

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA
ACTION ITEM

Item No.	<u>6d</u>
Date of Meeting	<u>March 8, 2016</u>

DATE: March 8, 2016
TO: Ted Fick, Chief Executive Officer
FROM: Stephanie Jones Stebbins, Director, Maritime Environmental & Sustainability
Jon Sloan, Sr. Environmental Program Manager, Maritime Environmental & Sustainability
SUBJECT: Surplus Resolution and Purchase/Sale Authorization for Parcel #7666703100 for Fish & Wildlife Habitat Restoration – First Reading of Resolution No. 3719

Net Proceeds to the Port: \$53,000

ACTION REQUESTED

Request First Reading and public hearing of Resolution No.3719: A Resolution of the Port Commission of the Port of Seattle declaring surplus and no longer needed for Port District purposes a 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 Klickitat Avenue SW right-of-way, and its southern edge abutting the BNSF Railroad right-of-way (“Parcel No. 7666703100”); amending the Port’s Comprehensive Scheme to delete Parcel No. 7666703100 from Unit 20 of the Port’s Comprehensive Scheme; and authorizing its sale to Bluefield Holdings Inc.

Motion for First Reading of Resolution No. 3719
Public Hearing

SYNOPSIS

A small (5,743 square foot) property located on Harbor Island serves no strategic value for Port purposes. This request is to declare the property surplus to make it available for sale. The Port has negotiated a purchase and sale agreement with Bluefield Holdings, Inc., who is planning to build a habitat restoration project on the adjacent site and would like to include the Port’s parcel to improve their project’s connection to the West Waterway.

The Bluefield project, which will include riparian as well as emergent marsh vegetation, is adjacent to an existing Port of Seattle shoreline public access site. The Bluefield project will improve aesthetic characteristics of the surroundings and may add value to the Port’s public access site.

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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.

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 severely 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 on Dec. 31, 2013, the market value was determined to be \$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 sale price includes the appraised market value in addition to staff costs associated with the surplus and sale process.

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.

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 has been determined to be 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).

PROJECT JUSTIFICATION AND DETAILS

The Port of Seattle has adopted Century Agenda goals that support habitat restoration in the Green-Duwamish Watershed. To that end, the surplus and sale of Parcel 7666703100 to Bluefield Holdings, Inc. contributes to the Port's commitment to habitat restoration, whether being undertaken by the Port or others. The appraisal for the parcel, in fact, identified habitat restoration/mitigation as the highest and best use of the site.

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Project Objectives

The objective of this action includes:

- Support habitat restoration efforts in the West Waterway through surplus/sale of Parcel 7666703100 to be used by Bluefield Holdings, Inc. for habitat restoration.
- Receive fair market value for surplus property.

Scope of Work

The scope of the action requested is limited to a surplus resolution and authorization to execute a purchase and sale agreement with Bluefield Holdings, Inc.

Schedule

The surplus resolution would become effective immediately upon authorization by Commission. The Purchase and Sale Agreement will be executed within 90 days of Commission approval.

FINANCIAL IMPLICATIONS

The purchase and sale will result in proceeds of \$53,000.

Lifecycle Cost and Savings

The surplus of unnecessary property avoids future maintenance costs and potential environmental liabilities.

STRATEGIES AND OBJECTIVES

The surplus resolution and subsequent purchase/sale of Parcel 7666703100 supports Century Agenda goals for habitat restoration in the Green-Duwamish Watershed.

TRIPLE BOTTOM LINE

Economic Development

Bluefield Holdings, Inc. develops habitat restoration sites for the purposes of supplying “credits” to maritime industrial entities that need a way to offset historic natural resource damage liabilities. The surplus and subsequent purchase/sale of Parcel 7666703100 indirectly supports the viability of the Port’s Maritime Industrial partners.

Environmental Responsibility

The surplus and subsequent purchase/sale of Parcel 7666703100 will support habitat restoration efforts in the Green-Duwamish Watershed. High value habitat sites, which are important for out-migrating juvenile salmon, are very limited in the West Waterway.

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Community Benefits

The Bluefield project, which will include riparian as well as emergent marsh vegetation, is adjacent to an existing Port of Seattle shoreline public access site. The Bluefield project will improve aesthetic characteristics of the surroundings and may add value to the Port's public access site.

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1) Port-sponsored restoration of Parcel 7666703100. The Port could undertake its own restoration action on the parcel. Construction costs would be estimated at over \$300,000 in addition to design, permitting and long-term maintenance. The value in credits would be less than \$200,000.

Pros:

- The Port would make progress towards achievement of Century Agenda habitat restoration goals.

Cons:

- Due to the parcel's small size and isolation, the project benefits would be far outweighed by its costs.
- In general, larger habitat sites significantly outperform smaller ones. Port-sponsored restoration on small sites is not cost-effective nor does it contribute significantly towards salmon recovery and restoration goals. By combining the Port's site into Bluefield's project, the scale and value of the restoration is improved.

This is not the recommended alternative.

Alternative 2) Port-sponsored maritime development of Parcel 7666703100. The Port evaluated whether a maritime use could be supported on the site, including vessel moorage or an industrial upland use. Because of the extremely small size of the parcel and its isolation, these uses would not be viable.

Pros:

- Vessel moorage and/or industrial development would be closely aligned to the Port's mission.

Cons:

- The size, location and geographic isolation of the site obviate any potential to promote vessel moorage and/or industrial development.

This is not the recommended alternative.

Alternative 3) Surplus and sale of Parcel 7666703100. After receiving a purchase/sale inquiry from Bluefield Holdings, the Port evaluated whether Parcel 7666703100 served strategic Port-related interests. It was determined that the property was not necessary to Port uses and that its highest and best use would be as a habitat site. As such, an appraisal was undertaken and a

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fair-market value price was negotiated with Bluefield Holdings in 2014. The fair market value was increased from \$40,000 to \$53,000 to account for property appreciation and staff costs associated with the surplus/sale. The Parcel will be added to a planned restoration on the adjacent site which is being promoted by Bluefield.

Pros:

- Generate \$53,000 in proceeds from parcel that has little or no strategic value to the Port.
- Contribute towards the Port's habitat restoration goals in the Duwamish.
- Reduce long-term costs associated with property maintenance.

Con:

- Eliminates the potential to use this site for permit mitigation in the future.

This is the recommended alternative.

ATTACHMENTS TO THIS REQUEST

- Resolution No. 3719
- Draft Purchase & Sale Agreement with Bluefield Holdings, Inc.
- Map of site

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

- July 1, 2014 – Resolution No. 3693, surplus and sale of parcel 7666703100, was scheduled for consideration but was laid on the table without obtaining First Reading.