land that has its western edge submerged in the Duwamish West Waterway, its northern edge abutting the Klickitat Avenue SW right-of-way, and its southern edge abutting the BNSF Railroad right-of-way.

SYNOPSIS

A small (5743 square foot) property located on Harbor Island is no longer needed for Port purposes. This request would authorize surplusing the property to make it available for other uses. The Port is negotiating a purchase and sale agreement with a private entity who is planning to build a habitat restoration project on the site and has expressed interest in acquiring the Port's parcel as part of its habitat restoration project.

BACKGROUND

The subject property, King County Tax Assessor parcel # 7666703100, is a 5,743 square foot, unimproved, triangular-shaped parcel of land that is approximately 70% submerged in the West Waterway (Figure 1). Block 409 Tideland, Lots 1 through 15 was acquired in 1966 from D.R. Fisher Company. The parcel in question was included in all or portions of Lots 1 through 6 except those portions of lots 4, 5, and 6 deeded to the Northern Pacific Railway Company for the Right-of-Way to accommodate the bascule bridge. The property was acquired as an element of Lower Duwamish Industrial Development District, Number Two (LDIDD #2), which later was developed into Terminal 102 and Terminal 104. Due to the locations of lots 1 – 6, the property was severed from development and access to Terminal 102 by the railroad bridge.

Lots 1 through 6 were later subdivided and assigned 3 parcel numbers in 1980. Parcel number 766703000 was deeded (special Warranty Deed #8012180731) to the City of Seattle Department of Transportation (SDOT) as an extension of the Klickitat Way S.W. right-of-way as part of a series of actions to allow construction of the new lower swing bridge. The second parcel,

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766703135, was assigned to Burlington Northern (successor to Northern Pacific Railroad) as right-of-way for the bascule bridge originally cut from the sale of Tidelands Block 409. The third parcel, 7666703100, which is the subject of this surplus action, remained in the ownership of the Port.

The property is surrounded by marine-related industrial uses and transportation network. The parcel can be accessed from Klickitat Way S.W., though there is no improved street frontage or driveway. The parcel is zoned for industrial uses and is situated in a primarily industrial neighborhood on Harbor Island. The parcel's 1,700 square feet of dry land area is isolated by public right-of-way and/or the Duwamish Waterway on all sides. The site's size limits development as an independent site. The bridge to the south restricts opportunity for moorage due to height limitations and necessity to protect the bridge use. The Real Estate department requested an appraisal of the property to determine the fair market value of the property at its highest and best use. Based on the analysis provided by a certified real estate and appraisal services consultant the market value is \$40,000. The most likely highest and best use of the site is storage, water access, or fish/wildlife habitat mitigation, all of which would require combining the parcel with adjacent properties to achieve a viable scale.

The City of Seattle has leased the city right-of-way property to the north to Bluefield Holdings, Inc. to build a habitat restoration project on the site to establish saleable habitat mitigation "credits." The proposed use for habitat mitigation is also a viable highest and best use of the site considering its size, shape, and configuration.

The property lies within the Harbor Island Superfund Site and is encumbered by terms and conditions contained in the Record of Decision (ROD) and subsequent Consent Decree (CD). These encumbrances create some level of risk for past and present owners if contamination is encountered during construction. However, in this instance, the risk is negligible due to the size of the subject parcel, the lack of any known contamination within the parcel, and the nature of the prospective use (i.e. habitat restoration).

RESOLUTION NO. 3693

Resolution No. 3693 provides that the real property located in King County and any improvements located thereon is no longer needed for Port purposes, and declares it surplus to Port needs.

ATTACHMENTS TO THIS REQUEST

- Resolution No. 3693 with Exhibit A
- Exhibit B: Map of property

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

- None.