



**COMMISSION
AGENDA MEMORANDUM**

Item No. 6b

ACTION ITEM

Date of Meeting April 25, 2017

DATE: April 3, 2017

TO: Dave Soike, Interim Chief Executive Officer

FROM: James R. Schone, Director, Aviation Commercial Management
James Jennings, Senior Manager, Aviation Properties
W. Allan Royal, Property Manager, Aviation Properties

SUBJECT: Second Reading and Final Passage of Resolution 3732, sale of real property to the State of Washington Department of Transportation (WSDOT) for SR 518/Des Moines Memorial Drive Interchange Improvements.

ACTION REQUESTED

Request Second Reading and Final Passage of Resolution No. 3732: A Resolution of the Port Commission of the Port of Seattle declaring surplus and no longer needed for port district purposes approximately 29,882 square feet of Port-owned real property and located in the City of Burien, King County; and further authorizing the transfer of said real property to the Washington State Department of Transportation for use in construction of the State of Washington SR 518/Des Moines Memorial Drive Interchange Improvements.

EXECUTIVE SUMMARY

The sale of a portion of King County parcel #2023049105 will allow the development of an off-ramp from east bound SR 518 to Des Moines Memorial Drive. The Port and the City of Burien (City) prepared a conceptual redevelopment plan for the Northeast Redevelopment Area (NERA) in April 2010. The Plan reflects the common goal of transitioning NERA into a mix of airport-compatible uses consistent with Federal Aviation Administration (FAA) guidelines. The Port is pursuing development of light industrial facilities on Port owned property in NERA that will support the Port's Century Agenda goal of tripling air cargo volume.

The redevelopment plan identified a number of actions the Port and the City could take to spur private sector investment in NERA. These actions included development of a comprehensive regional storm water system to serve the entire NERA and construction of a new eastbound off-ramp from SR-518 to Des Moines Memorial Drive to improve access to the regional transportation network to and to NERA. WSDOT is now ready to proceed with construction of the off-ramp. The purchase price of the property, plus a temporary construction easement, is \$117,500.00. This was determined by appraisal. The FAA has approved this action.

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The subject property is part of the Lora Lake Apartments Cleanup being conducted under a Consent Decree (CD) with the Washington State Department of Ecology. All requirements contained in the CD will be included in the purchase and sale agreement with WSDOT.

JUSTIFICATION

The joint vision of the City and the Port for all of NERA is to develop airport compatible uses that will help serve and enhance the air cargo business at Seattle-Tacoma International Airport (“Airport”) and create family wage jobs. Access to the area is a key component for the development. This off-ramp will provide direct access for traffic coming from the waterfront to the businesses that will locate in this area.

Staff’s efforts to pursue development of air cargo support facilities in NERA supports the Century Agenda Strategy to “Position the Puget Sound region as a premier international logistics hub by tripling air cargo volume to 750,000 metric tons.” This action also supports the Airport’s strategic goal of maximizing non-aeronautical net operating income.

Schedule

Port staff expects to close the transaction in the second quarter of 2017.

ALTERNATIVES AND IMPLICATIONS CONSIDERED

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

Cost Implications: The Port would not receive Fair Market Value of \$117,500.00, includes the Fair Market Value of the property (\$113,000.00) plus the value of the temporary construction easement (\$4,500.00) for the property.

Pros:

- (1) This would keep public access out of the Runway Protection Zone.

Cons:

- (1) The Port would be required to maintain the property.
- (2) WSDOT does have condemnation authority and there have been extensive studies validating the appropriateness of an off-ramp at this location.
- (3) The Port would incur litigation costs.

This is not the recommended alternative.

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Alternative 2) – Sell the property to WSDOT.

Cost Implications: The Port would receive Fair Market Value of \$117,500.00, includes the Fair Market Value of the property (\$113,000.00) plus the value of the temporary construction easement (\$4,500.00) for the property.

Pros:

- (1) This alternative will put the property back into productive use.
- (2) The action will fulfill one of the key requirements for developing the city of Burien and Port property in the area.
- (3) This will permit easier access to the community for traffic coming from downtown Seattle.
- (4) The Port will receive Fair Market Value, \$117,500.00, for the property.

Cons:

- (1) The Runway Protection Zone will have traffic within its boundaries.

This is the recommended alternative.

FINANCIAL IMPLICATIONS

The Port will receive \$117,500 for the sale of the property. There will be no impact on passenger airline cost per enplanement (CPE).

ATTACHMENTS TO THIS REQUEST

1. Draft Resolution No. 3732
2. Presentation slides

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

April 11, 2017 – Commission had First Reading and Public Hearing of Resolution 3732