

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA
ACTION ITEM

Item No. 6c
Date of Meeting March 8, 2016

DATE: February 19, 2016

TO: Ted Fick, Chief Executive Officer

FROM: W. Allan Royal, Manager Real Estate Development

SUBJECT: Surplus and Sale of 9,000 square feet of Port property to allow the City of Burien to assemble a complete site for a large industrial development. First Reading and public hearing of Resolution 3718 – Parcel 2023049323 at 854 S. 146th Street, Burien, Washington.

ACTION REQUESTED

Request First Reading and Public Hearing of Resolution No. 3718: A Resolution of the Port Commission of the Port of Seattle amending Unit 18 (Seattle-Tacoma International Airport) of the Comprehensive Scheme of Harbor Improvements of the Port of Seattle, declaring certain real property located in the City of Burien surplus and no longer needed for port district purposes; authorizing its sale to Bridge Burien LLC and deleting said property from Unit 18 of the Comprehensive Scheme.

Motion for First Reading
Public Hearing

SYNOPSIS

The Port is working to ground lease our NERA 2 and NERA 3 sites in the adjacent area for an airport industrial use. This 9,000 square foot residential parcel is not contiguous to the Port's developable property and is in effect a stand-alone site. However, it is contiguous to a larger parcel that the city of Burien is selling for the development of an airport compatible industrial use. Bridge Burien LLC is the company proposing to acquire the Port's parcel and is also contracted to acquire the city's parcel. The development on the city's property is designed to complement the Port's development in the same area. The project on the Burien site is expected to produce approximately 250 jobs in a 240,000 square foot facility. In the event the sale to Bridge Burien LLC is not completed, the Port property will be sold to the City of Burien in order to complete their site assemblage.

The property was originally acquired by the Port as part of the Federal Aviation Administration (FAA) Part 150 Noise Mitigation plan. By FAA grant requirements the Port is obligated to dispose of the property after creating assurances that the property will only have airport compatible uses. This is accomplished by placing FAA approved restrictions on the title, in the case of a sale. The FAA is finalizing their approval of the sale of the parcel and their approval is expected and required prior to final Commission action.

COMMISSION AGENDA

Ted Fick, Chief Executive Officer

February 19, 2016

Page 2 of 4

BACKGROUND

The Port purchased the Burien property, 854 S. 146th, in 2006. It was a single family home that was acquired, the family relocated, and the home demolished. The new proposed use will be industrial in compliance with a new city of Des Moines Master Plan for this area. A qualified appraisal was submitted by the buyer; offering \$117,000. The Port has had its own appraiser review the buyer's appraisal and has validated the fair market value.

PROJECT JUSTIFICATION AND DETAILS

The property is too small by itself to be viable for any reasonable use to the Port that would be airport compatible. Selling to the developer, at fair market value, as part of their assemblage for a large industrial use fulfills the Port's obligation under the grant assurances and helps the City of Burien's efforts to create new jobs.

Project Objectives

Sell the property to Bridge Burien LLC.

Scope of Work

Complete sale to Bridge Burien LLC.

Schedule

The sale is scheduled to be complete in April or May of this year.

FINANCIAL IMPLICATIONS

The Port will receive Fair Market Value, \$117,000., for the property. The book value of the parcel is \$439,913, meaning the Port will recognize an accounting loss on the sale of the property. Included within the book value is the purchase of a residence, demolition of the property, relocation expenses of the owners and various soft costs. The appraised fair market value is for the land only. In these type situations there will typically be a loss on the sale.

STRATEGIES AND OBJECTIVES

The sale of this property will help further the Port's strategy of "Position the Puget Sound region as a premier international logistics hub" by helping the city of Burien in their assemblage of developable land.

COMMISSION AGENDA

Ted Fick, Chief Executive Officer

February 19, 2016

Page 3 of 4

TRIPLE BOTTOM LINE

Economic Development

The fully assembled property will allow the development of a large industrial user with the related construction and full time jobs.

Environmental Responsibility

There are no environmental issues associated with the proposed sale.

Community Benefits

New jobs and improved roads will come with the development.

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1) – The Port can refuse to sell the property.

PROS:

- There is the possibility of an incremental increase in value of the property over time.

CONS:

- This would not stop the development of the city's property but it would complicate the design and layout of the property.
- It would not honor the obligation defined in the FAA grant.
- The Port would not receive the \$117,000 from the sale.

This is not the recommended alternative.

Alternative 2) – Convert the property to some other use like a pocket park.

PROS:

- This could provide a very small green space contiguous to a large industrial development.

CONS:

- The FAA would require payment of their share of the asset because of the Grant utilized to purchase the property, in this case approximately \$93,000.
- There is federal guidance that can make it problematic to change the use of the property from a park once it has been utilized in that manner.
- There would be a very small parcel, after buffer set back, contiguous to a very large industrial complex.
- This is not the recommended alternative.

Alternative 3) – Complete the sale of the property.

PROS:

- This alternative will honor the Port's obligation to the FAA.
- This would ensure the maximum efficiency of the city's proposed development.

COMMISSION AGENDA

Ted Fick, Chief Executive Officer

February 19, 2016

Page 4 of 4

- The Port would receive fair market value, \$117,000, for the property.

CONS:

- The loss of a potential incremental increase in value of the property over time.
- Any alternative use will be lost.

This is the recommended alternative.

ATTACHMENTS TO THIS REQUEST

- Resolution No. 3718
- Computer slide presentation.

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

- None