

**PORT OF SEATTLE**  
**MEMORANDUM**

**COMMISSION AGENDA**  
**ACTION ITEM**

<b>Item No.</b>	6a
<b>Date of Meeting</b>	March 22, 2016

**DATE:** February 22, 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. Second Reading and final passage of Resolution 3718 – Parcel 2023049323 at 854 S. 146<sup>th</sup> Street, Burien, Washington.

**ACTION REQUESTED**

Request Second Reading and Final Passage 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 and authorization for the Chief Executive Officer to execute all documents necessary for the sale of Port property to Bridge Burien LLC.

**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 22, 2016

Page 2 of 4

### **BACKGROUND**

The Port purchased the Burien property, 854 S. 146<sup>th</sup> Street, 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 city of Des Moines new 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 types of 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.

### **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.

## **COMMISSION AGENDA**

Ted Fick, Chief Executive Officer

February 22, 2016

Page 3 of 4

### ***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.
- 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.**

## **COMMISSION AGENDA**

Ted Fick, Chief Executive Officer

February 22, 2016

Page 4 of 4

## **ATTACHMENTS TO THIS REQUEST**

- Draft Resolution No. 3718.
- Computer slide presentation.

## **PREVIOUS COMMISSION ACTIONS OR BRIEFINGS**

- March 8, 2016 – Commission approved First Reading and held a public hearing for Resolution No. 3718.