

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA
ACTION ITEM

Item No. 4g
Date of Meeting September 11, 2014

DATE: September 3, 2014
TO: Tay Yoshitani, Chief Executive Officer
FROM: W. Allan Royal, Manager Real Estate Development
SUBJECT: Possession and Use Agreement between the City of SeaTac and the Port of Seattle.

ACTION REQUESTED

Request Commission authorization for the Chief Executive Officer to negotiate and execute a possession and use agreement between the City of SeaTac and the Port of Seattle for the partial taking of Port of Seattle property formerly known as the Town and Country Mobile Home Park and the Tyee Mobile Home Park for the 24th/28th Street extension from 200th Street to 208th Street.

SYNOPSIS

SeaTac is in the process of acquiring right of way for the development of the connection of 28th Street in SeaTac to 24th Street in the City of Des Moines. This is a project that the Port has supported because of the improved traffic circulation between Port properties in Des Moines, industrial parks development, and the Port owned properties on 24th Street in the city of SeaTac. Interestingly this same property has been identified by the Washington State Department of Transportation (WSDOT) as the site for a freeway interchange for the future extension of SR-509 to I-5. SeaTac and WSDOT have been coordinating closely to ensure that both projects can be accommodated on this site.

SeaTac is anxious to proceed with the project as some of their funding is time sensitive. This agreement will allow the city to proceed with the project and concurrently fulfill Port statutory requirements for releasing ownership of property and receiving approval from the Federal Aviation Administration (FAA) for the sale of the property. A future Commission action will be required to declare the property surplus and authorize the sale of the property to the City of SeaTac.

BACKGROUND

The property being sold is a portion of two Mobile Home Parks, Town and Country Mobile Home Park and Tyee Mobile Home Park as well as a small section of property on 24th Street, all acquired by the Port as part of the FAA approved Part 150 Noise Program. Subsequent to the purchase of the parks the owners of the mobile homes were bought out and relocated in accordance with federal requirements.

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WSDOT has identified this property as their choice for a freeway interchange that will serve the Airport from the proposed SR-509 extension to I-5.

SeaTac has identified the site as necessary for the extension of 28th Street from 200th to 24th Street in the City of Des Moines.

SeaTac and WSDOT are working closely to ensure that both projects can be accommodated.

The City of Des Moines is currently under construction on 24th Street from 216th to 208th to accommodate industrial development. The SeaTac project will complement and complete this alternative connection, relieving traffic congestion on International Blvd.

The Port and the City of SeaTac have appraisals for the property and have exchanged and reconciled the appraisals. The result of the review is that the Port accepts SeaTac's appraisal of Fair Market Value and SeaTac will pay the Port \$3,600,000 upon execution of the Possession and Use Agreement.

SeaTac's council has approved and provided to the Port a Condemnation Ordinance 14-1010, which is a pre-requisite to a Possession and Use Agreement.

Still remaining to complete is the Commission's surplus of the property in accordance with statutory requirements and the administrative release of the property by the FAA. Since the property was acquired with Noise grants it is considered released by the FAA. The FAA approval is an administrative process to ensure compliance with deed restrictions, Fair Market Value and other requirements. These actions are expected to take three to four months.

PROJECT JUSTIFICATION AND DETAILS

The Port property has been identified as necessary for road related requirements in the area. Both WSDOT and SeaTac have the authority to acquire the property by condemnation. SeaTac has approved that action via ordinance.

On a practical level, the improvements are certain to accomplish several things:

- Provide an alternative route to the south end of the Airport.
- Facilitate development for properties in SeaTac and Des Moines that the Port owns and is actively preparing for development.
- Ultimately provide a new freeway access to the Airport from south.

FINANCIAL IMPLICATIONS

The Port will receive fair market value of \$3,600,000 based upon the appraisal for the land. The book value of the land assets is \$26.7 million, which includes expenditures related to the acquisition of a mobile home park business, 200 mobile home units, the relocation of residents, and other land acquisitions. The resulting book loss on sale will be \$23.1 million.

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STRATEGIES AND OBJECTIVES

The Port of Seattle is a public agency that creates jobs by advancing trade and commerce, promoting industrial growth, and stimulating economic development. Facilitating the development of required public infrastructure will promote industrial growth and stimulate economic development.

TRIPLE BOTTOM LINE

Economic Development

The connecting of 28th to 24th will make properties served by this route more attractive for development as it reduces developer's costs in preparing a site for tenants and improves access to the Airport.

Environmental Responsibility

The construction of this street will help relieve existing and future traffic on International Blvd. and reduce the interaction of large trucks servicing the industrial sites and general traffic.

Community Benefits

The construction of critical infrastructure attracts new jobs and new tax revenue to the Cities of Des Moines and SeaTac.

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1) – The Port could contest the City of SeaTac's right to acquire the property under threat of condemnation. This would lead to expensive litigation and would not further the cooperative efforts between SeaTac and the Port. This is not the recommended alternative.

Alternative 2) – The Port could propose an alternative to a sale such as easements. Although it may be a functional approach it would mean that the Port would bear some potential liability on the property and yet have little control. This is not the recommended alternative.

Alternative 3) – Proceed with the approval of Possession and Use and ultimately transfer of the property. This would help in the development of Port property and fulfill the vision that the City of SeaTac has for this area that the Port has supported. **This is the recommended alternative.**

ATTACHMENTS TO THIS REQUEST

- Computer slide presentation.
- Possession and Use Agreement

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

- None